

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

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

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018
CONTENTS

Items	Page/Reference
1. Cover	1
2. Contents	2 ~ 3
3. Report of independent accountants	4 ~ 9
4. Parent company only balance sheets	10 ~ 11
5. Parent company only statements of comprehensive income	12
6. Parent company only statements of changes in equity	13
7. Parent company only statements of cash flows	14 ~ 15
8. Notes to the parent company only financial statements	16 ~ 64
(1) History and organisation	16
(2) The date of authorisation for issuance of the parent company only financial statements and procedures for authorisation	16
(3) Application of new standards, amendments and interpretations	16 ~ 18
(4) Summary of significant accounting policies	18 ~ 28
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	28
(6) Details of significant accounts	28 ~ 52
(7) Related party transactions	52 ~ 56
(8) Pledged assets	56
(9) Significant contingent liabilities and unrecognized contract commitments	56
(10) Significant disaster loss	56
(11) Significant events after the balance sheet date	56
(12) Others	56 ~ 63
(13) Supplementary disclosures	63 ~ 64
(14) Segment information	64

Items	<u>Page/Reference</u>
9. Contents of statement of major accounting items	
Statement of cash and cash equivalents	Statement 1
Statement of inventories	Statement 2
Statement of changes in financial assets at fair value through other comprehensive income – non-current	Statement 3
Statement of changes in financial assets at fair value through profit or loss – non-current	Statement 4
Statement of changes in investments accounted for using equity method	Statement 5
Statement of changes in property, plant and equipment	Statement 6
Statement of changes in right-of-use assets	Statement 7
Statement of short-term borrowings	Statement 8
Statement of lease liabilities	Statement 9
Statement of operating revenue	Statement 10
Statement of operating costs	Statement 11
Statement of selling expenses	Statement 12
Statement of employee benefit, depreciation and amortization by function	Statement 13

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of President Chain Store Corp. as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (which are described in the *Other matters* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of President Chain Store Corp. as of December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits and the reports of other independent accountants, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2019 are stated as follows:

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(23) and 6(21) to the parent company only financial statements for the accounting policy and the details of accounting relating to this key audit matter.

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

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

How our audit addressed the matter

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

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

Cost-to-retail ratio of retail inventory method

Description

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

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

How our audit addressed the matter

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

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

Other matter –Using the work of other auditors

We did not audit the financial statements of certain investee companies. The balance of these investments accounted for using equity method amounted to NT\$2,528,945 thousand and NT\$2,210,541 thousand, representing 1.9% and 2.5% of total assets as of December 31, 2019 and 2018, respectively, and the related total comprehensive net income (including share of profit of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method) amounted to NT\$ 412,872 thousand and NT\$415,363 thousand, representing 4.1% and 3.9%

of total comprehensive net income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on investees disclosed in Note 13 were based solely on the reports of other independent accountants.

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

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

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

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

Auditor’s responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 and are, therefore, considered to be the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan

27 February, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and 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, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

	Assets	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 10,697,878	8	\$ 14,070,715	16
1170	Accounts receivable, net	6(2)	591,655	-	603,890	-
1200	Other receivables	7(3)	2,274,167	2	2,515,131	3
130X	Inventories, net	6(3)	8,036,366	6	8,020,368	9
1410	Prepayments		126,974	-	196,990	-
1470	Other current assets		1,393,703	1	1,560,262	2
11XX	Total current assets		23,120,743	17	26,967,356	30
Non-current assets						
1510	Financial assets at fair value through profit or loss – non-current	6(4)	85,565	-	85,683	-
1517	Financial assets at fair value through other comprehensive income – non-current	6(5)	807,115	1	644,614	1
1550	Investments accounted for using equity method	6(6) and 7(3)	50,117,541	38	49,094,402	55
1600	Property, plant and equipment, net	6(7)	10,477,703	8	9,114,219	10
1755	Right of use assets	6(8) and 7(3)	44,373,492	33	-	-
1760	Investment property, net	6(10)	1,203,684	1	1,189,454	1
1780	Intangible assets	6(11)	84,728	-	119,019	-
1840	Deferred income tax assets	6(27)	800,250	1	800,458	1
1900	Other non-current assets	6(12)	1,393,227	1	1,231,311	2
15XX	Total non-current assets		109,343,305	83	62,279,160	70
1XXX	Total assets		\$ 132,464,048	100	\$ 89,246,516	100

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

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2100 Short-term borrowings	6(13)	\$ 5,000,000	4	\$ 6,000,000	7
2130 Contract liabilities – current	6(21)	1,607,970	1	1,293,149	1
2150 Notes payable		1,017,922	1	1,331,853	1
2160 Notes payable – related parties	7(3)	4,431,931	4	4,705,638	5
2170 Accounts payable		1,378,550	1	1,437,022	2
2180 Accounts payable – related parties	7(3)	8,373,924	6	8,028,624	9
2200 Other payables	6(14)	17,134,279	13	18,827,308	21
2230 Current income tax liabilities	6(27)	781,142	1	1,049,737	1
2280 Lease liabilities – current	7(3)	6,950,425	5	-	-
2300 Other current liabilities	6(15)	1,492,567	1	1,463,092	2
21XX Total current liabilities		48,168,710	37	44,136,423	49
Non-current liabilities					
2527 Contract liabilities – non-current	6(21)	216,284	-	151,550	-
2570 Deferred income tax liabilities	6(27)	4,149,357	3	3,916,979	4
2580 Lease liabilities – non-current	7(3)	37,780,192	29	-	-
2640 Net defined benefit liability – Non-current	6(16)	2,769,674	2	2,860,605	3
2645 Guarantee deposit received		2,730,126	2	2,533,958	3
2670 Other non-current liabilities		426,824	-	394,951	1
25XX Total non-current liabilities		48,072,457	36	9,858,043	11
2XXX Total liabilities		96,241,167	73	53,994,466	60
Equity					
Share capital	6(17)				
3110 Share capital – common stock		10,396,223	8	10,396,223	12
Capital surplus	6(18)				
3200 Capital surplus		46,884	-	45,059	-
Retained earnings	6(19)				
3310 Legal reserve		13,314,081	10	12,293,442	14
3320 Special reserve		-	-	398,859	-
3350 Unappropriated retained earnings		12,845,880	10	12,064,862	14
Other equity	6(20)				
3400 Other equity interest		(380,187)	(1)	53,605	-
3XXX Total equity		36,222,881	27	35,252,050	40
3X2X Total liabilities and equity		\$ 132,464,048	100	\$ 89,246,516	100

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

Items	Notes	For the years ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7(3)	\$ 158,031,567	100	\$ 154,074,731	100
5000 Operating costs	6(3)(25) and 7(3)	(103,854,132)	(66)	(101,062,364)	(66)
5900 Gross profit		54,177,435	34	53,012,367	34
6100 Operating expenses	6(25)(26)				
6200 Selling expenses		(42,662,266)	(27)	(41,041,167)	(26)
6450 General and administrative expenses		(4,469,102)	(3)	(4,314,519)	(3)
6600 Expected credit losses	12(2)	-	-	(2,100)	-
6900 Total operating expenses		(47,131,368)	(30)	(45,357,786)	(29)
7000 Operating profit		7,046,067	4	7,654,581	5
7100 Non-operating income and expenses	7(3)				
7200 Other income	6(22)	1,325,894	1	1,417,538	1
7300 Other gains and losses	6(23)	22,788	-	(68,816)	-
7400 Finance costs	6(24)	(359,593)	-	(42,971)	-
7500 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)			4,185,310	2
7600 Total non-operating income and expenses		5,174,399	3	3,473,458	2
7700 Profit before income tax		12,220,466	7	4,779,209	3
7800 Income tax expense	6(27)	(1,677,606)	(1)	(2,227,402)	(1)
7900 Profit for the year		\$ 10,542,860	6	\$ 10,206,388	7
8000 Other comprehensive (loss) income					
8111 Gain (loss) on remeasurement of defined benefit plan	6(16)	\$ 71,511	-	(\$ 29,219)	-
8116 Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)(20)			162,501	-
8230 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(46,547)	-	(73,714)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(24,252)	-	49,725	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		163,213	-	(197,057)	-
8361 Financial statements translation differences of foreign operations	6(20)	(578,743)	-	619,530	-
8380 Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(10,566)	-	2,289	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(589,309)	-	621,819	-
8300 Total other comprehensive (loss) income for the year		(\$ 426,096)	-	\$ 424,762	-
8500 Total comprehensive income for the year		\$ 10,116,764	6	\$ 10,631,150	7
9750 Basic earnings per share (in dollars)	6(28)	\$ 10.14		\$ 9.82	
9850 Diluted earnings per share (in dollars)	6(28)	\$ 10.12		\$ 9.79	

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

	Notes	Retained Earnings					Other Equity Interest			Total equity
		Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	
For the year ended December 31, 2018										
Balance at January 1, 2018		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	(\$ 906,308)	\$ -	\$ 507,449	\$ 50,614,262
Adjustments under new standards		-	-	-	-	25,463	-	477,996	(507,449)	(3,990)
Adjusted beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272
Profit for the year		-	-	-	-	10,206,388	-	-	-	10,206,388
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	(57,155)	626,479	(144,562)	-	424,762
Total comprehensive income (loss) for the year		-	-	-	-	10,149,233	626,479	(144,562)	-	10,631,150
Distribution of 2017 earnings:	6(19)									
Legal reserve		-	-	3,101,709	-	(3,101,709)	-	-	-	-
Special reserve		-	-	-	398,859	(398,859)	-	-	-	-
Cash dividends		-	-	-	-	(25,990,556)	-	-	-	(25,990,556)
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	648	-	-	-	-	-	-	648
Balance at December 31, 2018		\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050
For the year ended December 31, 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
Profit for the year		-	-	-	-	10,542,860	-	-	-	10,542,860
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	7,696	(590,079)	156,287	-	(426,096)
Total comprehensive income (loss) for the year		-	-	-	-	10,550,556	(590,079)	156,287	-	10,116,764
Distribution of 2018 earnings:	6(19)									
Legal reserve		-	-	1,020,639	-	(1,020,639)	-	-	-	-
Special reserve		-	-	-	(398,859)	398,859	-	-	-	-
Cash dividends		-	-	-	-	(9,148,676)	-	-	-	(9,148,676)
Overdue unclaimed cash dividend transferred to capital surplus		-	1,235	-	-	-	-	-	-	1,235
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	590	-	-	-	-	-	-	590
Disposal of equity instruments designated at fair value through other comprehensive income of associates		-	-	-	-	918	-	-	-	918
Balance at December 31, 2019		\$ 10,396,223	\$ 46,884	\$ 13,314,081	\$ -	\$ 12,845,880	(\$ 869,908)	\$ 489,721	\$ -	\$ 36,222,881

