PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017
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PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

PRESIDENT CHAIN STORE CORP.

February 27, 2019

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of President Chain Store Corp. and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of President Chain Store Corp. and its subsidiaries as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 Consolidated Financial Statements section of our report. We are independent of President Chain Store Corp. and its subsidiaries 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 consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements of the year ended December 31, 2018 are stated as follows:

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(24) and 6(22) to the consolidated 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 their 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;
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(12) and 6(4) to the consolidated 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 the retail value of goods purchased (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;
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 consolidated subsidiaries, which reflect total assets of NT$10,081,554 thousand and NT$8,495,128 thousand, representing 7.9% and 6.1% of total consolidated assets as of December 31, 2018 and 2017, respectively, and total operating revenue of NT$25,801,037 thousand and NT$22,105,951 thousand, representing 10.5% and 10.0% of total consolidated operating revenue 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.

Other matters – Parent company-only financial reports

We have audited and expressed an unmodified opinion with an explanatory paragraph on the parent company only financial statements of President Chain Store Corp. as of and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of President Chain Store Corp. and its subsidiaries 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 President Chain Store Corp. and its subsidiaries 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 President Chain Store Corp. and its subsidiaries.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 President Chain Store Corp. and its subsidiaries.
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 ability of President Chain Store Corp. and its subsidiaries 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 consolidated 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 President Chain Store Corp. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 President Chain Store Corp. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of President Chain Store Corp. and its subsidiaries 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 consolidated financial statements for the year ended December 31, 2018 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.

Chun-Yuan, Hsiao　　　　Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan

27 February, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 48,530,648	38	$ 35,783,291	26
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	844,225	1	1,560,025	1
1170	Accounts receivable, net	6(3) and 7	5,264,573	4	4,868,902	3
1200	Other receivables	6(6)	1,535,507	1	28,412,101	20
1220	Current income tax assets	6(28)	1,139	-	2,097	-
130X	Inventories, net	6(4)	15,121,657	12	13,387,122	10
1410	Prepayments		1,340,225	1	1,417,175	1
1470	Other current assets		3,004,894	2	2,973,547	2
11XX	**Total current assets**		75,642,868	59	88,404,260	63
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	85,683	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	845,345	1	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	1,050,734	1
1543	Financial assets measured at cost - non-current	12(4)	-	-	25,721	-
1550	Investments accounted for using equity method	6(6)	9,000,580	7	8,655,722	6
1600	Property, plant and equipment, net	6(7)(23), 7 and 8	25,292,763	20	24,982,342	18
1760	Investment property, net	6(8)(31) and 7	1,502,159	1	1,519,115	1
1780	Intangible assets	6(9)	10,393,880	8	10,656,713	8
1840	Deferred income tax assets	6(28)	1,727,043	1	1,409,184	1
1900	Other non-current assets	6(10) and 8	3,204,759	3	3,177,469	2
15XX	**Total non-current assets**		52,052,212	41	51,477,000	37
1XXX	**Total assets**		$ 127,695,080	100	$ 139,881,260	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current Liabilities					
2100	Short-term borrowings	6(12) and 8	$ 7,237,785	6	$ 965,180	1
2110	Short-term notes and bills payable		-	-	250,000	-
2130	Contract liabilities - current	6(22)	2,843,189	2	-	-
2150	Notes payable	7	1,866,610	2	2,066,511	2
2170	Accounts payable		20,673,579	16	18,849,947	13
2180	Accounts payable - related parties	7	2,475,104	2	2,321,016	2
2200	Other payables	6(13)	27,954,181	22	30,980,251	22
2230	Current income tax liabilities	6(28)	1,801,229	1	4,834,364	3
2300	Other current liabilities	6(14)	3,260,538	3	5,352,651	4
21XX	**Total current liabilities**		68,112,215	54	65,619,920	47
	Non-current liabilities					
2527	Contract liabilities - non-current	6(22)	234,421	-	-	-
2540	Long-term borrowings	6(15) and 8	847,040	1	1,105,451	1
2570	Deferred income tax liabilities	6(28)	5,386,839	4	4,652,948	3
2640	Net defined benefit liability - non-current	6(16)	4,732,549	4	4,574,800	3
2670	Other non-current liabilities	6(17)	4,356,989	3	4,421,731	3
25XX	**Total non-current liabilities**		15,557,838	12	14,754,930	10
2XXX	**Total liabilities**		83,670,053	66	80,374,850	57
	Equity attributable to owners of the parent					
	Share capital	6(18)				
3110	Share capital - common stock		10,396,223	8	10,396,223	8
	Capital surplus	6(19)				
3200	Capital surplus		45,059	-	43,875	-
	Retained earnings	6(20)				
3310	Legal reserve		12,293,442	10	9,191,733	7
3320	Special reserve		398,859	-	-	-
3350	Unappropriated retained earnings		12,064,862	9	31,381,290	22
	Other equity	6(21)				
3400	Other equity interest		53,605	-	(398,859)	(1)
31XX	**Equity attributable to owners of the parent**		35,252,050	27	50,614,262	36
36XX	**Non-controlling interest**		8,772,977	7	8,892,148	7
3XXX	**Total equity**		44,025,027	34	59,506,410	43
3X2X	**Total liabilities and equity**		$ 127,695,080	100	$ 139,881,260	100

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

Chairman: Lo, Chih-Hsien President: Huang, Jui-Tien Accounting Manager: Kuo, Ying-Chih

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

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating revenue**	6(22) and 7	$ 244,887,853	100	$ 221,132,082	100
5000	**Operating costs**	6(4)(23) and 7	(160,811,161)	(66)	(147,698,072)	(67)
5900	**Gross profit**		84,076,692	34	73,434,010	33
	Operating expenses	6(23)(24)				
6100	Selling expenses		(62,536,030)	(25)	(53,630,951)	(24)
6200	General and administrative expenses		(8,688,758)	(4)	(9,380,899)	(4)
6450	Expected credit losses	12(2)	(17,080)	-	-	-
6000	**Total operating expenses**		(71,241,868)	(29)	(63,011,850)	(28)
6900	**Operating profit**		12,834,824	5	10,422,160	5
	Non-operating income and expenses					
7010	Other income	6(25)	2,425,273	1	2,946,735	1
7020	Other gains and losses	6(26)	(137,186)	-	26,313,566	12
7050	Finance costs	6(27)	(144,662)	-	(94,511)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	424,098	-	1,793,738	1
7000	**Total non-operating income and expenses**		2,567,523	1	30,959,528	14
7900	**Profit before income tax**		15,402,347	6	41,381,688	19
7950	Income tax expense	6(28)	(3,658,069)	(1)	(9,063,616)	(4)
8000	**Profit for the year from continuing operations**		11,744,278	5	32,318,072	15
8200	**Profit for the year**		$ 11,744,278	5	$ 32,318,072	15

(Continued)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
			For the years ended December 31			
	Other comprehensive income (loss)					
8311	Remeasurements of net actuarial loss on defined benefit plan		($ 156,420)	-	($ 175,995)	-
8316	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(5)	(143,849)	-	-	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(5,526)	-	(24,107)	-
8349	Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss	6(28)	79,842	-	30,087	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(225,953)	-	(170,015)	-
8361	Exchange differences from translation of foreign operations		526,768	-	(837,027)	(1)
8362	Unrealized gain on valuation of available-for-sale financial assets	6(21)	-	-	151,253	-
8367	Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	(1,537)	-	-	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss	6(21)	3,233	-	(15,720)	-
8399	Income tax relating to the components of other comprehensive loss that will be reclassified to profit or loss	6(21)(28)	-	-	(6,283)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		528,464	-	(707,777)	(1)
8300	**Total other comprehensive income (loss) for the year**		$ 302,511	-	($ 877,792)	(1)
8500	**Total comprehensive income for the year**		$ 12,046,789	5	$ 31,440,280	14
	Profit attributable to:					
8610	Owners of the parent		$ 10,206,388	4	$ 31,017,094	14
8620	Non-controlling interests		1,537,890	1	1,300,978	1
			$ 11,744,278	5	$ 32,318,072	15
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 10,631,150	4	$ 30,272,245	13
8720	Non-controlling interests		1,415,639	1	1,168,035	1
			$ 12,046,789	5	$ 31,440,280	14
9750	**Basic earnings per share (in dollars)**	6(29)	$	9.82	$	29.83
9850	**Diluted earnings per share (in dollars)**	6(29)	$	9.79	$	29.72

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

Chairman: Lo, Chih-Hsien President : Huang, Jui-Tien Accounting Manager: Kuo, Ying-Chih

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

		Equity attributable to owners of the parent										
				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive Income	Equity directly related to non-current assets held for sale	Total	Non-controlling Interest	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 10,396,223	$ 1,158	$ 8,208,064	$ -	$ 9,839,244	($ 186,228)	$ -	$ 357,817	$ 28,616,278	$ 4,644,652	$ 33,260,930
Profit for the year		-	-	-	-	31,017,094	-	-	-	31,017,094	1,300,978	32,318,072
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	(174,401)	(720,080)	-	149,632	(744,849)	(132,943)	(877,792)
Total comprehensive income (loss) for the year		-	-	-	-	30,842,693	(720,080)	-	149,632	30,272,245	1,168,035	31,440,280
Distribution of 2016 earnings												
Legal reserve		-	-	983,669	-	(983,669)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(8,316,978)	-	-	-	(8,316,978)	-	(8,316,978)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	(164)	-	-	-	-	-	-	(164)	-	(164)
Adjustment of capital surplus due to change in interests in associates		-	42,881	-	-	-	-	-	-	42,881	-	42,881
Non-controlling interest		-	-	-	-	-	-	-	-	-	3,079,461	3,079,461
Balance at December 31, 2017		$ 10,396,223	$ 43,875	$ 9,191,733	$ -	$ 31,381,290	($ 906,308)	$ -	$ 507,449	$ 50,614,262	$ 8,892,148	$ 59,506,410
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	$ 8,892,148	$ 59,506,410
Adjustments under new standards	3(1)	-	-	-	-	25,463	-	477,996	(507,449)	(3,990)	(5,203)	(9,193)
Adjusted beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272	8,886,945	59,497,217
Profit for the year		-	-	-	-	10,206,388	-	-	-	10,206,388	1,537,890	11,744,278
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	(57,155)	626,479	(144,562)	-	424,762	(122,251)	302,511
Total comprehensive income (loss) for the year		-	-	-	-	10,149,233	626,479	(144,562)	-	10,631,150	1,415,639	12,046,789
Distribution of 2017 earnings:												
Legal reserve		-	-	3,101,709	-	(3,101,709)	-	-	-	-	-	-
Special reserve		-	-	-	398,859	(398,859)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(25,990,556)	-	-	-	(25,990,556)	-	(25,990,556)
Non-controlling interest		-	-	-	-	-	-	-	-	-	(1,529,607)	(1,529,607)
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536	-	536
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	648	-	-	-	-	-	-	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	$ 8,772,977	$ 44,025,027

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

Chairman: Lo, Chih-Hsien President: Huang, Jui-Tien Accounting Manager: Kuo, Ying-Chih

