

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

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

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SEPTEMBER 30, 2019 AND 2018
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REVIEW REPORT OF FINANCIAL STATEMENTS
TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of President Chain Store Corp. and subsidiaries as at September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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\$42,422,134 thousand and NT\$32,900,970 thousand, constituting 23% and 27% of the consolidated total assets, and total liabilities of NT\$26,160,108 thousand and NT\$16,867,459 thousand, constituting 19% and 20% of the consolidated total liabilities as at September 30, 2019 and 2018, respectively, and total comprehensive income of

NT\$524,668 thousand, NT\$593,659 thousand, NT\$1,746,031 thousand and NT\$1,627,987 thousand, constituting 18%, 20%, 18% and 17% of the consolidated total comprehensive income for the three-month and nine-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 September 30, 2019 and 2018, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan
November 1, 2019

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

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

			September 30, 2019		December 31, 2018		September 30, 2018		
Assets			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets									
1100	Cash and cash equivalents	6(1)	\$ 52,112,980	28	\$ 48,530,648	38	\$ 47,448,483	38	
1110	Financial assets at fair value through profit or loss – current	6(2)	1,583,247	1	844,225	1	1,060,297	1	
1170	Accounts receivable, net	6(3) and 7	5,510,916	3	5,264,573	4	5,225,680	4	
1200	Other receivables		2,301,736	1	1,535,507	1	2,002,468	2	
1220	Current income tax assets	6(30)	4,363	-	1,139	-	5,229	-	
130X	Inventories, net	6(4)	12,766,148	7	15,121,657	12	12,792,092	10	
1410	Prepayments		1,383,157	1	1,340,225	1	1,492,321	1	
1470	Other current assets		2,846,622	2	3,004,894	2	2,536,350	2	
11XX	Total current assets		78,509,169	43	75,642,868	59	72,562,920	58	
Non-current assets									
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 – non-current	6(5)	739,684	-	845,345	1	979,725	1	
1550	Investments accounted for using equity method	6(6)	9,170,960	5	9,000,580	7	8,898,840	7	
1600	Property, plant and equipment, net	6(7)(28) and 8	25,260,100	14	25,292,763	20	24,863,582	20	
1755	Right of use assets	6(8) and 7	53,376,970	29	-	-	-	-	
1760	Investment property, net	6(10)(32)	1,511,056	1	1,502,159	1	1,506,398	1	
1780	Intangible assets	6(11)	10,131,370	5	10,393,880	8	10,429,227	9	
1840	Deferred income tax assets	6(30)	1,819,247	1	1,727,043	1	1,638,803	1	
1990	Other non-current assets	6(12) and 8	3,294,313	2	3,204,759	3	3,177,968	3	
15XX	Total non-current assets		105,389,265	57	52,052,212	41	51,580,226	42	
1XXX	Total assets		\$183,898,434	100	\$ 127,695,080	100	\$ 124,143,146	100	

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2019		December 31, 2018		September 30, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(14) and 8	\$ 5,948,113	3	\$ 7,237,785	6	\$ 7,111,486	6
2110	Short-term notes and bills payable		-	-	-	-	210,000	-
2130	Contract liabilities – current	6(24)	3,416,555	2	2,843,189	2	4,180,681	3
2150	Notes payable	7	3,063,910	2	1,866,610	2	2,887,943	2
2170	Accounts payable		23,079,662	12	20,673,579	16	21,369,308	17
2180	Accounts payable – related parties	7	4,018,899	2	2,475,104	2	2,592,302	2
2200	Other payables	6(15)	27,276,879	15	27,954,181	22	26,126,851	21
2230	Current income tax liabilities	6(30)	911,439	-	1,801,229	1	1,138,797	1
2280	Lease liabilities – current	7	11,283,080	6	-	-	-	-
2300	Other current liabilities	6(16)	3,107,172	2	3,260,538	3	1,767,115	2
21XX	Total current liabilities		82,105,709	44	68,112,215	54	67,384,483	54
Non-current liabilities								
2527	Contract liabilities – non-current	6(24)	405,150	-	234,421	-	307,670	-
2540	Long-term borrowings	6(17) and 8	519,004	-	847,040	1	1,004,980	1
2570	Deferred income tax liabilities	6(30)	5,531,962	3	5,386,839	4	5,357,729	4
2580	Lease liabilities – non-current	7	43,014,213	24	-	-	-	-
2640	Net defined benefit liability	6(18)						
	– non-current		4,728,819	3	4,732,549	4	4,581,426	4
2670	Other non – current liabilities	6(19)	4,305,909	2	4,356,989	3	4,149,596	4
25XX	Total non-current liabilities		58,505,057	32	15,557,838	12	15,401,401	13
2XXX	Total liabilities		140,610,766	76	83,670,053	66	82,785,884	67
Equity attributable to owners of the parent								
Share capital		6(20)						
3110	Share capital – common stock		10,396,223	6	10,396,223	8	10,396,223	8
Capital surplus		6(21)						
3200	Capital surplus		45,954	-	45,059	-	44,411	-
Retained earnings		6(22)						
3310	Legal reserve		13,314,081	7	12,293,442	10	12,293,442	10
3320	Special reserve		-	-	398,859	-	398,859	-
3350	Unappropriated retained earnings		10,565,031	6	12,064,862	9	9,906,841	8
Other equity		6(23)						
3400	Other equity interest		399,754	-	53,605	-	(24,647)	-
31XX	Equity attributable to owners of the parent		34,721,043	19	35,252,050	27	33,015,129	26
36XX	Non-controlling interest		8,566,625	5	8,772,977	7	8,342,133	7
3XXX	Total equity		43,287,668	24	44,025,027	34	41,357,262	33
3X2X	Total liabilities and equity		\$ 183,898,434	100	\$ 127,695,080	100	\$ 124,143,146	100

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

	Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2019		2018		2019		2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 66,088,666	100	\$ 63,003,871	100	\$ 191,121,985	100	\$ 183,181,122	100
5000	Operating costs	6(4)(25) and 7	(43,291,348)	(66)	(41,319,909)	(66)	(125,390,999)	(66)	(120,042,077)	(66)
5900	Gross profit		<u>22,797,318</u>	<u>34</u>	<u>21,683,962</u>	<u>34</u>	<u>65,730,986</u>	<u>34</u>	<u>63,139,045</u>	<u>34</u>
	Operating expenses	6(25)(26)								
6100	Selling expenses		(16,980,117)	(26)	(15,770,096)	(25)	(48,871,290)	(25)	(46,003,591)	(25)
6200	General and administrative expenses		(2,407,474)	(3)	(2,560,732)	(4)	(6,886,264)	(4)	(7,197,427)	(4)
6450	Expected credit losses (gains)	12(2)	(3,648)	-	1,146	-	(6,947)	-	(2,395)	-
6000	Total operating expenses		<u>(19,391,239)</u>	<u>(29)</u>	<u>(18,329,682)</u>	<u>(29)</u>	<u>(55,764,501)</u>	<u>(29)</u>	<u>(53,203,413)</u>	<u>(29)</u>
6900	Operating profit		<u>3,406,079</u>	<u>5</u>	<u>3,354,280</u>	<u>5</u>	<u>9,966,485</u>	<u>5</u>	<u>9,935,632</u>	<u>5</u>
	Non-operating income and expenses									
7010	Other income	6(27)	641,914	1	519,202	1	2,169,721	1	1,719,877	2
7020	Other gains and losses	6(28)	(287)	-	(29,662)	-	(36,776)	-	(22,319)	-
7050	Finance costs	6(29)	(287,679)	-	(26,773)	-	(894,008)	-	(105,631)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>148,203</u>	<u>-</u>	<u>103,053</u>	<u>-</u>	<u>385,778</u>	<u>-</u>	<u>317,260</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>502,151</u>	<u>1</u>	<u>565,820</u>	<u>1</u>	<u>1,624,715</u>	<u>1</u>	<u>1,909,187</u>	<u>2</u>
7900	Profit before income tax		<u>3,908,230</u>	<u>6</u>	<u>3,920,100</u>	<u>6</u>	<u>11,591,200</u>	<u>6</u>	<u>11,844,819</u>	<u>7</u>
7950	Income tax expense	6(30)	(776,678)	(1)	(805,570)	(1)	(2,229,478)	(1)	(2,852,953)	(2)
8000	Profit for the period from continuing operations		<u>3,131,552</u>	<u>5</u>	<u>3,114,530</u>	<u>5</u>	<u>9,361,722</u>	<u>5</u>	<u>8,991,866</u>	<u>5</u>
8200	Profit for the period		<u>\$ 3,131,552</u>	<u>5</u>	<u>\$ 3,114,530</u>	<u>5</u>	<u>\$ 9,361,722</u>	<u>5</u>	<u>\$ 8,991,866</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 September 30				For the nine-month periods ended September 30			
		2019		2018		2019		2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)									
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)	(\$ 33,403)	-	(\$ 21,612)	-	\$ 95,070	-	(\$ 9,862)	-
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		(994)	-	(559)	-	1,000	-	533	-
8349 Income tax effect that will not be reclassified to profit or loss	6(30)	947	-	883	-	(7,930)	-	49,332	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		(33,450)	-	(21,288)	-	88,140	-	40,003	-
8361 Exchange differences from translation of foreign operations		(138,521)	-	(59,980)	-	311,914	-	319,698	-
8367 Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	-	-	(210)	-	(783)	-	(1,117)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(23)	1,502	-	8,852	-	3,343	-	2,923	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		(137,019)	-	(51,338)	-	314,474	-	321,504	-
8300 Total other comprehensive (loss) income for the period		(\$ 170,469)	-	(\$ 72,626)	-	\$ 402,614	-	\$ 361,507	-
8500 Total comprehensive income for the period		<u>\$ 2,961,083</u>	<u>5</u>	<u>\$ 3,041,904</u>	<u>5</u>	<u>\$ 9,764,336</u>	<u>5</u>	<u>\$ 9,353,373</u>	<u>5</u>
Profit attributable to:									
8610 Owners of the parent		\$ 2,772,206	4	\$ 2,774,097	4	\$ 8,269,957	4	\$ 7,944,089	4
8620 Non-controlling interests		359,346	1	340,433	1	1,091,765	1	1,047,777	1
		<u>\$ 3,131,552</u>	<u>5</u>	<u>\$ 3,114,530</u>	<u>5</u>	<u>\$ 9,361,722</u>	<u>5</u>	<u>\$ 8,991,866</u>	<u>5</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 2,633,189	4	\$ 2,725,013	4	\$ 8,616,106	4	\$ 8,394,877	4
8720 Non-controlling interests		327,894	1	316,891	1	1,148,230	1	958,496	1
		<u>\$ 2,961,083</u>	<u>5</u>	<u>\$ 3,041,904</u>	<u>5</u>	<u>\$ 9,764,336</u>	<u>5</u>	<u>\$ 9,353,373</u>	<u>5</u>
9750 Basic earnings per share (in dollars)	6(31)	\$ 2.67		\$ 2.67		\$ 7.95		\$ 7.64	
9850 Diluted earnings per share (in dollars)	6(31)	\$ 2.67		\$ 2.67		\$ 7.94		\$ 7.63	