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

	Notes	For the years ended December 31	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		\$ 12,220,466	\$ 12,433,790
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses	12(2)	- 2,100	
Depreciation expense	6(7)(8)(25)	8,986,348 2,096,300	
Amortization expense	6(11)(25)	55,700 92,846	
Finance costs	6(24)	359,593 42,971	
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(4,185,310) (3,473,458)	
Depreciation on investment property	6(10)	7,440 7,365	
Gain on disposal of investments accounted for using equity	6(6)(23)	- (59)	
Interest income	6(22)	(38,037) (83,534)	
Dividend income	6(22)	(49,542) (65,124)	
Reversal of impairment loss on property, plant and equipment	6(7)(23)	- (2,401)	
(Gain) loss on disposal of property, plant and equipment	6(23)	(11,253) 9,632	
Gain from lease modification	6(23)	(33,255) -	
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		12,235 (4,992)	
Other receivables		239,949 76,934	
Inventories		(15,998) (825,661)	
Prepayments		(36,821) 70,748	
Other current assets		166,559 86,361	
Other non-current assets		(161,916) (54,589)	
Net changes in liabilities relating to operating activities			
Contract liabilities – current		314,821 140,135	
Notes payable		(587,638) 298,181	
Accounts payable		286,828 703,724	
Other payables		(1,714,521) (234,672)	
Other current liabilities		29,475 156,252	
Contract liabilities – non-current		64,734 939	
Net defined benefit liability		(19,420) (10,994)	
Other non-current liabilities		(4,657) 16,900	
Cash generated from operations		15,885,780 11,479,694	
Interest received		39,052 107,590	
Income tax paid	6(27)	(1,737,867) (2,423,741)	
Interest paid		(348,890) (32,687)	
Dividends received		2,735,708 7,731,235	
Net cash provided by operating activities		<u>16,573,783</u>	<u>16,862,091</u>

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

	Notes	For the years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Return of capital from financial assets at fair value through profit or loss		\$ 118	\$ 151
Acquisition of investments accounted for using equity method	6(6) and 7(3)	(200,000)	(3,226,806)
Proceeds from disposal of investments accounted for using equity method	6(6) and 7(3)	41,657	1,828
Return of capital from investments accounted for using equity method	6(6)	-	180,000
Acquisition of property, plant and equipment	6(30)	(3,359,789)	(2,303,297)
Proceeds from disposal of property, plant and equipment		149,016	26,027
Acquisition of intangible assets	6(11)	(21,409)	-
Net cash used in investing activities		(3,390,407)	(5,322,097)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(31)	(6,603,705)	-
Payment of cash dividends	6(19)	(9,148,676)	(25,990,556)
(Decrease) increase in short term borrowings	6(31)	(1,000,000)	6,000,000
Increase in guarantee deposit received	6(31)	196,168	98,296
Net cash used in financing activities		(16,556,213)	(19,892,260)
Decrease in cash and cash equivalents		(3,372,837)	(8,352,266)
Cash and cash equivalents at beginning of year		14,070,715	22,422,981
Cash and cash equivalents at end of year		<u>\$ 10,697,878</u>	<u>\$ 14,070,715</u>

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

PRESIDENT CHAIN STORE CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Lease'	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 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and operating results based on the Company'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 Company 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 Company increased ‘right-of-use asset’ by \$27,293,202, increased ‘lease liability’ by \$27,486,853, decreased ‘prepayments’ by \$106,837, decreased ‘property, plant and equipment’ by \$167,270, and decreased ‘other payables’ by \$467,758 with respect to the lease contracts of lessees on January 1, 2019.

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

i. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

ii. The exclusion of initial direct costs for the measurement of ‘right-of-use-asset’.

(d) The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.03%.

(e) The Company recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. These 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 recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 41,372,055
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Add: Adjustments relating to changes in the index or rate affecting variable lease payments	496,223
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Less: Contracts reassessed as service agreements	(94,395)
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Leases not yet commenced to which the lessee is committed	(13,313,513)
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Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	\$ 28,460,370
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Incremental borrowing interest rate at the date of initial application	1.03%
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Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	\$ 27,486,853
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(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

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

<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
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or jointly arrangements after losing significant influence over the former foreign associate, or losing joint control of the former jointly arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within 12 months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within 12 months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

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

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

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

- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Leasing arrangement (lessor) – operating leases

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

(11) Inventories

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

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

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owner. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or

decrease of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- O. According to "Rules Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Property, plant and equipment are measured subsequently using the cost model. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities (Effective from 2019)

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

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

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

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

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

(15) Leases (Lessee) (Prior to 2019)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(16) Investment property

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

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Notes and accounts payable

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

(20) Provisions

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

(21) Employee benefits

- A. Short-term employee benefits

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

- B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

C. Termination benefits

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

D. Employees', directors' and supervisors' remuneration

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

(22) Income tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Revenue recognition

- A. Sale of goods
 - (a) The Company operates a chain of retail stores. Revenue from the sale of goods is recognized when the Company sells a product to the customer.
 - (b) Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability and a right to the returned goods (included in 'other current assets') are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.
 - (c) The Company operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

B. Sales of services

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

C. Financing components

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Petty cash in store	\$ 898,234	\$ 1,072,918
Checking accounts and demand deposits	4,601,172	8,198,849
 Cash equivalents		
Time deposits	500,000	500,000
Short-term financial instruments	<u>4,698,472</u>	<u>4,298,948</u>
	<u>\$ 10,697,878</u>	<u>\$ 14,070,715</u>

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

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

(2) Accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable	\$ 593,087	\$ 605,322
Less: Allowance for doubtful accounts	(1,432)	(1,432)
	<u>\$ 591,655</u>	<u>\$ 603,890</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not past due	\$ 589,136	\$ 427,682
Up to 90 days	3,057	175,793
91 to 120 days	-	684
Over 121 days	<u>894</u>	<u>1,163</u>
	<u>\$ 593,087</u>	<u>\$ 605,322</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts receivable was all from contracts with customers. And as January 1, 2018, the balance of receivables from contracts with customers amounted to \$600,998.

- C. No accounts receivable of the Company were pledged to others.
- D. As at December 31, 2019 and 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 Company's accounts receivable were \$591,655 and \$603,890 respectively.
- E. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 8,079,200	(\$ 42,834)	\$ 8,036,366
December 31, 2018			
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 8,035,682	(\$ 15,314)	\$ 8,020,368

The cost of inventories recognized as expense:

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Cost of goods sold	\$ 101,836,268	\$ 99,191,826
Loss on valuation (gain on reversal) of inventories	27,520	(10,677)
Spoilage	1,746,665	1,640,604
Others	243,679	240,611
	<u>\$ 103,854,132</u>	<u>\$ 101,062,364</u>

The Company reversed a previous inventory write-down because the Company sold and scrapped certain inventories which were previously provided with allowance during the year ended December 31, 2018.

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

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Non-current items:		
Unlisted stocks	\$ 274,745	\$ 274,863
Valuation adjustment	(189,180)	(189,180)
	<u>\$ 85,565</u>	<u>\$ 85,683</u>

- A. The Company recognized net gains of financial assets at fair value through profit was \$0 and \$215 for the years ended December 31, 2019 and 2018, respectively.
- B. No financial assets at fair value through profit or loss of the Company were pledged to others.
- C. Information relating to credit risk is provided in Note 12(2).

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity instruments		
Listed stocks	\$ 265,606	\$ 265,606
Unlisted stocks	4,348	4,348
	269,954	269,954
Valuation adjustment	537,161	374,660
	<u>\$ 807,115</u>	<u>\$ 644,614</u>

- A. The Company has elected to classify the listed and unlisted stocks that are considered to be strategic investments and have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$807,115 and \$644,614 as at December 31, 2019 and 2018, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income (loss) in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income (loss)		
	\$ 162,501	(\$ 143,849)

- C. As at December 31, 2019 and 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 Company was \$807,115 and \$644,614, respectively.
- D. No financial assets at fair value through other comprehensive income of the Company were pledged to others.

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

(6) Investments accounted for using the equity method

	<u>2019</u>	<u>2018</u>
At January 1	\$ 49,094,402	\$ 47,983,892
Addition of investments accounted for using equity method	200,000	-
Disposal of investments accounted for using equity method (	41,657)	1,769)
Share of profit or loss of investment accounted for using equity method	4,185,310	3,473,458
Earnings distribution of investment accounted for using equity method (	2,686,166)	2,725,951)
Changes in other equity items (	634,938)	548,109
Changes in other items	590	(183,337)
At December 31	<u>\$ 50,117,541</u>	<u>\$ 49,094,402</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Subsidiaries</u>		
President Chain Store (BVI) Holdings Ltd.	\$ 26,348,522	\$ 25,850,474
Uni-Wonder Corp.	5,164,559	5,289,524
President Transnet Corp.	1,634,536	1,518,487
President Drugstore Business Corp.	1,432,449	1,367,838
President Pharmaceutical Corp.	743,725	756,001
Mech-President Corp.	702,347	694,277
Uni-President Cold-Chain Corp.	679,859	645,440
ICASH Corp.	567,243	356,073
Uni-President Department Store Corp.	543,179	566,145
President Information Corp.	493,788	489,299
Uni-President Superior Commissary Corp.	484,058	467,659
Wisdom Distribution Service Corp.	454,125	506,392
Books.com. Co., Ltd.	398,293	417,935
Q-ware Systems & Services Corp.	390,054	372,945
Duskin Serve Taiwan Co., Ltd.	201,317	194,788
Retail Support International Corp.	178,147	174,830
President Collect Service Corp., etc.	<u>445,401</u>	<u>425,715</u>
	<u>40,861,602</u>	<u>40,093,822</u>
 <u>Associates</u>		
PresiCarre Corp.	5,723,198	5,518,380
President Fair Development Corp.	2,039,406	1,984,125
Uni-President Development Corp.	764,191	753,904
President International Development Corp.	459,696	461,328
Tung Ho Development Corp.	106,384	114,755
President Organics Corp.	41,430	38,862
President Technology Corp.	<u>20,866</u>	<u>21,347</u>
	<u>9,155,171</u>	<u>8,892,701</u>
 <u>Joint ventures</u>		
Mister Donut Taiwan Co., Ltd.	<u>100,768</u>	<u>107,879</u>
	<u>\$ 50,117,541</u>	<u>\$ 49,094,402</u>

A. Information about the subsidiaries of the Company is provided in Note 4(3), “Basis of preparation” of the consolidated financial statements as of and for the year ended December 31, 2019.

B. The Company 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

Company acquired an additional 30% shares of President Starbucks Coffee Corp. for a cash consideration of \$3,226,806 and obtained control over Uni-Wonder Corp. Relevant cash consideration was fully paid in February, 2018.

C. Information about the Company's disposal of investments accounted for using equity method in August, 2018 is provided in Note 7(3)g.

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

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

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Total comprehensive income	\$ 460,753	\$ 398,334

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

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Total comprehensive income	\$ 13,844	\$ 23,471

E. No impairment loss was recognized on investments accounted for using equity method for the years ended December 31, 2019 and 2018, respectively.