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

	Notes	For the years ended December 31 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the year		$ 15,402,347	$ 41,381,688
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Gain on valuation of financial assets at fair value through profit or loss	6(2) and 12(4)	(12,411)	(1,490)
Provision for doubtful accounts	12(4)	-	18,141
Expected credit losses	12(2)	17,080	-
Depreciation on property, plant and equipment	6(7)	5,993,847	5,135,228
Amortization		584,009	356,507
Depreciation on investment property	6(8)	16,956	16,916
Finance costs	6(27)	144,662	94,511
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(424,098)	(1,793,738)
Gain on disposal of investments accounted for using the equity method	6(26)and 7	(59)	(26,637,450)
Loss on disposal of property, plant and equipment, net	6(26)	33,275	53,095
Interest income	6(25)	(699,385)	(172,023)
Dividend income	6(25)	(65,124)	(1,135,332)
Impairment loss on intangible assets	6(9)	819	-
Impairment loss on property, plant and equipment	6(7)	9,969	11,853
Impairment loss on investment property		-	3,813
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		728,211	39,419
Accounts receivable		(326,504)	(578,251)
Other receivables		122,931	(164,774)
Inventories		(1,734,535)	(1,009,533)
Prepayments		76,950	(29,716)
Other current assets		24,955	(381,243)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		(1,092,169)	-
Accounts payable		1,977,720	810,619
Notes payable		(199,901)	(141,754)
Other payables		18,646	3,569,675
Advance receipts		1,678,593	921,293
Contract liabilities - non-current		(111,590)	-
Net defined benefit liabilities - non-current		157,749	132,178
Cash generated from operations		22,322,943	20,499,632
Interest received		697,286	177,703
Income tax paid		(6,194,372)	(2,106,774)
Interest paid		(144,711)	(94,836)
Dividends received		1,236,783	2,155,134
Net cash provided by operating activities		17,917,929	20,630,859

(Continued)

	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments accounted for using the equity method	6(6)and7	$ 25,644,556	$ -
Acquisition of subsidiary	6(6)	(3,226,806)	-
Proceeds from disposal of financial assets measured at cost - non-current		-	1,773
Acquisition of property, plant and equipment	6(32)	(6,671,500)	(6,727,782)
Acquisition of investment property	6(8)	-	(149,305)
Proceeds from disposal of property, plant and equipment		81,397	139,989
Return of capital from available-for-sale financial assets - non-current		-	116
Proceeds from business combinations	6(30)	-	700,961
Increase in guarantee deposits paid		(110,493)	(279,932)
Acquisition of intangible assets	6(9)	(196,984)	(313,175)
Decrease (increase) in other non-current assets		83,203	(7,055)
Net cash provided by (used in) investing activities		15,603,373	(6,634,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(33)	6,272,605	(695,645)
Decrease in short-term notes and bills payable	6(33)	(250,000)	(24,000)
Increase in long-term borrowings	6(33)	289,511	569,856
Repayment of long-term borrowings	6(33)	(473,646)	(237,687)
Increase in guarantee deposits received	6(33)	58,093	115,984
Increase (decrease) in other non-current liabilities	6(33)	223,176	(114,846)
Change in non-controlling interests		(23,138)	48,109
Payment of cash dividends - the Company	6(20)	(25,990,556)	(8,316,978)
Payment of cash dividends - subsidiaries		(1,506,469)	(841,504)
Net cash used in financing activities		(21,400,424)	(9,496,711)
Effect of foreign exchange rate changes on cash and cash equivalents		626,479	(720,080)
Increase in cash and cash equivalents		12,747,357	3,779,658
Cash and cash equivalents at beginning of year		35,783,291	32,003,633
Cash and cash equivalents at end of year		$ 48,530,648	$ 35,783,291

Chairman: Lo, Chih-Hsien President : Huang, Jui-Tien Accounting Manager: Kuo, Ying-Chih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(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 main businesses of the Company and its subsidiaries (collectively referred herein as the "Group") are managing convenience stores, restaurants, drugstores, department stores, supermarkets and online shopping stores. Business areas include Taiwan, Mainland China, Philippines and Japan. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 22, 1997. Details of the Group's main operating activities and segment information are provided in Notes 4 and 14.

(2) The Group's ultimate parent company is Uni-President Enterprises Corp., which holds 45.4% equity interest in the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

A. New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4,Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealized	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1,'First-time adoption of International Financial Reporting Standards'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12,'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28,'Investments in associates and joint ventures'	January 1, 2018

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

IFRS 9, "Financial instruments"

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an "expected credit loss" approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ("ECL") or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

C. In adopting the new standards endorsed by the FSC effective from 2018, the Group has adopted the modified retrospective approach in IFRS 9 and IFRS 15. The Group also applied transitional provisions of IFRS 15 to incomplete contracts at the date of January 1, 2018. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

Consolidated balance sheet Affected items	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount	Remark
January 1, 2018				
Accounts receivable, net	$ 4,868,902	$ 69,169	$ 4,938,071	(a)(b)
Other current assets	83,535,358	56,302	83,591,660	(a)
Financial assets at fair value through profit or loss - non-current	-	85,833	85,833	(c)
Financial assets at fair value through other comprehensive income - non-current	-	990,622	990,622	(d)
Available-for-sale financial assets - non-current	1,050,734	(1,050,734)	-	(c)(d)
Financial assets measured at cost - non-current	25,721	(25,721)	-	(c)
Investment accounted using for equity method	8,655,722	1,696	8,657,418	(e)
Other non-current assets	41,744,823	-	41,744,823	
Total affected assets	$ 139,881,260	$ 127,167	$ 140,008,427	

Consolidated balance sheet

Affected items	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount	Remark
January 1, 2018				
Current liabilities	$ 60,267,269	$ -	$ 60,267,269	
Other current liabilities	5,352,651	(3,935,358)	1,417,293	(f)
Contract liabilities - current	-	3,935,358	3,935,358	(f)
Refund liabilities	-	136,360	136,360	(a)
Contract liabilities - non-current	-	346,011	346,011	(f)
Other non-current liabilities	14,754,930	(346,011)	14,408,919	(f)
Total affected liabilities	80,374,850	136,360	80,511,210	
Share capital	10,396,223	-	10,396,223	
Capital surplus	43,875	-	43,875	
Retained earnings	40,573,023	25,463	40,598,486	(b)(c)(e)
Other equity interest	(398,859)	(29,453)	(428,312)	(c)(e)
Non-controlling interest	8,892,148	(5,203)	8,886,945	(b)
Total affected equity	59,506,410	(9,193)	59,497,217	
Total affected liabilities and equity	$ 139,881,260	$ 127,167	$ 140,008,427	

Explanation:

(a) Under IFRS 15, if the customer returns a product, the Group is obliged to refund the purchase price. Therefore, a gross contract liability (refund liability) for the expected refunds to customers is recognized as adjustment to revenue. At the same time, the Group has a right to recover the product from the customer where the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. The asset is measured by reference to the former carrying amount of the product as the products are not material.

Liabilities in relation to expected sales discounts and allowances were previously presented as accounts receivable - allowance for sales discounts in the balance sheet. As a result of these changes in accounting policies, accounts receivable was increased by $80,058, refund liability increased by $136,360 and other current assets increased by $56,302 on January 1, 2018.

(b) In line with the regulations of IFRS 9 on provision for impairment, accounts receivable was reduced by $10,889, retained earnings and non-controlling interests decreased by $5,686 and $5,203, respectively.

(c) In accordance with IFRS 9, the Group reclassified available-for-sale financial assets and financial assets at cost in the amounts of $60,112 and $25,721, respectively, by increasing financial assets at fair value through profit or loss and retained earnings in the amounts of $85,833 and $22,498, respectively, and decreasing other equity interest in the amount of $22,498.

(d) In accordance with IFRS 9, the Group reclassified available-for-sale financial assets in the amount of $990,622 and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income in the amount of $990,622.

(e) The Group’s investee accounted for using the equity method made certain reclassifications in accordance with IFRS 9. Accordingly, the Group increased investments accounted for using the equity method and retained earnings in the amounts of $1,696 and $8,651, respectively, and decreased other equity interest in the amount of $6,955.

(f) Presentation of contract liabilities:

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

(i) Under IFRS 15, Advance sales receipts in relation to sales of gift cards, and franchise agreements are recognized as contract liabilities, but were previously presented as other current liabilities in the balance sheet. As of January 1, 2018, the balance amounted to \$3,935,358.

(ii) Under IFRS 15, liabilities in relation to the customer loyalty program are recognized as contract liabilities, but were previously presented as deferred revenue (shown as other non-current liabilities) in the balance sheet. As of January 1, 2018, the balance amounted to \$346,011.

(g) Please refer to Notes 12(4) and 12(5) for other disclosure(s) in relation to the first application of IFRS 9 and IFRS 15.

(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 2019 are as follows:

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

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

IFRS 16, "Leases"

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.

The Group expects to recognize the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by \$51,894,004 and \$52,201,605, respectively.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities at fair value through profit or loss.

(b) Financial assets and liabilities 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements is as follows:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(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 owners. 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 Group loses control of a subsidiary, the Group 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 Group 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.

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

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2018	December 31, 2017	Description
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	
The Company	Wisdom Distribution Service Corp.	Logistics and warehousing of publication	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	
The Company	Capital Inventory Services Corp.	Enterprise management consultancy	100.00	100.00	
The Company	President Yilan Art and Culture Corp.	Art and cultural exhibition	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Sales of ice cream	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd.	Life and property insurance	100.00	100.00	
The Company	21 Century Enterprise Co., Ltd.	Operation of chain restaurants	100.00	100.00	
The Company	President Being Corp.	Sports and entertainment business	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	
The Company	ICASH Corp.	Electronic ticketing	100.00	100.00	
The Company	Uni-President Superior Commissary Corp.	Food manufacturing	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software service	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	
The Company	Mech-President Corp.	Gas station and elevator installation	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	
The Company	President Collect Services Co., Ltd.	Collection agent	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	
The Company	Uni-Wonder Corp. (Formerly known as "President Starbucks Coffee Corp.")	Coffee chain store	60.00	60.00	(a)
The Company	Duskin Serve Taiwan Co.	Cleaning instruments leasing and selling	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Operation of restaurants	51.00	51.00	
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	(b)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2018	December 31, 2017	Description
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Magazines and book publishing industry	60.00	60.00	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room-temperature logistics and warehousing	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	Professional investment	-	-	(c)
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	
Books.com. (BVI) Ltd.	Bejing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	
Mech-President Corp.	President Jing Corp.	Gas station	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	52.22	52.22	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics and warehousing	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Professional investment	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	40.00	40.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Operation of chain store	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and medicine	100.00	-	(d)
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	
Shanghai President Logistics Co., Ltd.	President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2018	December 31, 2017	Description
PCSC Restaurant (Cayman) Holdings Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	100.00	100.00	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	Professional investment	100.00	100.00	
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited .	Supermarkets	15.00	15.00	

(a) The Company acquired an additional 30% shares of Uni-Wonder Corp. (formerly "President Starbucks Coffee Corp."), in December 2017 having control over it. Please refer to Note 6(6)C.

(b) As the Company controls the financial and operating policies of Retail Support International Corp., the latter is included as a subsidiary in the consolidated financial statements.

(c) The Company liquidated the subsidiary, Duskin China (BVI) Holdings Limited, and the process of cancellation of registration has been completed in January 2018.

(d) The subsidiary of the Company was established in June 2018.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses 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 subsidiaries, 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 Group 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 Group 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.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

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 twelve 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 pay off liabilities more than twelve 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 paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve 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.

(6) 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 are classified as cash equivalents.

(7) 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 Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group’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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group 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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(10) 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 Group 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 Group recognizes the impairment provision for lifetime ECLs.

(11) Leases (Lessor)

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.

(12) Inventories

A. Inventories are initially recorded at cost. Cost of consolidated entities which manage convenience stores is determined using the retail inventory method while cost of other subsidiaries is determined in accordance with the type of business.

B. Ending inventories are stated at the lower of cost and net realizable value. 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.

(13) Investments accounted for using equity method - associates

A. Associates are all entities over which the Group 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.

B. The Group’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 Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. 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 Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in “capital surplus” in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for using the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group'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.

F. Upon loss of significant influence over an associate, the Group 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.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amount 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.

H. When the Group 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.

(14) Investment accounted for using the equity method - joint ventures

The Group accounts for its investment interests in joint ventures using the equity method. Unrealized profits and losses arising from transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in the joint venture. 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 Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) 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 Group 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. 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 audited, 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	3~50 years
Transportation equipment	3~8 years
Office equipment	1~15 years
Leasehold assets	1~20 years

(16) Leases (Lessee)

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.