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

Chairman: Lo, Chih-Hsien

President : Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

Equity attributable to owners of the parent											
		Retained earnings				Other equity interest					
							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			
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations			Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2018											
Balance at January 1, 2018	\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	(\$ 906,308)	\$ -	\$ 507,449	\$ 50,614,262	\$ 8,892,148	\$ 59,506,410
Adjustments under new standards	-	-	-	-	25,463	-	477,996	(507,449)	(3,990)	(5,203)	(9,193)
Adjusted beginning balance	10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272	8,886,945	59,497,217
Profit for the period	-	-	-	-	7,944,089	-	-	-	7,944,089	1,047,777	8,991,866
Other comprehensive income (loss) for the period	6(23)	-	-	-	47,123	417,222	(13,557)	-	450,788	(89,281)	361,507
Total comprehensive income for the period	-	-	-	-	7,991,212	417,222	(13,557)	-	8,394,877	958,496	9,353,373
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	-	-	-	-	-	-	-	-	-	(1,503,308)	(1,503,308)
Overdue unclaimed cash dividend transferred to capital surplus	-	536	-	-	-	-	-	-	536	-	536
Balance at September 30, 2018	\$ 10,396,223	\$ 44,411	\$ 12,293,442	\$ 398,859	\$ 9,906,841	(\$ 489,086)	\$ 464,439	\$ -	\$ 33,015,129	\$ 8,342,133	\$ 41,357,262
For the nine-month period ended September 30, 2019											
Balance at January 1, 2019	\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050	\$ 8,772,977	\$ 44,025,027
Profit for the period	-	-	-	-	8,269,957	-	-	-	8,269,957	1,091,765	9,361,722
Other comprehensive income for the period	6(23)	-	-	-	-	257,660	88,489	-	346,149	56,465	402,614
Total comprehensive income for the period	-	-	-	-	8,269,957	257,660	88,489	-	8,616,106	1,148,230	9,764,336
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	-	-	-	-	-	-	-	-	-	(1,354,582)	(1,354,582)
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	-	-	-	-	668	-	-	-	668	-	668
Balance at September 30, 2019	\$ 10,396,223	\$ 45,954	\$ 13,314,081	\$ -	\$ 10,565,031	(\$ 22,169)	\$ 421,923	\$ -	\$ 34,721,043	\$ 8,566,625	\$ 43,287,668

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

		For the nine-month	
		periods ended September 30	
	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before income tax for the period		\$ 11,591,200	\$ 11,844,819
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)	(6,900)	4,964
Expected credit losses	12(2)	6,947	2,395
Depreciation on property, plant and equipment	6(7)(8)	13,450,635	4,475,377
Amortization		433,350	434,286
Depreciation on investment property	6(10)	12,773	12,717
Finance costs	6(29)	894,008	105,631
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(385,778)	(317,260)
Gain on disposal of investments accounted for using the equity method	7	-	(59)
Loss on disposal of property, plant and equipment, net	6(28)	23,380	6,537
Interest income	6(27)	(616,912)	(502,011)
Dividend income	6(27)	(47,491)	(62,629)
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		(732,122)	494,764
Accounts receivable		(253,290)	(290,004)
Other receivables		(778,784)	(325,465)
Inventories		2,355,509	595,030
Prepayments		(313,372)	(75,146)
Other current assets		158,272	493,499
Net changes in liabilities relating to operating activities			
Contract liabilities – current		573,366	245,323
Accounts payable		3,949,878	2,790,647
Notes payable		1,197,300	821,432
Other payables		316,553	(910,223)
Advance receipts		(132,935)	264,672
Contract liabilities – non-current		170,729	(38,341)
Net defined benefit liabilities		(3,730)	6,626
Cash generated from operations		31,862,586	20,077,581
Interest received		629,415	498,431
Income tax paid		(3,077,503)	(6,027,158)
Interest paid		(894,216)	(105,761)
Dividends received		268,235	1,234,288
Net cash provided by operating activities		28,788,517	15,677,381

(Continued)

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

		For the nine-month periods ended September 30	
	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of investments accounted for using the equity method	6(6) and 7	\$ -	\$ 25,644,550
Acquisition of subsidiary	6(6)	-	(3,226,806)
Acquisition of property, plant and equipment	6(33)	(5,105,924)	(5,336,158)
Proceeds from disposal of property, plant and equipment		155,178	53,036
Return of capital from financial assets at fair value through other comprehensive income		200,000	-
Guarantee deposits paid		(136,684)	(41,927)
Acquisition of intangible assets	6(11)	(46,471)	(124,152)
Other non-current assets		(115,321)	(41,220)
Net cash (used in) provided by investing activities		(5,049,222)	16,927,323
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Short-term borrowings	6(34)	(1,289,672)	6,146,306
Short-term notes and bills payable	6(34)	-	(40,000)
Proceeds from long-term borrowings	6(34)	101,000	189,720
Repayment of long-term borrowings	6(34)	(461,485)	(232,772)
Payments of lease liability	6(8)(34)	(8,189,563)	-
Guarantee deposits received	6(34)	97,630	30,096
Other non-current liabilities	6(34)	(225,740)	43,780
Change in non-controlling interests		(45,152)	(86,142)
Payment of cash dividends - the company	6(22)	(9,148,676)	(25,990,556)
Payment of cash dividends - subsidiaries		(1,309,430)	(1,417,166)
Net cash used in financing activities		(20,471,088)	(21,356,734)
Effect of foreign exchange rate changes on cash and cash equivalents		314,125	417,222
Increase in cash and cash equivalents		3,582,332	11,665,192
Cash and cash equivalents at beginning of period		48,530,648	35,783,291
Cash and cash equivalents at end of period		\$ 52,112,980	\$ 47,448,483

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
SEPTEMBER 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 November 1, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, ‘Leases’

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

- (c) The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- 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 \$144,164 was recognized for the nine-month period ended September 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	\$	<u>55,747,408</u>
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	\$	<u>52,938,613</u>

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

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.

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

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

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

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	September 30, 2019	September 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
			September 30, 2019	December 31, 2018	September 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
			September 30, 2019	December 31, 2018	September 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
			September 30, 2019	December 31, 2018	September 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	(d)
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	40.00	40.00	40.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	100.00	100.00	(e)
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
			September 30, 2019	December 31, 2018	September 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	
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 Restaurant (Cayman) Holdings Limited, and the process of cancellation of registration has been completed in September 2019.
- (e) The Company liquidated the subsidiary, PCSC (Chengdu) Hypermarket Limited, and the process of cancellation of registration has been completed in March 2019.
- (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) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(6) 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.

(7) 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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Cash on hand and petty cash	\$ 1,289,869	\$ 1,958,556	\$ 1,585,137
Checking accounts and demand deposits	18,051,327	12,560,158	12,118,990
Cash equivalents			
Time deposits	26,851,598	25,867,905	24,997,235
Short-term financial instruments	<u>5,920,186</u>	<u>8,144,029</u>	<u>8,747,121</u>
	<u>\$ 52,112,980</u>	<u>\$ 48,530,648</u>	<u>\$ 47,448,483</u>

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

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

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss			
<u>Current items:</u>			
Beneficiary certificates	\$ 1,583,016	\$ 844,170	\$ 1,059,699
Valuation adjustment	<u>231</u>	<u>55</u>	<u>598</u>
	<u>\$ 1,583,247</u>	<u>\$ 844,225</u>	<u>\$ 1,060,297</u>
<u>Non-current items:</u>			
Unlisted stocks	\$ 275,553	\$ 275,403	\$ 275,403
Valuation adjustment	<u>(189,988)</u>	<u>(189,720)</u>	<u>(189,720)</u>
	<u>\$ 85,565</u>	<u>\$ 85,683</u>	<u>\$ 85,683</u>

A. The Group recognized net profit of \$6,900 and \$3,154 in relation to financial assets at fair value through profit or loss for the nine-month periods ended September 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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Accounts receivable	\$ 5,566,477	\$ 5,320,037	\$ 5,267,673
Less: Allowance for doubtful accounts	<u>(55,561)</u>	<u>(55,464)</u>	<u>(41,993)</u>
	<u>\$ 5,510,916</u>	<u>\$ 5,264,573</u>	<u>\$ 5,225,680</u>

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not past due	\$ 5,149,135	\$ 5,144,165	\$ 5,097,632
Up to 90 days	406,527	149,698	150,856
91 to 180 days	9,910	18,175	13,379
181 to 365 days	905	2,917	5,330
Over 365 days	-	5,082	476
	<u>\$ 5,566,477</u>	<u>\$ 5,320,037</u>	<u>\$ 5,267,673</u>

The above aging analysis was based on past due date.

