

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2017 AND 2016

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2017 AND 2016
CONTENTS

	<u>Items</u>	<u>Page</u>
1. Cover	1	
2. Contents	2	
3. Review report of independent accountants	3 ~ 4	
4. Consolidated balance sheets	5 ~ 6	
5. Consolidated statements of comprehensive income	7 ~ 8	
6. Consolidated statements of changes in equity	9	
7. Consolidated statements of cash flows	10 ~ 11	
8. Notes to the consolidated financial statements	12 ~ 46	
(1) History and organization	12	
(2) Date of authorization for issuance of the consolidated financial statements and procedures for authorization	12	
(3) Application of new standards, amendments and interpretations	12 ~ 14	
(4) Summary of significant accounting policies	14 ~ 18	
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	18	
(6) Details of significant accounts	18 ~ 34	
(7) Related party transactions	34 ~ 36	
(8) Pledged assets	37	
(9) Significant contingent liabilities and unrecognized contract commitments	37	
(10) Significant disaster loss	37	
(11) Significant events after the balance sheet date	37	
(12) Others	38 ~ 43	
(13) Supplementary disclosures	44	
(14) Segment information	45 ~ 46	

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of President Chain Store Corp. and its subsidiaries as of March 31, 2017 and 2016, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. Our review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Notes 4(3) and 6(7) of the consolidated financial statements, the financial statements of certain non-significant subsidiaries, investments accounted for using the equity method, and the information disclosed in Note 13 for the three-month periods ended March 31, 2017 and 2016 were not reviewed. The total assets of those subsidiaries and investments accounted for using the equity method amounted to NT\$29,525,695 thousand and NT\$28,662,244 thousand, both representing 32% of the consolidated total assets as of March 31, 2017 and 2016, respectively, and total liabilities amounted to NT\$12,388,452 thousand and NT\$12,671,784 thousand, both representing 22% of the consolidated total liabilities as of March 31, 2017 and 2016, respectively. The related total comprehensive income amounted to NT\$542,729 thousand and NT\$515,882 thousand, representing 20% and 19% of the consolidated total comprehensive income for the three-month periods ended March 31, 2017 and 2016, respectively.

Based on our reviews, except for the effect of any adjustments that might have been considered to be necessary had the financial statements of certain non-significant subsidiaries and investments accounted for using the equity method, and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

Chun-Yuan, Hsiao

Chien-Hung, Chou

for and on behalf of PricewaterhouseCoopers, Taiwan
May 3, 2017

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

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	March 31, 2017		December 31, 2016		March 31, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 29,709,132	32	\$ 32,003,633	34	\$ 28,578,529	32
1110	Financial assets at fair value through profit or loss - current	6(2)	992,774	1	847,954	1	2,826,766	3
1170	Accounts receivable, net	6(3) and 7	3,751,163	4	4,325,889	4	3,807,696	4
1200	Other receivables		1,504,805	2	1,143,071	1	1,204,800	1
1220	Current income tax assets	6(28)	829	-	1,448	-	1,159	-
130X	Inventories, net	6(4)	10,797,405	12	12,043,420	13	10,220,857	11
1410	Prepayments		1,359,160	1	1,387,459	1	1,466,820	2
1470	Other current assets		2,520,654	3	2,570,118	3	1,953,946	2
11XX	Total current assets		50,635,922	55	54,322,992	57	50,060,573	55
Non-current assets								
1523	Available-for-sale financial assets - non-current	6(5)	955,956	1	899,490	1	930,517	1
1543	Financial assets measured at cost - non-current	6(6)	27,388	-	27,494	-	27,490	-
1550	Investments accounted for using equity method	6(7)	10,977,011	12	11,071,449	12	10,661,125	12
1600	Property, plant and equipment, net	6(8)(24), 7 and 8	22,273,332	24	22,329,291	24	22,233,447	25
1760	Investment property, net	6(9)(31) and 7	1,534,631	2	1,359,189	1	1,411,793	2
1780	Intangible assets	6(10)(24)	1,206,948	1	1,076,176	1	1,139,864	1
1840	Deferred income tax assets	6(28)	1,250,480	2	1,208,032	1	1,133,665	1
1900	Other non-current assets	6(11) and 8	2,843,254	3	2,824,404	3	2,711,799	3
15XX	Total non-current assets		41,069,000	45	40,795,525	43	40,249,700	45
1XXX	Total assets		\$ 91,704,922	100	\$ 95,118,517	100	\$ 90,310,273	100

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2017		December 31, 2016		March 31, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 2,032,452	2	\$ 1,660,825	2	\$ 2,061,146	2
2110	Short-term notes and bills payable		526,875	1	274,000	-	428,000	1
2150	Notes payable	7	1,301,978	1	2,207,113	2	2,090,181	2
2170	Accounts payable		15,787,099	17	17,582,498	19	16,093,533	18
2180	Accounts payable - related parties	7	2,246,581	3	2,344,741	2	2,276,289	3
2200	Other payables	6(14)	18,524,546	20	22,942,333	24	18,995,427	21
2230	Current income tax liabilities	6(28)	1,683,150	2	1,151,241	1	1,647,991	2
2300	Other current liabilities	6(15)	4,403,450	5	4,431,973	5	3,939,111	4
21XX	Total current liabilities		<u>46,506,131</u>	<u>51</u>	<u>52,594,724</u>	<u>55</u>	<u>47,531,678</u>	<u>53</u>
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	792,112	1	869,479	1	923,472	1
2570	Deferred income tax liabilities	6(28)	45,745	-	10,219	-	34,724	-
2640	Net defined benefit liability	6(17)	4,261,785	5	4,265,972	5	4,077,253	5
2670	Other non-current liabilities	6(18)	4,183,423	4	4,117,193	4	3,992,472	4
25XX	Total non-current liabilities		<u>9,283,065</u>	<u>10</u>	<u>9,262,863</u>	<u>10</u>	<u>9,027,921</u>	<u>10</u>
2XXX	Total liabilities		<u>55,789,196</u>	<u>61</u>	<u>61,857,587</u>	<u>65</u>	<u>56,559,599</u>	<u>63</u>
Equity attributable to owners of the parent								
	Share capital	6(19)						
3110	Share capital - common stock		10,396,223	11	10,396,223	11	10,396,223	12
	Capital surplus	6(20)						
3200	Capital surplus		1,194	-	1,158	-	7,733	-
	Retained earnings	6(21)						
3310	Legal reserve		8,208,064	9	8,208,064	9	7,384,165	8
3350	Unappropriated retained earnings		12,580,449	14	9,839,244	10	11,180,275	12
	Other equity	6(22)						
3400	Other equity interest		(86,271)	-	171,589	-	579,782	1
31XX	Equity attributable to owners of the parent		<u>31,099,659</u>	<u>34</u>	<u>28,616,278</u>	<u>30</u>	<u>29,548,178</u>	<u>33</u>
36XX	Non-controlling interest		<u>4,816,067</u>	<u>5</u>	<u>4,644,652</u>	<u>5</u>	<u>4,202,496</u>	<u>4</u>
3XXX	Total equity		<u>35,915,726</u>	<u>39</u>	<u>33,260,930</u>	<u>35</u>	<u>33,750,674</u>	<u>37</u>
3X2X	Total liabilities and equity		<u>\$ 91,704,922</u>	<u>100</u>	<u>\$ 95,118,517</u>	<u>100</u>	<u>\$ 90,310,273</u>	<u>100</u>

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

Chairman: Lo, Chih-Hsien

President : Chen, Jui-Tang

Accounting Manager: Chang, Li-Ling

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

	Notes	For the three-month periods ended March 31			
		2017		2016	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23) and 7	\$ 53,001,927	100	\$ 51,519,542	100
5000 Operating costs	6(4)(24) and 7	(35,645,470)	(67)	(34,844,146)	(68)
5900 Gross profit		<u>17,356,457</u>	<u>33</u>	<u>16,675,396</u>	<u>32</u>
Operating expenses	6(24)(25)				
6100 Selling expenses		(12,572,889)	(24)	(12,171,840)	(23)
6200 General and administrative expenses		(2,006,318)	(4)	(1,985,135)	(4)
6000 Total operating expenses		<u>(14,579,207)</u>	<u>(28)</u>	<u>(14,156,975)</u>	<u>(27)</u>
6900 Operating profit		<u>2,777,250</u>	<u>5</u>	<u>2,518,421</u>	<u>5</u>
Non-operating income and expenses					
7010 Other income	6(26)	404,236	1	312,057	-
7020 Other gains and losses	6(27)	(27,635)	-	110,809	-
7050 Finance costs	6(13)(16)	(24,190)	-	(28,091)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>489,070</u>	<u>1</u>	<u>347,313</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>841,481</u>	<u>2</u>	<u>742,088</u>	<u>1</u>
7900 Profit before income tax		<u>3,618,731</u>	<u>7</u>	<u>3,260,509</u>	<u>6</u>
7950 Income tax expense	6(28)	(571,073)	(1)	(517,244)	(1)
8000 Profit for the period from continuing operations		<u>3,047,658</u>	<u>6</u>	<u>2,743,265</u>	<u>5</u>
8200 Profit for the period		<u>\$ 3,047,658</u>	<u>6</u>	<u>\$ 2,743,265</u>	<u>5</u>