(17) 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 10 to 50 years.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. License agreement and customer list and other intangible assets

License agreement and customer list acquired in business combination are recognized at fair value at the acquisition date. Other intangible assets are separately acquired trademarks and licenses which are stated at historical cost. The latter has a finite useful life and is amortized on a straight-line basis over it's estimated useful life .

(19) Impairment of non-financial assets

A. The Group 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. Except for goodwill, 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.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) 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.

(21) Provisions

The Group'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.

(22) 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 plans

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 plans

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 Group 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 net defined benefit 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 Group'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 Group 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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 Group and its subsidiaries operate and generate taxable income. 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 consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or 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 nor 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 Group 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 utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(24) Revenue recognition

A. Sales of goods

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

(b) Payment of the transaction price is due immediately when the customer purchases the product. It is the Group'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 Group 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 Group provides delivery services. Revenue from delivering services is recognized when the services have been provided.

C. Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(25) Business Combination

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’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 Group has no such assumptions and estimates which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 1,958,556	$ 1,791,733
Checking accounts and demand deposits	12,560,158	14,483,269
Cash equivalents		
Time deposits	25,867,905	10,178,300
Short-term financial instruments	8,144,029	9,329,989
	$ 48,530,648	$ 35,783,291

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

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

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

	December 31, 2018
Current items:	
Beneficiary certificates	$ 844,170
Valuation adjustment	55
	$ 844,225

	December 31, 2018
Non-current items:	
Unlisted stocks	$ 275,403
Valuation adjustment	(189,720)
	$ 85,683

A. The Group recognized valuation gain of $12,411 in relation to financial assets at fair value through profit or loss for the year ended December 31, 2018.

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

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

D. Information on December 31, 2017 is provided in Note 12(4).

(3) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 5,320,037	$ 5,010,640
Less: Allowance for sales returns and discounts	-	(93,267)
Allowance for doubtful accounts	(55,464)	(48,471)
	$ 5,264,573	$ 4,868,902

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

	December 31, 2018
Not past due	$ 5,144,165
Up to 90 days	149,698
91 to 180 days	18,175
181 to 365 days	2,917
Over 365 days	5,082
	$ 5,320,037

The above aging analysis was based on past due date. Information on December 31, 2017 is provided in Note 12(4)

B. Details of the Group's notes and accounts receivable pledged to others as collateral are provided in Note 8

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $5,264,573 and $4,868,902, respectively.

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

(4) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	$ 65,446	$ -	$ 65,446
Merchandise and finished goods	15,151,897	(95,686)	15,056,211
	$ 15,217,343	($ 95,686)	$ 15,121,657

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	$ 78,013	$ -	$ 78,013
Merchandise and finished goods	13,444,900	(135,791)	13,309,109
	$ 13,522,913	($ 135,791)	$ 13,387,122

The cost of inventories recognized as expense for the year:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cost of goods sold	$ 158,799,134	$ 145,925,125
Gain on reversal of valuation of inventories	(40,105)	(127,587)
Spoilage	1,775,150	1,657,419
Others	276,982	243,115
	$ 160,811,161	$ 147,698,072

The Group reversed a previous inventory write-down because the Group sold certain inventories which were previously provided with allowance during the year ended December 31, 2018 and 2017.

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

	December 31, 2018
Debt instruments	
Government bonds	$ 199,948
Valuation adjustment	783
	200,731
Equity instruments	
Listed stocks	265,606
Unlisted stocks	4,348
	269,954
Valuation adjustment	374,660
	644,614
	$ 845,345

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

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

	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognized in other comprehensive income	($ 143,849)
Debt instruments at fair value through other comprehensive income	
Fair value change recognized in other comprehensive income	($ 1,537)
Interest income recognized in profit or loss	$ 2,539

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

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

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

F. Information on December 31, 2017 is provided in Note 12(4).

(6) Investments accounted for using the equity method

	December 31, 2018	December 31, 2017
Associates		
PresiCarre Corp.	$ 5,518,380	$ 5,198,249
President Fair Development Corp.	1,984,125	1,954,089
Uni-President Development Corp.	753,904	750,774
President International Development Corp.	461,328	466,885
Tung Ho Development Corp.	114,755	123,504
Uni-President Organics Corp., etc.	60,209	64,989
	8,892,701	8,558,490
Joint ventures		
Mister Donut Taiwan Corp., Ltd.	$ 107,879	$ 97,232
	$ 9,000,580	$ 8,655,722

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

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Profit for the year from continuing operations	$ 401,980	$ 405,845
Other comprehensive loss-net of tax	(3,646)	(37,310)
Total comprehensive income	$ 398,334	$ 368,535

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Profit for the year from continuing operations	$ 22,118	$ 1,387,893
Other comprehensive income (loss)-net of tax	1,353	(2,517)
Total comprehensive income	$ 23,471	$ 1,385,376

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

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

D. Information about the Group's disposal of investments accounted for using equity method in August, 2018 is provided in Note7(3)e.

(7) Property, plant and equipment

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

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2018							
Cost	$ 2,273,584	$ 4,296,089	$ 6,343,845	$ 20,180,016	$ 17,259,683	$ 9,456,005	$ 59,809,222
Accumulated depreciation and impairment	(16,366)	(1,800,537)	(4,046,383)	(13,384,193)	(10,568,380)	(5,011,021)	(34,826,880)
	$ 2,257,218	$ 2,495,552	$ 2,297,462	$ 6,795,823	$ 6,691,303	$ 4,444,984	$ 24,982,342
2018							
Opening net book amount as of January 1	$ 2,257,218	$ 2,495,552	$ 2,297,462	$ 6,795,823	$ 6,691,303	$ 4,444,984	$ 24,982,342
Additions	-	213,509	419,098	2,054,370	2,081,912	1,745,644	6,514,533
Disposals	-	(38)	(21,894)	(36,914)	(42,875)	(12,951)	(114,672)
Reclassifications	-	228,361	134,272	242,063	25,430	(621,446)	8,680
Depreciation charge	-	(190,100)	(558,428)	(2,266,631)	(1,746,149)	(1,232,539)	(5,993,847)
(Impairment loss) reversal of impairment loss	-	-	-	(1,359)	(10,406)	1,796	(9,969)
Net exchange differences	(468)	(4,178)	(3,093)	(14,370)	(28,442)	(43,753)	(94,304)
Closing net book amount as of December 31	$ 2,256,750	$ 2,743,106	$ 2,267,417	$ 6,772,982	$ 6,970,773	$ 4,281,735	$ 25,292,763
At December 31, 2018							
Cost	$ 2,273,117	$ 4,723,111	$ 6,612,678	$ 21,159,733	$ 18,345,784	$ 9,627,520	$ 62,742,143
Accumulated depreciation and impairment	(16,367)	(1,980,005)	(4,345,461)	(14,386,751)	(11,375,011)	(5,345,785)	(37,449,380)
	$ 2,256,750	$ 2,743,106	$ 2,267,417	$ 6,772,982	$ 6,970,773	$ 4,281,735	$ 25,292,763

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2017							
Cost	$ 2,246,915	$ 4,049,783	$ 5,833,407	$ 18,856,770	$ 12,857,463	$ 8,330,108	$ 52,174,446
Accumulated depreciation and impairment	(16,520)	(1,622,614)	(3,721,333)	(12,428,793)	(7,790,593)	(4,265,302)	(29,845,155)
	$ 2,230,395	$ 2,427,169	$ 2,112,074	$ 6,427,977	$ 5,066,870	$ 4,064,806	$ 22,329,291
2017							
Opening net book amount as of January 1	$ 2,230,395	$ 2,427,169	$ 2,112,074	$ 6,427,977	$ 5,066,870	$ 4,064,806	$ 22,329,291
Additions	-	117,987	699,970	2,127,853	1,659,439	2,310,334	6,915,583
Acquired through business combinations	-	-	-	286,652	1,120,999	88,235	1,495,886
Disposals	-	(1,741)	(25,417)	(79,491)	(82,219)	(4,216)	(193,084)
Reclassifications	28,822	147,393	94,288	109,184	229,984	(712,898)	(103,227)
Depreciation charge	-	(182,513)	(580,141)	(2,079,863)	(1,199,519)	(1,093,192)	(5,135,228)
(Impairment loss) reversal of impairment loss	153	(11,122)	-	6,723	(6,393)	(1,214)	(11,853)
Net exchange differences	(2,152)	(1,621)	(3,312)	(3,212)	(97,858)	(206,871)	(315,026)
Closing net book amount as of December 31	$ 2,257,218	$ 2,495,552	$ 2,297,462	$ 6,795,823	$ 6,691,303	$ 4,444,984	$ 24,982,342
At December 31, 2017							
Cost	$ 2,273,584	$ 4,296,089	$ 6,343,845	$ 20,180,016	$ 17,259,683	$ 9,456,005	$ 59,809,222
Accumulated depreciation and impairment	(16,366)	(1,800,537)	(4,046,383)	(13,384,193)	(10,568,380)	(5,011,021)	(34,826,880)
	$ 2,257,218	$ 2,495,552	$ 2,297,462	$ 6,795,823	$ 6,691,303	$ 4,444,984	$ 24,982,342

B. Information on the property, plant and equipment acquired from business combinations is provided in Note 6(30).

C. Information on reversal of impairment loss on property, plant and equipment is provided in Note 6(11).

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

(8) Investment property

	Land	Buildings	Total
2018			
January 1, 2018	$ 1,059,538	$ 459,577	$ 1,519,115
Depreciation charge	-	(16,956)	(16,956)
December 31, 2018	$ 1,059,538	$ 442,621	$ 1,502,159

	Land	Buildings	Total
2017			
January 1, 2017	$ 902,270	$ 456,919	$ 1,359,189
Additions	132,700	16,605	149,305
Reclassification	28,047	3,303	31,350
Depreciation charge	-	(16,916)	(16,916)
Impairment loss	(3,479)	(334)	(3,813)
December 31, 2017	$ 1,059,538	$ 459,577	$ 1,519,115

The fair value of the investment property held by the Group as at December 31, 2018 and 2017 ranged from $4,026,641 to $4,186,928, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers.