(7) Property, plant and equipment

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

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

	2018					
	Land	Buildings	Operating equipment	Leasehold improvements	Others	Total
At January 1						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,119,148	\$ 7,789,418	\$ 9,529	\$ 23,455,319
Accumulated depreciation and impairment	(16,367)	(326,414)	(9,022,956)	(5,134,871)	(8,252)	(14,508,860)
	<u>\$ 1,547,856</u>	<u>\$ 646,587</u>	<u>\$ 4,096,192</u>	<u>\$ 2,654,547</u>	<u>\$ 1,277</u>	<u>\$ 8,946,459</u>
Opening net book amount as of January 1	\$ 1,547,856	\$ 646,587	\$ 4,096,192	\$ 2,654,547	\$ 1,277	\$ 8,946,459
Additions	-	-	1,299,599	992,771	3,193	2,295,563
Disposals	-	-	(13,263)	(22,396)	-	(35,659)
Transfer	-	-	(12)	1,767	-	1,755
Depreciation charge	-	(19,251)	(1,371,875)	(704,250)	(924)	(2,096,300)
Reversal of impairment loss	-	-	1,842	559	-	2,401
Closing net book amount as of December 31	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>
At December 31						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,563,007	\$ 8,250,964	\$ 12,121	\$ 24,363,316
Accumulated depreciation and impairment	(16,367)	(345,665)	(9,550,524)	(5,327,966)	(8,575)	(15,249,097)
	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>

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

(8) Leasing arrangements – lessee

Effective from 2019

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

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

	For the year ended	
	December 31, 2019	December 31, 2019
	Carrying amount	Depreciation charge
Buildings	\$ 44,373,492	\$ 6,826,103

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$24,947,745.

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

<u>Items affecting profit or loss</u>	For the year ended	
	December 31, 2019	
Interest expense on lease liabilities	\$	305,342
Expense on variable lease payments		153,467
Gain on sublease of right-of-use assets		557,649

E. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$7,062,514.

F. Variable lease payments

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

(b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$1,535.

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

(9) Leasing arrangements – lessor

Effective from 2019

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

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

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Rental revenue	<u>\$ 632,894</u>	<u>\$ 541,591</u>
Rental revenue from variable lease payments	<u>\$ 387,859</u>	<u>\$ 389,452</u>

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

	<u>December 31, 2019</u>
2020	\$ 206,435
2021	180,221
2022	157,115
2023	113,729
2024	58,143
2025	44,544
After 2026	<u>114,034</u>
Total	<u>\$ 874,221</u>

(10) Investment property

	2019		
	Land	Buildings	Total
At January 1	\$ 962,783	\$ 226,671	\$ 1,189,454
Transfer	18,757	2,913	21,670
Depreciation charge	- (7,440)	(7,440)	(7,440)
At December 31	<u>\$ 981,540</u>	<u>\$ 222,144</u>	<u>\$ 1,203,684</u>
	2018		
	Land	Buildings	Total
At January 1	\$ 962,783	\$ 234,036	\$ 1,196,819
Depreciation charge	- (7,365)	(7,365)	(7,365)
At December 31	<u>\$ 962,783</u>	<u>\$ 226,671</u>	<u>\$ 1,189,454</u>

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Rental income from investment property	<u>\$ 59,882</u>	<u>\$ 58,548</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 23,065</u>	<u>\$ 8,036</u>

B. The fair value of the investment property held by the Company as at December 31, 2019 and 2018 ranged from \$2,874,270 to \$2,881,471, respectively, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers.

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

(11) Intangible assets

<u>Software and copyright</u>	<u>2019</u>	<u>2018</u>
At January 1	\$ 119,019	\$ 211,865
Additions	21,409	-
Amortization charge	(55,700)	(92,846)
At December 31	<u>\$ 84,728</u>	<u>\$ 119,019</u>

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

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

(12) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Guarantee deposits paid	\$ 1,372,992	\$ 1,231,311
Others	20,235	-
	<u>\$ 1,393,227</u>	<u>\$ 1,231,311</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 5,000,000	0.65%~0.67%	None
<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 6,000,000	0.65%~0.68%	None

There were no capitalization of borrowing costs for the years ended December 31, 2019 and 2018, respectively. Relevant interest expenses on borrowings is recognized as 'finance costs'.

(14) Other payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Store collections	\$ 11,453,224	\$ 12,750,758
Wages, salaries and bonus payable	1,608,497	1,896,744
Incentive bonus payable to franchisees	1,158,473	1,047,674
Payables for acquisition of property, plant and equipment	889,974	399,331
Employees' compensation and remuneration for directors and supervisors	756,561	769,767
Payables for system development and maintenance expenses	95,753	77,981
Payables for labor and health insurance	74,919	70,483
Rent payable	27,931	495,621
Others	<u>1,068,947</u>	<u>1,318,949</u>
	<u>\$ 17,134,279</u>	<u>\$ 18,827,308</u>

(15) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Advance receipts for gift certificates	\$ 1,381,360	\$ 1,351,283
Others	<u>111,207</u>	<u>111,809</u>
	<u>\$ 1,492,567</u>	<u>\$ 1,463,092</u>

(16) Pensions

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 4,193,734)	(\$ 4,337,814)
Fair value of plan assets	<u>1,424,060</u>	<u>1,477,209</u>
Net defined benefit liability	<u>(\$ 2,769,674)</u>	<u>(\$ 2,860,605)</u>

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>2019</u>			
Balance at January 1	(\$ 4,337,814)	\$ 1,477,209	(\$ 2,860,605)
Current service cost	(34,169)	- (	34,169)
Interest (expense) income	(42,928)	14,761 (	28,167)
Past service cost	<u>1,003</u>	- <u>1,003</u>	<u>1,003</u>
	<u>(4,413,908)</u>	<u>1,491,970</u> (	<u>2,921,938</u>)
Remeasurements:			
Return on plan assets	- <u>51,649</u>	<u>51,649</u>	<u>51,649</u>
Change in demographic assumptions	(1,509)	- (	1,509)
Change in financial assumptions	(123,767)	- (	123,767)
Experience adjustments	<u>145,138</u>	- <u>145,138</u>	<u>145,138</u>
	<u>19,862</u>	<u>51,649</u>	<u>71,511</u>
Pension fund contribution	- <u>64,826</u>	<u>64,826</u>	<u>64,826</u>
Paid pension	<u>200,312</u> (	<u>184,385</u>)	<u>15,927</u>
Balance at December 31	<u>(\$ 4,193,734)</u>	<u>\$ 1,424,060</u> (	<u>(\$ 2,769,674)</u>
<u>2018</u>			
Balance at January 1	(\$ 4,248,125)	\$ 1,405,745	(\$ 2,842,380)
Current service cost	(42,483)	- (	42,483)
Interest (expense) income	(52,568)	17,523 (	35,045)
	<u>(4,343,176)</u>	<u>1,423,268</u> (	<u>2,919,908</u>)
Remeasurements:			
Return on plan assets	- <u>38,921</u>	<u>38,921</u>	<u>38,921</u>
Change in demographic assumptions	(479)	- (	479)
Change in financial assumptions	(131,821)	- (	131,821)
Experience adjustments	<u>64,160</u>	- <u>64,160</u>	<u>64,160</u>
	<u>(68,140)</u>	<u>38,921</u> (	<u>29,219</u>)
Pension fund contribution	- <u>86,829</u>	<u>86,829</u>	<u>86,829</u>
Paid pension	<u>73,502</u> (	<u>71,809</u>)	<u>1,693</u>
Balance at December 31	<u>(\$ 4,337,814)</u>	<u>\$ 1,477,209</u> (	<u>(\$ 2,860,605)</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Discount rate	<u>0.75%</u>	<u>1.00%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>

December 31, 2019

Effect on present value of
defined benefit obligation (\$ 123,724) \$ 128,937 \$ 125,512 (\$ 121,123)

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>

December 31, 2018

Effect on present value of
defined benefit obligation (\$ 131,704) \$ 137,399 \$ 134,014 (\$ 129,187)

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

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amounts to \$47,014.

(f) As of December 31, 2019, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment is as follows:

Within 1 year	\$ 107,086
1-2 year(s)	115,693
2-5 years	438,531
Over 5 years	<u>3,911,956</u>
	<u>\$ 4,573,266</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution pension plan for the years ended December 31, 2019 and 2018 were \$206,684 and \$196,584, respectively.

(17) Share capital

As of December 31, 2019, the Company’s authorized capital was \$10,500,000, consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company’s outstanding ordinary shares was both 1,039,622,255 shares as of December 31, 2019 and 2018.

(18) 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.

(19) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, must first be used to pay all taxes and offset prior years’ operating losses, then 10% of the remaining amount is to be set aside as legal reserve. After setting aside or reversing a special reserve, in accordance with related laws, the remaining amount is distributable for the given period. The appropriation of the total distributable amount (that is, the distributable amount for the year along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders’ meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total

distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve is not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2018 and 2017 were resolved by the shareholders on June 12, 2019 and June 12, 2018, respectively, as follows:

	2018	2017
	Dividends per share (in dollars)	Dividends per share (in dollars)
	<u>Amount</u>	<u>Amount</u>
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. The appropriations for 2019 as resolved by the Board of Directors on February 27, 2020 is as follows:

	2019
	Dividends per share (in dollars)
	<u>Amount</u>
Legal reserve	\$ 1,055,147
Special reserve	380,187
Cash dividends – retained earnings	9,356,600
	\$ 9.00

- F. Information about employees' compensation and directors' and supervisors' remuneration is provided in Note 6(26).