(Continued)

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

	Notes	For the three-month periods ended March 31			
		2017		2016	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
8311	Remeasurements of net actuarial loss on defined benefit plan	(\$ 509)	-	\$ -	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss	(509)	-	-	-
8361	Exchange differences from translation of foreign operations	(436,104)	(1)	(21,230)	-
8362	Unrealized gain on valuation of available-for-sale financial assets	56,439	-	7,361	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss	(1,318)	-	-	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	181	-	1,115	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss	(380,802)	(1)	(12,754)	-
8300	Total other comprehensive loss for the period	(\$ 381,311)	(1)	(\$ 12,754)	-
8500	Total comprehensive income for the period	\$ 2,666,347	5	\$ 2,730,511	5
Profit attributable to:					
8610	Owners of the parent	\$ 2,741,471	5	\$ 2,447,246	5
8620	Non-controlling interests	306,187	1	296,019	-
		\$ 3,047,658	6	\$ 2,743,265	5
Comprehensive income attributable to:					
8710	Owners of the parent	\$ 2,483,345	5	\$ 2,434,492	4
8720	Non-controlling interests	183,002	-	296,019	1
		\$ 2,666,347	5	\$ 2,730,511	5
9750	Basic earnings per share (in dollars)	6(29)	\$ 2.64	\$ 2.35	
9850	Diluted earnings per share (in dollars)	6(29)	\$ 2.63	\$ 2.35	

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

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

Notes	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Other equity interest	Total		
					Exchange differences from translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets		
<u>For the three-month period ended March 31, 2016</u>								
Balance at January 1, 2016	\$ 10,396,223	\$ 7,733	\$ 7,384,165	\$ 8,733,029	\$ 209,326	\$ 383,210	\$ 27,113,686	\$ 31,091,502
Profit for the period	-	-	-	2,447,246	-	-	2,447,246	296,019 2,743,265
Other comprehensive income (loss) for the period	6(22)	-	-	-	- (21,230)	8,476 (12,754)	- (71,339)	(71,339)
Non-controlling interest	-	-	-	-	-	-	- (4,202,496)	\$ 33,750,674
Balance at March 31, 2016	<u>\$ 10,396,223</u>	<u>\$ 7,733</u>	<u>\$ 7,384,165</u>	<u>\$ 11,180,275</u>	<u>\$ 188,096</u>	<u>\$ 391,686</u>	<u>\$ 29,548,178</u>	<u>\$ 33,750,674</u>
<u>For the three-month period ended March 31, 2017</u>								
Balance at January 1, 2017	\$ 10,396,223	\$ 1,158	\$ 8,208,064	\$ 9,839,244	(\$ 186,228)	\$ 357,817	\$ 28,616,278	\$ 33,260,930
Profit for the period	-	-	-	2,741,471	-	-	2,741,471	306,187 3,047,658
Adjustment of capital surplus due to associates' adjustment of capital surplus	-	36	-	-	-	-	36	- 36
Other comprehensive income (loss) for the period	6(22)	-	-	- (266)	(314,366)	56,506 (258,126)	(123,185)	(381,311)
Non-controlling interest	-	-	-	-	-	-	- (4,816,067)	(11,587)
Balance at March 31, 2017	<u>\$ 10,396,223</u>	<u>\$ 1,194</u>	<u>\$ 8,208,064</u>	<u>\$ 12,580,449</u>	<u>(\$ 500,594)</u>	<u>\$ 414,323</u>	<u>\$ 31,099,659</u>	<u>\$ 35,915,726</u>

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

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

	Notes	For the three-month periods ended March 31	
		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 3,618,731	\$ 3,260,509
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)	(1,136)	(2,383)
Provision for doubtful accounts	6(3)	7,314	(284)
Depreciation on property, plant and equipment	6(8)	1,256,227	1,297,649
Amortization		73,849	84,783
Depreciation on investment property	6(9)	4,227	4,476
Finance costs		24,190	28,091
Share of profit of associates and joint ventures accounted for using equity method		(489,070)	(347,313)
Gain on disposal of investments in subsidiaries		- (8,467)	(114,212)
Loss on disposal of property, plant and equipment, net		(8,467)	14,271
Interest income	6(26)	(37,898)	(34,938)
Reversal of impairment loss on property, plant and equipment	6(8)	(839)	(9,947)
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		(143,684)	2,796,003
Accounts receivable		567,412	487,453
Other receivables		(374,880)	130,140
Inventories		1,246,015	1,329,696
Prepayments		28,299	(262,805)
Other current assets		49,464	46,493
Net changes in liabilities relating to operating activities			
Notes payable		(905,135)	943,189
Accounts payable		(1,893,559)	(839,261)
Other payables		(3,716,728)	(2,288,067)
Advance receipts		(19,318)	155,332
Net defined benefit liabilities - non-current		(4,187)	(28,339)
Cash generated from operations		(702,239)	6,650,536
Interest received		51,044	36,250
Income tax paid		(45,285)	(36,558)
Interest paid		(23,581)	(28,422)
Dividends received		478,540	269,099
Net cash provided by operating activities		(241,521)	6,890,905

(Continued)

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

	Notes	For the three-month periods ended March 31	
		2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(32)	(\$ 1,992,077)	(\$ 1,670,231)
Acquisition of investment property		(179,669)	-
Proceeds from disposal of property, plant and equipment		48,977	55,435
Proceeds from disposal of investments in subsidiaries		-	238,030
Decrease in guarantee deposits paid		5,595	8,834
Acquisition of intangible assets		(192,398)	(17,122)
Increase in other non-current assets		(39,038)	(3,478)
Net cash used in investing activities		<u>(2,348,610)</u>	<u>(1,388,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		371,627	(393,153)
Increase in short-term notes and bills payable		252,875	33,000
Increase in long-term borrowings		14,800	278,827
Repayment of long-term borrowings		(83,949)	(3,222)
Increase in guarantee deposits received		63,517	128,399
Increase in other non-current liabilities		2,713	67,381
Change in non-controlling interests		(11,587)	(4,160)
Net cash provided by financing activities		<u>609,996</u>	<u>107,072</u>
Effect of foreign exchange rate changes on cash and cash equivalents		(314,366)	(21,230)
(Decrease) increase in cash and cash equivalents		(2,294,501)	5,588,215
Cash and cash equivalents at beginning of period		32,003,633	22,990,314
Cash and cash equivalents at end of period		<u>\$ 29,709,132</u>	<u>\$ 28,578,529</u>

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

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

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 3, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments as endorsed by FSC effective from 2017 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, ‘Regulatory deferral accounts’	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group’s financial condition and operating results based on the Group’s assessment.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	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
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. 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 amortised 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 recognise 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.

B. IFRS 16, "Leases"

IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and SICs. The standard requires lessees to recognise 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation, and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2016. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2016.

(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) Available-for-sale financial assets measured at fair value.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of financial statements, in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs"), requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. The basis for preparation of consolidated financial statements is as follows:
 - (a) The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2016.
 - (b) The details of the individual financial statements of the Company's subsidiaries reviewed or unreviewed by the independent accountants are summarized below:

Name of the subsidiaries	March 31, 2017	March 31, 2016
Retail Support International Corp.	Financial statements were reviewed	Financial statements were reviewed

Name of the subsidiaries	March 31, 2017	March 31, 2016
President Chain Store (BVI) Holdings Ltd.	Financial statements were reviewed	Financial statements were reviewed
Shan Dong President Yinzuo Commercial Limited	"/	"/
Mech-President Corp.	"/	"/
President Transnet Corp.	"/	"/
President Drugstore Business Corp.	"/	"/
Books.com. Co., Ltd.	"/	"/
Uni-President Cold-Chain Corp.	"/	"/
Uni-President Superior Commissary Corp. (Formerly Known as "President Musashino Corp.")	"/	"/
President Pharmaceutical Corp.	"/	"/
Uni-President Department Store Corp.	"/	"/
Other subsidiaries	Financial statements were unreviewed	Financial statements were unreviewed

(c) The financial statements of the subsidiary, Philippine Seven Corp., for the year ended December 31, 2016 were audited by other independent accountants, and the financial statements of other subsidiaries were audited by the same independent accountants as appointed by the Company.