(9) Intangible assets

	Software	Goodwill	License agreement and customer list	Others	Total
At January 1, 2018					
Cost	$ 1,568,017	$ 2,202,519	$ 7,524,890	$ 405,998	$ 11,701,424
Accumulated amortization and impairment	(975,791)	-	-	(68,920)	(1,044,711)
	$ 592,226	$ 2,202,519	$ 7,524,890	$ 337,078	$ 10,656,713
2018					
Opening net book amount as of January 1	$ 592,226	$ 2,202,519	$ 7,524,890	$ 337,078	$ 10,656,713
Additions	126,471	-	-	70,513	196,984
Reclassifications	(303)	-	-	(1,117)	(1,420)
Amortization expenses	(248,620)	-	(194,160)	(31,901)	(474,681)
Impairment loss	(819)	-	-	-	(819)
Net exchange differences	15,292	1,765	-	46	17,103
Closing net book amount as of December 31	$ 484,247	$ 2,204,284	$ 7,330,730	$ 374,619	$ 10,393,880
At December 31, 2018					
Cost	$ 1,648,652	$ 2,204,284	$ 7,524,890	$ 469,957	$ 11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	$ 484,247	$ 2,204,284	$ 7,330,730	$ 374,619	$ 10,393,880

	Software	Goodwill	License agreement and customer list	Others	Total
At January 1, 2017					
Cost	$ 1,368,689	$ 378,673	$ -	$ 160,300	$ 1,907,662
Accumulated amortization and impairment	(774,768)	-	-	(56,718)	(831,486)
	$ 593,921	$ 378,673	$ -	$ 103,582	$ 1,076,176
2017					
Opening net book amount as of January 1	$ 593,921	$ 378,673	$ -	$ 103,582	$ 1,076,176
Additions	215,774	-	-	97,401	313,175
Additions－acquired through business combinations	-	1,826,565	7,524,890	-	9,351,455
Disposals	(4,382)	-	-	3,702	(680)
Reclassifications	9,222	-	-	161,486	170,708
Amortization expenses	(221,316)	-	-	(28,355)	(249,671)
Net exchange differences	(993)	(2,719)	-	(738)	(4,450)
Closing net book amount as of December 31	$ 592,226	$ 2,202,519	$ 7,524,890	$ 337,078	$ 10,656,713
At December 31, 2017					
Cost	$ 1,568,017	$ 2,202,519	$ 7,524,890	$ 405,998	$ 11,701,424
Accumulated amortization and impairment	(975,791)	-	-	(68,920)	(1,044,711)
	$ 592,226	$ 2,202,519	$ 7,524,890	$ 337,078	$ 10,656,713

A. Information on the intangible assets acquired from business combinations is provided in Note 6(30).

B. Amortization expenses on intangible assets are recognized as operating expenses.

(10) Other non-current assets

	December 31, 2018	December 31, 2017
Guarantee deposits paid	$ 2,766,913	$ 2,656,420
Others	437,846	521,049
	$ 3,204,759	$ 3,177,469

(11) Impairment of non-financial assets

A. The Group recognized impairment loss for the years ended December 31, 2018 and 2017 amounting to $10,788 and $15,666, respectively. Details of impairment loss are as follows:

	For the year ended December 31, 2018		For the year ended December 31, 2017	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss				
Property, plant and equipment	$ 9,969	$ -	$ 11,853	$ -
Investment property	-	-	3,813	-
Intangible assets - Software	819	-	-	-
	$ 10,788	$ -	$ 15,666	$ -

B. Goodwill is allocated to the Group's cash-generating units based on operating segments. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations, which use pre-tax cash flow projections based on five-year financial budgets approved by the management. The Group performs impairment testing annually.

(12) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 7,237,785	0.65%~7.00%	None

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 965,180	0.94%~4.35%	None

There was no capitalisation of borrowing costs for the years ended December 31, 2018 and 2017. Relevant interest expense on borrowings is recognized as "finance costs".

(13) Other payables

	December 31, 2018	December 31, 2017
Store collections	$ 12,750,758	$ 11,947,975
Wages, salaries and bonus payable	5,033,232	4,399,047
Sales receipt on behalf of others	1,176,154	1,134,831
Incentive bonus payable to franchisees	1,047,674	930,996
Payables for acquisition of property, plant and equipment	914,557	1,071,524
Employees' compensation and remuneration for directors and supervisors	879,671	1,612,325
Rent payable	848,049	803,066
Payables for labor and health insurance	238,255	240,769
Payables for equity investments (See Note 6(6)C)	-	3,226,806
Others	5,065,831	5,612,912
	$ 27,954,181	$ 30,980,251

(14) Other current liabilities

	December 31, 2018	December 31, 2017
Advance receipts for gift certificates	$ 1,338,984	$ 1,240,616
Advance receipts of deposits in icash cards	1,199,455	1,064,779
Current portion of long-term liabilities	335,860	273,754
Advance receipts of members' deposits	-	1,059,753
Advance receipts for gift cards	-	737,431
Advance receipts for franchise fee	-	231,312
Others	386,239	745,006
	$ 3,260,538	$ 5,352,651

Advance receipts of members' deposits, gift cards, and franchise fee are recognized as contract liabilities in accordance with IFRS 15 from January 1, 2018. Please refer to Notes 3(1) C and 6(22).

(15) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	December 31, 2018
Long-term bank borrowings			
Credit loan	0.80%~6.298%	None	$ 741,157
Secured borrowings	1.79%~1.96%	Transportation equipment	441,743
			1,182,900
Less: Current portion			(335,860)
			$ 847,040

Type of borrowings	Interest rate range	Collateral	December 31, 2017
Long-term bank borrowings			
Credit loan	0.85%~3.643%	None	$ 1,018,506
Secured borrowings	1.77%~1.98%	Property, plant and equipment	360,699
			1,379,205
Less: Current portion			(273,754)
			$ 1,105,451

There was no capitalization of borrowing costs for the years ended December 31, 2018 and 2017. Relevant interest expense on borrowings is recognized as “finance costs”.

(16) Pensions

A. The Company and its domestic subsidiaries operate a defined benefit pension plan, in accordance with the Labor Standards Law, which covers all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2%-8% of employees’ monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, operates an employer matching pension plan, under which the employer contributes the same amount as employees’ to the employee’s individual pension accounts.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 7,616,936)	($ 7,319,158)
Fair value of plan assets	2,884,387	2,744,358
Net defined benefit liability	($ 4,732,549)	($ 4,574,800)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2018			
Balance at January 1	($ 7,319,158)	$ 2,744,358	($ 4,574,800)
Current service cost	(91,136)	-	(91,136)
Interest (expense) income	(97,628)	36,958	(60,670)
Past service cost	(70)	-	(70)
	(7,507,992)	2,781,316	(4,726,676)
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	69,722	69,722
Change in demographic assumptions	(6,614)	-	(6,614)
Change in financial assumptions	(181,662)	-	(181,662)
Experience adjustments	(37,866)	-	(37,866)
	(226,142)	69,722	(156,420)
Pension fund contribution	-	148,001	148,001
Paid pension	117,198	(114,652)	2,546
	117,198	33,349	150,547
Balance at December 31	($ 7,616,936)	$ 2,884,387	($ 4,732,549)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2017			
Balance at January 1	($ 6,851,392)	$ 2,585,420	($ 4,265,972)
Current service cost	(92,250)	-	(92,250)
Interest (expense) income	(104,593)	40,040	(64,553)
Past service cost	4,944	-	4,944
	(7,043,291)	2,625,460	(4,417,831)
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	(13,939)	(13,939)
Change in demographic assumptions	(8,122)	-	(8,122)
Change in financial assumptions	(175,119)	-	(175,119)
Experience adjustments	21,185	-	21,185
	(162,056)	(13,939)	(175,995)
Pension fund contribution	-	159,256	159,256
Paid pension	135,711	(111,246)	24,465
Effect of business combination	(249,522)	84,827	(164,695)
	(113,811)	132,837	19,026
Balance at December 31	($ 7,319,158)	$ 2,744,358	($ 4,574,800)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Discount rate	1.00%~7.53 %	1.00%~5.05%
Future salary increases	2.00%~5.50 %	2.00%~5.50%

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 was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 234,734)	$ 245,789	$ 240,476	($ 230,362)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 234,327)	$ 245,304	$ 240,403	($ 230,421)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain 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 methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $165,526.

(f)As of December 31, 2018, the weighted average duration of the retirement plan is 9 to 24 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 149,536
1-2 year(s)	207,355
2-5 years	693,565
Over 5 years	12,174,736
	$ 13,225,192

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

(a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC.) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2018 and 2017 was 14%~22% and 14%~25%, respectively. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $929,308 and $828,204, respectively.

(17) Other non-current liabilities

	December 31, 2018	December 31, 2017
Guarantee deposit received	$ 3,413,265	$ 3,355,171
Provision for decommissioning liability	421,966	392,807
Deferred income	71,060	365,868
Others	450,698	307,885
	$ 4,356,989	$ 4,421,731

(18) Share capital

As of December 31, 2018, 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, 2018 and 2017.

(19) Capital surplus

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

(20) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, must first be used to pay all taxes and offset prior years’ operating losses, then 10% of the remaining amount is to be set aside as a 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 period 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 set aside as unappropriated retained earnings.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

D. The appropriations for 2017 and 2016 as resolved by the shareholders on June 12, 2018 and June 13, 2017, respectively, are as follows:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 3,101,709		$ 983,669	
Special reserve	398,859		-	
Cash dividends	25,990,556	$ 25.00	8,316,978	$ 8.00

E. The appropriations for 2018 as resolved by the Board of Directors on February 27, 2019 are as follows:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 1,020,639	
Cash dividends	9,148,676	$ 8.80

F. See Note 6(24) for information on employees' compensation and directors' and supervisors' remuneration.

(21) Other equity items

	For the year ended December 31, 2018			
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on valuation of financial assets at fair value through other comprehensive income	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2018	($ 906,308)	$ -	$ 507,449	($ 398,859)
Adjustments under new standards	-	477,996	(507,449)	(29,453)
Adjusted beginning balance	(906,308)	477,996	-	(428,312)
Revaluation:				
–Group	-	(145,386)	-	(145,386)
–Associates	-	(2,842)	-	(2,842)
Revaluation-tax	-	3,666	-	3,666
Currency translation differences:				
–Group	620,123	-		620,123
–Associates	6,356	-	-	6,356
At December 31, 2018	($ 279,829)	$ 333,434	$ -	$ 53,605

	For the year ended December 31, 2017		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2017	($ 186,228)	$ 357,817	$ 171,589
Revaluation:			
–Group	-	151,253	151,253
–Associates	-	4,662	4,662
Revaluation-tax	-	(6,283)	(6,283)
Currency translation differences:			
–Group	(699,698)	-	(699,698)
–Associates	(20,382)	-	(20,382)
At December 31, 2017	($ 906,308)	$ 507,449	($ 398,859)

(22) Operating revenue

	For the year ended December 31, 2018
Revenue from contracts with customers	$ 244,887,853

A. Disaggregation of revenue from contracts with customers

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

For the year ended December 31, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Total segment revenue	$154,074,731	$71,688,324	$15,113,788	$26,673,796	$ 267,550,639
Inter-segment revenue	(661,980)	(2,229,011)	(13,091,717)	(6,680,078)	(22,662,786)
Revenue from external customer contracts	$153,412,751	$69,459,313	$ 2,022,071	$19,993,718	$ 244,887,853
Timing of revenue recognition					
–At a point in time	$152,882,351	$58,123,140	$ 1,791,172	$19,146,737	$ 231,943,670
–Over time	530,400	11,335,903	230,899	846,981	12,944,183
	$153,412,751	$69,459,313	$ 2,022,071	$19,993,718	$ 244,887,853

B. Contract liabilities

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

	December 31, 2018
Contract liabilities – advance receipts of gift certificates and gift cards	$ 1,392,390
Contract liabilities – members' deposits	764,782
Contract liabilities – franchise fee	230,812
Contract liabilities – customer loyalty programs	344,970
Contract liabilities – others	344,656
	$ 3,077,610

	December 31, 2018
Contract liabilities- current	$ 2,843,189
Contract liabilities- non-current	234,421
	$ 3,077,610

(b) Revenues recognized that were included in the contract liabilities balance at the beginning was $1,969,390 for the year ended December 31, 2018.

C. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5) B.

(23) Expenses by nature

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cost of goods sold	$ 143,437,684	$ 130,527,303
Employee benefit expense	25,533,260	23,348,191
Incentive bonuses for franchisees	20,904,939	19,604,749
Operating lease payments	12,433,194	10,697,568
Depreciation and amortization	6,577,856	5,491,735
Utilities expense	4,230,128	3,847,338
Other costs and expenses	18,935,968	17,193,038
Total operating costs and operating expenses	$ 232,053,029	$ 210,709,922

(24) Employee benefit expense

	For the year ended December 31, 2018	For the year ended December 31, 2017
Wages and salaries	$ 21,058,795	$ 19,408,418
Labor and health insurance fees	1,952,864	1,692,115
Pension costs	1,081,184	980,063
Other personnel expenses	1,440,417	1,267,595
	$ 25,533,260	$ 23,348,191

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, 2018 and 2017, employees' compensation was accrued at $576,995 and $985,057, respectively; while directors' and supervisors' remuneration was accrued at $192,772 and $549,159, 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, 2018. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $576,995 and $192,772 and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2017 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2017 financial statements.