(20) Other equity items

	2019			
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on Financial assets at fair value through other comprehensive income		Total
At January 1	(\$ 279,829)	\$ 333,434	\$	53,605
Revaluation:				
–The Company	-	162,501	162,501	
–Subsidiaries	- (783)	(783)	(783)	
–Associates	- 4,518	4,518	4,518	
Revaluation – tax	- (9,949)	(9,949)	(9,949)	
Currency translation differences:				
–The Company	(578,743)	- (578,743)	(578,743)	
–Subsidiaries	(5,347)	- (5,347)	(5,347)	
–Associates	(5,989)	- (5,989)	(5,989)	
At December 31	<u>(\$ 869,908)</u>	<u>\$ 489,721</u>	<u>(\$ 380,187)</u>	
	2018			
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on 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	<u>(906,308)</u>	<u>477,996</u>	<u>- (428,312)</u>	
Revaluation:				
–The Company	- (143,849)	- (143,849)	(143,849)	
–Subsidiaries	- (1,537)	- (1,537)	(1,537)	
–Associates	- (2,842)	- (2,842)	(2,842)	
Revaluation – tax	- 3,666	- 3,666	(3,666)	
Currency translation differences:				
–The Company	619,530	-	- 619,530	
–Subsidiaries	593	-	- 593	
–Associates	6,356	-	- 6,356	
At December 31	<u>(\$ 279,829)</u>	<u>\$ 333,434</u>	<u>\$ - 53,605</u>	

(21) Operating revenue

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers	<u>\$ 158,031,567</u>	<u>\$ 154,074,731</u>

A. Disaggregation of revenue from contracts with customers

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Timing of revenue recognition		
–At a point in time	\$ 157,508,868	\$ 153,544,331
–Over time	<u>522,699</u>	<u>530,400</u>
	<u><u>\$ 158,031,567</u></u>	<u><u>\$ 154,074,731</u></u>

B. Contract liabilities

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

	December 31, 2019	December 31, 2018
Contract liabilities – advance receipts of gift cards	\$ 1,291,060	\$ 980,048
Contract liabilities – franchise fee	240,077	230,812
Contract liabilities – customer loyalty programs	216,284	151,550
Contract liabilities – others	<u>76,833</u>	<u>82,289</u>
	<u><u>\$ 1,824,254</u></u>	<u><u>\$ 1,444,699</u></u>
	December 31, 2019	December 31, 2018
Contract liabilities – current	\$ 1,607,970	\$ 1,293,149
Contract liabilities – non-current	<u>216,284</u>	<u>151,550</u>
	<u><u>\$ 1,824,254</u></u>	<u><u>\$ 1,444,699</u></u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$1,101,204 and \$626,164 for the years ended December 31, 2019 and 2018, respectively.

(22) Other income

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Grants income	\$ 546,607	\$ 492,535
Rental income	178,775	77,399
Dividend income	49,542	65,124
Interest income	38,037	83,534
Other income	<u>512,933</u>	<u>698,946</u>
	<u>\$ 1,325,894</u>	<u>\$ 1,417,538</u>

(23) Other gains and losses

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Gain from lease modification	\$ 33,255	\$ -
Gain (loss) on disposal of property, plant and equipment	11,253 (	9,632)
Gain on reversal of impairment loss	- -	2,401
Gain on disposal of investments	- -	59
Others	(21,720) (	61,644)
	<u>\$ 22,788</u> (	<u>(\$ 68,816)</u>

(24) Financial costs

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Interest expense	\$ 359,593	\$ 42,971

(25) Expenses by nature

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Net cost of goods sold	\$ 101,863,788	\$ 99,181,149
Incentive bonuses for franchisees	21,822,920	20,904,939
Employee benefit expense	7,162,446	7,131,255
Operating lease payments	153,467	6,660,551
Utilities expense	2,288,191	2,225,153
Depreciation and amortization	9,042,048	2,189,146
Other costs and expenses	<u>8,652,640</u>	<u>8,127,957</u>
Total operating costs and operating expenses	<u>\$ 150,985,500</u>	<u>\$ 146,420,150</u>

(26) Employee benefit expense

	For the year ended December 31, 2019	For the year ended December 31, 2018
Wages and salaries	\$ 5,870,712	\$ 5,831,681
Labor and health insurance fees	477,863	461,590
Pension costs	268,017	274,112
Directors' remuneration	199,553	204,485
Other personnel expenses	<u>346,301</u>	<u>359,387</u>
	<u><u>\$ 7,162,446</u></u>	<u><u>\$ 7,131,255</u></u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$567,096 and \$576,995, respectively; while directors' and supervisors' remuneration was accrued at \$189,465 and \$192,772, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of profit of the current year distributable for the year ended December 31, 2019. The employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors were \$567,096 and \$189,465, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2018 as resolved at the meeting of 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) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Current tax:		
Current tax on profits for the year	\$ 1,611,778	\$ 1,751,318
Tax on undistributed surplus earnings	20,212	135,157
Over provision of prior year's income tax	(162,718)	(126,188)
Total current tax	1,469,272	1,760,287
Deferred tax:		
Origination and reversal of temporary differences	208,334	(46,101)
Impact of change in tax rate	-	513,216
Income tax expense	<u>\$ 1,677,606</u>	<u>\$ 2,227,402</u>

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

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 9,949	(\$ 6,984)
Remeasurement of defined benefit obligations	14,303	(5,843)
Impact of change in tax rate	-	(36,898)
	<u>\$ 24,252</u>	<u>(\$ 49,725)</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 2,444,093	\$ 2,486,758
Expenses disallowed by tax regulation	(9,536)	(201,937)
Capital reduction plan to offset accumulated deficit by subsidiaries	- (8,302)	
Tax on profit for using equity method by domestic subsidiaries	(614,211)	(570,644)
Tax on undistributed surplus earnings	20,212	135,157
Over provision of prior year's income tax	(162,718)	(126,188)
Tax exempt on gain from domestic securities transitions	(234)	(658)
Impact of change in tax rate	- <u>513,216</u>	
Income tax expense	<u>\$ 1,677,606</u>	<u>\$ 2,227,402</u>

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

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Allowance for doubtful accounts	\$ 199	\$ -	\$ -	199
Unrealized expenses	173,233	48,231	-	221,464
Contract liabilities – non-current	30,499	12,947	-	43,446
Remeasurements of defined benefit obligation	521,908	- (14,303)	14,303	507,605
Others	<u>74,619</u>	<u>(47,083)</u>	<u>-</u>	<u>27,536</u>
	<u>800,458</u>	<u>14,095</u>	<u>(14,303)</u>	<u>800,250</u>
<u>Deferred tax liabilities</u>				
Unrealized gain	(26,205)	- (9,949)	(9,949)	(36,154)
Foreign investment income	(3,890,774)	(222,429)	- (4,113,203)	
	<u>(3,916,979)</u>	<u>(222,429)</u>	<u>(9,949)</u>	<u>(4,149,357)</u>
	<u>(\$ 3,116,521)</u>	<u>(\$ 208,334)</u>	<u>(\$ 24,252)</u>	<u>(\$ 3,349,107)</u>

	2018				
	<u>January 1</u>	<u>Impact of change in tax rate</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred tax assets:</u>					
Allowance for doubtful accounts	\$ 1,002	\$ 177	(\$ 980)	\$ -	\$ 199
Unrealized sales allowance	56	10	(66)	-	-
Unrealized expenses	139,303	24,583	9,347	-	173,233
Contract liabilities – non-current	25,764	4,547	188	-	30,499
Remeasurements of defined benefit obligation	438,656	77,409	-	5,843	521,908
Others	69,178	12,208	(6,767)	-	74,619
	<u>673,959</u>	<u>118,934</u>	<u>1,722</u>	<u>5,843</u>	<u>800,458</u>
<u>Deferred tax liabilities</u>					
Unrealized gain	(28,210)	(4,979)	-	6,984	(26,205)
Foreign investment income	(3,344,880)	(590,273)	44,379	-	(3,890,774)
	(3,373,090)	(595,252)	44,379	6,984	(3,916,979)
	<u>(\\$ 2,699,131)</u>	<u>(\\$ 476,318)</u>	<u>\$ 46,101</u>	<u>\$ 12,827</u>	<u>(\\$ 3,116,521)</u>

- D. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.
- E. All unappropriated earnings were generated on and after January 1, 1998.
- F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(28) Earnings per share

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,542,860	1,039,622	\$ 10.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,542,860	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	_____ -	2,169	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,542,860	1,041,791	\$ 10.12
 <u>For the year ended December 31, 2018</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,206,388	1,039,622	\$ 9.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,206,388	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	_____ -	2,437	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,206,388	1,042,059	\$ 9.79

(29) Operating leases

Prior to 2019

Lessor

The Company leases its investment property and shopping centres to others under operating lease agreements on terms between 2 and 10 years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Less than one year	\$ 60,250
Over one year but less than five years	207,825
Over five years	<u>6,195</u>
	<u>\$ 274,270</u>

Lessee

A. The Company leases business premises for its stores. The lease terms are between 1 and 20 years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Certain leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expense recognized in profit and loss for the year ended December 31, 2018 are as follows:

	For the year ended <u>December 31, 2018</u>
Rental expense	<u>\$ 6,397,092</u>
Contingent rents	<u>\$ 263,459</u>

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

	<u>December 31, 2018</u>
Less than one year	\$ 6,468,378
Over one year but less than five years	22,180,633
Over five years	<u>12,723,044</u>
	<u>\$ 41,372,055</u>

B. The Company has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the year ended December 31, 2018 are as follows:

	For the year ended <u>December 31, 2018</u>
Sublease revenues	<u>\$ 153,047</u>
Contingent rents	<u>\$ 389,452</u>

In accordance with non-cancellable sub-lease agreements as of December 31, 2018, sub-lease payments totalling \$294,113 are expected to be collected between 2019 and 2028.

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Purchase of property, plant and equipment	\$ 3,850,432	\$ 2,295,563
Add: Opening balance of payable on equipment	399,331	407,065
Less: Ending balance of payable on equipment	(889,974)	(399,331)
Cash paid during the year	<u>\$ 3,359,789</u>	<u>\$ 2,303,297</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing Activities – gross
January 1, 2019	\$ 6,000,000	\$ 2,533,958	\$ 27,486,853	\$ 36,020,811
Changes in cash flow from financing activities	(1,000,000)	196,168	(6,603,705)	(7,407,537)
Interest paid (Note)	-	-	(305,342)	(305,342)
Changes in other non-cash items	-	-	24,152,811	24,152,811
December 31, 2019	<u>\$ 5,000,000</u>	<u>\$ 2,730,126</u>	<u>\$ 44,730,617</u>	<u>\$ 52,460,743</u>

Note: Presented in cash flows from operating activities.