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2017	December 31, 2016	March 31, 2016	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	92.20	
The Company	Wisdom Distribution Service Corp.	Logistics and storage of publication and e-commerce	100.00	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	100.00	
The Company	Capital Inventory Services Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	Uni-President Yi-Lan Art and Culture Corp.	Art and cultural exhibition	100.00	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Sales of ice cream	100.00	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd.	Life and property insurance	100.00	100.00	100.00	
The Company	21 Century Enterprise Co., Ltd.	Restaurant and sales of goods	100.00	100.00	100.00	
The Company	President Being Corp.	Sports and entertainment business	100.00	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	icash Corp.	Electronic ticketing	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2017	December 31, 2016	March 31, 2016	
The Company	Uni-President Superior Commissary Corp. (Formerly Known as "President Musashino Corp.")	Fresh food manufacture	90.00	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software services	86.76	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	86.00	
The Company	Mech-President Corp.	Gas station, installment and maintenance of elevators	80.87	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	73.74	
The Company	President Collect Services Co., Ltd.	Collection agent	70.00	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	60.00	
The Company	Duskin Serve Taiwan Co.	Cleaning instruments leasing and selling	51.00	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Operation of restaurants	51.00	51.00	51.00	
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	25.00	(a)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	Presiclerc Limited	Professional investment	-	-	100.00	(b)
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	100.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Publishing	60.00	60.00	60.00	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Logistics and storage of room temperature	51.00	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	6.00	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2017	December 31, 2016	March 31, 2016	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	100.00	
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	100.00	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation, repair and maintenance	100.00	100.00	100.00	
Mech-President Corp.	President Jing Corp.	Gas station	60.00	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	52.22	52.22	51.56	(c)
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Cayman) Restaurant Limited	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	55.00	55.00	55.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	Retail hypermarket	-	-	100.00	(d)
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	100.00	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	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Royal Host (Shanghai) Ltd.	Operation of restaurants	-	-	51.00	(e)
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	100.00	
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	(f)
Shanghai President Logistics Co., Ltd.	President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	100.00	100.00	-	(g)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2017	December 31, 2016	March 31, 2016	
PCSC (Cayman) Restaurant Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	100.00	100.00	100.00	
Presiclerc Limited	Presiclerc (Beijing) Supermarket Co., Ltd.	Retail hypermarket	-	-	92.33	(b)
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	(f)

(a) 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.

(b) The Company sold its shares of the subsidiaries, Presiclerc Limited and Presiclerc (Beijing) Supermarket Co., Ltd., in July 2016. All the related payments were received.

(c) The Company acquired additional 0.66% shares of the subsidiary, Philippine Seven Corp., in September 2016. Please refer to Note 6(30).

(d) The Company liquidated the subsidiary, PCSC (Sichuan) Hypermarket Limited, in December 2016. The process of cancellation of registration has been completed on January 31, 2017.

(e) The subsidiary, President Royal Host (Shanghai) Ltd., was liquidated in April 2016.

(f) The Company and its subsidiary held 50% shareholding in Zhejiang Uni-Champion Logistics Development Co., Ltd. and the investee was recognized using equity method. Shanghai President Logistics Co., Ltd. acquired the other 50% shareholding in Zhejiang Uni-Champion Logistics Development Co., Ltd. in December 2015. After the acquisition, Zhejiang Uni-Champion Logistics Development Co., Ltd. became a consolidated entity of the Group since December 2015.

(g) The subsidiary of the Company was established in December 2016.

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.

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

There were no significant changes during the period. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2016.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand and petty cash	\$ 949,133	\$ 1,603,230	\$ 872,627
Checking accounts and demand deposits	6,523,974	8,906,034	11,874,607
Cash equivalents			
Time deposits	13,985,802	12,763,518	10,109,254
Short-term financial instruments	8,250,223	8,730,851	5,722,041
	<u>\$ 29,709,132</u>	<u>\$ 32,003,633</u>	<u>\$ 28,578,529</u>

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

B. Information about time deposits provided as security for performance guarantees and reclassified as

“Other non-current assets – guarantee deposits paid” is provided in Note 8.

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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Financial assets held for trading			
Open-ended fund	\$ 987,566	\$ 843,882	\$ 2,820,872
Valuation adjustment of financial assets held for trading	<u>5,208</u>	<u>4,072</u>	<u>5,894</u>
	<u>\$ 992,774</u>	<u>\$ 847,954</u>	<u>\$ 2,826,766</u>

The Group recognized net gain of \$1,820 and \$4,111 on financial assets held for trading for the three-month periods ended March 31, 2017 and 2016, respectively.

(3) Accounts receivable

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Accounts receivable	\$ 3,958,914	\$ 4,557,391	\$ 3,978,337
Less: allowance for sales returns and discounts	(88,358)	(118,853)	(72,072)
allowance for doubtful accounts	(119,393)	(112,649)	(98,569)
	<u>\$ 3,751,163</u>	<u>\$ 4,325,889</u>	<u>\$ 3,807,696</u>

- A. The sales revenue of the Group is mainly received in the form of cash and credit card charges. Accounts receivable mainly consist of payments due from banks for third-party credit cards and operating income from department stores. The maximum exposure to credit risk at the balance sheet date is the carrying amount of accounts receivable less allowance for doubtful accounts.
- B. An ageing analysis based on the past due date of accounts receivable that were past due but not impaired is provided below:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Up to 90 days	\$ 128,197	\$ 146,432	\$ 111,147
91 to 180 days	5,667	8,194	9,863
181 to 365 days	1,863	4,476	9,755
Over 365 days	-	6,175	639
	<u>\$ 135,727</u>	<u>\$ 165,277</u>	<u>\$ 131,404</u>

- C. Movement analysis of financial assets that were impaired is as follows:

- (a) As of March 31, 2017, December 31, 2016, and March 31, 2016, the Group’s accounts receivable that were impaired amounted to \$119,393, \$112,649 and \$98,569, respectively.
- (b) Movements on the Group’s provision for impairment of accounts receivable are as follows:

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
At January 1	\$ 112,649	\$ 128,880
Provision for impairment	12,769	2,175
Reversal of impairment	(5,455)	(2,459)
Write-offs	(570)	(30,027)
At March 31	<u>\$ 119,393</u>	<u>\$ 98,569</u>

(4) Inventories

	March 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 92,363	\$ -	\$ 92,363
Merchandise and finished goods	<u>10,870,725</u>	(<u>165,683</u>)	<u>10,705,042</u>
	<u>\$ 10,963,088</u>	(<u>\$ 165,683</u>)	<u>\$ 10,797,405</u>

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 109,091	\$ -	\$ 109,091
Merchandise and finished goods	<u>12,197,707</u>	(<u>263,378</u>)	<u>11,934,329</u>
	<u>\$ 12,306,798</u>	(<u>\$ 263,378</u>)	<u>\$ 12,043,420</u>

	March 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 79,916	\$ -	\$ 79,916
Merchandise and finished goods	<u>10,310,825</u>	(<u>169,884</u>)	<u>10,140,941</u>
	<u>\$ 10,390,741</u>	(<u>\$ 169,884</u>)	<u>\$ 10,220,857</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Cost of goods sold	\$ 35,246,650	\$ 34,420,506
Gain on reversal of valuation of inventories	(97,695)	(7,970)
Spoilage	441,832	375,872
Others	<u>54,683</u>	<u>55,738</u>
	<u>\$ 35,645,470</u>	<u>\$ 34,844,146</u>

The Group reversed a previous inventory write-down because the Group sold certain inventories which were previously provided with allowance for the three-month periods ended March 31, 2017 and 2016, respectively.

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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	42,079	42,079	42,231
Government bonds	199,760	199,733	199,652
	507,445	507,418	507,489
Valuation adjustment	448,511	392,072	423,028
	<u>\$ 955,956</u>	<u>\$ 899,490</u>	<u>\$ 930,517</u>

- A. The Group recognized \$56,439 and \$7,361 in other comprehensive income in relation to fair value changes for the three-month periods ended March 31, 2017 and 2016, respectively.
- B. The counterparties of debt instrument investments the Group invests in are of good credit quality.

(6) Financial assets carried at cost - non-current

- A. Based on the Group's intention, its investment in unlisted stocks should be classified as "available-for-sale financial assets". However, as those unlisted stocks are not traded in an active market, and no sufficient industry information of companies similar to these unlisted stocks can be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. As a result, the Group classified those stocks as "financial assets carried at cost".
- B. As of March 31, 2017, December 31, 2016, and March 31, 2016, no financial assets carried at cost held by the Group were pledged to others.

(7) Investments accounted for using the equity method

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Associates:			
PresiCarre Corp.	\$ 5,224,536	\$ 5,142,151	\$ 5,128,305
President Fair Development Corp.	1,940,247	1,952,428	2,008,806
Uni-President Development Corp.	824,424	819,847	918,016
President International Development Corp.	468,625	466,663	457,376
Tung Ho Development Corp.	85,217	88,539	93,722
President Organics Corp., etc.	67,013	61,403	62,793
	<u>8,610,062</u>	<u>8,531,031</u>	<u>8,669,018</u>
Joint ventures:			
President Coffee (Cayman) Holdings	\$ 1,747,855	\$ 1,998,444	\$ 1,452,414
President Starbucks Coffee Corp.	513,731	450,659	454,711
Mister Dount Taiwan Corp., Ltd.	105,363	91,315	84,982
	<u>2,366,949</u>	<u>2,540,418</u>	<u>1,992,107</u>
	<u>\$ 10,977,011</u>	<u>\$ 11,071,449</u>	<u>\$ 10,661,125</u>

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

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

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

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Total comprehensive income	\$ 78,994	\$ 50,149

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

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Total comprehensive income	\$ 408,758	\$ 297,164