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

(25) Other income

	For the year ended December 31, 2018	For the year ended December 31, 2017
Grants income	$ 606,034	$ 582,706
Interest income	699,385	172,023
Rental revenue	136,430	168,858
Dividend income	65,124	1,135,332
Others	918,300	887,816
	$ 2,425,273	$ 2,946,735

(26) Other gains and losses

	For the year ended December 31, 2018	For the year ended December 31, 2017
Gain on disposal of investments (See Note 6(6))	$ 59	$ 26,641,776
Loss on disposal of property, plant and equipment	(33,275)	(53,095)
Impairment loss	(10,788)	(15,666)
Other expenses	(93,182)	(259,449)
	($ 137,186)	$ 26,313,566

(27) Finance cost

	For the year ended December 31, 2018	For the year ended December 31, 2017
Interest expense	$ 144,662	$ 94,511

(28) Income tax

A. Income tax expense

(a)Components of income tax expense:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 3,013,928	$ 5,757,845
Tax on undistributed surplus earnings	135,159	36,045
Over provision of prior year's income tax	13,108	(3,993)
Total current tax	3,162,195	5,789,897
Deferred tax:		
Origination and reversal of temporary differences	(144,430)	3,273,719
Impact of change in tax rate	640,304	-
Total deferred tax	495,874	3,273,719
Income tax expense	$ 3,658,069	$ 9,063,616

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Fair value gains/losses on available-for-sale financial assets	$ -	$ 6,283
Remeasurement of defined benefit obligations	(25,881)	(30,087)
Changes in fair value of financial assets at fair value through other comprehensive income	(6,984)	-
Impact of change in tax rate	(46,977)	-
	($ 79,842)	($ 23,804)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2018	For the year ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 3,727,941	$ 10,019,101
Expenses disallowed by tax regulation	(800,533)	(783,607)
Capital reduction plan to offset accumulated deficit	(8,302)	(151,165)
Additional 10% tax on undistributed earnings	135,159	36,045
Over provision of prior year's income tax	13,108	(3,993)
Effect from loss carryforwards	(49,608)	(52,765)
Effect from changes in tax regulation	640,304	-
Income tax expense	$ 3,658,069	$ 9,063,616

The difference between the Group's accounting income and taxable income in 2018 and 2017 was mainly due to the dividend income, investment tax credits and the operating profit of subsidiaries.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	For the year ended December 31, 2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect from changes in tax regulation	December 31
Deferred tax assets					
Allowance for doubtful accounts	$ 13,261	($ 975)	$ -	$ 2,453	$ 14,739
Unrealized sales allowance	14,828	(7,382)	-	2,783	10,229
Loss on inventory market value decline	27,106	(4,454)	-	2,796	25,448
Unrealized expenses	403,819	62,319	-	45,138	511,276
Book-tax difference of pension	82,532	(238)	-	72,426	154,720
Remeasurements of the defined benefit plan	718,129	-	25,881	50,391	794,401
Tax losses	86,867	(8,515)	-	15,329	93,681
Others	62,642	23,461	-	36,446	122,549
	1,409,184	64,216	25,881	227,762	1,727,043
Deferred tax liabilities					
Unrealized gain	(1,308,068)	35,835	6,984	(230,816)	(1,496,065)
Foreign investment income	(3,344,880)	44,379	-	(590,273)	(3,890,774)
	(4,652,948)	80,214	6,984	(821,089)	(5,386,839)
	($ 3,243,764)	$ 144,430	$ 32,865	($ 593,327)	($ 3,659,796)

	For the year ended December 31, 2017				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	December 31
Deferred tax assets					
Allowance for doubtful accounts	$ 24,586	($ 11,325)	$ -	$ -	$ 13,261
Unrealized sales allowance	16,240	(1,412)	-	-	14,828
Loss on inventory market value decline	43,193	(16,087)	-	-	27,106
Unrealized expenses	267,811	83,812	-	52,196	403,819
Book-tax difference of pension	71,442	(2,031)	-	13,121	82,532
Remeasurements of the defined benefit plan	665,790	-	30,087	22,252	718,129
Tax losses	82,300	4,567	-	-	86,867
Others	36,670	13,458	12,514	-	62,642
	1,208,032	70,982	42,601	87,569	1,409,184
Deferred tax liabilities					
Unrealized gain	(10,219)	179	(18,797)	(1,279,231)	(1,308,068)
Foreign investment income	-	(3,344,880)	-	-	(3,344,880)
	(10,219)	(3,344,701)	(18,797)	(1,279,231)	(4,652,948)
	$ 1,197,813	($3,273,719)	$ 23,804	($ 1,191,662)	($ 3,243,764)

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2009~2018	$ 2,620,037	$ 2,620,037	$ 2,151,633	2019~2028

December 31, 2017				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2008~2017	$ 4,383,344	$ 4,383,344	$ 3,872,364	2018~2027

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Deductible temporary differences	$ 116,691	$ 150,516

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

G. 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 Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 10,206,388	1,039,622	$ 9.82
Diluted earnings per share			
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

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 31,017,094	1,039,622	$ 29.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 31,017,094	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	3,848	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 31,017,094	1,043,470	$ 29.72

(30) Business combinations

(1) The Group acquired additional an 30% shares of President Starbucks Coffee Corp. for cash consideration of $3,226,806 in December 2017and obtained the control over President Starbucks Coffee Corp., primarily engaged in the variety of foods, sales of coffee beans, and the operation of coffee shops.

(2) The following table summarizes the consideration paid for President Starbucks Coffee Corp. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	December 31, 2017
Cash-paid	$ 3,226,806
Fair value of equity previously held on the acquisition date	2,582,478
Fair value of non-controlling interests	3,872,856
	9,682,140
Fair value of identifiable assets and liabilities	
Cash and cash equivalents	700,961
Other current assets	1,462,227
Other non-current assets	1,838,829
Other identifiable intangible assets	7,524,890
Other current liabilities	(2,088,442)
Other non-current liabilities	(1,582,890)
Total identifiable net assets	7,855,575
Goodwill	$ 1,826,565

(3) The Group recognized a gain of $2,099,503 (shown as gain on disposal of investments) as a result

of measuring at fair value its 30% equity interest in President Starbucks Coffee Corp. held before the business combination. Please refer to Note 6(26).

(4) The fair value of the non-controlling interest in President Starbucks Coffee Corp. was estimated by considering the implied control premium deducted from the purchase price paid for the acquisition.

(31) Operating leases

Lessor

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

	December 31, 2018	December 31, 2017
Less than one year	$ 90,898	$ 94,376
Over one year but less than five years	224,263	292,261
Over five years	6,195	51,674
	$ 321,356	$ 438,311

Lessee

A. The Group leases business premises for its stores. The lease terms are between one and twenty years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Partial leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expenses recognized in profit and loss for the years ended December 31, 2018 and 2017 are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Rental expenses	$ 11,594,263	$ 10,206,762
Contingent rents	$ 838,931	$ 490,806

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

	December 31, 2018	December 31, 2017
Less than one year	$ 10,955,633	$ 9,765,924
Over one year but less than five years	36,200,668	30,324,865
Over five years	22,658,778	15,732,948
	$ 69,815,079	$ 55,823,737

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the years ended December 31, 2018 and 2017 are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Sublease revenues	$ 272,051	$ 257,336
Contingent rents	$ 1,212,481	$ 1,199,375

In accordance with non-cancellable sub-lease agreements as of December 31, 2018, sub-lease payments totalling $387,765 are expected to be collected between 2019 and 2028.

(32) Supplemental cash flow information

Investing activities with partial cash payments

	December 31, 2018	December 31, 2017
Purchase of property, plant and equipment	$ 6,514,533	$ 6,915,583
Add: Opening balance of payable on equipment	1,071,524	883,723
Less: Ending balance of payable on equipment	(914,557)	(1,071,524)
Cash paid during the year	$ 6,671,500	$ 6,727,782

(33) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Other non-current liabilities-guarantee deposits received	Other non-current liabilities-other	Liabilities from financing activities-gross
January 1, 2018	$ 965,180	$ 250,000	$ 1,105,451	$ 3,355,172	$ 1,066,559	$ 6,742,362
Changes in cash flow from financing activities	6,272,605	(250,000)	(184,135)	58,093	223,176	6,119,739
Impact of changes in foreign exchange rate	-	-	(12,170)	-	-	(12,170)
Changes in other non-cash items	-	-	(62,106)	-	(346,011)	(408,117)
December 31, 2018	$ 7,237,785	$ -	$ 847,040	$ 3,413,265	$ 943,724	$ 12,441,814

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, 2018.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Ultimate parent company
Uni-President Organics Corp.	Investee of the Group accounted for using the equity method
Presicarre Corp.	〃
President Technology Corp.	〃
President Fair Development Corp.	〃
Mister Donut Taiwan Co., Ltd.	〃
Presco Netmarketing Inc.	Subsidiary of ultimate parent company
Uni-President (Kunshan) Trading Co., Ltd.	〃
Tait Marketing & Distribution Co., Ltd.	〃
Tung Ang Enterprises Corp.	〃
Lien-Bo Enterprises Corp	〃
President Packaging Corp.	〃
President Tokyo Corp.	〃
Shanghai Songjiang President Enterprises Co., Ltd.	〃
Kuang Chuan Dairy Corp.	Investees of ultimate parent company accounted for using the equity method
Weilih Food Industrial Co., Ltd.	〃
Kang Na Hsiung Enterprises Co., Ltd.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Tung Chan Enterprises Corp.	〃
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.
Zhenzhou President Enterprises Co., Ltd.	Subsidiary of parent company's sub-subsidiary
Wei Kuon Co., Ltd.	Subsidiaries of investee of ultimate parent company accounted for using the equity method

(3) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31, 2018	For the year ended December 31, 2017
Sales of goods		
Ultimate parent	$ 578,394	$ 558,127
Associates	146,634	1,165,505
Sister companies	302,624	247,093
Other related parties	71,926	83,659
Sales of services		
Ultimate parent	11,421	8,014
Associates	39,491	153,513
Sister companies	12,048	11,334
Other related parties	4,909	2,924
	$ 1,167,447	$ 2,230,169

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

B. Purchases

	For the year ended December 31, 2018	For the year ended December 31, 2017
Ultimate parent	$ 15,352,392	$ 14,869,457
Associates	286,086	456,768
Sister companies	3,927,299	3,959,122
Other related parties	2,139,641	950,419
	$ 21,705,418	$ 20,235,766

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

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Ultimate parent	$ 201,321	$ 190,171
Associates	73,101	68,686
Sister companies	85,384	72,400
Other related parties	4,722	8,725
	$ 364,528	$ 339,982

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

D. Payables to related parties

	December 31, 2018	December 31, 2017
Ultimate parent	$ 1,631,289	$ 1,558,451
Associates	63,739	68,577
Sister companies	442,907	406,713
Other related parties	370,822	327,697
	$ 2,508,757	$ 2,361,438

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

E. Property transactions

(a) Acquisition of property, plant and equipment and investment property:

	Accounts	For the year ended December 31, 2018
Associates	Property, plant and equipment	$ 38,384

	Accounts	For the year ended December 31, 2017
Sister companies	Property, plant and equipment	$ 32,215
	Investment property	179,669
		$ 211,884

(b) Disposal of financial assets:

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

(4) Key management compensation

	For the year ended December 31, 2018	For the year ended December 31, 2017
Salaries and other short-term employee benefits	$ 675,400	$ 1,041,158

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2018	Book value December 31, 2017	Purpose
Accounts receivable	$ 20,000	$ -	Performance guarantee
Land	128,643	368,869	Long-term and short-term borrowings and guarantee facilities
Buildings	50,230	187,884	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	586,353	493,134	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid ")	56,495	49,665	Performance guarantee
	$ 841,721	$ 1,099,552	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	$ 929,908	$ -
Financial assets held for trading	-	1,560,025
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	644,614	-
Qualifying equity instrument	200,731	-
Available-for-sale financial assets	-	1,050,734
Financial assets measured at cost	-	25,721
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	48,530,648	35,783,291
Accounts receivable	5,264,573	4,868,902
Other receivables	1,535,507	28,412,101
Guarantee deposits paid	2,766,913	2,656,420
	$ 59,872,894	$ 74,357,194
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 7,237,785	$ 965,180
Short-term notes and bills payable	-	250,000
Notes payable	1,866,610	2,066,511
Accounts payable	23,148,683	21,170,963
Other payables	27,954,181	30,980,251
Long-term borrowings (including current portion)	1,182,900	1,379,205
Guarantee deposits received	3,413,265	3,355,171
	$ 64,803,424	$ 60,167,281

B. Risk management policies

(a) The Group's risk management and hedging policies mainly focus on hedging business risk. The Group also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.