	Short-term borrowings	Guarantee deposits received	Liabilities from financing Activities – gross
January 1, 2018	\$ -	\$ 2,435,662	\$ 2,435,662
Changes in cash flow from financing activities	6,000,000	98,296	6,098,296
December 31, 2018	<u>\$ 6,000,000</u>	<u>\$ 2,533,958</u>	<u>\$ 8,533,958</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 December 31, 2019.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Ultimate parent company
21 Century Co., Ltd.	Subsidiary
Books.com. Co., Ltd.	"
Capital Marketing Consultant Corp.	"
Duskin Serve Taiwan Co., Ltd.	"
ICASH Corp.	"

Names of related parties	Relationship with the Company
President Chain Store (BVI) Holdings Ltd.	Subsidiary
Uni-President Department Store Corp.	"
President Information Corp.	"
President Logistics International Corp.	"
Uni-President Superior Commissary Corp.	"
President Pharmaceutical Corp.	"
President Transnet Corp.	"
Retail Support International Corp.	"
Uni-President Cold-Chain Corp.	"
Q-ware Systems & Services Corp.	"
Wisdom Distribution Service Corp.	"
Uni-Wonder Corp.	"
Tung Ang Enterprises Corp.	Sister company
President Baseball Team Corp.	"
Presco Netmarketing Inc.	"
Tait Marketing & Distribution Co., Ltd.	"
President Packaging Ind. Corp.	"
Lien-Bo Enterprises Corp.	"
Kai Ya Food Co., Ltd.	"
President Organics Corp.	Investee of the Company accounted for under the equity method
Mister Donut Taiwan Co., Ltd.	"
Kuang Chuan Dairy Co., Ltd.	Investee of ultimate parent company accounted for under the equity method
Wei Lih Food Industrial Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

Commission revenue from collection services

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Subsidiaries	\$ 329,669	\$ 352,711
Sister companies	<u>3,649,408</u>	<u>3,040,132</u>
	<u>\$ 3,979,077</u>	<u>\$ 3,392,843</u>

B. Purchases (net of purchase rebate)

Ultimate parent company

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Subsidiaries	\$ 15,787,494	\$ 14,923,741
Sister companies	4,833,834	4,384,596
Associates	3,778,725	3,376,375
Other related parties	<u>199,924</u>	<u>234,899</u>
	<u>911,260</u>	<u>722,188</u>
	<u>\$ 25,511,237</u>	<u>\$ 23,641,799</u>

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

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

C. Promotion income (recorded as deduction to 'operating costs')

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Ultimate parent company	\$ 503,048	\$ 454,755
Subsidiaries	158,190	236,068
Sister companies	215,776	165,667
Associates	12,558	13,837
Other related parties	<u>79,298</u>	<u>96,782</u>
	<u>\$ 968,870</u>	<u>\$ 967,109</u>

The promotion income includes shelf display fee, advertising sponsorship and performance incentives, which are calculated and collected in a manner equivalent to the general suppliers.

D. Non-operating income

	For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Ultimate parent company	\$ 36,890	\$ 32,467
Subsidiaries	920,099	846,863
Sister companies	6,822	5,626
Associates	15,721	17,406
Other related parties	<u>28,052</u>	<u>8</u>
	<u>\$ 1,007,584</u>	<u>\$ 902,370</u>

E. Receivables (payables) from related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Other receivables</u>		
Ultimate parent company	\$ 67,315	\$ 20,921
Subsidiaries	1,281,796	1,552,056
Sister companies	103,664	93,233
Associates	3,951	3,451
Other related parties	<u>766</u>	<u>4</u>
	<u>\$ 1,457,492</u>	<u>\$ 1,669,665</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Payables		
Ultimate parent company	\$ 417,554	\$ 393,380
Subsidiaries	12,316,674	12,316,777
Sister companies	43,846	2,013
Associates	26,488	9,356
Other related parties	<u>1,293</u>	<u>12,736</u>
	<u>\$ 12,805,855</u>	<u>\$ 12,734,262</u>

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

F. Leasing arrangements – lessee

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

The leases were paid on a monthly basis.

(b) Acquisition of right of use assets

	<u>For the year ended</u>	<u>December 31, 2019</u>
Ultimate parent company	\$ 2,234	
Subsidiaries	31,487	
Associates	12,157	
Other related parties	<u>513,952</u>	
Total	<u>\$ 559,830</u>	

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

(c) Lease liabilities

	<u>December 31, 2019</u>
Ultimate parent company	\$ 2,798
Subsidiaries	71,257
Associates	17,667
Sister companies	44,681
Other related parties	<u>511,921</u>
Total	<u>\$ 648,324</u>

G. Property Transactions

(a) Acquisition of financial assets

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

(b) Disposal of financial assets

				For the year ended <u>December 31, 2018</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain</u>
Sister company	Investments accounted for using equity method	108,160	Grand Bills Finance Corp.	\$ 1,828	\$ 59

(4) Key management compensation

		For the year ended <u>December 31, 2019</u>	For the year ended <u>December 31, 2018</u>
Other short-term employee benefits		\$ 288,543	\$ 297,731

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured fair value through profit or loss	<u>\$ 85,565</u>	<u>\$ 85,683</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 807,115</u>	<u>\$ 644,614</u>
Financial assets at amortized cost		
Cash and cash equivalents	<u>10,697,878</u>	<u>14,070,715</u>
Accounts receivable, net	<u>591,655</u>	<u>603,890</u>
Other receivables	<u>2,274,167</u>	<u>2,515,131</u>
Other current assets (Note)	<u>826,748</u>	<u>907,800</u>
Guarantee deposit paid	<u>1,372,992</u>	<u>1,231,311</u>
	<u><u>\$ 15,763,440</u></u>	<u><u>\$ 19,328,847</u></u>
	<u><u>\$ 16,656,120</u></u>	<u><u>\$ 20,059,144</u></u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	<u>\$ 5,000,000</u>	<u>\$ 6,000,000</u>
Notes payable	<u>5,449,853</u>	<u>6,037,491</u>
Accounts payable	<u>9,752,474</u>	<u>9,465,646</u>
Other payables	<u>17,134,279</u>	<u>18,827,308</u>
Guarantee deposit received	<u>2,730,126</u>	<u>2,533,958</u>
	<u><u>\$ 40,066,732</u></u>	<u><u>\$ 42,864,403</u></u>
Lease liabilities	<u>\$ 44,730,617</u>	<u>\$ -</u>
	<u><u>\$ 84,797,349</u></u>	<u><u>\$ 42,864,403</u></u>

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

B. Risk management policies

- (a) The Company's risk management and hedging policies mainly focus on hedging business risk. The Company also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.
- (b) For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assess market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.
- (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 Company operates internationally and is exposed to foreign exchange risk arising from of the Company used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require the segments to manage their foreign exchange risk against their functional currencies.
- III. The Company's businesses involve some non-functional currency operations (the Company's functional currency is New Taiwan dollar, NTD). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

<u>December 31, 2019</u>				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>				
<u>Non-monetary items</u>				
JPY: NTD	\$ 907,500	0.2760	\$ 250,470	
<u>Investments accounted for using equity method</u>				
USD: NTD	881,028	29.9800	26,413,228	

<u>December 31, 2018</u>				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>				
<u>Non-monetary items</u>				
JPY: NTD	\$ 721,500	0.2782	\$ 200,721	
<u>Investments accounted for using equity method</u>				
USD: NTD	843,740	30.7150	25,915,469	

- IV. The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company amounted to \$54 and \$18,145 for the years ended December 31, 2019 and 2018, respectively.

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

Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of investments accounted for using equity method denominated in USD. If the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2019 and 2018 would increase/decrease by \$1,320,661 and \$1,295,773, respectively. Foreign

exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of financial assets at fair value through other comprehensive income – non-current denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2019 and 2018 would increase/decrease by \$12,524 and \$10,036, respectively.

Price risk

- I. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- II. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase/decrease by 5%, with all other variables held constant, the post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$4,278 and \$4,284, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$40,356 and \$32,231, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. For the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

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

total asset is low and the probability that accounts receivable cannot be received is low. For accounts receivable from other transactions, the Company manages individually and follow up regularly. The Company assesses credit impairment loss immaterial at December 31, 2019 and 2018.

VI. The Company has no written-off financial assets that are still under recourse procedures on December 31, 2019 and 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 Company invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Company held no money market funds at December 31, 2019 and 2018, respectively.
- III. The Company has undrawn borrowing facilities beyond one year of \$9,096,726 and \$9,334,699 as of December 31, 2019 and 2018, respectively.
- IV. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for notes payable, accounts payable and other payables, whose contractual undiscounted cash flows are about to book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

<u>December 31, 2018</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 6,003,262	\$ -	\$ -	\$ -

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

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

	December 31, 2018			
	Fair value			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 1,231,311	\$ _____ -	\$ _____ -	\$ 1,216,127
Financial liabilities:				
Guarantee deposit received	\$ 2,533,958	\$ _____ -	\$ _____ -	\$ 2,507,486

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

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

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

	December 31, 2019	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Equity securities	\$ -	\$ -	\$ 85,565	\$ 85,565	
Financial assets at fair value through other comprehensive income					
Equity securities	802,767		4,348	807,115	
	\$ 802,767	\$ -	\$ 89,913	\$ 892,680	
	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					
Equity securities	\$ -	\$ -	\$ 85,683	\$ 85,683	
Financial assets at fair value through other comprehensive income					
Equity securities	640,266		4,348	644,614	
	\$ 640,266	\$ -	\$ 90,031	\$ 730,297	

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

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

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

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, there was no significant transfer in or out of Level 3.

G. The Company is in charge of valuation procedures for fair value measurements being categorised within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and

represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the 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 December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies Net asset value	Price to book ratio multiplier Net asset value	2.94	The higher the multiplier, the higher the fair 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 Net asset value	Price to book ratio multiplier Net asset value	2.61	The higher the multiplier, the higher the fair value The higher the net asset value, the higher the fair value

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

None.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
 December 31, 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 December 31, 2019				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
President Chain Store Corp.	Stock: President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss—non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd.	None	"	837,753	14,546	5.37	14,546	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	"	2,572,127	25,721	0.92	25,721	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	"	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	"	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income—non-current	38,221,259	552,297	2.79	552,297	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	250,470	0.56	250,470	
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	1,344,764	\$ 20,005	-	\$ 20,005	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	6,846,847	93,009	-	93,009	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,698,941	28,505	-	28,505	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	19,527,436	300,000	-	300,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	18,260,010	290,000	-	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	15,898,378	200,000	-	200,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	12,514,539	170,000	-	170,000	
President Drugstore Business Corp.	Jih Sun Money Market Fund	"	"	1,680,379	25,000	-	25,000	
President Information Corp.	Prudential Financial Money Market Fund	"	"	4,187,088	66,498	-	66,498	
President Information Corp.	Jih Sun Money Market Fund	"	"	10,559,658	157,102	-	157,102	
President Information Corp.	UPAMC James Bond Money Market Fund	"	"	2,802,490	47,021	-	47,021	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	736,692	10,007	-	10,007	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	864,391	14,503	-	14,503	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	109,545	1,630	-	1,630	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	1,464	20	-	20	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	19,990,627	273,000	-	273,000	