(8) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2017</u>							
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)
	<u>\$ 2,230,395</u>	<u>\$ 2,427,169</u>	<u>\$ 2,112,074</u>	<u>\$ 6,427,977</u>	<u>\$ 5,066,870</u>	<u>\$ 4,064,806</u>	<u>\$ 22,329,291</u>
<u>2017</u>							
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	28,823	4,291	176,852	441,315	399,220	511,080	1,561,581
Disposals	-	(613)	(6,525)	(31,037)	(17,249)	(2,020)	(57,444)
Reclassifications	-	-	73,975	13,953	10,288	(118,144)	(19,928)
Depreciation charge	-	(45,030)	(142,599)	(522,229)	(292,494)	(253,875)	(1,256,227)
Reversal of impairment loss	-	-	-	221	-	618	839
Net exchange differences	(1,832)	(2,880)	(5,034)	(21,553)	(82,493)	(170,988)	(284,780)
Closing net book amount as of March 31	<u>\$ 2,257,386</u>	<u>\$ 2,382,937</u>	<u>\$ 2,208,743</u>	<u>\$ 6,308,647</u>	<u>\$ 5,084,142</u>	<u>\$ 4,031,477</u>	<u>\$ 22,273,332</u>
<u>At March 31, 2017</u>							
Cost	\$ 2,273,905	\$ 4,038,184	\$ 5,994,194	\$ 18,910,410	\$ 12,921,342	\$ 8,326,460	\$ 52,464,495
Accumulated depreciation and impairment	(16,519)	(1,655,247)	(3,785,451)	(12,601,763)	(7,837,200)	(4,294,983)	(30,191,163)
	<u>\$ 2,257,386</u>	<u>\$ 2,382,937</u>	<u>\$ 2,208,743</u>	<u>\$ 6,308,647</u>	<u>\$ 5,084,142</u>	<u>\$ 4,031,477</u>	<u>\$ 22,273,332</u>

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2016</u>							
Cost	\$ 2,249,588	\$ 4,038,997	\$ 5,459,989	\$ 18,713,302	\$ 12,242,425	\$ 7,556,878	\$ 50,261,179
Accumulated depreciation and impairment	-	(1,457,639)	(3,362,211)	(12,108,333)	(6,771,150)	(4,222,470)	(27,921,803)
	<u>\$ 2,249,588</u>	<u>\$ 2,581,358</u>	<u>\$ 2,097,778</u>	<u>\$ 6,604,969</u>	<u>\$ 5,471,275</u>	<u>\$ 3,334,408</u>	<u>\$ 22,339,376</u>
<u>2016</u>							
Opening net book amount as of January 1	\$ 2,249,588	\$ 2,581,358	\$ 2,097,778	\$ 6,604,969	\$ 5,471,275	\$ 3,334,408	\$ 22,339,376
Additions	-	85	174,371	377,386	348,751	352,542	1,253,135
Disposals	-	-	(1,299)	(27,263)	(37,841)	(3,303)	(69,706)
Reclassifications	-	-	54,485	45,345	538	(100,670)	(302)
Depreciation charge	-	(45,212)	(142,000)	(545,137)	(280,176)	(285,124)	(1,297,649)
Reversal of impairment loss	-	-	-	905	40	9,002	9,947
Net exchange differences	(28)	(50)	(269)	(1,408)	(1,769)	2,170	(1,354)
Closing net book amount as of March 31	<u>\$ 2,249,560</u>	<u>\$ 2,536,181</u>	<u>\$ 2,183,066</u>	<u>\$ 6,454,797</u>	<u>\$ 5,500,818</u>	<u>\$ 3,309,025</u>	<u>\$ 22,233,447</u>
<u>At March 31, 2016</u>							
Cost	\$ 2,249,560	\$ 4,031,610	\$ 5,617,701	\$ 18,659,390	\$ 12,346,067	\$ 7,749,424	\$ 50,653,752
Accumulated depreciation and impairment	-	(1,495,429)	(3,434,635)	(12,204,593)	(6,845,249)	(4,440,399)	(28,420,305)
	<u>\$ 2,249,560</u>	<u>\$ 2,536,181</u>	<u>\$ 2,183,066</u>	<u>\$ 6,454,797</u>	<u>\$ 5,500,818</u>	<u>\$ 3,309,025</u>	<u>\$ 22,233,447</u>

B. Information on reversal of impairment loss on property, plant and equipment is provided in Note 6(12).

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

(9) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>2017</u>			
January 1, 2017	\$ 902,270	\$ 456,919	\$ 1,359,189
Additions	160,747	18,922	179,669
Depreciation charge	- (4,227)	(4,227)	(4,227)
March 31, 2017	<u>\$ 1,063,017</u>	<u>\$ 471,614</u>	<u>\$ 1,534,631</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>2016</u>			
January 1, 2016	\$ 902,270	\$ 513,999	\$ 1,416,269
Depreciation charge	- (4,476)	(4,476)	(4,476)
March 31, 2016	<u>\$ 902,270</u>	<u>\$ 509,523</u>	<u>\$ 1,411,793</u>

The fair value of the investment property held by the Group ranged from \$2,565,234 to \$3,608,641 over the period from March 31, 2016 to March 31, 2017. These figures are based on similar investment properties in the neighboring area or valued by independent appraisers. The valuations were made using the comparative method and income approach. The key assumptions include a growth rate of 2% and a discount rate 2.63%.

(10) Intangible assets

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Software	\$ 554,944	\$ 593,921	\$ 584,064
Goodwill	377,007	378,673	391,990
Others	<u>274,997</u>	<u>103,582</u>	<u>163,810</u>
	<u>\$ 1,206,948</u>	<u>\$ 1,076,176</u>	<u>\$ 1,139,864</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(11) Other non-current assets

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Guarantee deposits paid	\$ 2,370,893	\$ 2,376,488	\$ 2,329,798
Others	<u>472,361</u>	<u>447,916</u>	<u>382,001</u>
	<u>\$ 2,843,254</u>	<u>\$ 2,824,404</u>	<u>\$ 2,711,799</u>

(12) Impairment loss

- A. The Group recognized reversal of impairment loss for the three-month periods ended March 31, 2017 and 2016 amounting to \$839 and \$9,947, respectively.
- 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.

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	<u>\$ 2,032,452</u>	0.80%~4.57%	None

Type of borrowings	December 31, 2016	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	\$ 1,660,825	0.98%~4.35%	None
Type of borrowings	March 31, 2016	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	\$ 2,011,146	0.9%~5.1%	None
Secured borrowings	50,000	1.18%	Property, plant and equipment
	\$ 2,061,146		

There was no capitalization of borrowing costs for the three-month periods ended March 31, 2017 and 2016. Relevant interest expense on borrowings is recognized as “finance costs”.

(14)Other payables

	March 31, 2017	December 31, 2016	March 31, 2016
Store collections	\$ 7,986,564	\$ 9,577,091	\$ 9,148,515
Wages, salaries and bonus payable	3,091,068	4,194,182	2,799,825
Sales receipt on behalf of others	981,595	1,175,306	1,276,507
Incentive bonus payable to franchisees	873,261	853,388	747,998
Rent payable	680,470	682,966	760,018
Employees' bonus and remuneration for directors and supervisors	383,016	886,756	789,396
Payables for acquisition of property, plant and equipment	453,227	883,723	473,947
Payables for labor and health insurance	222,311	224,975	230,645
Others	3,853,034	4,463,946	2,768,576
	\$ 18,524,546	\$ 22,942,333	\$ 18,995,427

(15)Other current liabilities

	March 31, 2017	December 31, 2016	March 31, 2016
Advance receipts for gift certificates	\$ 1,200,026	\$ 1,200,808	\$ 1,186,005
Advance receipts of deposits in icash cards	961,584	894,940	787,135
Advance receipts for gift cards	680,183	697,721	513,102
Advance receipts of members' deposits	435,943	457,262	362,536
Advance receipts for franchise fee	232,377	233,901	226,288
Current portion of long-term liabilities	194,446	203,652	152,230
Others	698,891	743,689	711,815
	\$ 4,403,450	\$ 4,431,973	\$ 3,939,111

(16) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	March 31, 2017
<u>Long-term bank borrowings</u>			
Credit loan	0.88%~3.10%	None	\$ 702,438
Secured borrowings	1.99%~2.25%	Property, plant and equipment	280,907
			983,345
Less: current portion			(191,233)
			\$ 792,112

Type of borrowings	Interest rate range	Collateral	December 31, 2016
<u>Long-term bank borrowings</u>			
Credit loan	0.88%~3.10%	None	\$ 772,591
Secured borrowings	1.99%~2.24%	Property, plant and equipment	294,277
			1,066,868
Less: current portion			(197,389)
			\$ 869,479

Type of borrowings	Interest rate range	Collateral	March 31, 2016
<u>Long-term bank borrowings</u>			
Credit loan	0.983%~2.77%	None	\$ 778,515
Secured borrowings	2.32%~2.36%	Property, plant and equipment	275,949
			1,054,464
Less: current portion			(130,992)
			\$ 923,472

- A. There was no capitalization of borrowing costs for the three-month periods ended March 31, 2017 and 2016. Relevant interest expense on borrowings is recognized as “finance costs”.
- B. The Group had undrawn long-term borrowings of \$7,590,834, \$7,946,043, and \$6,903,667 as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.

(17) 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%-15% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by

aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, operates an employer matching pension plan, under which the employer contributes the same amount as employee's to the employee's individual pension accounts.

For the aforementioned pension plan, the Group recognised pension costs of \$40,183 and \$39,185 for the three-month periods ended March 31, 2017 and 2016, respectively.