(b) For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assesses market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.

(c) There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. The Group operates internationally and is exposed to foreign exchange risk arising from of the Company and its subsidiaries used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.

II. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies.

III. The Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the Renminbi (RMB). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 739	30.7150	$ 22,698	$ 3,610	29.7600	$ 107,434
RMB : NTD	1,742	4.4654	7,779	507,009	4.5737	2,318,907
JPY : NTD	8,522	0.2782	2,371	104,720	0.2642	27,667
HKD : NTD	-	-	-	4,410	3.8085	16,795
Non-monetary items						
JPY : NTD	$ 721,500	0.2782	$ 200,721	$ 891,900	0.2642	$ 235,640
Financial liabilities						
Monetary items						
USD : NTD	$ 3,745	30.7150	$ 115,028	$ 99,814	29.7600	$ 2,970,465
JPY : NTD	80,786	0.2782	22,475	63,542	0.2642	16,788
RMB : NTD	1,152	4.4654	5,144	-	-	-

IV. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Group amounted to $57,437 and

$3,037 for the years ended December 31, 2018 and 2017, respectively.

V. Analysis of foreign currency market risk arising from significant foreign exchange variation. Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, accounts receivable and accounts payable denominated in USD. As of December 31, 2018 and 2017, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's profit for the years ended December 31, 2018 and 2017 would increase/decrease by $4,616 and $143,151, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, financial assets at fair value through other comprehensive income - non-current and accounts payable denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's profit for the years ended December 31, 2018 and 2017 would increase/decrease by $9,031 and $12,326, respectively.

Price risk

I. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase / decrease by 5%, and open-ended funds increase / decrease by 0.25%, with all other variables held constant, the post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by $6,395 and $3,900, respectively, as a result of gains/losses on equity securities and open-ended funds classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $32,231 and $39,206, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income and available-for-sale equity investment.

Cash flow and fair value interest rate risk

I. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and Philippine Peso.

II. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have increased/decreased by $2,332 and $2,698, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

III. If the government bond yield rate had increased/decreased by 0.25% with all other variables held constant, other comprehensive income for the years ended December 31, 2018 and 2017 would have decreased by $254 and $754 or increased by $245 and $747, respectively. The main factor is that changes in market interest rates would affect the fair value of fixed interest rate bond investments held by the Group classified as financial assets at fair value through other comprehensive income.

(b) Credit risk

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

II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

III. The Group operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis and using the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2018
	Accounts receivable
At January 1_IAS 39	$ 48,471
Adjustments under new standards	10,889
At January 1_IFRS 9	59,360
Provision for impairment	17,080
Reversal of impairment	3,873
Write-offs	(21,509)
Effect of foreign exchange	(3,340)
At December 31	$ 55,464

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

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

VI. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(c) Liquidity risk

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

II. The Group invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Group held money market funds of $844,225 and $1,560,025 as at December 31, 2018 and 2017, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.

III. The Group has undrawn borrowing facilities of $14,006,462 and $11,302,389 as of December 31, 2018 and 2017, respectively.

IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	$ 986,476	$ -	$ -	$ -
Short-term notes and bills payable	250,000	-	-	-
Notes payable	2,066,511	-	-	-
Accounts payable	21,170,963	-	-	-
Other payables	30,980,251	-	-	-
Long-term borrowings (including current portion)	304,830	510,498	95,568	554,210

(3) Fair value information

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

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

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

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

B. Fair value information of the Group’s investment property at cost is provided in Note 6(8).

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, 2018			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	$ 2,766,913	$ -	$ -	$ 2,748,262
Financial liabilities:				
Guarantee deposit received	$ 3,413,265	$ -	$ -	$ 3,384,951

	December 31, 2017			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	$ 2,656,420	$ -	$ -	$ 2,639,566
Financial liabilities:				
Guarantee deposit received	$ 3,355,171	$ -	$ -	$ 3,327,231

(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, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	$ 844,225	$ -	$ -	$ 844,225
Equity securities	-	-	85,683	85,683
	844,225	-	85,683	929,908
Financial assets at fair value through other comprehensive income				
Equity securities	640,266	-	4,348	644,614
Debt securities	200,731	-	-	200,731
	840,997	-	4,348	845,345
	$ 1,685,222	$ -	$ 90,031	$ 1,775,253

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	$ 1,560,025	$ -	$ -	$ 1,560,025
Available-for-sale financial assets				
Equity securities	784,115	-	64,460	848,575
Government bond	202,159	-	-	202,159
	986,274	-	64,460	1,050,734
	$ 2,546,299	$ -	$ 64,460	$ 2,610,759

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

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

	Listed shares	Open-ended fund	Government bond
Market quoted price	Closing price	Net asset value	Closing price

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

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2018 and 2017, there was no significant transfer in or out of Level 3.

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

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

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

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative Equity instrument:					
Unlisted shares	$ 64,460	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2018, and 2017.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in the third quarter of 2017:

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

I. They are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

II. 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.

III. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(b) Available for sale financial assets

I. They are non-derivatives that are either designated in this category or not classified in any of the other categories.

II. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

III. They are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(c) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

I. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

II. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

III. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

			Available-for sale-equity	Available-for sale-liability			Effects		
	Accounts receivable, net	Measured at fair value through profit or loss – non current	Measured at fair value through other comprehensive income-equity	Measured at fair value through other comprehensive income-liability	Measured at amortized cost	Total	Retained earnings	Other equity	Non-controlling interest
IAS 39	$4,868,902	$ -	$ 848,575	$ 202,159	$ 25,721	$5,945,357	$ -	$ -	$ -
Transferred into and measured at fair value through profit or loss	-	85,833	(60,112)	-	(25,721)	-	22,498	(22,498)	-
Recognized the IFRS 9 effects through investment accounted for using equity method	-	-	-	-	-	-	8,651	(6,955)	-
Impairment loss adjustment	(10,889)	-	-	-	-	(10,889)	(5,686)	-	(5,203)
IFRS 9	$4,858,013	$ 85,833	$ 788,463	$ 202,159	$ -	$5,934,468	$25,463	($ 29,453)	($ 5,203)

(a) Under IAS 39, because the cash flows of debt instruments, which were classified as available-for-sale financial assets, amounting to $202,159, met the condition that it is intended to settle the principal and interest on the outstanding principal balance, and the Group held these assets for the purpose of receiving cash inflow and sale, thus were reclassified as "financial assets at fair value through other comprehensive income (debt instruments)" on initial application of IFRS 9.

(b) Under IAS 39, the equity instruments, which were classified as available-or-sale financial assets and financial assets at cost, amounting to $60,112 and $25,721, respectively, were reclassified as "financial assets at fair value through profit or loss (equity instruments)", increased retained earnings and decreased other equity interest in the amounts of $22,498 and $22,498, respectively, under IFRS 9.

(c) The Group's investee accounted for using the equity method made certain reclassifications in accordance with IFRS 9. Accordingly, the Group increased investments accounted for using the equity method and retained earnings in the amounts of $1,696 and $8,651, respectively, and decreased other equity interest in the amount of $6,955.

(d) The Group's accounts receivable for impairment and provision which were impaired under IAS 39, is converted to expected credit losses under IFRS 9. In line with the regulation of IFRS 9 on provision for impairment, accounts receivable were reduced by $10,889, decreased retained earnings and non-controlling interests in the amounts of $5,686 and $5,203, respectively.

C. The significant accounts as of December 31, 2017 are as follows:

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

	December 31, 2017
Financial assets held for trading	
Open-ended fund	$ 1,554,463
Valuation adjustment of financial assets held for trading	5,562
	$ 1,560,025

The Group recognized net gain of $5,816 on financial assets held for trading for the year ended December 31, 2017.

(b) Available-for-sale financial assets - non-current

	December 31, 2017
Listed stocks	$ 265,606
Unlisted stocks	41,963
Government bonds	199,840
	507,409
Valuation adjustment	543,325
	$ 1,050,734

I. The Group recognized $151,253 in other comprehensive gain in relation to fair value changes for the year ended December 31, 2017.

II. The counterparties of the Group's investments in debt instruments have good credit quality.

(c) Financial assets at cost

I. According to the Group's intention, its investment objectives should be classified as 'available-for-sale financial assets'. However, as the investment objectives are not traded in active market, and no sufficient industry information of companies similar to their financial information cannot be obtained, the fair value of the investment objectives cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

II. As of December 31, 2017, no financial assets measured at cost held by the Group were pledged to others.

D. Credit risk information as of December 31, 2017 and for the yaer ended December 31, 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The Group's accounts receivable that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

(d) The ageing analysis of financial assets that were past due but not impaired is as follows:

	December 31, 2017
Up to 90 days	$ 119,587
91 to 180 days	11,421
181 to 365 days	2,062
Over 365 days	11
	$ 133,081

(e) Movements in the provision for impairment of accounts receivable for year ended December 31, 2017 are as follows:

	For the year ended December 31, 2017
At January 1	$ 112,649
Provision for impairment	18,141
Write-offs	(76,881)
Reversal of impairment	(5,438)
At December 31	$ 48,471

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

(a) Sales of goods

I. The Group's revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

II. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Allowance for such liabilities are recorded when the sales are recognized.

III. The Group has customer loyalty programs where the Group grants loyalty award credits (such as 'points'; the award credits can be used to exchange for free or discounted goods) to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Group recognizes the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

(b) Sales of services

The Group provides delivering services. Revenue from delivering services is recognized when the services is completed and the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

B. The revenue recognized by using above accounting policies for the 2017 are as follows:

	For the year ended December 31, 2017
Sales revenue	$ 196,057,358
Service revenue	12,566,609
Other operating revenue	12,508,115
Total	$ 221,132,082

C. The effects and description of current balance sheet items if the Group continues adopting above accounting policies are as follows and no significant effects on current comprehensive income statement.

		December 31, 2018		
Balance sheet items	Description	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	(a)	$ 5,264,573	$ 5,196,657	$ 67,916
Other current assets	(a)	3,004,894	2,970,264	34,630
Other current liabilities	(a)(b)	3,260,538	6,001,181	(2,740,643)
Contract liabilities-current	(b)	2,843,189	-	2,843,189
Contract liabilities-non-current	(b)	234,421	-	234,421
Other non-current liabilities	(b)	4,356,989	4,591,410	(234,421)

(a) Under IFRS 15, liability in relation to expected discounts and refunds to customers is recognized as refund liability in the amount of $102,546. At the same time, the Group has a right to recover the product from the customer where the customer exercises his right of return and recognizes as current asset (shown as ‘other current assets’) in the amount of $34,630. But were previously presented as accounts receivable - allowance for sales discounts in the balance sheet.

(b) Under IFRS 15, liabilities in relation to sales of gift cards, and franchise agreements are recognized as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of December 31, 2018, the balance amounted to $2,843,189. Liabilities in relation to the customer loyalty program are recognized as contract liabilities, but were previously presented as deferred revenue in the balance sheet. As of December 31, 2018, the balance amounted to $234,421 and was presented as non-current liability.