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

Table 2

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investor	Type and name of securities	Balance as at				Addition				Disposal				Other increase (decrease)		Balance as at December 31, 2019	
		January 1, 2019															
		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	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	"	"	"	-	-	83,519,497	1,240,000	82,174,733	1,220,675	1,220,000	675	-	5	1,344,764	20,005	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	54,050,840	732,500	47,203,993	639,697	639,500	197	-	9	6,846,847	93,009	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	2,037,832	34,002	28,216,997	472,001	28,555,888	477,640	477,500	140	-	2	1,698,941	28,505	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	114,193,080	1,750,000	94,665,644	1,451,189	1,450,000	1,189	-	-	19,527,436	300,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	64,323,276	1,020,000	46,063,266	730,730	730,000	730	-	-	18,260,010	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	119,513,956	1,500,000	107,611,901	1,350,857	1,350,000	857	-	-	15,898,378	200,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,998	30,000	126,211,087	1,710,000	115,917,536	1,570,766	1,570,000	766	-	-	12,514,539	170,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	43,882,697	580,000	59,053,175	780,458	780,000	458	-	-	-	-	
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	-	-	26,959,349	440,000	26,959,349	440,130	440,000	130	-	-	-	-	
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	146,883,213	1,991,000	146,883,213	1,991,361	1,991,000	361	-	-	-	-	
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	67,110,185	1,028,000	67,110,185	1,028,158	1,028,000	158	-	-	-	-	
President Information Corp.	Prudential Financial Money Market Fund	"	"	"	7,643,267	120,716	25,505,438	404,098	28,961,617	458,595	458,316	279	-	-	4,187,088	66,498	
President Information Corp.	Jih Sun Money Market Fund	"	"	"	-	-	37,554,324	557,602	26,994,666	400,902	400,500	402	-	-	10,559,658	157,102	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	31,949,778	432,999	31,213,086	423,079	422,994	85	-	2	736,692	10,007	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	3,266,653	54,506	21,967,980	367,500	24,370,242	407,578	407,500	78	- (3)	864,391	14,503		
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	3,036,177	41,011	54,369,056	736,301	57,403,769	777,510	777,283	227	- (9)	1,464	20		
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	224,644,440	3,060,000	220,775,484	3,007,145	3,006,000	1,145	-	-	19,990,627	273,000	

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

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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)	
			Purchases (sales)		Amount (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote	
			Purchases	Amount (sales)								
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 15,787,494	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,291,634) (	8)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	3,863,554	4	Net 45 days from the end of the month when invoice is issued	"	"	(669,136) (	4)	
	Tung Ang Enterprises Corp.	Sister company	"	1,954,570	2	Net 30 days from the end of the month when invoice is issued	"	"	(152,061) (	1)	
	Lien-Bo Enterprises Corp.	"	"	668,520	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(91,889) (	1)	
	Tait Marketing & Distribution Co., Ltd.	"	"	401,064	-	Net 20~70 days from the end of the month when invoice is issued	"	"	(75,268)	-		
	President Packaging Corp.	"	"	412,791	-	Net 15~60 days from the end of the month when invoice is issued	"	"	(71,064)	-		
	President Transnet Corp.	Subsidiary	"	304,485	-	Net 60 days from the end of the month when invoice is issued	"	"	(28,007)	-		
	Kuang Chuan Dairy Corp.	Other related party	"	583,267	1	Net 30~65 days from the end of the month when invoice is issued	"	"	(138,159) (	1)	
	Weilih Food Industrial Co., Ltd.	"	"	284,484	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(35,120)	-		
	21 Century Co., Ltd.	Subsidiary	"	387,986	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(77,274) (	1)	
	Mister Donut Taiwan Corp., Ltd.	Associate	"	141,949	-	Net 55~60 days from the end of the month when invoice is issued	"	"	(22,695)	-		
	President Pharmaceutical Corp.	Subsidiary	"	204,886	-	Net 60~70 days from the end of the month when invoice is issued	"	"	(66,115)	-		
	Kai Ya Food Co., Ltd.	Sister company	"	231,672	-	Net 40 days from the end of the month when invoice is issued	"	"	(84,501) (	1)	
	Q-ware Systems & Services Corp.	Subsidiary	"	626,267	1	Net 40 days from the end of the month when invoice is issued	"	"	(109,546) (	1)	
Capital Marketing Consultant Corp.	President Chain Store Corp.	Parent company	Service revenue	(197,577) (	66	Net 45~60 days from the end of the month when invoice is issued	"	"	36,933	59	
Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(680,779) (	38	Net 40 days from the end of the month when invoice is issued	"	"	85,068	46	
	President Logistics International Corp.	Parent company	"	(1,047,554) (	59	Net 20 days from the end of the month when invoice is issued	"	"	96,462	52	
President Transnet Corp.	Chieh Shun Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	680,779	7	Net 40 days from the end of the month when invoice is issued	"	"	(85,068) (	5)	
	President Chain Store Corp.	Parent company	Sales revenue	(304,485) (	56	Net 60 days from the end of the month when invoice is issued	"	"	28,007	2	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	337,389	8	Net 30 days from the end of the month when invoice is issued	"	"	(35,298) (	6)	
	Tung Chan Enterprise Corp.	Other related party	"	1,103,134	25	Net 25 days from the end of the month when invoice is issued	"	"	(107,088) (	19)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	210,957	5	Net 30 days from the end of the month when invoice is issued	"	"	(19,079) (	3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(859,075) (	68	Net 45 days from the end of the month when invoice is issued	"	"	124,774	58	

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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Percentage of total purchases (sales)			Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote	
			Purchases (sales)	Amount	(sales)							
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Subsidiary	Service cost	\$ 1,047,554	34	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 96,462) (	35)	
	Retail Support International Corp.	Parent company	Delivery revenue	(788,848) (	25)	Net 20 days from the end of the month when invoice is issued	"	"	74,892		24
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(1,084,094) (	34)	Net 20 days from the end of the month when invoice is issued	"	"	97,129		31
	Wisdom Distribution Service Corp.	"	"	(1,076,090) (	34)	Net 20 days from the end of the month when invoice is issued	"	"	112,939		36
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	313,865	20	Net 15~20 days from the end of the month when invoice is issued	"	"	(25,648) (		17)
	President Logistics International Corp.	"	"	788,848	49	Net 20 days from the end of the month when invoice is issued	"	"	(74,892) (		50)
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(210,957) (	7)	Net 30 days from the end of the month when invoice is issued	"	"	19,079		9
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	1,084,094	37	Net 20 days from the end of the month when invoice is issued	"	"	(97,129) (		2)
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	1,076,090	45	Net 20 days from the end of the month when invoice is issued	"	"	(112,939) (		39)
	Books.com. Co., Ltd.	"	Service revenue	(285,125) (	10)	Net 30 days from the end of the month when invoice is issued	"	"	24,585		38
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(626,267) (	67)	Net 40 days from the end of the month when invoice is issued	"	"	109,546		74
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	622,641	6	Net 70 days from the end of the month when invoice is issued	"	"	(25,490) (		1)
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(622,641) (	38)	Net 70 days from the end of the month when invoice is issued	"	"	25,490		7
	President Chain Store Corp.	Parent company	"	(204,886) (	13)	Net 60~70 days from the end of the month when invoice is issued	"	"	66,115		18
21 Century Co., Ltd.	President Chain Store Corp.	"	"	(387,986) (	38)	Net 30~60 days from the end of the month when invoice is issued	"	"	77,274		53
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(3,863,554) (	99)	Net 45 days from the end of the month when invoice is issued	"	"	669,136		100
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(313,865) (	83)	Net 15~20 days from the end of the month when invoice is issued	"	"	25,648		68
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	"	"	(172,251) (	32)	Net 60 days from the end of the month when invoice is issued	"	"	38,473		50
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	172,251	25	Net 60 days from the end of the month when invoice is issued	"	"	(38,473) (		37)

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

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
			Percentage of total purchases			Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	(sales)						
Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Parent company	Service revenue	(\$ 276,434)	(21)	Net 15~60 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 38,213	21	
ICASH Corp.	President Chain Store Corp.	"	"	(138,831)	(35)	Net 60 days from the end of the month when invoice is issued	"	"	32,379	58	
President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary of President Chain Store Corp.	Delivery revenue	(116,221)	(99)	Net 30 days from the end of the month when invoice is issued	"	"	10,031	97	
Shan Dong President Yinzuo Commercial Limited	President Logistic ShanDong Co., Ltd.	"	Service cost	116,221	5	Net 30 days from the end of the month when invoice is issued	"	"	(10,031)	2)	
Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	"	Delivery revenue	(108,467)	(13)	Net 58 days from the end of the month when invoice is issued	"	"	9,218	7	
President Chain Store (Shanghai) Ltd.	Shanghai President Logistic Co., Ltd.	"	Service cost	108,467	10	Net 58 days from the end of the month when invoice is issued	"	"	(9,218)	7)	

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

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2019		Turnover rate	Overdue receivables		\$ 668,833	\$ -	Allowance for doubtful accounts
			Amount	Action taken						
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	\$ 669,136	5.98	\$ -	none	\$ -	\$ 668,833	\$ -	\$ -
President Information Corp.	President Chain Store Corp.	"	124,774	4.67	-	"	-	68,676	-	-
President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary of President Chain Store Corp.	112,939	9.96	-	"	-	102,410	-	-
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	109,546	5.78	-	"	-	109,542	-	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Transaction		Percentage of consolidated total operating revenues or total assets
0	President Chain Store Corp.	Books.com. Co., Ltd.	Parent company to subsidiary	Other operating revenue	(\$ 162,669)	Net 60 days from the end of the month when invoice is issued			0.06
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating revenue	(161,501)	Net 60 days from the end of the month when invoice is issued			0.06
1	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating revenue	(371,757)	Net 20 days from the end of the month when invoice is issued			0.15
2	Capital Marketing Consultant Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(197,577)	Net 45~60 days from the end of the month when invoice is issued			0.08
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(859,075)	Net 45 days from the end of the month when invoice is issued			0.34
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	124,774	Net 45 days from the end of the month when invoice is issued			0.06
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(626,267)	Net 40 days from the end of the month when invoice is issued			0.24
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	109,546	Net 40 days from the end of the month when invoice is issued			0.06
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(3,863,554)	Net 45 days from the end of the month when invoice is issued			1.51
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	669,136	Net 45 days from the end of the month when invoice is issued			0.34
6	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(622,641)	Net 70 days from the end of the month when invoice is issued			0.24
6	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(204,886)	Net 60~70 days from the end of the month when invoice is issued			0.08
7	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(304,485)	Net 60 days from the end of the month when invoice is issued			0.12
8	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(1,047,554)	Net 20 days from the end of the month when invoice is issued			0.41
8	Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(680,779)	Net 40 days from the end of the month when invoice is issued			0.27
9	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(788,848)	Net 20 days from the end of the month when invoice is issued			0.31
9	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(1,084,094)	Net 20 days from the end of the month when invoice is issued			0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(1,076,090)	Net 20 days from the end of the month when invoice is issued			0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	112,939	Net 20 days from the end of the month when invoice is issued			0.06
10	Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(276,434)	Net 15~60 days from the end of the month when invoice is issued			0.11
11	21 Century Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(387,986)	Net 30~60 days from the end of the month when invoice is issued			0.15
12	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	(285,125)	Net 30 days from the end of the month when invoice is issued			0.11
13	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(313,865)	Net 15~20 days from the end of the month when invoice is issued			0.12
14	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(172,251)	Net 60 days from the end of the month when invoice is issued			0.07
15	ICASH Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(138,831)	Net 60 days from the end of the month when invoice is issued			0.05

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Significant inter-company transactions during the reporting periods
 For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction		Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	
16	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(210,957)	Net 30 days from the end of the month when invoice is issued 0.08
17	President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary to subsidiary	Delivery revenue	(116,221)	Net 30 days from the end of the month when invoice is issued 0.05
18	Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	Subsidiary to subsidiary	Delivery revenue	(108,467)	Net 58 days from the end of the month when invoice is issued 0.04