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

(a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2017 and 2016 was 13%~21% and 14%~22.1%, respectively. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2017 and 2016 were \$198,379 and \$203,119, respectively.

(18) Other non-current liabilities

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Guarantee deposit received	\$ 3,302,704	\$ 3,239,187	\$ 3,184,318
Decommissioning liability	403,076	376,896	364,980
Deferred income	230,631	185,412	158,007
Others	247,012	315,698	285,167
	<u>\$ 4,183,423</u>	<u>\$ 4,117,193</u>	<u>\$ 3,992,472</u>

(19) Share capital

As of March 31, 2017, the Company's authorized capital was \$10,500,000, consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's outstanding ordinary shares was 1,039,622,255 as of March 31, 2017 and January 1, 2017.

(20) Capital surplus

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

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as a legal reserve. The Company may then set aside or reserve a certain amount as special

reverse according to the relevant regulations. The appropriation of the remaining earnings and prior years' unappropriated retained earnings should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2016 as proposed by the Board of Directors on February 22, 2017 and for 2015 as resolved by the shareholders on June 15, 2016 are as follows:

	2016	2015
	Dividends per share	Dividends per share
	<u>Amount</u> (in dollars)	<u>Amount</u> (in dollars)
Legal reserve	\$ 983,669	\$ 823,899
Cash dividends - retained earnings	8,316,978	\$ 8.00
	7,485,280	\$ 7.20

As of May 3, 2017, the appropriation for 2016 has not yet resolved by the shareholders.

- E. See Note 6(25) for information on employees' compensation (bonuses) and directors' and supervisors' remuneration.

(22)Other equity items

	<u>For the three-month period ended March 31, 2017</u>		
	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	-	56,439	56,439
–Associates	- (114)	(114)	(114)
Revaluation-tax	-	181	181
Currency translation differences:			
–Group	(313,162)	- (313,162)	(313,162)
–Associates	(1,204)	- (1,204)	(1,204)
At March 31, 2017	<u>(\$ 500,594)</u>	<u>\$ 414,323</u>	<u>(\$ 86,271)</u>

	For the three-month period ended March 31, 2016		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2016	\$ 209,326	\$ 383,210	\$ 592,536
Revaluation:			
–Group	-	7,361	7,361
Revaluation-tax	-	1,115	1,115
Currency translation differences:			
–Group	(21,230)	-	(21,230)
At March 31, 2016	<u>\$ 188,096</u>	<u>\$ 391,686</u>	<u>\$ 579,782</u>

(23)Operating revenue

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Sales revenue	\$ 46,994,671	\$ 46,149,288
Service revenue	3,218,005	3,053,090
Other operating revenue	<u>2,789,251</u>	<u>2,317,164</u>
	<u>\$ 53,001,927</u>	<u>\$ 51,519,542</u>

(24)Expenses by nature

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Cost of goods sold	\$ 31,632,327	\$ 31,607,681
Employee benefit expense	5,390,014	5,320,423
Incentive bonuses for franchisees	4,536,664	4,112,177
Operating lease payments	2,592,709	2,515,681
Depreciation and amortization	1,330,076	1,382,432
Utilities expense	839,578	855,653
Other costs and expenses	<u>3,903,309</u>	<u>3,207,074</u>
Total operating costs and operating expenses	<u>\$ 50,224,677</u>	<u>\$ 49,001,121</u>

(25)Employee benefit expense

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Wages and salaries	\$ 4,409,445	\$ 4,399,194
Labor and health insurance fees	444,252	404,186
Pension costs	238,562	242,304
Other personnel expenses	<u>297,755</u>	<u>274,739</u>
	<u>\$ 5,390,014</u>	<u>\$ 5,320,423</u>

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

B. For the three-month periods ended March 31, 2017 and 2016, employees' compensation was accrued at \$143,812 and \$127,622, respectively; while directors' and supervisors' remuneration was accrued at \$48,047 and \$42,638, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the three-month period ended March 31, 2017.

Employees' bonus and directors' and supervisors' remuneration for 2016 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2016 financial statements.

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

(26)Other income

	For the three-month period ended <u>March 31, 2017</u>	For the three-month period ended <u>March 31, 2016</u>
Grants income	\$ 142,598	\$ 152,776
Rental revenue	42,573	107,218
Interest income	37,898	34,938
Others	<u>181,167</u>	<u>17,125</u>
	<u><u>\$ 404,236</u></u>	<u><u>\$ 312,057</u></u>

(27)Other gains and losses

	For the three-month period ended <u>March 31, 2017</u>	For the three-month period ended <u>March 31, 2016</u>
Gain on disposal of investments	\$ 684	\$ 115,940
Others	(28,319)	(5,131)
	<u><u>\$ 27,635</u></u>	<u><u>\$ 110,809</u></u>

(28)Income tax

A. Income tax expense

(a)Components of income tax expense:

	For the three-month period ended <u>March 31, 2017</u>	For the three-month period ended <u>March 31, 2016</u>
Current tax:		
Current tax on profits for the period	\$ 570,573	\$ 503,664
Under (over) provision of prior year's income tax	<u>118</u>	<u>(191)</u>
Total current tax	<u><u>570,691</u></u>	<u><u>503,473</u></u>
Deferred tax:		
Origination and reversal of temporary differences	<u>382</u>	<u>13,771</u>
Income tax expense	<u><u>\$ 571,073</u></u>	<u><u>\$ 517,244</u></u>

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

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
Fair value gains/losses on available-for-sale financial assets	(\$ 181)	(\$ 1,115)
B. The Company's income tax returns through tax year 2015 have been assessed and approved by the Tax Authority.		
C. All the unappropriated earnings were generated on and after January 1, 1998.		
D. The balance of the imputation tax credit account was \$1,124,993, \$1,125,612, and \$1,312,305 as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively. The creditable tax rate was 21.61% for 2015 and the estimated creditable tax rate is 20.48% for 2016.		

(29) Earnings per share

	<u>For the three-month period ended March 31, 2017</u>		
	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	\$ 2,741,471	1,039,622	\$ 2.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 2,741,471	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	2,153	
Employees' bonus	-	2,153	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,741,471	1,041,775	\$ 2.63
 For the three-month period ended March 31, 2016			
	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	\$ 2,447,246	1,039,622	\$ 2.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 2,447,246	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	2,437	
Employees' bonus	-	2,437	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,477,246	1,042,059	\$ 2.35

(30) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

In September, 2016, the Group acquired an additional 0.66% shares of the subsidiary, Philippine Seven Corp., for a cash consideration of \$266,428. The carrying amount of non-controlling interest in Philippine Seven Corp. was \$19,300 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$19,300 and a decrease in the equity attributable to owners of the parent by \$247,128. The effect of changes in interests in Philippine Seven Corp. on the equity attributable to owners of the parent for the year ended December 31, 2016 is shown below:

	<u>For the year ended December 31, 2016</u>
Carrying amount of non-controlling interest acquired	\$ 19,300
Consideration received from non-controlling interest	(266,428)
Capital surplus – difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	
(Decrease in Capital surplus" and "Unappropriated retained earnings")	(\$ 247,128)

B. For the three-month period ended March 31, 2017, the Group did not conduct any transaction with non-controlling interest.

(31) Operating leases

Lessor

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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Less than one year	\$ 81,140	\$ 82,807	\$ 93,243
Over one year but less than five years	203,420	207,925	259,232
Over five years	59,791	67,573	90,918
	<u>\$ 344,351</u>	<u>\$ 358,305</u>	<u>\$ 443,393</u>

Lessee

A. The Group leases business premises for its stores. The lease terms are between three 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 three-month periods ended March 31, 2017 and 2016 are as follows:

	<u>For the three-month period ended March 31, 2017</u>	<u>For the three-month period ended March 31, 2016</u>
Rental expenses	\$ 2,495,453	\$ 2,425,622
Contingent rent	\$ 97,256	\$ 90,059

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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Less than one year	\$ 8,433,642	\$ 8,595,157	\$ 7,967,456
Over one year but less than five years	27,257,602	27,192,685	25,016,441
Over five years	<u>13,857,345</u>	<u>14,443,449</u>	<u>12,434,791</u>
	<u>\$ 49,548,589</u>	<u>\$ 50,231,291</u>	<u>\$ 45,418,688</u>

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the three-month periods ended March 31, 2017 and 2016 are as follows:

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Sublease revenues	\$ 50,240	\$ 57,015
Contingent rent	\$ 289,615	\$ 301,450

In accordance with non-cancellable sub-lease agreements as of March 31, 2017, sub-lease payments totalling \$559,793 are expected to be collected between 2017 and 2026.