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 investments in Mainland Chin

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on operating revenue and profit before income tax, which are the basis for measuring performance.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the year ended December 31, 2018					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	$153,412,751	$ 69,459,313	$ 2,022,071	$ 19,993,718	$ -	$ 244,887,853
Internal department revenue	661,980	2,229,011	13,091,717	6,680,078	(22,662,786)	-
Total segment revenue	$154,074,731	$ 71,688,324	$ 15,113,788	$ 26,673,796	($ 22,662,786)	$ 244,887,853
Segment income	$ 12,433,791	$ 3,718,428	$ 1,164,775	$ 2,159,858	($ 4,074,505)	$ 15,402,347
Depreciation and amortization	($ 1,994,987)	($ 2,241,246)	($ 781,950)	($ 1,365,513)	($ 194,160)	($ 6,577,856)
Gain (loss) on investments accounted for using equity method	$ 3,473,458	($ 47,676)	$ 113,275	$ 706,423	($ 3,821,382)	$ 424,098
Income tax expense	($ 2,227,402)	($ 771,310)	($ 199,521)	($ 272,922)	($ 186,914)	($ 3,658,069)
Interest income	$ 83,534	$ 29,573	$ 8,896	$ 577,382	$ -	$ 699,385
Interest expense	($ 42,971)	($ 44,110)	($ 10,158)	($ 47,423)	$ -	($ 144,662)

	For the year ended December 31, 2017					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	$143,873,316	$ 65,295,956	$ 2,633,747	$ 9,329,063	$ -	$ 221,132,082
Internal department revenue	606,564	2,171,020	12,885,352	6,133,809	(21,796,745)	-
Total segment revenue	$144,479,880	$ 67,466,976	$ 15,519,099	$ 15,462,872	($ 21,796,745)	$ 221,132,082
Segment income	$ 36,501,051	$ 3,369,954	$ 1,082,975	$ 50,901,952	($ 50,474,244)	$ 41,381,688
Depreciation and amortization	($ 2,036,658)	($ 2,088,475)	($ 728,676)	($ 637,926)	$ -	($ 5,491,735)
Gain (loss) on investments accounted for using equity method	$ 26,930,861	($ 114,447)	$ 127,707	$ 25,531,756	($ 50,682,139)	$ 1,793,738
Income tax expense	($ 5,483,957)	($ 693,780)	($ 168,649)	($ 2,717,230)	$ -	($ 9,063,616)
Interest income	$ 104,826	$ 30,152	$ 7,595	$ 30,547	($ 1,097)	$ 172,023
Interest expense	($ 30,491)	($ 42,052)	($ 9,396)	($ 14,402)	$ 1,830	($ 94,511)

(4) Reconciliation of segment income (loss)

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

(5) Information on products and services

Revenue from external customers is mainly from retail services and services provided. Details of revenue is as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Convenience stores	$ 181,384,121	$ 167,813,140
Sales of daily items	24,200,568	24,562,300
Gas station	10,801,643	9,870,474
Delivery service	10,640,153	10,948,622
Logistics service	2,022,071	2,633,747
Restaurants	12,040,722	1,569,884
Others	3,798,575	3,733,915
	$ 244,887,853	$ 221,132,082

(6) Geographical information

As of and for the years ended December 31, 2018 and 2017, the information on geographic area is as follows:

	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 211,270,304	$ 34,681,923	$ 191,271,714	$ 36,004,968
Others	33,617,549	5,.711,638	29,860,368	5,739,855
	$ 244,887,853	$ 40,393,561	$ 221,132,082	$ 41,744,823

(7) Major customer information

No customers constituted more than 10% of the Group's total revenue for the years ended December 31, 2018 and 2017.

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, 2018

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, 2018 Number of shares	Book value	Ownership (%)	Fair value	Footnote
	Stock:							
President Chain Store Corp.	President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss - non-current	2,667,600	$ 45,298	7.60	$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd	None	〃	837,753	14,663	5.37	14,663	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	〃	〃	2,572,127	25,722	0.92	25,722	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	〃	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	〃	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income - non - current	38,221,259	439,544	2.75	439,544	
President Chain Store Corp.	Duskin Co., Ltd.	None	〃	300,000	200,722	0.56	200,722	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	〃	650,000	4,348	10.00	4,348	
	Open ended funds:							
Books.com. Co., Ltd.	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,843,148	$ 30,008	-	$ 30,008	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	〃	〃	2,037,832	34,002	-	34,002	
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	1,730,169	23,503	-	23,503	
Uni-Wonder Corp.	Union Money Market Fund	〃	〃	15,170,478	200,000	-	200,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	〃	〃	3,996,323	50,000	-	50,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	〃	〃	2,220,988	30,000	-	30,000	
President Information Corp.	Prudential Financial Money Market Fund	〃	〃	7,643,267	120,716	-	120,716	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	〃	〃	3,266,653	54,506	-	54,506	
President Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	2,429,553	33,004	-	33,004	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	〃	〃	112,825	1,669	-	1,669	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	〃	〃	3,036,177	41,011	-	41,011	
Retail Support Taiwan Corp.	FSITC Money Market Fund	〃	〃	38,207	6,806	-	6,806	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	16,121,671	219,000	-	219,000	
	Bond:							
ICASH Corp.	Government bond	None	Financial assets at fair value through other comprehensive income - non-current	-	$ 200,731	-	$ 200,731	

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, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2018		Addition		Disposal				Other increase (decrease)		Balance as at December 31, 2018	
Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
	Open ended funds:															
Books.com. Co., Ltd.	Jih Sun Money Market Fund	Note 1	Not applicable	Not applicable	1,358,373	$ 20,005	88,163,118	$ 1,300,000	89,521,491	$ 1,320,528	$ 1,320,000	$ 528	-	($ 5)	-	$ -
Books.com. Co., Ltd.	Yuanta De-Li Money Market Fund	〃	〃	〃	-	-	49,194,595	800,000	47,351,447	770,193	770,000	193	-	8	1,843,148	30,008
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	〃	5,250,222	71,007	55,345,735	750,000	58,865,788	797,675	797,500	175	-	(4)	1,730,169	23,503
Uni-Wonder Corp.	Union Money Market Fund	〃	〃	〃	6,855,158	90,000	56,210,346	740,000	47,895,026	630,569	630,000	569	-	-	15,170,478	200,000
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	〃	〃	〃	13,151,752	200,000	42,667,230	650,000	55,818,982	850,603	850,000	603	-	-	-	-
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	〃	〃	〃	3,718,301	50,000	48,240,853	650,000	49,738,166	670,296	670,000	296	-	-	2,220,988	30,000
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	〃	〃	〃	12,328,480	200,000	46,138,977	750,000	58,467,457	950,406	950,000	406	-	-	-	-
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	〃	〃	〃	2,408,497	30,000	35,233,545	440,000	33,645,719	420,182	420,000	182	-	-	3,996,323	50,000
President Drugstore Business Corp.	Jih Sun Money Market Fund	〃	〃	〃	-	-	65,155,152	961,000	65,155,152	961,135	961,000	135	-	-	-	-
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	〃	〃	〃	-	-	91,027,726	1,388,000	91,027,726	1,388,223	1,388,000	223	-	-	-	-
President Information Corp.	Jih Sun Money Market Fund	〃	〃	〃	9,323,901	137,318	40,572,270	598,800	49,896,170	736,582	736,118	464	-	-	-	-
President Information Corp.	Prudential Financial Money Market Fund	〃	〃	〃	5,474,517	86,074	27,857,708	439,216	25,688,958	405,166	404,574	592	-	-	7,643,267	120,716
President Logistics International Corp.	UPAMC James Bond Money Market Fund	〃	〃	〃	-	-	21,726,534	362,000	18,459,881	307,563	307,500	63	-	6	3,266,653	54,506
President Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	〃	2,810,047	38,004	51,773,619	702,000	52,154,113	707,132	706,999	133	-	(1)	2,429,553	33,004
President Pharmaceutical Corp.	Jih Sun Money Market Fund	〃	〃	〃	5,968,302	87,898	57,797,690	853,000	63,653,167	939,519	939,203	316	-	(26)	112,825	1,669
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	〃	〃	〃	17,449,813	236,000	225,576,138	3,059,000	226,904,280	3,077,260	3,076,000	1,260	-	-	16,121,671	219,000
	Stock:															
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Note 2	Issuance of common stock for cash	Parent company to subsidiary	-	$ 187,329	-	$ 357,228	-	$ -	$ -	$ -	-	($ 131,610)	-	$ 412,947

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

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

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, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	$ 14,923,741	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	($ 1,177,885)	(8)	
	Uni-President Superior Commissary Corp.	Subsidiary	〃	3,566,700	4	Net 45 days from the end of the month when invoice is issued	〃	〃	(622,404)	(4)	
	Tung Ang Enterprises Corp.	Sister company	〃	1,908,658	2	Net 30 days from the end of the month when invoice is issued	〃	〃	(136,637)	(1)	
	Lien-Bo Enterprises Corp.	〃	〃	647,614	1	Net 10~54 days from the end of the month when invoice is issued	〃	〃	(103,372)	(1)	
	Vision Distribution Service Corp.	Subsidiary	Purchases returns	(149,679)	-	Net 30~60 days from the end of the month when invoice is issued	〃	〃	-	-	
	Tait Marketing & Distribution Co., Ltd.	Sister company	Purchases	381,636	-	Net 20~70 days from the end of the month when invoice is issued	〃	〃	(76,213)	-	
	Q-ware Systems & Services Corp.	Subsidiary	〃	632,058	1	Net 40 days from the end of the month when invoice is issued	〃	〃	(107,036)	(1)	
	President Packaging Corp.	Sister company	〃	335,435	-	Net 15~60 days from the end of the month when invoice is issued	〃	〃	(67,993)	-	
	Kuang Chuan Dairy Corp.	Other related party	〃	398,310	-	Net 30~65 days from the end of the month when invoice is issued	〃	〃	(88,129)	(1)	
	President Transnet Corp.	Subsidiary	〃	224,880	-	Net 60 days from the end of the month when invoice is issued	〃	〃	(23,798)	-	
	Weilih Food Industrial Co., Ltd.	Other related party	〃	267,673	-	Net 30~60 days from the end of the month when invoice is issued	〃	〃	(57,714)	-	
	21 Century Enterprise Co., Ltd.	Subsidiary	〃	277,271	-	Net 30~60 days from the end of the month when invoice is issued	〃	〃	(64,673)	-	
	Mister Donut Taiwan Corp., Ltd.	Associate	〃	159,797	-	Net 55~60 days from the end of the month when invoice is issued	〃	〃	(29,185)	-	
	President Pharmaceutical Corp.	Subsidiary	〃	101,850	-	Net 60~70 days from the end of the month when invoice is issued	〃	〃	(124,435)	(1)	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(170,565)	(68)	Net 45~60 days from the end of the month when invoice is issued	〃	〃	33,902	57	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(708,839)	(40)	Net 40 days from the end of the month when invoice is issued	〃	〃	129,144	59	
	President Logistics International Corp.	Parent company	〃	(969,846)	(60)	Net 20 days from the end of the month when invoice is issued	〃	〃	85,555	39	
Duskin Serve Taiwan Co.	President Chain Store Corp.	〃	Service revenue	(282,209)	(23)	Net 15~60 days from the end of the month when invoice is issued	〃	〃	78,425	37	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	270,060	6	Net 30 days from the end of the month when invoice is issued	〃	〃	(33,063)	(6)	
	Tung Chan Enterprise Corp.	Other related party	〃	1,041,904	25	Net 25 days from the end of the month when invoice is issued	〃	〃	(112,967)	(21)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	〃	195,552	5	Net 30 days from the end of the month when invoice is issued	〃	〃	(18,200)	(3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(772,627)	(67)	Net 45 days from the end of the month when invoice is issued	〃	〃	243,134	69	