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Names, locations and other information of investee companies (not including investees in Mainland China)
 For the year ended December 31, 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 December 31, 2019				Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote			
				Balance as at December 31, 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	\$ 26,348,522	\$ 1,105,919	\$ 1,105,919	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	1,432,449	320,671	320,671	Subsidiary				
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,634,536	599,834	419,884	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	702,347	106,216	85,898	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	743,725	189,810	139,966	Subsidiary				
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	543,179	265,132	185,592	Subsidiary				
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	484,058	18,574	16,716	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	679,859	353,843	212,306	Subsidiary				
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	493,788	75,175	64,651	Subsidiary				
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	390,054	80,156	69,542	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	454,125	272,543	272,543	Subsidiary				
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	398,293	379,594	189,890	Subsidiary				
President Chain Store Corp.	President Lanyang Art Corporation	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	25,120	120	120	Subsidiary				
President Chain Store Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	201,317	145,830	74,373	Subsidiary				
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	700,000	500,000	70,000,000	100.00	567,243	12,876	12,876	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	764,191	156,197	31,239	Note 1				
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,164,559	640,378	291,031	Subsidiary				
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	178,147	205,652	51,413	Subsidiary				
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	145,172,360	19.50	5,723,198	1,812,443	353,425	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	2,039,406	290,953	55,281	Note 1				
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	459,696	672,885	22,029	Note 1				
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	106,384	(66,331)	8,265	Note 1				
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	80,362	6,464	6,464	Subsidiary				
President Chain Store Corp.	Capital Marketing Consultant Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	67,401	40,210	40,210	Subsidiary				
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,706	2,289	2,110	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	27,568	10,746	10,746	Subsidiary				
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	6,133	15,423	15,423	Subsidiary				
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(33,462)	8,767	8,767	Subsidiary				

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Names, locations and other information of investee companies (not including investees in Mainland China)
 For the year ended December 31, 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 December 31, 2019				Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote			
						Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)						
				2019	2018										
President Chain Store Corp.	21 Century Co., Ltd.	Taiwan	Operation of chain restaurants	\$ 160,680	\$ 160,680	10,000,000	100.00	\$ 86,391	\$ 50,117	\$ 50,117	Subsidiary				
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	81,783	6,227	6,227	Subsidiary				
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(44,826)	(13,275)	(13,275)	Subsidiary				
President Chain Store Corp.	President Collect Service Corp.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	84,225	91,615	64,132	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	100,768	31,471	14,613	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	41,430	24,020	8,807	Note 1				
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	20,866	26,075	3,869	Note 1				
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	593	1	1	Subsidiary of a subsidiary				
Mech-President Corp.	Tong Ching Corporation	Taiwan	Gas station	9,600	9,600	960,000	60.00	24,729	12,583	7,550	Subsidiary of a subsidiary				
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	-	156,138	-	-	-	(3,255)	(3,255)	Subsidiary of a subsidiary				
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,185	22,185	740,000	7.80	5,474	2,289	179	Subsidiary of a subsidiary				
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	874,317	874,317	29,163,337	100.00	2,529,852	424,830	424,830	Subsidiary of a subsidiary				
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,669,592	4,669,592	134,603,354	100.00	4,156,038	78,069	109,818	Subsidiary of a subsidiary				
President Chain Store (Labuan)	Philippine Seven Corp.	Philippines	Operation of chain stores	873,477	873,477	394,970,516	52.22	2,528,945	862,749	445,176	Subsidiary of a subsidiary				
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	326,575	33,663	33,663	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	(60,236)	(12,758)	(12,758)	Subsidiary of a subsidiary				
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	-	379,594	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	-	265,132	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	-	106,216	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	-	75,175	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	-	599,834	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	-	80,156	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	-	145,830	-	Subsidiary of a subsidiary			

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Names, locations and other information of investee companies (not including investees in Mainland China)
 For the year ended December 31, 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 December 31, 2019				Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote			
				Balance as at December 31, 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	-	\$ -	\$ 189,810	\$ -	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	-	31,471	-	-	Note 1			
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	18,574	-	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	353,843	-	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	205,652	-	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Collect Service Corp.	Taiwan	Collection agent	-	-	1	-	-	91,615	-	-	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	63,018	2,893	2,893	-	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	76,789	45,447	45,447	23,178	Subsidiary of a subsidiary			
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	168,876	81,573	81,573	39,971	Subsidiary of a subsidiary			
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	20,679	81,573	81,573	4,894	Subsidiary of a subsidiary			
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	86,161	81,573	81,573	20,393	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	97,736	10,968	10,968	10,968	Subsidiary of a subsidiary			
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	68,929	81,573	81,573	16,315	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	26,633	26,633	4,500,000	100.00	26,633	29,260	29,260	-	Subsidiary of a subsidiary			
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,848	28,848	40,000	100.00	28,848	918	918	-	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 year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	\$	155,014	\$	-	\$	-	\$	155,014	(\$)	11)	-	(\$)	11)	\$	-	\$	-	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote	
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ -	Note 1	\$ 155,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Note 2	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	430,549	Note 1	282,330	-	-	-	-	282,330	-	2,400	-	100.00	-	2,383	-	69,520	-	69,520	-	2,383	-	Note 2	
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,152,745	Note 1	2,316,779	-	-	-	-	2,316,779	-	39,455	-	100.00	-	39,455	-	103,731	-	103,731	-	39,455	-	Note 2	
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	59,960	Note 1	59,960	-	-	-	-	59,960	-	81,169	-	100.00	-	81,169	-	477,450	-	477,450	-	81,169	-	Note 2	
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	958,159	Note 1	981,516	-	-	-	-	981,516	(307)	100.00	(307)	100.00	(307)	45,630	-	-	-	-	-	-	-	Note 2	
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	532,935	-	-	-	-	532,935	(565)	-	(565)	-	(582)	-	-	-	-	-	-	-	-	Note 2	
Shan Dong President Yinzuo Commercial Limited	Supermarkets	258,329	Note 1	122,269	-	-	-	-	122,269	(2,988)	55.00	(2,988)	55.00	(11,501)	11,501	187,281	-	-	-	-	-	-	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	168,591	Note 1	168,591	-	-	-	-	168,591	(8,353)	73.74	(8,353)	73.74	(6,160)	6,160	21,879	-	55,794	-	21,879	-	Note 2		
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	172,220	Note 1	169,483	-	-	-	-	169,483	-	22,943	-	80.00	-	24,113	-	156,194	-	156,194	-	24,113	-	Note 2	
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	450	Note 1	-	-	-	-	-	-	(2)	50.03	(2)	50.03	(1)	16	-	-	-	-	-	-	-	Note 2	
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	258,329	Note 1	258,329	-	-	-	-	258,329	-	32,980	-	100.00	-	32,980	-	350,970	-	350,970	-	32,980	-	Note 2	
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	215,275	Note 1	215,275	-	-	-	-	215,275	-	1,979	-	100.00	-	2,427	-	195,509	-	195,509	-	2,427	-	Note 2	
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	602,769	Note 1	602,769	-	-	-	-	602,769	(111,787)	100.00	(111,787)	100.00	(111,787)	290,607	-	-	-	-	-	-	-	Note 2	
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	129,165	Note 1	129,165	-	-	-	-	129,165	(34,903)	100.00	(34,903)	100.00	(34,903)	75,992	-	-	-	-	-	-	-	Note 2	

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

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

Company name	Investment amount approved by the			
	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	
President Chain Store Corp.	\$ 4,621,058	\$ 8,258,690	\$ 27,136,391	
President Pharmaceutical Corp.	168,591	168,591	475,937	
Uni-President Cold-Chain Corp.	88,963	88,963	667,534	
Ren-Hui Investment Corp.	51,664	51,664	80,000	

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019

Statement 1

Expressed in thousands of NTD

Item	Description	Amount
Petty cash in store		\$ 898,234
Demand deposits and checking accounts		4,601,172
Cash equivalents		
Time deposits – New Taiwan dollar	Due dates are March 2020, and interest rates are at 0.8%.	500,000
Short-term financial instruments	Due dates are within one month, and interest rates are at 0.45%~0.53%.	<u>4,698,472</u>
		<u><u>\$ 10,697,878</u></u>

PRESIDENT CHAIN STORE CORP.
STATEMENT OF INVENTORIES
DECEMBER 31, 2019

Statement 2

Expressed in thousands of NTD

Item	Description	Amount		Footnote
		Cost	Market value	
Merchandise		\$ 8,079,200	<u>\$ 9,111,667</u>	The net realizable value is the market value.
Less: Allowance for valuation loss		(42,834)	<u>\$ 8,036,366</u>	

Statement 2

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 3

Expressed in thousands of NTD

Name	Balance as of January 1, 2019		Additions		Decreases		Balance as of December 31, 2019		
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	Collateral
Listed stocks									
President Securities Corp.	38,221,259	\$ 140,534	-	\$ -	-	\$ -	38,221,259	\$ 140,534	None
Duskin Co., Ltd.	300,000	125,072	-	-	-	-	300,000	125,072	"
Unlisted stocks									
Koasa Yamako Corp.	650,000	<u>4,348</u>	-	<u>-</u>	-	<u>-</u>	650,000	<u>4,348</u>	"
Subtotal		269,954		-		-		269,954	
Valuation adjustment		<u>374,660</u>		<u>162,501</u>		<u>-</u>		<u>537,161</u>	
		<u><u>\$ 644,614</u></u>		<u><u>\$ 162,501</u></u>		<u><u>\$ -</u></u>		<u><u>\$ 807,115</u></u>	

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 4

Expressed in thousands of NTD

Name	Balance as of January 1, 2019		Additions		Decreases		Balance as of December 31, 2019		
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Book value	Collateral
Unlisted stocks									
PK Venture Capital Corp.	321,300	\$ 33,685	-	\$ -	-	- \$ -	321,300	\$ 33,685	None
Kaohsiung Rapid Transit Corp.	2,572,127	203,714	-	-	-	-	2,572,127	203,714	"
Career Consulting Co. Ltd	837,753	14,664	-	-	-	(118)	837,753	14,546	"
President Investment Trust Corp.	2,667,600	<u>22,800</u>	-	<u>-</u>	-	<u>-</u>	2,667,600	<u>22,800</u>	"
Subtotal		274,863		-		(118)		274,745	
Valuation adjustment		(<u>189,180</u>)		<u>-</u>		<u>-</u>		(<u>189,180</u>)	
		<u>\$ 85,683</u>		<u>\$ -</u>		<u>(\$ 118)</u>		<u>\$ 85,565</u>	