(32) Supplemental cash flow information

Investing activities with partial cash payments

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Purchase of property, plant and equipment	\$ 1,561,581	\$ 1,253,135
Add: opening balance of payable on equipment	883,723	891,043
Less: ending balance of payable on equipment	(453,227)	(473,947)
Cash paid during the period	<u>\$ 1,992,077</u>	<u>\$ 1,670,231</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of March 31, 2017.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Uni-President Enterprises Corp.	Ultimate parent company
Shanghai President Starbucks Coffee Corp.	Investees of the Group accounted for under the equity method
President Organics Corp.	"
Mister Donut Taiwan Co., Ltd.	"
President Starbucks Coffee Corp.	"
Hefei President Enterprises Co., Ltd	Subsidiaries of ultimate parent company
Kunshan President Enterprises Food Co., Ltd	"
President Tokyo Corp.	"

Names of related parties	Relationship with the Group
Uni-President Trading (Kunshan) Co., Ltd	Subsidiaries of ultimate parent company
Presco Netmarketing Inc.	"
Tung Ang Enterprises Corp.	"
President Packaging Corp.	"
Tait Marketing & Distribution Co., Ltd.	"
Lien-Bo Enterprises Corp.	"
Tong Sang Construction Corp.	"
President Enterprises (Shanghai) Co., Ltd.	"
Kuang Chuan Dairy Corp.	Investees of ultimate parent company accounted for under the equity method
Weilih Food Industrial Co., Ltd.	"
Kang Na Hsiung Enterprises Co., Ltd.	Investees of subsidiaries of ultimate parent company accounted for under the equity method
Kuan Chan Enterprises Corp.	"
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
<u>Sales of goods</u>		
Ultimate parent	\$ 135,969	\$ 124,016
Associates	300,507	228,441
Sister companies	56,437	53,824
Other related parties	13,586	12,511
<u>Sales of services</u>		
Ultimate parent	1,867	1,817
Associates	41,342	32,804
Sister companies	2,921	2,538
Other related parties	884	1,236
	<u>\$ 553,513</u>	<u>\$ 457,187</u>

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

B. Purchases

	For the three-month period ended March 31, 2017	For the three-month period ended March 31, 2016
<u>Ultimate parent</u>		
Associates	\$ 3,469,362	\$ 3,224,153
Sister companies	120,610	96,720
Other related parties	946,558	974,188
	<u>209,139</u>	<u>216,852</u>
	<u>\$ 4,745,669</u>	<u>\$ 4,511,913</u>

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

C. Receivables from related parties

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Ultimate parent	\$ 154,245	\$ 183,293	\$ 141,702
Associates	143,983	143,208	110,740
Sister companies	35,690	74,809	49,272
Other related parties	4,446	4,916	5,822
	<u>\$ 338,364</u>	<u>\$ 406,226</u>	<u>\$ 307,536</u>

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

D. Payables to related parties

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Ultimate parent	\$ 1,582,352	\$ 1,615,103	\$ 1,526,614
Associates	112,833	117,549	90,164
Sister companies	430,313	479,849	495,123
Other related parties	139,181	197,161	176,776
	<u>\$ 2,264,679</u>	<u>\$ 2,409,662</u>	<u>\$ 2,288,677</u>

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

E. Long-term installment payable

The subsidiaries, President Transnet Corp., Chieh-Shuen Logistics International Corp. and President Logistics International Corp., acquired transportation equipment on installment for up to five years. Details of the related long-term installment payables (under “Other current liabilities” and “Other non-current liabilities”) are as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Sister companies	\$ 3,229	\$ 6,317	\$ 23,948
Discount on the long-term installment payable	(10)	(49)	(10)
Net amount	3,219	6,268	23,938
Less: Current portion	(3,213)	(6,263)	(21,238)
	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 2,700</u>

F. Property transactions

Acquisition of property, plant and equipment and investment property:

	<u>Accounts</u>	<u>For the three-month period ended March 31, 2017</u>
Sister companies	Property, plant and equipment	\$ 32,215
	Investment property	179,669
		<u>\$ 211,884</u>

For the three-month period ended March 31, 2016, the Group did not conduct any related transaction.

(4) Key management compensation

	<u>For the three-month period ended March 31, 2017</u>	<u>For the three-month period ended March 31, 2016</u>
Salaries and other short-term employee benefits	\$ 169,737	\$ 179,927

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	March 31, 2017	December 31, 2016	
Land	\$ 368,869	\$ 368,869	Long-term and short-term borrowings and guarantee facilities
Buildings	205,280	211,041	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	306,957	474,585	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	49,165 \$ 930,271	31,065 \$ 1,085,560	Performance guarantee
Pledged asset	Book value		Purpose
Land	\$ 368,869		Long-term and short-term borrowings and guarantee facilities
Buildings	226,961		Long-term and short-term borrowings and guarantee facilities
Transportation equipment	474,012		Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	33.049 \$ 1,102,891		Performance guarantee

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. Fair value information of financial instruments

(a) Except for the items listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets carried at cost, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings) are approximate to their fair values. See Note 12(3) for information on financial instruments measured at fair value.

	March 31, 2017		December 31, 2016	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Guarantee deposit paid	\$ 2,370,893	\$ 2,356,564	\$ 2,376,488	\$ 2,359,056
Financial liabilities:				
Guarantee deposit received	\$ 3,302,704	\$ 3,273,860	\$ 3,239,187	\$ 3,212,077
		March 31, 2016		
		Book value	Fair value	
Financial assets:				
Guarantee deposit paid		\$ 2,329,798	\$ 2,294,039	
Financial liabilities:				
Guarantee deposit received		\$ 3,184,318	\$ 3,145,189	

(b) The methods and assumptions of fair value measurement are as follows:

Guarantee deposits paid/received are measured at the estimated fair value of the expected present cash flow.

B. Financial 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. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	March 31, 2017			December 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>(Foreign currency: functional currency)</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 853	30.330	\$ 25,871	\$ 942	32.250	\$ 30,380
RMB: NTD	32,151	4.4038	141,587	31,493	4.6436	146,241
JPY: NTD	97,997	0.2713	26,587	221,092	0.2756	60,933
HKD: NTD	-	-	-	9,136	4.1582	37,989
<u>Non-monetary items</u>						
JPY: NTD	\$ 728,400	0.2713	\$ 197,615	\$ 720,900	0.2756	\$ 198,680
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$ 567	30.330	\$ 17,197	\$ 585	32.250	\$ 18,866
JPY: NTD	89,303	0.2713	24,228	45,432	0.2756	12,521
<u>March 31, 2016</u>						
<u>(Foreign currency: functional currency)</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD				\$ 9,132	32.185	\$ 293,913
<u>Non-monetary items</u>						
JPY: NTD				\$ 606,600	0.2863	\$ 173,670
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD				\$ 638	32.185	\$ 20,534
JPY: NTD				227,031	0.2863	64,999

III. Total exchange losses, including realized and unrealized losses from significant foreign exchange variations on monetary items held by the Group amounted to \$1,153 and \$1,331 for the three-month periods ended March 31, 2017 and 2016, respectively.

Price risk

- The Group is exposed to price risk on its equity securities investments, which are classified on the consolidated balance sheet as either available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage price risk on its equity securities investments, the Group seeks to maintain diversified portfolio in line with set policy.
- The Group's equity securities investments comprise domestic listed stocks and open-ended funds. The prices of equity securities and open-ended funds may change due to changes in the future value of investee companies. If the prices of these equity securities increase or decrease by 5%, and open-ended funds increase or decrease by 0.25%, with all other variables held constant, the post-tax profit for the three-month periods ended March 31, 2017 and 2016 would have increased/decreased by \$2,469 and \$7,052, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$34,435 and \$33,073, respectively, over the same periods as a result of gains/losses on equity securities classified as available-for-sale.

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.
- II. The Group's invested open-ended funds are mainly quasi money market funds. The holding durations of short-term instruments transactions are short. The Group has assessed there is no significant market risk.

(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 under contract obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum credit rating of "A" are accepted.
- II. Management has assessed there are no significant losses due to non-performance by these counterparties for the three-month periods ended March 31, 2017 and 2016.

(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 (see Note 6(16)), 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 \$992,774, \$847,954 and \$2,826,766 as at March 31, 2017, December 31, 2016, and March 31, 2016, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>March 31, 2017</u>	<u>Less than</u>	<u>Between</u>	<u>Between</u>	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 2,081,616	\$ -	\$ -	\$ -
Short-term notes and bills payable	526,875	-	-	-
Notes payable	1,301,978	-	-	-
Accounts payable	18,033,680	-	-	-
Other payables	18,524,546	-	-	-
Long-term borrowings (including current portion)	214,130	358,334	7,053	456,192

Non-derivative financial liabilities:

<u>December 31, 2016</u>	<u>Less than</u>	<u>Between</u>	<u>Between</u>	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 1,697,601	\$ -	\$ -	\$ -
Short-term notes and bills payable	274,000	-	-	-
Notes payable	2,207,113	-	-	-
Accounts payable	19,927,239	-	-	-
Other payables	22,942,333	-	-	-
Long-term borrowings (including current portion)	225,744	439,038	71,141	399,393

Non-derivative financial liabilities:

<u>March 31, 2016</u>	<u>Less than</u>	<u>Between</u>	<u>Between</u>	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 2,064,881	\$ -	\$ -	\$ -
Short-term notes and bills payable	428,000	-	-	-
Notes payable	2,090,181	-	-	-
Accounts payable	18,369,822	-	-	-
Other payables	18,995,427	-	-	-
Long-term borrowings (including current portion)	169,729	464,030	12,457	495,272

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(9).