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, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Logistics International Corp.	Retail Support International Corp.	Parent company	Delivery revenue	($ 751,640)	(24)	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	$ 69,244	24	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	〃	(1,035,971)	(33)	Net 20 days from the end of the month when invoice is issued	〃	〃	89,672	31	
	Wisdom Distribution Service Corp.	〃	〃	(1,064,345)	(33)	Net 20 days from the end of the month when invoice is issued	〃	〃	103,177	35	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	969,846	32	Net 20 days from the end of the month when invoice is issued	〃	〃	(85,555)	(31)	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	Sales revenue	(3,566,700)	(99)	Net 45 days from the end of the month when invoice is issued	〃	〃	622,404	100	
President Transnet Corp.	President Chain Store Corp.	〃	〃	(224,880)	(44)	Net 60 days from the end of the month when invoice is issued	〃	〃	23,798	2	
	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	708,839	8	Net 40 days from the end of the month when invoice is issued	〃	〃	(129,144)	(8)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent company	Delivery revenue	(305,169)	(85)	Net 15~20 days from the end of the month when invoice is issued	〃	〃	27,199	79	
Q-ware Systems & Services Corp.	President Chain Store Corp.	〃	Service revenue	(632,058)	(69)	Net 40 days from the end of the month when invoice is issued	〃	〃	107,036	78	
Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary of President Chain Store Corp.	〃	(283,188)	(9)	Net 30 days from the end of the month when invoice is issued	〃	〃	26,449	28	
	President Logistics International Corp.	〃	Service cost	1,064,345	44	Net 20 days from the end of the month when invoice is issued	〃	〃	(103,177)	(38)	
President Drugstore Business Corp.	President Pharmaceutical Corp.	〃	Purchases	668,736	7	Net 70 days from the end of the month when invoice is issued	〃	〃	(26,941)	(1)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	〃	Sales revenue	(668,736)	(37)	Net 70 days from the end of the month when invoice is issued	〃	〃	26,941	7	
	President Chain Store Corp.	Parent company	〃	(101,850)	(4)	Net 60~70 days from the end of the month when invoice is issued	〃	〃	124,435	31	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	〃	〃	(277,271)	(33)	Net 30~60 days from the end of the month when invoice is issued	〃	〃	64,673	47	
Vision Distribution Service Corp.	President Chain Store Corp.	〃	Sales returns	149,679	-	Net 30~60 days from the end of the month when invoice is issued	〃	〃	-	-	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	751,640	42	Net 20 days from the end of the month when invoice is issued	〃	〃	(69,244)	(45)	
	Retail Support Taiwan Corp.	〃	〃	305,169	17	Net 15~20 days from the end of the month when invoice is issued	〃	〃	(27,199)	(18)	
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(195,552)	(7)	Net 30 days from the end of the month when invoice is issued	〃	〃	18,200	6	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	〃	Service cost	1,035,971	37	Net 20 days from the end of the month when invoice is issued	〃	〃	(89,672)	(2)	

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, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Parent company	Delivery revenue	($ 199,852)	(30)	Net 60 days from the end of the month when invoice is issued	No significant differences	No significant differences	$ 52,590	47	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	199,852	34	Net 60 days from the end of the month when invoice is issued	〃	〃	(52,590)	(37)	
ICASH Corp.	President Chain Store Corp.	Parent company	Service revenue	(116,273)	(32)	Net 45 days from the end of the month when invoice is issued	〃	〃	20,326	36	
President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary of President Chain Store Corp.	Delivery revenue	(120,713)	(99)	Net 30 days from the end of the month when invoice is issued	〃	〃	11,136	99	
Shan Dong President Yinzuo Commercial Limited	President Logistic ShanDong Co., Ltd.	〃	Service cost	120,713	5	Net 30 days from the end of the month when invoice is issued	〃	〃	(11,136)	(2)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
December 31, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2018	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
President Information Corp.	President Chain Store Corp.	Parent company	$ 243,134	3.52	$ -	None	$ 191,194	$ -
Uni-President Superior Commissary Corp.	President Chain Store Corp.	〃	622,404	6.02	-	〃	622,401	-
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	129,144	5.21	-	〃	78,796	-
President Logistics International Corp.	Wisdom Distribution Service Corp.	〃	103,177	9.69	-	〃	94,415	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction: General ledger account	Transaction: Amount	Transaction: 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 income	($ 170,172)	Net 60 days from the end of the month when invoice is issued	0.07
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating income	(169,894)	Net 60 days from the end of the month when invoice is issued	0.07
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	243,134	Net 45 days from the end of the month when invoice is issued	0.19
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(772,627)	Net 45 days from the end of the month when invoice is issued	0.32
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(632,058)	Net 40 days from the end of the month when invoice is issued	0.26
3	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(282,209)	Net 15-60 days from the end of the month when invoice is issued	0.12
4	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating income	(343,690)	Net 20 days from the end of the month when invoice is issued	0.14
5	Capital Inventory Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(170,565)	Net 45~60 days from the end of the month when invoice is issued	0.07
6	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(969,846)	Net 20 days from the end of the month when invoice is issued	0.40
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(708,839)	Net 40 days from the end of the month when invoice is issued	0.29
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	129,144	Net 40 days from the end of the month when invoice is issued	0.10
7	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(751,640)	Net 20 days from the end of the month when invoice is issued	0.31
7	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(1,035,971)	Net 20 days from the end of the month when invoice is issued	0.42
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(1,064,345)	Net 20 days from the end of the month when invoice is issued	0.44
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	103,177	Net 20 days from the end of the month when invoice is issued	0.08
8	President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary to subsidiary	Delivery revenue	(120,713)	Net 30 days from the end of the month when invoice is issued	0.05
9	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(668,736)	Net 70 days from the end of the month when invoice is issued	0.27
10	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Sales revenue	(199,852)	Net 60 days from the end of the month when invoice is issued	0.08
11	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	622,404	Net 45 days from the end of the month when invoice is issued	0.49
11	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(3,566,700)	Net 45 days from the end of the month when invoice is issued	1.46
12	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(277,271)	Net 30-60 days from the end of the month when invoice is issued	0.11
13	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	(283,188)	Net 30 days from the end of the month when invoice is issued	0.12
14	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(305,169)	Net 15-20 days from the end of the month when invoice is issued	0.13
15	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales returns	149,679	Net 30-60 days from the end of the month when invoice is issued	0.06
16	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(195,552)	Net 30 days from the end of the month when invoice is issued	0.08

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized by the Company for the year ended December 31, 2018	Footnote
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	$ 6,712,138	$ 6,712,138	171,589,586	100.00	$ 25,850,474	$ 611,941	$ 615,496	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	1,367,838	290,300	290,300	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,518,487	490,073	343,051	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	694,277	99,980	80,855	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	756,001	227,432	167,956	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	566,145	333,022	233,115	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	467,659	17,497	15,747	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	645,440	341,444	204,866	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	489,299	76,172	65,508	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	372,945	80,643	69,965	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	506,392	271,711	271,711	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	417,935	422,359	211,285	Subsidiary
President Chain Store Corp.	President Yilan Art and Culture Corp.	Taiwan	Art and cultural exhibition	20,000	200,000	2,000,000	100.00	51,328	676	676	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	194,788	133,258	67,941	Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	356,073	5,787	5,787	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	753,904	116,093	23,219	Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,289,524	711,814	198,444	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	174,830	216,951	54,238	Subsidiary
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,518,380	1,677,876	327,178	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	1,984,125	158,079	30,035	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	461,328	475,420	16,591	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	114,755	(68,624)	(8,691)	Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	82,833	7,452	7,452	Subsidiary
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	59,241	31,630	31,630	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,995	1,764	1,626	Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	22,808	6,651	6,651	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	(9,454)	14,507	14,507	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(42,731)	18,558	18,558	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, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized by the Company for the year ended December 31, 2018	Footnote
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	$ 160,680	$ 160,680	10,000,000	100.00	$ 34,523	$ 24,027	$ 24,027	Subsidiary
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	76,331	3,114	3,114	Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(29,439)	(14,764)	(14,764)	Subsidiary
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	73,621	85,542	59,878	Subsidiary
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	147,900	147,900	14,789,999	51.00	41,659	(509)	(260)	Subsidiary
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	107,879	41,756	22,118	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	38,862	21,446	7,863	Note 1
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	21,347	38,142	5,718	Note 1
President Chain Store Corp.	Grand Bills Finance Corp.	Taiwan	Securities trading	-	1,050	-	-	-	568,805	67	Note 1
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	592	2	3	Subsidiary of a subsidiary
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	9,600	960,000	60.00	26,003	16,339	9,803	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	159,966	159,966	8,880,000	100.00	31,162	80	80	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,729	22,729	740,000	7.80	5,499	1,764	138	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,784,073	4,784,073	134,603,354	100.00	4,160,454	86,522	86,522	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	895,752	895,752	29,163,337	100.00	2,211,268	385,752	385,752	Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	894,891	894,891	394,970,516	52.22	2,210,541	887,060	399,934	Subsidiary of a subsidiary
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	310,438	19,473	19,473	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	89,415	5,935,900	100.00	72,393	(28,202)	(28,202)	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	422,359	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	333,022	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	99,980	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	76,172	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	490,073	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	80,643	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	133,258	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	227,432	-	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, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized by the Company for the year ended December 31, 2018	Footnote
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	$ -	$ -	1	-	$ -	$ 41,756	$ -	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	17,497	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	341,444	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	216,951	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	85,542	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	1	-	-	(509)	-	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	70,287	4,024	4,024	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	74,413	45,403	23,156	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	161,679	75,685	37,086	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	19,797	75,685	4,413	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	82,489	75,685	18,921	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	103,772	12,628	12,628	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	65,991	75,685	15,137	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	-	60,000	-	-	-	(31,023)	(17,539)	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,299	26,299	4,500,000	100.00	26,299	23,046	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,486	28,486	40,000	40.00	28,486	1,262	-	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, 2018

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, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2018	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	$ 272,749	Note 1	$ 158,815	$ -	$ -	$ 158,815	$ 266	100.00	$ 266	$ 31,093	$ -	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	446,536	Note 1	289,252	-	-	289,252	1,855	100.00	1,855	69,725	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,232,680	Note 1	2,373,578	-	-	2,373,578	(155,505)	100.00	(155,507)	68,214	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	61,430	Note 1	61,430	-	-	61,430	75,487	100.00	76,970	420,437	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	993,737	Note 1	1,005,579	-	-	1,005,579	(4,323)	100.00	(4,323)	47,631	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	589,428	Note 1	546,000	-	-	546,000	(21,399)	100.00	(21,696)	54,972	-	Note 2
Shan Dong President Yinzuo Commercial Limited	Supermarkets	267,922	Note 1	125,267	-	-	125,267	34,356	55.00	17,331	195,037	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	174,851	Note 1	85,544	89,307	-	174,851	(29,280)	73.74	(21,591)	28,837	56,866	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	178,614	Note 1	174,654	-	-	174,654	25,610	80.00	21,953	159,862	13,946	Note 2
Bejing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	461	Note 1	-	-	-	-	-	50.03	-	17	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	267,922	Note 1	267,922	-	-	267,922	25,872	100.00	25,863	331,098	-	Note 2
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	223,268	Note 1	223,268	-	-	223,268	6,904	100.00	6,447	200,347	-	Note 2
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	625,150	Note 1	267,922	357,228	-	625,150	(129,811)	100.00	(129,813)	412,947	-	Note 2
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	133,961	Note 1	-	133,961	-	133,961	(20,741)	100.00	(20,741)	113,642	-	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	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	$ 4,734,350	$ 8,488,824	$ 26,415,016
President Pharmaceutical Corp.	174,851	174,851	485,926
Uni-President Cold-Chain Corp.	91,144	91,144	633,116
Ren-Hui Investment Corp.	52,931	52,931	80,000