B. As of September 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 September 30, 2019, December 31, 2018 and September 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 \$5,510,916, \$5,264,573, and \$5,225,680, respectively.

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

(4) Inventories

	<u>September 30, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and work in process	\$ 66,512	\$ -	\$ 66,512
Merchandise and finished goods	<u>12,797,694</u>	<u>(98,058)</u>	<u>12,699,636</u>
	<u>\$ 12,864,206</u>	<u>(\$ 98,058)</u>	<u>\$ 12,766,148</u>
	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Cost</u>
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>
	<u>September 30, 2018</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and work in process	\$ 66,676	\$ -	\$ 66,676
Merchandise and finished goods	<u>12,811,328</u>	<u>(85,912)</u>	<u>12,725,416</u>
	<u>\$ 12,878,004</u>	<u>(\$ 85,912)</u>	<u>\$ 12,792,092</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended <u>September 30, 2019</u>	For the three-month period ended <u>September 30, 2018</u>
Cost of goods sold	\$ 42,750,127	\$ 40,832,068
Loss on valuation (Gain on reversal) of inventories	5,632 (	1,206)
Spoilage	463,529	420,157
Others	<u>72,060</u>	<u>68,890</u>
	<u>\$ 43,291,348</u>	<u>\$ 41,319,909</u>

	For the nine-month period ended <u>September 30, 2019</u>	For the nine-month period ended <u>September 30, 2018</u>
Cost of goods sold	\$ 123,808,172	\$ 118,604,022
Loss on valuation (Gain on reversal) of inventories	2,372 (	49,879)
Spoilage	1,374,506	1,290,943
Others	<u>205,949</u>	<u>196,991</u>
	<u>\$ 125,390,999</u>	<u>\$ 120,042,077</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 nine-month periods ended September 30, 2018, respectively.

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<u>Debt instruments</u>			
Government bonds	\$ -	\$ 199,948	\$ 199,921
Valuation adjustment	<u>-</u>	<u>783</u>	<u>1,203</u>
	<u>-</u>	<u>200,731</u>	<u>201,124</u>
<u>Equity instruments</u>			
Listed stocks	265,606	\$ 265,606	265,606
Unlisted stocks	<u>4,348</u>	<u>4,348</u>	<u>4,348</u>
	269,954	269,954	269,954
Valuation adjustment	<u>469,730</u>	<u>374,660</u>	<u>508,647</u>
	<u>739,684</u>	<u>644,614</u>	<u>778,601</u>
	<u>\$ 739,684</u>	<u>\$ 845,345</u>	<u>\$ 979,725</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 \$739,684, \$644,614 and \$778,601 as at September 30, 2019, December 31, 2018 and September 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:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 33,403)	(\$ 21,612)
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ -	(\$ 210)
Interest income recognized in profit or loss	\$ -	\$ 590
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 95,070	(\$ 9,862)
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 783)	(\$ 1,117)
Interest income recognized in profit or loss	\$ 1,180	\$ 1,769

C. As at September 30, 2019, December 31, 2018 and September 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 \$739,684, \$845,345, and \$979,725, 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Associates</u>			
PresiCarre Corp.	\$ 5,678,150	\$ 5,518,380	\$ 5,459,859
President Fair Development Corp.	2,013,938	1,984,125	1,971,517
Uni-President Development Corp.	751,128	753,904	741,352
President International Development Corp.	465,259	461,328	463,287
Tung Ho Development Corp.	108,792	114,755	117,847
Others	57,678	60,209	55,194
	<u>9,074,945</u>	<u>8,892,701</u>	<u>8,809,056</u>
<u>Joint ventures</u>			
Mister Donut Taiwan Corp., Ltd.	96,015	\$ 107,879	89,784
	<u>\$ 9,170,960</u>	<u>\$ 9,000,580</u>	<u>\$ 8,898,840</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 September 30, 2019	For the three-month period ended September 30, 2018
Total comprehensive income	\$ 146,018	\$ 111,045

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Total comprehensive income	\$ 381,030	\$ 315,339

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

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Total comprehensive income	\$ 2,693	\$ 301

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Total comprehensive income	\$ 9,091	\$ 5,377

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.

E. In August 2018, the Group disposed 0.02% shares of its investments accounted for using equity method—Grand Bills Finance Corp. to Kai Yu Investment Co., Ltd.. Information about disposal proceeds and disposal gain or loss are provided in Note 7(3) f.

(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	-	99,820	169,162	1,999,943	1,428,463	1,323,208	5,020,596
Disposals	-	-	(20,709)	(84,911)	(69,249)	(3,689)	(178,558)
Reclassifications	(18,757)	30,199	84,974	110,127	172,732	(350,171)	29,104
Depreciation charge	-	(152,273)	(392,493)	(1,658,477)	(1,384,694)	(997,030)	(4,584,967)
Net exchange differences	<u>571</u>	<u>(2,921)</u>	<u>(684)</u>	<u>(12,750)</u>	<u>40,348</u>	<u>52,831</u>	<u>77,395</u>
Closing net book amount as of September 30	<u>\$ 2,238,564</u>	<u>\$ 2,717,931</u>	<u>\$ 2,107,667</u>	<u>\$ 7,126,914</u>	<u>\$ 6,770,603</u>	<u>\$ 4,298,421</u>	<u>\$ 25,260,100</u>
<u>At September 30</u>							
Cost	\$ 2,254,930	\$ 4,771,041	\$ 6,563,496	\$ 21,791,858	\$ 18,759,192	\$ 10,652,783	\$ 64,793,300
Accumulated depreciation and impairment	(16,366)	(2,053,110)	(4,455,829)	(14,664,944)	(11,988,589)	(6,354,362)	(39,533,200)
	<u>\$ 2,238,564</u>	<u>\$ 2,717,931</u>	<u>\$ 2,107,667</u>	<u>\$ 7,126,914</u>	<u>\$ 6,770,603</u>	<u>\$ 4,298,421</u>	<u>\$ 25,260,100</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	-	13,909	239,501	1,379,191	1,427,439	1,579,341	4,639,381
Disposals	- (38)	(14,804)	(22,133)	(16,111)	(6,487)	(59,573)	
Reclassifications	-	5,742	111,428	149,579	16,394	(279,438)	3,705
Depreciation charge	- (140,694)	(419,216)	(1,711,202)	(1,287,079)	(917,186)	(4,475,377)	
Net exchange differences	(1,245)	(5,858)	(5,459)	(17,324)	(70,569)	(126,441)	(226,896)
Closing net book amount as of September 30	<u>\$ 2,255,973</u>	<u>\$ 2,368,613</u>	<u>\$ 2,208,912</u>	<u>\$ 6,573,934</u>	<u>\$ 6,761,377</u>	<u>\$ 4,694,773</u>	<u>\$ 24,863,582</u>
<u>At September 30</u>							
Cost	\$ 2,272,339	\$ 4,297,135	\$ 6,468,910	\$ 20,786,304	\$ 17,904,068	\$ 9,689,631	\$ 61,418,387
Accumulated depreciation and impairment	(16,366)	(1,928,522)	(4,259,998)	(14,212,370)	(11,142,691)	(4,994,858)	(36,554,805)
	<u>\$ 2,255,973</u>	<u>\$ 2,368,613</u>	<u>\$ 2,208,912</u>	<u>\$ 6,573,934</u>	<u>\$ 6,761,377</u>	<u>\$ 4,694,773</u>	<u>\$ 24,863,582</u>

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

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

(8) Leasing arrangements — lessee

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:

	September 30, 2019	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019
	Carrying amount	Depreciation charge	Depreciation charge
Land	\$ 686,130	\$ 35,029	\$ 102,154
Buildings	52,262,572	2,926,455	8,661,943
Machinery and equipment	82,801	10,239	29,411
Other equipment	345,467	24,594	72,160
	<u>\$ 53,376,970</u>	<u>\$ 2,996,317</u>	<u>\$ 8,865,668</u>

C. For the three-month and nine-month periods ended September 30, 2019, the additions to right-of-use assets were \$4,471,322 and \$10,592,609, respectively.

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

	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 259,658	\$ 801,325
Expense on short-term lease contracts	435,657	540,110
Expense on leases of low-value assets	24,700	52,717
Expense on variable lease payments	245,676	448,494
Gain or loss on sale and leaseback transactions	179,798	401,497

E. For the nine-month period ended September 30, 2019, the Group's total cash outflow for leases was \$10,032,209

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 4.19% 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 \$4,485.

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 September 30, 2019 is \$17,011,846.