B. 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.

C. 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:

March 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 992,774	\$ -	\$ -	\$ 992,774
Available-for-sale financial assets				
Equity securities	688,690	-	64,577	753,267
Government bond	202,689	-	-	202,689
Subtotal	891,379	-	64,577	955,956
Total	\$ 1,884,153	\$ -	\$ 64,577	\$ 1,948,730
December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 847,954	\$ -	\$ -	\$ 847,954
Available-for-sale financial assets				
Equity securities	631,928	-	64,577	696,505
Government bond	202,985	-	-	202,985
Subtotal	834,913	-	64,577	899,490
Total	\$ 1,682,867	\$ -	\$ 64,577	\$ 1,747,444
March 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 2,826,766	\$ -	\$ -	\$ 2,826,766
Available-for-sale financial assets				
Equity securities	661,457	-	64,728	726,185
Government bond	204,332	-	-	204,332
Subtotal	865,789	-	64,728	930,517
Total	\$ 3,692,555	\$ -	\$ 64,728	\$ 3,757,283

D. The methods and assumptions the Group uses to measure fair value are as follows:

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

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

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of

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

- E. For the three-month periods ended March 31, 2017 and 2016, there was no significant transfer in or out of Level 3.
- F. The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.
- G. 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 March 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,577	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,577	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at March 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,728	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- H. The Group has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of March 31, 2017, December 31, 2016, and March 31, 2016.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to Table 1.
- 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 2.
- 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 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

(2) Measurement of segment information

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

(3) Segment information

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

	For the three-month period ended March 31, 2017				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 34,181,441	\$ 15,856,405	\$ 694,691	\$ 2,269,390	\$ -
Internal department revenue	<u>156,850</u>	<u>567,897</u>	<u>2,937,348</u>	<u>1,429,614</u>	<u>(5,091,709)</u>
Total segment revenue	<u>\$ 34,338,291</u>	<u>\$ 16,424,302</u>	<u>\$ 3,632,039</u>	<u>\$ 3,699,004</u>	<u>(\$ 5,091,709)</u>
Segment income (loss)	<u>\$ 3,099,036</u>	<u>\$ 788,969</u>	<u>\$ 283,447</u>	<u>\$ 707,320</u>	<u>(\$ 1,260,041)</u>
					<u>\$ 3,618,731</u>

	For the three-month period ended March 31, 2016				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 33,060,528	\$ 15,409,261	\$ 702,349	\$ 2,347,404	\$ -
Internal department revenue	<u>155,868</u>	<u>735,757</u>	<u>2,662,057</u>	<u>1,479,747</u>	<u>(5,033,429)</u>
Total segment revenue	<u>\$ 33,216,396</u>	<u>\$ 16,145,018</u>	<u>\$ 3,364,406</u>	<u>\$ 3,827,151</u>	<u>(\$ 5,033,429)</u>
Segment income (loss)	<u>\$ 2,750,146</u>	<u>\$ 825,886</u>	<u>\$ 224,847</u>	<u>(\$ 68,105)</u>	<u>(\$ 472,265)</u>
					<u>\$ 3,260,509</u>

(4) Reconciliation of segment income (loss)

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Loan to others

For the three-month period ended March 31, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	outstanding balance during the three- month period ended			Balance at March 31, 2017	Acutal amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
			General ledger	Is a related party	Balance at March 31, 2017								Item	Value			
			account										(Note 1)	(Note 1)			
1	President Information Corp.	Uni-President Superior Commissary Corp.	Other receivables	Y	\$ 100,000	\$ 100,000	\$ 100,000	0.97	Short-term financing	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 194,633	\$ 194,633	
2	Uni-President Department Store Corp.	Uni-President Superior Commissary Corp.	Other receivables	Y	150,000	150,000	150,000	0.99	Short-term financing	-	Additional operating capital	-	-	-	296,805	296,805	

Note 1: The maximum amount for total loan and the maximum amount of individual enterprise are 40% of its net worth.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2017

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of March 31, 2017				
				Number of shares	Book value (Note)	Ownership (%)	Fair value	Footnote
Stock:								
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the Equity Method	Available-for-sale financial assets - non-current	36,715,907	\$ 491,075	2.75	\$ 491,075	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	197,615	0.54	197,615	
President Chain Store Corp.	President Investment Trust Corp., etc.	"	"	-	64,577	-	64,577	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp., etc.	"	Financial assets measured at cost - non-current	-	25,721	-	-	
Open ended funds:								
Capital Inventory Services Corp., etc.	UPAMC James Bond Money Market Fund, etc	None	Financial assets at fair value through profit or loss - current	-	\$ 386,381	-	\$ 386,381	
Shanghai President Logistics Co., Ltd	CIFM Cash Liquidity Money Market Fund	"	"	29,679,633	130,704	-	130,704	
Vision Distribution Service Corp.	UPAMC James Bond Money Market Fund	"	"	12,983,083	215,148	-	215,148	
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	10,153,596	152,531	-	152,531	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	8,010,443	108,010	-	108,010	
Stock :								
Duskin China (BVI) Holdings Limited	Duskin (Shanghai) Co., Ltd.	None	Financial assets measured at cost - non-current	-	1,667	8.75	-	
Bond:								
icash Corp.	Government bond	None	Available-for-sale financial assets - non-current	-	202,689	-	202,689	

Note : The amounts less than \$100,000 have been combined.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital
For the three-month period ended March 31, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2017		Addition		Disposal				Other increase (decrease)		Balance as at March 31, 2017	
					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	5,454,347	\$ 80,014	22,489,736	\$ 330,000	25,899,804	\$ 380,145	\$ 380,000	145	-	\$ 1	2,044,279	\$ 30,015
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	15,426,309	226,299	17,511,928	237,000	27,111,309	398,000	397,713	287	-	(32)	5,826,928	85,554
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	"	8,194,155	123,000	25,936,757	389,500	23,977,316	360,058	360,000	58	-	31	10,153,596	152,531
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	7,719,715	104,000	28,600,943	385,500	28,310,215	381,574	381,500	74	-	10	8,010,443	108,010

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)			Amount (sales)	Credit term	Unit price	Credit term	Balance (\$)	Percentage of total notes/accounts receivable (payable)	Footnote	
			Purchases	\$	(sales)								
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$	3,466,111	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 1,229,512 (	9)	
	Uni-President Superior Commissary Corp.	Subsidiary	"		745,543	3	Net 45 days from the end of the month when invoice is issued	"	"	(505,011) (	4)	
	Tung Ang Enterprise Corp.	Sister company	"		427,736	2	Net 30 days from the end of the month when invoice is issued	"	"	(168,724) (	1)	
	Lien-Bo Enterprises Corp.	"	"		187,114	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(88,989) (	1)	
	Vision Distribution Service Corp.	Subsidiary	"		159,033	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(59,265) (	0)	
	Q-ware Systems & Services Corp.	"	"		155,333	1	Net 15~40 days from the end of the month when invoice is issued	"	"	(96,836) (	1)	
	Tait Marketing & Distribution Co., Ltd.	Sister company	"		105,226	0	Net 20~70 days from the end of the month when invoice is issued	"	"	(68,663) (	1)	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(	240,956) (	54	Net 40 days from the end of the month when invoice is issued	"	"	88,179	56	
	President Logistics International Corp.	Parent company	"	(	188,501) (	43	Net 20 days from the end of the month when invoice is issued	"	"	66,848	42	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases		176,531	8	Net 30~110 days from the end of the month when invoice is issued	"	"	(67,727) (	4)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(	170,542) (	63	Net 45 days from the end of the month when invoice is issued	"	"	167,655	69	
President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(	231,295) (	36	Net 20 days from the end of the month when invoice is issued	"	"	83,356	36	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost		188,501	30	Net 20 days from the end of the month when invoice is issued	"	"	(66,848) (	92)	
	Retail Support International Corp.	Parent company	Delivery revenue	(	169,269) (	26	Net 20 days from the end of the month when invoice is issued	"	"	60,493	26	
	Wisdom Distribution Service Corp.	Subsidiary of President Chain Store Corp.	"	(	162,541) (	25	Net 20 days from the end of the month when invoice is issued	"	"	56,471	24	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	Sales revenue	(	745,543) (	100	Net 45 days from the end of the month when invoice is issued	"	"	505,011	100	
President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	"	(	176,531) (	36	Net 30~110 days from the end of the month when invoice is issued	"	"	67,727	21	
Vision Distribution Service Corp.	President Chain Store Corp.	Parent company	"	(	159,033) (	50	Net 65 days from the end of the month when invoice is issued	"	"	59,265	47	
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	"	(	155,333) (	67	Net 15~40 days from the end of the month when invoice is issued	"	"	96,836	73	
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost		240,956	10	Net 40 days from the end of the month when invoice is issued	"	"	(88,179)	8		
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	"		169,269	41	Net 20 days from the end of the month when invoice is issued	"	"	(60,493)	29		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Percentage of total purchases				Percentage of total notes/accounts receivable (payable)			Footnote	
			Purchases (sales)	Amount	(sales)	Credit term	Unit price	Credit term	Balance		
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	\$ 231,295	40	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	(83,356)	19	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	162,541	39	Net 20 days from the end of the month when invoice is issued	"	"	(56,471)	12	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 March 31, 2017