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

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 5

Expressed in thousands of NTD

Name	Balance as of January 1, 2019		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2019			Market price or Equity of subsidiaries and Associates		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Amount	Number of shares	Percentage of ownership	Amount	Unit price	Total price	Collateral
President Chain Store (BVI) Holdings Ltd.	171,589,586	\$ 25,850,474	-	\$ 1,105,919	-	\$	- (\$ 607,871)	171,589,586	100.00	\$ 26,348,522	\$ 153.56	\$ 26,348,522	None
President Drugstore Business Corp.	78,520,000	1,367,838	-	320,671	-	-	- (256,060)	78,520,000	100.00	1,432,449	18.24	1,432,449	"
President Transnet Corp.	103,496,399	1,518,487	-	419,884	-	-	- (303,835)	103,496,399	70.00	1,634,536	15.61	1,615,694	"
Mech-President Corp.	55,858,815	694,277	-	85,898	-	-	- (77,828)	55,858,815	80.87	702,347	12.57	702,347	"
President Pharmaceutical Corp.	22,121,962	756,001	-	139,966	-	-	- (152,242)	22,121,962	73.74	743,725	26.44	584,926	"
Uni-President Department Store Corp.	27,999,999	566,145	-	185,592	-	-	- (208,558)	27,999,999	70.00	543,179	19.40	543,179	"
Uni-President Superior Commissary Corp.	48,519,890	467,659	-	16,716	-	-	- (317)	48,519,890	90.00	484,058	9.98	484,058	"
Uni-President Cold-Chain Corp.	23,605,042	645,440	-	212,306	-	-	- (177,887)	23,605,042	60.00	679,859	28.28	667,534	"
President Information Corp.	25,714,475	489,299	-	64,651	-	-	- (60,162)	25,714,475	86.00	493,788	14.97	384,947	"
Q-ware Systems & Services Corp.	24,382,921	372,945	-	69,542	-	-	- (52,433)	24,382,921	86.76	390,054	15.46	376,902	"
Wisdom Distribution Service Corp.	10,847,421	506,392	-	272,543	-	-	- (324,810)	10,847,421	100.00	454,125	41.86	454,125	"
Books.com. Co., Ltd.	9,999,999	417,935	-	189,890	-	-	- (209,532)	9,999,999	50.03	398,293	39.83	398,293	"
Duskin Serve Taiwan Co., Ltd.	10,199,999	194,788	-	74,373	-	-	- (67,844)	10,199,999	51.00	201,317	19.74	201,317	"
ICASH Corp.	50,000,000	356,073	20,000,000	212,876	-	-	- (1,706)	70,000,000	100.00	567,243	8.10	567,243	"
Uni-President Development Corp.	72,000,000	753,904	-	31,239	-	-	- (20,952)	72,000,000	20.00	764,191	10.61	764,191	"
Uni-wonder Corp.	21,382,674	5,289,524	-	291,031	-	-	- (415,996)	21,382,674	60.00	5,164,559	30.07	643,066	"
Retail Support International Corp.	6,429,999	174,830	-	51,413	-	-	- (48,096)	6,429,999	25.00	178,147	26.31	169,161	"

Name	Balance as of January 1, 2019		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2019			Market price or Equity of subsidiaries and Associates			
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Amount	Number of shares	Percentage of ownership	Amount	Unit price	Total price	Collateral
PresiCarre Corp.	130,801,027	\$ 5,518,380	14,371,333	\$ 353,425	-	\$ -	-	(\$ 148,607)	145,172,360	19.50	\$ 5,723,198	19.33	\$ 2,805,799	None
President Fair Development Corp.	190,000,000	1,984,125	-	55,281	-	-	-	-	190,000,000	19.00	2,039,406	9.83	1,866,872	"
President International Development Corp.	44,100,000	461,328	-	22,029	-	-	-	(23,661)	44,100,000	3.33	459,696	10.69	471,275	"
Tung Ho Development Corp.	19,930,000	114,755	-	-	-	(8,265)	(106)	19,930,000	12.46	106,384	5.34	106,384	"	
Mister Donut Taiwan Co., Ltd.	7,500,049	107,879	-	14,613	-	-	(21,724)	7,500,049	50.00	100,768	13.44	100,768	"	
President Collect Service Corp., etc.	-	<u>485,924</u>	-	<u>216,992</u>	-	(<u>54,932</u>)	(<u>140,287</u>)	-	-	-	<u>507,697</u>	-	<u>507,697</u>	"
		<u><u>\$ 49,094,402</u></u>		<u><u>\$ 4,406,850</u></u>		<u><u>(\$ 63,197)</u></u>	<u><u>(\$ 3,320,514)</u></u>				<u><u>\$ 50,117,541</u></u>		<u><u>\$ 42,196,749</u></u>	

Note 1: The additions this year includes recognized gains on investments of \$4,206,850 and increase in investments of \$200,000.

Note 2: The decreases this year includes recognized losses on investments of (\$21,540) and liquidation on subsidiary of (\$41,657)

Note 3: Other adjustments are cash dividends of (\$2,686,166), financial statements translation differences of foreign operations of (\$590,079), loss on remeasurement of defined benefit plan of (\$49,512), changes in fair value of financial assets at fair value through other comprehensive income of \$4,653 and others of \$590.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 6

Expressed in thousands of NTD

Item	Balance as of January 1, 2019	Effect of adoption of IFRS 16	Adjusted beginning balance	Additions	Disposals	Reclassifications	Balance as of December 31, 2019	Collateral	Footnote
<u>Cost</u>									
Land	\$ 1,564,223	\$ -	\$ 1,564,223	\$ -	\$ -	(\$ 18,757)	\$ 1,545,466		None
Buildings	973,001	-	973,001	-	-	(4,802)	968,199		"
Operating equipment	13,563,007	-	13,563,007	2,530,739	(1,725,958)	-	14,367,788		"
Leasehold improvements	8,250,964	(323,618)	7,927,346	1,305,220	(583,094)	-	8,649,472		"
Others	12,121	-	12,121	14,473	-	-	26,594		"
	<u>24,363,316</u>	<u>(323,618)</u>	<u>24,039,698</u>	<u>\$ 3,850,432</u>	<u>(\$ 2,309,052)</u>	<u>(\$ 23,559)</u>	<u>25,557,519</u>		
<u>Accumulated depreciation</u>									
Buildings	(333,094)	- (\$ 333,094)	(\$ 19,153)	\$ -	\$ 1,889	(350,358)			"
Operating equipment	(9,324,473)	- (9,324,473)	(1,322,746)	1,486,367	-	(9,160,852)			"
Leasehold improvements	(5,322,522)	156,348	(5,166,174)	(817,470)	518,702	-	(5,464,942)		"
Others	(8,575)	- (8,575)	(876)	-	-	(9,451)			"
	<u>(14,988,664)</u>	<u>156,348</u>	<u>(14,832,316)</u>	<u>(\$ 2,160,245)</u>	<u>\$ 2,005,069</u>	<u>\$ 1,889</u>	<u>(14,985,603)</u>		
<u>Accumulated impairment</u>									
Book value	<u>\$ 9,114,219</u>	<u>(\$ 167,270)</u>	<u>\$ 8,946,949</u>				<u>\$ 10,477,703</u>		

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 7

Expressed in thousands of NTD

Item	Balance as of January 1, 2019	Additions	Disposals	Balance as of December 31, 2019	Footnote
<u>Buildings</u>					
Costs	\$ 27,449,550	\$ 24,947,745	(\$ 1,608,000)	\$ 50,789,295	
Accumulated depreciation	(156,348)	(6,826,103)	566,648	(6,415,803)	
Book value	<u>\$ 27,293,202</u>	<u>\$ 18,121,642</u>	<u>(\$ 1,041,352)</u>	<u>\$ 44,373,492</u>	

PRESIDENT CHAIN STORE CORP.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2019

Statement 8

Expressed in thousands of NTD

<u>Type of borrowings</u>	<u>Explanation</u>	Balance as of					<u>Collateral</u>	<u>Footnote</u>
		<u>December 31, 2019</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Footnote</u>		
Credit loan	HSBC Bank (Taiwan) Limited	\$ 1,900,000	2019/12/3~2020/3/6	0.65%	None	"		
"	Sumitomo Mitsui Banking Corp.	1,410,000	2019/12/3~2020/3/6	0.67%	"	"		
"	MUFG Bank, Ltd.	690,000	2019/12/3~2020/1/6	0.65%	"	"		
"	CTBC Commercial Bank Co., Ltd.	<u>1,000,000</u>	2019/12/3~2020/3/6	0.65%	"	"		
		<u><u>\$ 5,000,000</u></u>						

PRESIDENT CHAIN STORE CORP.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2019

Statement 9

Expressed in thousands of NTD

Item	Summary	Lease period	Discount rate range	Balance as of December 31, 2019	Footnote
Buildings	Current	2007/1/1~2039/1/14	0.87%~1.03%	\$ 6,950,425	
"	Non-Current	2007/1/1~2039/1/14	"	<u>37,780,192</u>	
				\$ <u>44,730,617</u>	

PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 10

Expressed in thousands of NTD

Item	Amount	Footnote
Revenue from contracts with customers	<u>\$ 158,031,567</u>	Revenue are from sales of general merchandise such as food, cans, beverages and daily commodities, etc., and commission revenue from collections, etc.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 11

Expressed in thousands of NTD

<u>Item</u>	<u>Amount</u>
Inventory at beginning of the year	\$ 8,020,368
Inventory purchased	101,848,142
Compensation for damaged merchandise	(341,136)
Promotion income	(597,012)
Inventory at end of the year	(8,036,366)
Others	<u>2,960,136</u>
Operating costs	<u>\$ 103,854,132</u>

PRESIDENT CHAIN STORE CORP.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 12

Expressed in thousands of NTD

Item	Amount
Incentive bonuses for franchisees	\$ 21,822,920
Wages and salaries	3,645,360
Utilities expense	2,282,584
Depreciation	8,986,348
Other expenses	<u>5,925,054</u>
	<u>\$ 42,662,266</u>

PRESIDENT CHAIN STORE CORP.
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Statement 13

Expressed in thousands of NTD

By function By nature	2019			2018		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 5,870,712	\$ 5,870,712	\$ -	\$ 5,831,681	\$ 5,831,681
Labor and health insurance fees	-	477,863	477,863	-	461,590	461,590
Pension costs	-	268,017	268,017	-	274,112	274,112
Directors' remuneration	-	199,553	199,553	-	204,485	204,485
Other employee benefit expenses	-	346,301	346,301	-	359,387	359,387
Depreciation	-	8,986,348	8,986,348	-	2,096,300	2,096,300
Amortization	-	55,700	55,700	-	92,846	92,846

Note1: As of December 31, 2019 and 2018, the Company had 8,430 and 8,106 employees (including part-timers), including 10 directors, respectively.

Note2: For the years ended December 31, 2019 and 2018, the Company's average employee benefit expense was \$827 and \$856, respectively; while average wages and salaries was \$697 and \$720, respectively. For the year ended December 31, 2019, the Company's change in average wages and salaries was (3.19%).