(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 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Rental revenue	\$ 403,267	\$ 372,399
Rental revenue from variable lease payments	\$ 316,409	\$ 340,492
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Rental revenue	\$ 1,140,762	\$ 1,066,911
Rental revenue from variable lease payments	\$ 876,429	\$ 967,360

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

	September 30, 2019
2019	\$ 178,210
2020	326,796
2021	263,478
2022	206,337
2023	146,460
2024	107,595
After 2025	293,089
Total	\$ 1,521,965

(10) Investment property

	2019		
	Land	Buildings	Total
January 1	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	-	(12,773)	(12,773)
Reclassifications	18,757	2,913	21,670
September 30	<u>\$ 1,078,295</u>	<u>\$ 432,761</u>	<u>\$ 1,511,056</u>
	2018		
	Land	Buildings	Total
January 1	\$ 1,059,538	\$ 459,577	\$ 1,519,115
Depreciation charge	-	(12,717)	(12,717)
September 30	<u>\$ 1,059,538</u>	<u>\$ 446,860</u>	<u>\$ 1,506,398</u>

The fair value of the investment property held by the Group ranged from \$3,774,921 to \$4,113,899 at September 30, 2019, December 31, 2018, and September 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

	2019				
	Software	Goodwill	License agreement and customer list	Others	Total
<u>At January 1</u>					
Cost	\$ 1,648,652	\$ 2,204,284	\$ 7,524,890	\$ 469,957	\$11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$10,393,880</u>
<u>At January 1</u>					
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$10,393,880
Additions	39,761	-	-	6,710	46,471
Reclassifications	41,785	-	-	5,259	47,044
Amortization expenses	(176,291)	-	(145,619)	(33,471)	(355,381)
Net exchange differences	(1,372)	601	-	127	(644)
Closing net book amount as of September 30	<u>\$ 388,130</u>	<u>\$ 2,204,885</u>	<u>\$ 7,185,111</u>	<u>\$ 353,244</u>	<u>\$10,131,370</u>
<u>At September 30</u>					
Cost	\$ 1,715,582	\$ 2,204,885	\$ 7,524,890	\$ 479,850	\$11,925,207
Accumulated amortization and impairment	(1,327,452)	-	(339,779)	(126,606)	(1,793,837)
	<u>\$ 388,130</u>	<u>\$ 2,204,885</u>	<u>\$ 7,185,111</u>	<u>\$ 353,244</u>	<u>\$10,131,370</u>

	2018				
	Software	Goodwill	License agreement and customer 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	101,546	-	-	22,606	124,152
Reclassifications	(303)	-	-	(686)	(989)
Amortization expenses	(184,705)	-	(145,620)	(22,712)	(353,037)
Net exchange differences	<u>920</u>	<u>1,414</u>	<u>-</u>	<u>54</u>	<u>2,388</u>
Closing net book amount as of September 30	<u>\$ 509,684</u>	<u>\$ 2,203,933</u>	<u>\$ 7,379,270</u>	<u>\$ 336,340</u>	<u>\$10,429,227</u>
<u>At September 30</u>					
Cost	\$ 1,588,354	\$ 2,203,933	\$ 7,524,890	\$ 422,480	\$11,739,657
Accumulated amortization and impairment	(1,078,670)	-	(145,620)	(86,140)	(1,310,430)
	<u>\$ 509,684</u>	<u>\$ 2,203,933</u>	<u>\$ 7,379,270</u>	<u>\$ 336,340</u>	<u>\$10,429,227</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	<u>September 30, 2019</u>	<u>December,31, 2018</u>	<u>September 30, 2018</u>
Guarantee deposits paid	\$ 2,903,597	\$ 2,766,913	\$ 2,698,348
Others	<u>390,716</u>	<u>437,846</u>	<u>479,620</u>
	<u>\$ 3,294,313</u>	<u>\$ 3,204,759</u>	<u>\$ 3,177,968</u>

(13) Impairment of non-financial assets

- A. There were no impairment loss nor reversal of impairment loss recognized for the nine-month periods ended September 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>September 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 5,948,113	0.65%~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>September 30, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 7,111,486	0.67%~4.75%	None

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

(15) Other payables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Store collections	\$ 14,305,792	\$ 12,750,758	\$ 12,853,999
Wages, salaries and bonus payable	5,001,371	5,033,232	4,982,193
Sales receipt on behalf of others	989,538	1,176,154	883,571
Incentive bonus payable to franchisees	964,824	1,047,674	951,915
Payables for acquisition of property, plant and equipment	829,229	914,557	374,747
Employees' compensation and remuneration for directors and supervisors	671,964	879,671	685,271
Payables for labor and health insurance	238,796	238,255	240,450
Rent payable	59,068	848,049	831,416
Others	4,216,297	5,065,831	4,323,289
	<u>\$ 27,276,879</u>	<u>\$ 27,954,181</u>	<u>\$ 26,126,851</u>

(16) Other current liabilities

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Advance receipts for gift certificates	\$ 1,293,164	\$ 1,338,984	\$ -
Advance receipts of deposits in icash cards	1,254,428	1,199,455	1,166,675
Current portion of long-term liabilities	315,429	335,860	298,772
Others	244,151	386,239	301,668
	<u>\$ 3,107,172</u>	<u>\$ 3,260,538</u>	<u>\$ 1,767,115</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	4.88%~6.69%	None	\$ 414,938
Secured borrowings	1.72%~1.96%	Property, plant and equipment	419,495
			834,433
Less: Current portion			(315,429)
			<u>\$ 519,004</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2018</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.80%~6.298%	None	\$ 741,157
Secured borrowings	1.75%~1.96%	Property, plant and equipment	441,743
			1,182,900
Less: Current portion			(335,860)
			<u>\$ 847,040</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2018</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.84%~4.44%	None	\$ 874,987
Secured borrowings	1.79%~1.96%	Property, plant and equipment	428,765
			1,303,752
Less: Current portion			(298,772)
			<u>\$ 1,004,980</u>

There was no capitalization of borrowing costs for the nine-month periods ended September 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 \$35,298, \$42,262, \$105,707, and \$120,369 for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2019 and 2018 were 14%~20%. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2019 and 2018 were \$238,040, \$231,124, \$714,478 and \$691,341, respectively.

(19) Other non-current liabilities

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Guarantee deposit received	\$ 3,510,895	\$ 3,413,265	\$ 3,385,268
Decommissioning liability	498,996	421,966	412,680
Others	<u>296,018</u>	<u>521,758</u>	<u>351,648</u>
	<u>\$ 4,305,909</u>	<u>\$ 4,356,989</u>	<u>\$ 4,149,596</u>

(20) Share capital

As of September 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 September 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 reserve 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	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (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

	2019		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 279,829)	\$ 333,434	\$ 53,605
Revaluation:			
–Group	-	94,287	94,287
–Associates	-	2,132	2,132
Revaluation-tax	-	(7,930)	(7,930)
Currency translation differences:			
–Group	255,449	-	255,449
–Associates	2,211	-	2,211
At September 30	(\$ 22,169)	\$ 421,923	\$ 399,754

	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	(\$ 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	-	(10,979)	-	(10,979)
–Associates	-	(1,615)	-	(1,615)
Revaluation-tax	-	(963)	-	(963)
Currency translation differences:				
–Group	412,160	-	-	412,160
–Associates	5,062	-	-	5,062
At September 30	(\$ 489,086)	\$ 464,439	\$ -	(\$ 24,647)

(24) Operating revenue

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Revenue from contracts with customers	\$ 66,088,666	\$ 63,003,871
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Revenue from contracts with customers	\$ 191,121,985	\$ 183,181,122

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended September 30, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 40,816,692	\$ 15,810,313	\$ 293,658	\$ 5,279,012	\$ 62,199,675
–Over time	134,122	3,288,669	222,170	244,030	3,888,991
	\$ 40,950,814	\$ 19,098,982	\$ 515,828	\$ 5,523,042	\$ 66,088,666

For the three-month period ended September 30, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 39,733,764	\$ 14,514,588	\$ 501,813	\$ 5,158,358	\$ 59,908,523
–Over time	<u>135,787</u>	<u>2,857,209</u>	<u>59,697</u>	<u>42,655</u>	<u>3,095,348</u>
	<u>\$ 39,869,551</u>	<u>\$ 17,371,797</u>	<u>\$ 561,510</u>	<u>\$ 5,201,013</u>	<u>\$ 63,003,871</u>
For the nine-month period ended September 30, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 117,789,512	\$ 46,422,331	\$ 884,291	\$ 14,634,939	\$ 179,731,073
–Over time	<u>385,575</u>	<u>9,583,708</u>	<u>686,609</u>	<u>735,020</u>	<u>11,390,912</u>
	<u>\$ 118,175,087</u>	<u>\$ 56,006,039</u>	<u>\$ 1,570,900</u>	<u>\$ 15,369,959</u>	<u>\$ 191,121,985</u>
For the nine-month period ended September 30, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 115,216,740	\$ 42,667,809	\$ 1,345,547	\$ 14,486,952	\$ 173,717,048
–Over time	<u>393,255</u>	<u>8,437,232</u>	<u>173,954</u>	<u>459,633</u>	<u>9,464,074</u>
	<u>\$ 115,609,995</u>	<u>\$ 51,105,041</u>	<u>\$ 1,519,501</u>	<u>\$ 14,946,585</u>	<u>\$ 183,181,122</u>

B. Contract liabilities

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>January 1, 2018</u>
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 1,869,830	\$ 1,392,390	\$ 2,293,903	\$ 2,104,769
Contract liabilities – members’ deposits	801,820	764,782	1,389,884	1,246,600
Contract liabilities – franchise fee	340,467	230,812	225,511	231,312
Contract liabilities – customer loyalty programs	417,274	344,970	307,670	346,011
Contract liabilities – others	<u>392,314</u>	<u>344,656</u>	<u>271,383</u>	<u>352,677</u>
	<u>\$ 3,821,705</u>	<u>\$ 3,077,610</u>	<u>\$ 4,488,351</u>	<u>\$ 4,281,369</u>

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>January 1, 2018</u>
Contract liabilities – current	\$ 3,416,555	\$ 2,843,189	\$ 4,180,681	\$ 3,935,358
Contract liabilities – non-current	<u>405,150</u>	<u>234,421</u>	<u>307,670</u>	<u>346,011</u>
	<u>\$ 3,821,705</u>	<u>\$ 3,077,610</u>	<u>\$ 4,488,351</u>	<u>\$ 4,281,369</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$2,173,785 and \$1,211,462 for the nine-month periods ended September 30, 2019 and 2018, respectively.