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of March 31, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
President Chain Store Corp.	Wisdom Distribution Service Corp. icash Corp.	Subsidiary "	\$ 463,572 164,098	Note "	\$ - -	None "	\$ 1,486 130,636	\$ - -
Books.com. Co., Ltd.	President Chain Store Corp.	Parent company	178,937	5.63	-	"	170,167	-
President Information Corp.	President Chain Store Corp.	"	167,655	4.11	-	"	8,329	-
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	505,011	5.63	-	"	241,761	-
President Transnet Corp.	President Chain Store Corp.	"	122,759	Note	-	"	425	-
President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	836,696	"	-	"	836,696	-

Note : It is not applicable to calculate receivables turnover ratio since most of the collections pertain to purchase rebate, accounts receivable for icash and accounts receivable for goods collection.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the three-month period ended March 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Transaction		Percentage of consolidated total operating revenues or total assets
0	President Chain Store Corp.	icash Corp.	Parent company to subsidiary	Other receivables	\$ 162,031	Net 30-60 days from the end of the month when invoice is issued			0.18
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Other receivables	463,415	Net 30-60 days from the end of the month when invoice is issued			0.51
1	Uni-President Department Store Corp.	Uni-President Superior Commissary Corp.	Subsidiary to subsidiary	Other receivables	150,000	Expired at September 30, 2017			0.16
2	President Information Corp.	Uni-President Superior Commissary Corp.	Subsidiary to subsidiary	Other receivables	100,000	Expired at September 30, 2017			0.11
3	President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary to subsidiary	Other receivables	836,696	Net 40 days from the end of the month when invoice is issued			0.91
4	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(188,501)	Net 20 days from the end of the month when invoice is issued			0.36
4	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(240,956)	Net 40 days from the end of the month when invoice is issued			0.46
5	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(169,269)	Net 20 days from the end of the month when invoice is issued			0.32
5	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(231,295)	Net 20 days from the end of the month when invoice is issued			0.44
5	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(162,541)	Net 20 days from the end of the month when invoice is issued			0.31
6	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(176,531)	Net 30-110 days from the end of the month when invoice is issued			0.41
7	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to subsidiary	Sales revenue	(159,033)	Net 65 days from the end of the month when invoice is issued			0.70
8	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	505,011	Net 45 days from the end of the month when invoice is issued			0.55
8	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(745,543)	Net 45 days from the end of the month when invoice is issued			1.40
9	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	167,655	Net 45 days from the end of the month when invoice is issued			0.18
9	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(170,542)	Net 45 days from the end of the month when invoice is issued			0.32
10	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	122,759	Net 30-60 days from the end of the month when invoice is issued			0.13
11	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(155,333)	Net 15-40 days from the end of the month when invoice is issued			0.29

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Names, locations and other information of investee companies (not including investees in Mainland China)
 For the three-month period ended March 31, 2017

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2017			Net profit (loss) of the investee for the three-month period ended March 31, 2017	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2017	Footnote			
				Balance as at March 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value (Note 3)						
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 4,983,745	\$ 4,983,745	140,384,307	100.00	\$ 5,061,474	\$ 316,787	\$ 316,787	Subsidiary			
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	40,000,000	100.00	1,127,712	75,916	75,916	Subsidiary			
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,544,816	129,227	90,459	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	706,263	31,607	25,560	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	714,187	88,075	57,334	Subsidiary			
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	519,409	80,911	56,638	Subsidiary			
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	430,202	(5,185) (4,667)	4,667	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	664,353	81,335	48,791	Subsidiary			
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	554,693	31,850	27,391	Subsidiary			
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	358,160	18,745	16,263	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	407,600	52,780	52,779	Subsidiary			
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	438,782	102,630	51,346	Subsidiary			
President Chain Store Corp.	Uni-President Yi-Lan Art and Culture Corp.	Taiwan	Art and cultural exhibition	200,000	200,000	20,000,000	100.00	235,904	255	254	Subsidiary			
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	206,166	38,204	19,484	Subsidiary			
President Chain Store Corp.	icash Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	351,094	(18,571) (18,571)	18,571	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	824,424	22,887	4,577	Note 1			
President Chain Store Corp.	President Starbucks Coffee Corp.	Taiwan	Selling of coffee, beverage, and food	59,400	59,400	10,691,337	30.00	513,731	210,239	63,072	Note 1			
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	178,760	56,122	14,037	Note 1			
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail and department store	7,112,028	7,112,028	130,801,027	19.50	5,224,536	424,581	82,384	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	263,387,500	19.00	1,940,247	(64,114) (64,114)	12,182	Note 1			
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	468,625	234,578	3,259	Note 1			
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Other	-	2,580,750	2,515,850	-	-	560,943	181,265	24,925	Note 2			

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2017				Net profit (loss) of the investee for the three-month period ended	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2017	Footnote			
				Balance as at		Shares held as at March 31, 2017		Ownership (%)	Book value (Note 3)						
				March 31, 2017	2016	Number of shares	March 31, 2017								
Retail Support International Corp, etc.	President Logistics International Corp., etc.	Other	-	\$ -	\$ -	-	-	-	\$ 586,569	\$ -	\$ -	-			
Wisdom Distribution Service Corp, etc.	Vision Distribution Service Corp., etc.	Other	-	-	-	-	-	-	138,177	-	-	-			
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Ltd., etc.	Other	-	-	-	-	-	-	173,711	-	-	-			
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Other	Professional investment	884,524	884,524	29,163,337	100.00	1,677,397	38,783	-	Subsidiary of a subsidiary	-			
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Ltd.	Hong Kong	Professional investment	3,136,064	3,136,064	103,398,075	100.00	3,444,843	311,751	-	Subsidiary of a subsidiary	-			
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	883,674	883,674	239,376,070	52.22	1,676,721	92,050	-	Subsidiary of a subsidiary	-			
President Chain Store (Hong Kong) Holdings Limited	President Coffee (Cayman) Holdings Ltd., etc.	Other	-	-	-	-	-	-	1,784,095	-	-	-			
President Pharmaceutical Corp., etc.	President Pharmaceutical (Hong Kong) Holdings Ltd., etc.	Other	-	-	-	-	-	-	156,514	-	-	-			

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

Note 2: The information in the column includes subsidiary and the investee recognized using equity method by the company.

Note 3: The amounts less than \$100,000 have been combined.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2017

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2017				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of March 31, 2017	Net income of Taiwan to Mainland China for the three-month period ended March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2017		Book value of Mainland China investments in the Company as of March 31, 2017	Accumulated investment income remitted back to Taiwan as of March 31, 2017	Footnote
				2017	China	to Taiwan	March 31, 2017							31, 2017	March 31, 2017			
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ 269,330	Note 1	\$ 156,824	\$ -	\$ -	\$ 156,824	(\$ 895)	100.00	(\$ 895)	\$ 30,823	\$ -	(\$ 895)	\$ 30,823	\$ -	Note 3		
Shanghai President Starbucks Coffee Corp.	Selling of coffee, beverage, and food	341,658	Note 1	60,660	-	-	60,660	1,170,179	30.00	333,493	1,742,717	-	333,493	1,742,717	-	Note 3		
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	440,382	Note 1	285,626	-	-	285,626	1,408	100.00	1,408	64,356	-	1,408	64,356	-	Note 3		
President Chain Store (Shanghai) Ltd.	Operation of chain stores	1,937,681	Note 1	2,074,545	-	-	2,074,545	(46,394)	100.00	(46,394)	55,962	-	(46,394)	55,962	-	Note 3		
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	60,660	Note 1	60,660	-	-	60,660	33,962	100.00	33,962	322,952	-	33,962	322,952	-	Note 3		
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	724,421	Note 1	724,421	-	-	724,421	(10,912)	100.00	(10,912)	87,377	-	(10,912)	87,377	-	Note 3		
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	440,382	Note 1	393,153	-	-	393,153	(4,853)	100.00	(4,853)	48,888	-	(4,853)	48,888	-	Note 3		
Shan Dong President Yinzuo Commercial Limited	Supermarkets	264,229	Note 1	123,696	-	-	123,696	13,152	55.00	7,234	192,441	-	7,234	192,441	-	Note 2		
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	90,990	Note 1	90,990	-	-	90,990	(3,399)	73.74	(2,756)	24,055	-	(2,756)	24,055	-	Note 3		
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	176,153	Note 1	172,361	-	-	172,361	4,404	80.00	2,551	145,053	-	2,551	145,053	-	Note 3		
Duskin (Shanghai) Co., Ltd.	Sales of cleaning instruments	264,229	Note 1	20,313	-	-	20,313	(1,761)	4.46	-	850	-	-	850	-	Note 3		
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	455	Note 1	-	-	-	-	(2)	50.03	(1)	18	-	(1)	18	-	Note 3		
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	264,229	Note 1	264,229	-	-	264,229	16	100.00	16	265,759	-	16	265,759	-	Note 3		
President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	88,076	Note 1	88,076	-	-	88,076	(556)	100.00	(556)	89,586	-	(556)	89,586	-	Note 3		

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of
	31, 2017	(MOEA)		
President Chain Store Corp.	\$ 3,730,273	\$ 6,805,750	\$ 21,549,436	
President Pharmaceutical Corp.	90,990	90,990	447,736	
Duskin Serve Taiwan Co.	20,313	20,313	219,626	
Uni-President Cold-Chain Corp.	90,002	90,002	648,703	