(25) Expenses by nature

	For the three-month period ended <u>September 30, 2019</u>	For the three-month period ended <u>September 30, 2018</u>
Cost of goods sold	\$ 38,650,692	\$ 36,999,432
Employee benefit expense	6,797,177	6,333,106
Incentive bonuses for franchisees	5,781,699	5,453,500
Depreciation and amortization	4,696,329	1,659,007
Utilities expense	1,271,238	1,207,632
Operating lease payments	706,033	3,097,938
Other costs and expenses	<u>4,779,419</u>	<u>4,898,976</u>
Total operating costs and operating expenses	<u>\$ 62,682,587</u>	<u>\$ 59,649,591</u>

	For the nine-month period ended <u>September 30, 2019</u>	For the nine-month period ended <u>September 30, 2018</u>
Cost of goods sold	\$ 111,940,869	\$ 107,255,010
Employee benefit expense	19,638,505	19,046,933
Incentive bonuses for franchisees	16,377,993	15,780,408
Depreciation and amortization	13,883,985	4,909,663
Utilities expense	3,375,551	3,121,900
Operating lease payments	1,041,321	9,127,248
Other costs and expenses	<u>14,897,276</u>	<u>14,004,328</u>
Total operating costs and operating expenses	<u>\$ 181,155,500</u>	<u>\$ 173,245,490</u>

(26) Employee benefit expense

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Wages and salaries	\$ 5,629,754	\$ 5,206,845
Labor and health insurance fees	496,623	476,902
Pension costs	273,338	273,386
Other personnel expenses	<u>397,462</u>	<u>375,973</u>
	<u>\$ 6,797,177</u>	<u>\$ 6,333,106</u>

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Wages and salaries	\$ 16,197,470	\$ 15,705,118
Labor and health insurance fees	1,509,699	1,466,361
Pension costs	820,185	811,710
Other personnel expenses	<u>1,111,151</u>	<u>1,063,744</u>
	<u>\$ 19,638,505</u>	<u>\$ 19,046,933</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 nine-month periods ended September 30, 2019 and 2018, employees' compensation was accrued at \$149,580, \$152,451, \$442,439 and \$453,116 respectively; while directors' and supervisors' remuneration was accrued at \$49,974, \$50,933, \$147,817 and \$151,384, 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 nine-month period ended September 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 September 30, 2019	For the three-month period ended September 30, 2018
Interest income	\$ 205,959	\$ 167,144
Grants income	175,366	158,607
Rental revenue	72,548	32,884
Dividend income	257	1,961
Others	<u>187,784</u>	<u>158,606</u>
	<u>\$ 641,914</u>	<u>\$ 519,202</u>

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Interest income	\$ 616,912	\$ 502,011
Grants income	499,090	464,183
Rental revenue	221,920	100,942
Dividend income	47,491	62,629
Others	<u>784,308</u>	<u>590,112</u>
	<u>\$ 2,169,721</u>	<u>\$ 1,719,877</u>

(28) Other gains and losses

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
(Loss) gain on disposal of investments	(\$ 30)	\$ 5,026
(Loss) gain on disposal of property, plant and equipment	(22,287)	3,502
Other gains and losses	<u>22,030</u>	<u>(38,190)</u>
	<u>(\$ 287)</u>	<u>(\$ 29,662)</u>

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
(Loss) gain on disposal of investments	(\$ 3,462)	\$ 8,177
Loss on disposal of property, plant and equipment	(23,380)	(6,537)
Other losses	<u>(9,934)</u>	<u>(23,959)</u>
	<u>(\$ 36,776)</u>	<u>(\$ 22,319)</u>

(29) Finance costs

	For the three-month period ended <u>September 30, 2019</u>	For the three-month period ended <u>September 30, 2018</u>
Interest expense	\$ <u>287,679</u>	\$ <u>26,773</u>
	For the nine-month period ended <u>September 30, 2019</u>	For the nine-month period ended <u>September 30, 2018</u>
Interest expense	\$ <u>894,008</u>	\$ <u>105,631</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended <u>September 30, 2019</u>	For the three-month period ended <u>September 30, 2018</u>
Current tax:		
Current tax on profits for the period	\$ 778,872	\$ 794,850
Over provision of prior year's income tax	(6,289)	(2,369)
Total current tax	<u>772,583</u>	<u>792,481</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>4,095</u>	<u>13,089</u>
Total deferred tax	<u>4,095</u>	<u>13,089</u>
Income tax expense	\$ <u>776,678</u>	\$ <u>805,570</u>
	For the nine-month period ended <u>September 30, 2019</u>	For the nine-month period ended <u>September 30, 2018</u>
Current tax:		
Current tax on profits for the period	\$ 2,169,569	\$ 2,195,664
Tax on undistributed surplus earnings	20,212	135,163
Over provision of prior year's income tax	(5,292)	(2,369)
Total current tax	<u>2,184,489</u>	<u>2,328,458</u>
Deferred tax:		
Origination and reversal of temporary differences	44,989	(115,809)
Impact of change in tax rate	<u>-</u>	<u>640,304</u>
Total deferred tax	<u>44,989</u>	<u>524,495</u>
Income tax expense	\$ <u>2,229,478</u>	\$ <u>2,852,953</u>

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

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 947)	(\$ 883)
	(\$ 947)	(\$ 883)
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2019
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 7,930	(\$ 2,355)
Impact of change in tax rate	-	(46,977)
	\$ 7,930	(\$ 49,332)

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

(31) Earnings per share

	For the three-month period ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,772,206	1,039,622	\$ 2.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,772,206	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	516	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,772,206	1,040,138	\$ 2.67

For the three-month period ended September 30, 2018

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,774,097	1,039,622	\$ 2.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,774,097	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	425	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,774,097	1,040,047	\$ 2.67

For the nine-month period ended September 30, 2019

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,269,957	1,039,622	\$ 7.95
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,269,957	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,930	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,269,957	1,041,552	\$ 7.94

For the nine-month period ended September 30, 2018

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,944,089	1,039,622	\$ 7.64
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,944,089	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,040	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 7,944,089	1,041,662	\$ 7.63

(32) Operating leases

Lessor

2018

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>September 31, 2018</u>
Less than one year	\$ 90,898	\$ 93,273
Over one year but less than five years	224,263	248,312
Over five years	<u>6,195</u>	<u>25,933</u>
	<u>\$ 321,356</u>	<u>\$ 367,518</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 nine-month periods ended September 30, 2018 are as follows:

	<u>For the three-month period ended September 30, 2018</u>	<u>For the nine-month period ended September 30, 2018</u>
Rental expenses	\$ 3,017,356	\$ 8,840,610
Contingent rents	<u>\$ 80,582</u>	<u>\$ 286,638</u>

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

	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Less than one year	\$ 10,955,633	\$ 10,036,360
Over one year but less than five years	36,200,668	34,992,504
Over five years	<u>22,658,778</u>	<u>13,208,573</u>
	<u>\$ 69,815,079</u>	<u>\$ 58,237,437</u>

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

	<u>For the three-month period ended September 30, 2018</u>	<u>For the nine-month period ended September 30, 2018</u>
Sublease revenues	\$ 91,966	\$ 209,120
Contingent rents	<u>\$ 284,559</u>	<u>\$ 855,611</u>

In accordance with non-cancellable sub-lease agreements as of September 30, 2018, sub-lease payments totalling \$390,854 are expected to be collected between 2018 and 2028.

(33) Supplemental cash flow information

Investing activities with partial cash payments

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Purchase of property, plant and equipment	\$ 5,020,596	\$ 4,639,381
Add: Opening balance of payable on equipment	914,557	1,071,524
Less: Ending balance of payable on equipment	(829,229)	(374,747)
Cash paid during the period	<u>\$ 5,105,924</u>	<u>\$ 5,336,158</u>

(34) Changes in liabilities from financing activities

2019						
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non- current liabilities	Liabilities from financing activities- gross
At January 1	\$ 7,237,785	\$ 847,040	\$ 52,938,613	\$ 3,413,265	\$ 943,724	\$ 65,380,427
Changes in cash flow from financing activities	(1,289,672)	(360,485)	(8,189,563)	97,630	(225,740)	(9,967,830)
Impact of changes in foreign exchange rate	-	12,018	87,934	-	-	99,952
Changes in other non-cash items	-	20,431	9,460,309	-	77,030	9,557,770
At September 30	<u>\$ 5,948,113</u>	<u>\$ 519,004</u>	<u>\$ 54,297,293</u>	<u>\$ 3,510,895</u>	<u>\$ 795,014</u>	<u>\$ 65,070,319</u>

2018						
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Guarantee deposits received	Other non- current liabilities	Liabilities from financing activities- gross
At January 1	\$ 965,180	\$ 250,000	\$ 1,105,451	\$ 3,355,172	\$ 1,066,559	\$ 6,742,362
Changes in cash flow from financing activities	6,146,306	(40,000)	(43,052)	30,096	43,780	6,137,130
Impact of changes in foreign exchange rate	-	-	(32,401)	-	-	(32,401)
Changes in other non-cash items	-	-	(25,018)	-	(346,011)	(371,029)
At September 30	<u>\$ 7,111,486</u>	<u>\$ 210,000</u>	<u>\$ 1,004,980</u>	<u>\$ 3,385,268</u>	<u>\$ 764,328</u>	<u>\$ 12,476,062</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of September 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 <u>September 30, 2019</u>	For the three-month period ended <u>September 30, 2018</u>
<u>Sales of goods</u>		
Ultimate parent	\$ 143,533	\$ 144,231
Associates	35,320	40,018
Sister companies	61,557	84,585
Other related parties	18,881	18,690
<u>Sales of services</u>		
Ultimate parent	3,120	2,386
Associates	15,761	9,159
Sister companies	4,689	3,006
Other related parties	<u>1,677</u>	<u>1,632</u>
	<u>\$ 284,538</u>	<u>\$ 303,707</u>

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
<u>Sales of goods</u>		
Ultimate parent	\$ 433,371	\$ 432,424
Associates	105,458	112,296
Sister companies	188,245	221,544
Other related parties	56,812	54,847
<u>Sales of services</u>		
Ultimate parent	9,536	8,323
Associates	45,607	28,744
Sister companies	10,688	8,331
Other related parties	4,333	3,890
	<u>\$ 854,050</u>	<u>\$ 870,399</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 September 30, 2019	For the three-month period ended September 30, 2018
Ultimate parent	\$ 4,328,793	\$ 4,102,705
Associates	57,433	64,002
Sister companies	1,291,677	1,048,756
Other related parties	698,498	547,714
	<u>\$ 6,376,401</u>	<u>\$ 5,763,177</u>
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Ultimate parent	\$ 12,373,257	\$ 11,575,196
Associates	190,971	216,120
Sister companies	3,273,137	3,004,620
Other related parties	1,832,027	1,595,650
	<u>\$ 17,669,392</u>	<u>\$ 16,391,586</u>

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

C. Receivables from related parties

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Accounts receivable</u>			
Ultimate parent	\$ 155,480	\$ 201,321	\$ 102,639
Associates	88,738	73,101	77,131
Sister companies	55,004	85,384	52,548
Other related parties	5,293	4,722	5,964
	<u>\$ 304,515</u>	<u>\$ 364,528</u>	<u>\$ 238,282</u>

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

D. Payables to related parties

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<u>Notes payable and accounts payable</u>			
Ultimate parent	\$ 2,977,454	\$ 1,631,289	\$ 1,667,232
Associates	65,609	63,739	53,954
Sister companies	851,106	442,907	489,768
Other related parties	<u>517,807</u>	<u>370,822</u>	<u>399,671</u>
	<u>\$ 4,411,976</u>	<u>\$ 2,508,757</u>	<u>\$ 2,610,625</u>

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

E. Leasing arrangements — lessee

(a) The Group holds various lease agreements with related parties based on the market price. The leases were paid on a monthly basis.

(b) Acquisition of right of use assets

	<u>For the nine-month period ended September 30, 2019</u>
Ultimate parent	\$ 112,002
Associates	12,157
Sister companies	12,398
Other related parties	<u>513,952</u>
	<u>\$ 650,509</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

	<u>September 30, 2019</u>
Ultimate parent	\$ 146,560
Associates	646,561
Sister companies	280,228
Other related parties	<u>537,372</u>
	<u>\$ 1,610,721</u>

F. Property transactions

(a) Acquisition of property, plant and equipment

		<u>For the three-month period ended September 30, 2019</u>	<u>For the nine-month period ended September 30, 2019</u>
	<u>Accounts</u>		
Associates	Property, plant and equipment	<u>\$ 39,780</u>	<u>\$ 39,780</u>
		<u>For the three-month period ended September 30, 2018</u>	<u>For the nine-month period ended September 30, 2018</u>
	<u>Accounts</u>		
Associates	Property, plant and equipment	<u>\$ 16,944</u>	<u>\$ 16,944</u>

(b) Disposal of financial assets

	Accounts	No. of shares	Objects	For the nine-month period ended September 30, 2018	
				Proceeds	Gain
Sister companies	Investments accounted for using equity method	108,160	Grand Bills Finance Corp.	\$ 1,828	\$ 59

(4) Key management compensation

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018
Salaries and other short-term employee benefits	\$ 157,535	\$ 164,017
	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Salaries and other short-term employee benefits	\$ 529,203	\$ 513,773

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2019	December 31, 2018	September 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	46,248	50,230	54,059	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	565,016	586,353	569,619	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets – guarantee deposits paid")	31,495	56,495	40,765	Performance guarantee
	<u>\$ 771,402</u>	<u>\$ 841,721</u>	<u>\$ 793,086</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,668,812	\$ 929,908	\$ 1,145,980
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 739,684	\$ 644,614	\$ 778,601
Qualifying equity instrument	-	200,731	201,124
	<u>739,684</u>	<u>845,345</u>	<u>979,725</u>
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	\$ 52,112,980	\$ 48,530,648	\$ 47,448,483
Accounts receivable, net	5,510,916	5,264,573	5,225,680
Other receivables	2,301,736	1,535,507	2,002,468
Guarantee deposits paid	<u>2,903,597</u>	<u>2,766,913</u>	<u>2,698,348</u>
	<u>62,829,229</u>	<u>58,097,641</u>	<u>57,374,979</u>
	<u>\$ 65,237,725</u>	<u>\$ 59,872,894</u>	<u>\$ 59,500,684</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 5,948,113	\$ 7,237,785	\$ 7,111,486
Short-term notes and bills payable	-	-	210,000
Notes payable	3,063,910	1,866,610	2,887,943
Accounts payable	27,098,561	23,148,683	23,961,610
Other payables	27,276,879	27,954,181	26,126,851
Long-term borrowings (including current portion)	834,433	1,182,900	1,303,752
Guarantee deposits received	<u>3,510,895</u>	<u>3,413,265</u>	<u>3,385,268</u>
	<u>67,732,791</u>	<u>64,803,424</u>	<u>64,986,910</u>
Lease liabilities	\$ 54,297,293	\$ -	\$ -
	<u>\$ 122,030,084</u>	<u>\$ 64,803,424</u>	<u>\$ 64,986,910</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:

(Foreign currency: functional currency)	September 30, 2019			December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 1,175	31.0400	\$ 36,472	\$ 739	30.7150	\$ 22,698
RMB: NTD	470	4.3423	2,041	1,742	4.4654	7,779
JPY: NTD	85,528	0.2878	24,615	8,522	0.2782	2,371
HKD: NTD	1,687	3.9597	6,680	-	-	-
<u>Non-monetary items</u>						
JPY: NTD	\$ 835,200	0.2878	\$ 240,371	\$ 721,500	0.2782	\$ 200,721
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$ 3,722	31.0400	\$ 115,531	\$ 3,745	30.7150	\$ 115,028
JPY: NTD	97,379	0.2878	28,026	80,786	0.2782	22,475
RMB: NTD	834	4.3423	3,621	1,152	4.4654	5,144

		September 30, 2018		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	1,488	30.5250	\$ 45,421
RMB: NTD		1,560	4.4440	6,933
JPY: NTD		28,540	0.2692	7,683
HKD: NTD		2,290	3.8995	8,930
<u>Non-monetary items</u>				
JPY: NTD	\$	831,600	0.2692	\$ 223,867
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$	4,997	30.5250	\$ 152,533
JPY: NTD		91,209	0.2692	24,553
HKD: NTD		1	3.8995	4
EUR: NTD		761	35.4800	27,000

- IV. Total exchange gain or loss, including realized and unrealized from significant foreign exchange variations on monetary items held by the Group amounted to (\$1,105), (\$5,840), (\$1,301) and \$57,173 for the three-month and nine-month periods ended September 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 September 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 nine-month periods ended September 30, 2019 and 2018 would increase/decrease by \$3,953 and \$5,356, 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 comprehensive income for the nine-month periods ended September 30, 2019 and 2018 would increase/decrease by \$11,848 and \$10,349, respectively.

Price risk

- I. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase/decrease by 5%, and beneficiary certificates increase/decrease by 0.25%, with all other variables held constant, the post-tax profit for the nine-month periods ended September 30, 2019 and 2018 would have increased/decreased by \$8,236 and \$6,935, respectively, as a result of gains/losses on equity securities and open-ended funds classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$36,984 and \$38,930, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- I. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 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 nine-month periods ended September 30, 2019 and 2018 would have increased/decreased by \$2,086 and \$2,634, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Group 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	6,947
Reversal of impairment	(3,746)
Write-offs	(1,599)
Effect of foreign exchange	(1,505)
At September 30	<u>\$ 55,561</u>
	2018
	<u>Accounts receivable</u>
At January 1_IAS 39	\$ 48,471
Adjustments under new standards	10,889
At January 1_IFRS 9	59,360
Provision for impairment	2,395
Reversal of impairment	(1,908)
Write-offs	(16,244)
Effect of foreign exchange	(1,610)
At September 30	<u>\$ 41,993</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 nine-month period ended September 30, 2019 and 2018.
- V. The Group has no written-off financial assets that are still under recourse procedures on September 30, 2019, December 31, 2018 and September 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 \$1,583,247, \$844,225 and \$1,060,297 as at September 30, 2019, December 31, 2018, and September 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 \$13,613,541, \$14,006,462 and \$14,141,400 as of September 30, 2019, December 31, 2018 and September 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. Except for short-term notes and bills payable, notes payable, accounts payable and other payables, whose contractual undiscounted cash flows are about to book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>September 30, 2019</u>				
Short-term borrowings	\$ 5,996,566	\$ -	\$ -	\$ -
Lease liabilities	12,123,134	10,960,395	9,942,164	26,927,988
Long-term borrowings (including current portion)	347,151	121,667	96,158	484,552

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>December 31, 2018</u>				
Short-term borrowings	\$ 7,286,725	\$ -	\$ -	\$ -
Long-term borrowings (including current portion)	372,094	264,270	189,983	407,867

Non-derivative financial liabilities:

<u>September 30, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 7,182,700	\$ -	\$ -	\$ -
Long-term borrowings (including current portion)	329,806	474,874	102,157	465,545

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

(3) Fair value information

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

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

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

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

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

- C. Financial instruments not measured at fair value

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

<u>September 30, 2019</u>				
	<u>Fair value</u>			
<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,903,597	\$ -	\$ -	\$ 2,880,398
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,510,895	\$ -	\$ -	\$ 3,482,572
<u>December 31, 2018</u>				
	<u>Fair value</u>			
<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,766,913	\$ -	\$ -	\$ 2,748,262
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,413,265	\$ -	\$ -	\$ 3,384,951

	September 30, 2018			
	Book value	Fair value		
		Level 1	Level 2	Level 3
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,698,348	\$ -	\$ -	\$ 2,677,997
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,385,268	\$ -	\$ -	\$ 3,355,502

(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:

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,583,247	\$ -	\$ -	\$ 1,583,247
Equity securities	-	-	85,565	85,565
	<u>1,583,247</u>	<u>-</u>	<u>85,565</u>	<u>1,668,812</u>
Financial assets at fair value through other comprehensive income				
Equity securities	735,336	-	4,348	739,684
	<u>735,336</u>	<u>-</u>	<u>4,348</u>	<u>739,684</u>
	<u>\$ 2,318,583</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ 2,408,496</u>

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 844,225	\$ -	\$ -	\$ 844,225
Equity securities	-	-	85,683	85,683
	<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	200,731	-	-	200,731
	<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>

<u>September 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,060,297	\$ -	\$ -	\$ 1,060,297
Equity securities	<u>-</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>
	<u>1,060,297</u>	<u>-</u>	<u>85,683</u>	<u>1,145,980</u>
Financial assets at fair value through other comprehensive income				
Equity securities	774,253	-	4,348	778,601
Debt securities	<u>201,124</u>	<u>-</u>	<u>-</u>	<u>201,124</u>
	<u>975,377</u>	<u>-</u>	<u>4,348</u>	<u>979,725</u>
	<u>\$ 2,035,674</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 2,125,705</u>

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

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

	<u>Listed shares</u>	<u>Open-ended fund</u>	<u>Government bond</u>
Market quoted price	Closing price	Net asset value	Closing price
 - II. Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, by discounted cash flow method or other valuation methods, including calculations by applying models using market information available at the consolidated balance sheet date.
- E. For the nine-month periods ended September 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
 - F. For the nine-month periods ended September 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:

	<u>Fair value at September 30, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>Fair value at September 30, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.21	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurements. If valuation assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, net income or other comprehensive income would not have been significantly impacted as of September 30, 2019, December 31, 2018, and September 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 nine-month period ended September 30, 2019						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 118,175,087	\$ 56,006,039	\$ 1,570,900	\$ 15,369,959	\$ -	\$ 191,121,985
Internal department revenue	447,427	1,676,602	10,067,106	5,316,706	(17,507,841)	-
Total segment revenue	<u>\$ 118,622,514</u>	<u>\$ 57,682,641</u>	<u>\$ 11,638,006</u>	<u>\$ 20,686,665</u>	<u>(\$ 17,507,841)</u>	<u>\$ 191,121,985</u>
Segment income	<u>\$ 9,534,216</u>	<u>\$ 2,667,276</u>	<u>\$ 971,405</u>	<u>\$ 2,194,197</u>	<u>(\$ 3,775,894)</u>	<u>\$ 11,591,200</u>

For the nine-month period ended September 30, 2018						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 115,609,995	\$ 51,105,041	\$ 1,519,501	\$ 14,946,585	\$ -	\$ 183,181,122
Internal department revenue	472,021	1,702,175	9,877,959	4,946,950	(16,999,105)	-
Total segment revenue	<u>\$ 116,082,016</u>	<u>\$ 52,807,216</u>	<u>\$ 11,397,460</u>	<u>\$ 19,893,535</u>	<u>(\$ 16,999,105)</u>	<u>\$ 183,181,122</u>
Segment income	<u>\$ 9,764,283</u>	<u>\$ 2,544,598</u>	<u>\$ 917,466</u>	<u>\$ 1,632,146</u>	<u>(\$ 3,013,674)</u>	<u>\$ 11,844,819</u>

(4) Reconciliation of segment income (loss)

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 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 September 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	494,965	2.79	494,965	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	240,371	0.56	240,371	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	"	650,000	4,348	10.00	4,348	
Books.com. Co., Ltd.	Beneficiary certificates: Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss — current	2,693,422	\$ 40,012	-	\$ 40,012	
Chieh-Shuen Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	3,096,665	42,004	-	42,004	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,969,883	33,003	-	33,003	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	7,373,272	100,000	-	100,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	18,304,765	290,000	-	290,000	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	19,567,370	300,000	-	300,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	6,805,946	90,000	-	90,000	
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	1,843,264	25,003	-	25,003	
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	5,215,056	80,005	-	80,005	
President Information Corp.	Prudential Financial Money Market Fund	"	"	3,369,101	53,429	-	53,429	
President Information Corp.	Jih Sun Money Market Fund	"	"	7,802,644	115,911	-	115,911	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	1,806,407	24,503	-	24,503	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,402,803	23,503	-	23,503	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	1,145,467	17,016	-	17,016	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	1,603,987	21,757	-	21,757	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	12,980,888	177,031	-	177,031	
Q-ware Systems & Services Corp.	Taishin 1699 Money Market Fund	"	"	11,063,497	150,070	-	150,070	

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2019		Addition		Disposal			Other increase (decrease)		Balance as at September 30, 2019		
Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
	Beneficiary certificates:															
Books.com. Co., Ltd.	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	"	"	"	-	-	43,156,458	640,000	40,463,036	600,427	600,000	427	-	12	2,693,422	40,012
Chieh-Shuen Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	34,863,633	472,000	31,766,968	430,135	430,000	135	-	4	3,096,665	42,004
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	2,037,832	34,002	23,684,859	396,000	23,752,808	397,115	397,000	115	-	1	1,969,883	33,003
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,988	30,000	86,437,327	1,170,000	81,285,043	1,100,550	1,100,000	550	-	-	7,373,272	100,000
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	27,777,811	440,000	9,473,046	150,020	150,000	20	-	-	18,304,765	290,000
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	75,111,479	1,150,000	55,544,109	850,576	850,000	576	-	-	19,567,370	300,000
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	29,535,469	390,000	37,900,001	500,303	500,000	303	-	-	6,805,946	90,000
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	-	-	26,959,349	440,000	26,959,349	440,130	440,000	130	-	-	-	-
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	61,882	900,000	4,058,205	950,722	950,000	722	-	-	-	-
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	106,129,438	1,438,000	104,286,174	1,413,215	1,413,000	215	-	3	1,843,264	25,003
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	58,646,461	898,000	53,431,405	818,127	818,000	127	-	5	5,215,056	80,005
President Information Corp.	Prudential Financial Money Market Fund	"	"	"	7,643,267	120,716	16,042,649	253,900	20,316,815	321,397	321,206	191	-	19	3,369,101	53,429
President Information Corp.	Jih Sun Money Market Fund	"	"	"	-	-	21,779,512	323,000	13,976,868	207,300	207,156	144	-	67	7,802,644	115,911
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	3,266,653	54,506	18,390,078	307,500	20,253,928	338,563	338,500	63	- (3)		1,402,803	23,503
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	3,036,177	41,011	47,776,085	646,800	49,208,275	666,260	666,048	212	- (6)		1,603,987	21,757
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	161,637,309	2,200,000	164,778,092	2,242,944	2,242,000	944	-	31	12,980,888	177,031

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 nine-month period ended September 30, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 11,942,067	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 2,155,968) (	12)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	2,883,007	4	Net 45 days from the end of the month when invoice is issued	"	"	(726,533) (	4)	
	Tung Ang Enterprises Corp.	Sister company	"	1,516,582	2	Net 30 days from the end of the month when invoice is issued	"	"	(401,254) (	2)	
	Lien-Bo Enterprises Corp.	"	"	515,596	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(135,403) (	1)	
	Tait Marketing & Distribution Co., Ltd.	"	"	292,300	-	Net 20~70 days from the end of the month when invoice is issued	"	"	(88,744) (-	
	President Packaging Corp.	"	"	310,116	-	Net 15~60 days from the end of the month when invoice is issued	"	"	(57,717) (-	
	President Transnet Corp.	Subsidiary	"	237,790	-	Net 60 days from the end of the month when invoice is issued	"	"	(25,052) (-	
	Kuang Chuan Dairy Corp.	Other related party	"	459,060	1	Net 30~65 days from the end of the month when invoice is issued	"	"	(183,692) (	1)	
	Weilih Food Industrial Co., Ltd.	"	"	223,699	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(76,509) (-	
	21 Century Enterprise Co., Ltd.	Subsidiary	"	253,430	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(38,999) (-	
	Mister Donut Taiwan Corp., Ltd.	Associate	"	109,261	-	Net 55~60 days from the end of the month when invoice is issued	"	"	(21,360) (-	
	President Pharmaceutical Corp.	Subsidiary	"	138,171	-	Net 60~70 days from the end of the month when invoice is issued	"	"	(74,169) (-	
	Kai Ya Food Co., Ltd.	Other related party	"	117,323	-	Net 40 days from the end of the month when invoice is issued	"	"	(69,559) (-	
	Q-ware Systems & Services Corp.	Subsidiary	"	466,558	1	Net 40 days from the end of the month when invoice is issued	"	"	(100,601) (	1)	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(146,193) (	66)	Net 45~60 days from the end of the month when invoice is issued	"	"	36,921	56	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(505,035) (	38)	Net 40 days from the end of the month when invoice is issued	"	"	123,906	55	
	President Logistics International Corp.	Parent company	"	(766,312) (	58)	Net 20 days from the end of the month when invoice is issued	"	"	93,829	42	
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	505,035	7	Net 40 days from the end of the month when invoice is issued	"	"	(123,906) (	7)	
	President Chain Store Corp.	Parent company	Sales revenue	(237,790) (	55)	Net 60 days from the end of the month when invoice is issued	"	"	25,052	2	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	249,466	8	Net 30 days from the end of the month when invoice is issued	"	"	(61,537) (	7)	
	Tung Chan Enterprise Corp.	Other related party	"	811,897	25	Net 25 days from the end of the month when invoice is issued	"	"	(118,158) (	14)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	158,133	5	Net 30 days from the end of the month when invoice is issued	"	"	(23,454) (	3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(610,204) (	67)	Net 45 days from the end of the month when invoice is issued	"	"	260,898	73	

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 nine-month period ended September 30, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	\$ 766,312	34	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 93,829)	(33)	
	Retail Support International Corp.	Parent company	Delivery revenue	(583,135)	(24)	Net 20 days from the end of the month when invoice is issued	"	"	67,626	23	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(802,320)	(34)	Net 20 days from the end of the month when invoice is issued	"	"	101,299	34	
	Wisdom Distribution Service Corp.	"	"	(779,600)	(33)	Net 20 days from the end of the month when invoice is issued	"	"	95,026	32	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	235,556	20	Net 15~20 days from the end of the month when invoice is issued	"	"	(26,733)	(18)	
	President Logistics International Corp.	"	"	583,135	48	Net 20 days from the end of the month when invoice is issued	"	"	(67,626)	(46)	
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(158,133)	(7)	Net 30 days from the end of the month when invoice is issued	"	"	23,454	4	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	802,320	37	Net 20 days from the end of the month when invoice is issued	"	"	(101,299)	(2)	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	779,600	44	Net 20 days from the end of the month when invoice is issued	"	"	(95,026)	(37)	
	Books.com. Co., Ltd.	"	Service revenue	(216,088)	(10)	Net 30 days from the end of the month when invoice is issued	"	"	50,276	5	
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(466,558)	(67)	Net 40 days from the end of the month when invoice is issued	"	"	100,601	73	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	489,452	6	Net 70 days from the end of the month when invoice is issued	"	"	(39,930)	(2)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(489,452)	(39)	Net 70 days from the end of the month when invoice is issued	"	"	39,930	9	
	President Chain Store Corp.	Parent company	"	(138,171)	(11)	Net 60~70 days from the end of the month when invoice is issued	"	"	74,169	16	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	"	"	(253,430)	(35)	Net 30~60 days from the end of the month when invoice is issued	"	"	38,999	32	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(2,883,007)	(97)	Net 45 days from the end of the month when invoice is issued	"	"	726,533	100	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(235,556)	(86)	Net 15~20 days from the end of the month when invoice is issued	"	"	26,733	70	
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	"	"	(137,113)	(32)	Net 60 days from the end of the month when invoice is issued	"	"	38,394	45	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	137,113	27	Net 60 days from the end of the month when invoice is issued	"	"	(38,394)	(38)	
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company	Service revenue	(206,810)	(22)	Net 15~60 days from the end of the month when invoice is issued	"	"	54,822	27	

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

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of September 30, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	\$ 123,906	5.32	\$ -	none	\$ 55,137	\$ -
President Information Corp.	President Chain Store Corp.	Parent company	260,898	3.23	-	"	109,284	-
President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	101,299	11.20	-	"	-	-
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	726,533	5.70	-	"	439,638	-
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	100,601	5.99	-	"	34,086	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the nine-month period ended September 30, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction	Percentage of consolidated total operating revenues or total assets
						Transaction terms	
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 260,898	Net 45 days from the end of the month when invoice is issued	0.14
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(610,204)	Net 45 days from the end of the month when invoice is issued	0.32
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	100,601	Net 40 days from the end of the month when invoice is issued	0.06
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(466,558)	Net 40 days from the end of the month when invoice is issued	0.24
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	726,533	Net 45 days from the end of the month when invoice is issued	0.40
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(2,883,007)	Net 45 days from the end of the month when invoice is issued	1.51
4	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(489,452)	Net 70 days from the end of the month when invoice is issued	0.26
4	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(138,171)	Net 60~70 days from the end of the month when invoice is issued	0.07
5	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(237,790)	Net 60 days from the end of the month when invoice is issued	0.12
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	123,906	Net 40 days from the end of the month when invoice is issued	0.07
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(505,035)	Net 40 days from the end of the month when invoice is issued	0.26
6	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(766,312)	Net 20 days from the end of the month when invoice is issued	0.40
7	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Accounts receivable	101,299	Net 20 days from the end of the month when invoice is issued	0.06
7	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(802,320)	Net 20 days from the end of the month when invoice is issued	0.42
7	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(583,135)	Net 20 days from the end of the month when invoice is issued	0.31
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(779,600)	Net 20 days from the end of the month when invoice is issued	0.41
8	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(158,133)	Net 30 days from the end of the month when invoice is issued	0.08
9	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(206,810)	Net 15~60 days from the end of the month when invoice is issued	0.11
10	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(253,430)	Net 30~60 days from the end of the month when invoice is issued	0.13
11	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	(216,088)	Net 30 days from the end of the month when invoice is issued	0.11
12	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(235,556)	Net 15~20 days from the end of the month when invoice is issued	0.12
13	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(137,113)	Net 60 days from the end of the month when invoice is issued	0.07
14	Capital Inventory Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(146, 193)	Net 45~60 days from the end of the month when invoice is issued	0.08

Note: Transaction among the company and subsidiaries with amount over NT\$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 nine-month period ended September 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 September 30, 2019			Net profit (loss) of the investee for the nine-month period ended September 30, 2019	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2019		Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value				
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$ 26,935,877	\$ 827,882	\$ 827,882		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	1,424,637	309,845	309,845		Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,545,970	457,321	320,116		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	676,839	66,735	53,970		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	718,215	158,553	116,274		Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	493,387	195,288	136,702		Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	471,099	3,822	3,440		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	646,872	301,873	181,355		Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	485,200	63,870	54,928		Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	363,296	57,846	50,187		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	378,119	197,150	197,150		Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	352,904	289,705	144,918		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	25,203	203	203		Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	184,221	111,217	56,721		Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	700,000	500,000	70,000,000	100.00	589,394	34,104	34,103		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	751,128	90,876	18,175		Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,101,449	482,290	219,476		Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	157,846	158,456	39,600		Subsidiary
President Chain Store Corp.	Presicare Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,678,150	1,574,901	303,484		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	2,013,938	156,913	29,813		Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	465,259	648,217	22,267		Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	108,792	(47,721)	(5,963)		Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	81,721	6,800	6,799		Subsidiary
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	61,767	30,516	30,517		Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,129	1,019	940		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	27,423	10,601	10,601		Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	4,585	14,039	14,039		Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(32,369)	10,361	10,362		Subsidiary

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the nine-month period ended September 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 September 30, 2019			Net profit (loss) of the investee for the nine-month period ended September 30, 2019	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2019		Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value				
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	\$ 160,680	\$ 160,680	10,000,000	100.00	\$ 71,913	\$ 37,390	\$ 37,390		Subsidiary
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	80,898	1,917	1,914		Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(37,894)	(8,454)	(8,456)		Subsidiary
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	66,354	66,669	46,668		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	96,014	20,425	9,091	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	39,338	20,667	7,568	Note 1	
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	18,341	8,581	1,343	Note 1	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	592	-	-		Subsidiary of a subsidiary
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	9,600	960,000	60.00	23,592	10,687	6,412		Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	-	161,659	-	-	(-	3,271)	(3,271)		Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,970	22,970	740,000	7.80	5,425	1,019	79		Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	905,230	905,230	29,163,337	100.00	2,454,987	187,989	187,989		Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,834,694	4,834,694	134,603,354	100.00	4,319,227	130,851	162,756		Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	904,360	904,360	394,970,516	52.22	2,355,103	415,772	208,817		Subsidiary of a subsidiary
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	316,235	23,323	23,323		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	62,098	(11,519)	(11,519)		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	289,705	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	195,288	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	66,735	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	63,870	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	457,321	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	57,846	-		Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	111,217	-		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 nine-month period ended September 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 September 30, 2019			Net profit (loss) of the investee for the nine-month period ended September 30, 2019	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2019		Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value				
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	\$ -	\$ -	1	-	\$ -	\$ 158,553	\$ -	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	-	20,425	-	-	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	3,822	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	301,873	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	158,456	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	66,669	-	-	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	72,380	3,298	3,298	-	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	70,833	33,953	17,316	-	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	156,571	59,521	29,165	-	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	19,172	59,521	3,571	-	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	79,883	59,521	14,880	-	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	98,129	10,901	10,636	-	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	63,852	59,521	11,850	-	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	-	-	-	-	-	-	-	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,942	26,942	4,500,000	100.00	26,942	16,120	-	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	29,183	29,183	40,000	100.00	29,183	712	-	-	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 nine-month period ended September 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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Net income of investee for the nine-month period ended September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2019	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ -	Note 1	\$ 160,495	\$ -	\$ -	\$ 160,495	(\$ 11)	-	(\$ 11)	\$ -	\$ -	Note 3
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	434,229	Note 1	292,312	-	-	292,312	1,101	100.00	1,086	68,844	-	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,171,145	Note 1	2,398,693	-	-	2,398,693	85,459	100.00	83,192	146,189	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	62,080	Note 1	62,080	-	-	62,080	63,604	100.00	63,602	470,131	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	966,349	Note 1	1,016,219	-	-	1,016,219	(78)	100.00	(78)	46,242	-	Note 3
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	551,778	-	-	551,778	(572)	-	(585)	-	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	260,537	Note 1	126,592	-	-	126,592	(315)	55.00	13,112	190,593	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	170,032	Note 1	170,032	-	-	170,032	(9,122)	73.74	(6,726)	21,586	57,416	Note 3
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	173,692	Note 1	173,317	-	-	173,317	22,926	80.00	18,273	157,310	26,586	Note 3
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	466	Note 1	-	-	-	-	(2)	50.03	(1)	16	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	260,537	Note 1	260,537	-	-	260,537	27,584	100.00	27,584	348,443	-	Note 3
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	217,115	Note 1	217,115	-	-	217,115	25	100.00	478	195,720	-	Note 3
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	607,921	Note 1	607,921	-	-	607,921	(76,347)	100.00	(75,915)	328,686	-	Note 3
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	130,269	Note 1	130,269	-	-	130,269	(24,232)	100.00	(24,206)	87,271	-	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 September 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.	\$ 4,784,445	\$ 8,578,646	\$ 25,972,601
President Pharmaceutical Corp.	170,032	170,032	455,703
Uni-President Cold-Chain Corp.	92,109	92,109	634,316
Ren-Hui Investment Corp.	53,491	53,491	80,000