

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 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
JUNE 30, 2017 AND 2016
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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 June 30, 2017 and 2016, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the six-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 six-month periods ended June 30, 2017 and 2016 were not reviewed. The total assets of those subsidiaries and investments accounted for using the equity method amounted to NT\$30,894,829 thousand and NT\$29,790,502 thousand, both representing 32% of the consolidated total assets as of June 30, 2017 and 2016, respectively, and total liabilities amounted to NT\$12,634,770 thousand and NT\$13,309,039 thousand, representing 19% and 20% of the total consolidated liabilities as of June 30, 2017 and 2016, respectively. The related total comprehensive income amounted to NT\$766,546 thousand, NT\$625,360 thousand, NT\$1,309,275 thousand and NT\$1,141,242 thousand, representing 24%, 23%, 22% and 21% of the total consolidated comprehensive income for the three-month and six-month periods ended June 30, 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
August 2, 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 June 30, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	June 30, 2017		December 31, 2016		June 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 31,324,779	33	\$ 32,003,633	34	\$ 29,190,900	31
1110	Financial assets at fair value through profit or loss - current	6(2)	1,227,787	1	847,954	1	4,620,233	5
1170	Accounts receivable, net	6(3) and 7	3,966,738	4	4,325,889	4	3,884,186	4
1200	Other receivables		2,207,079	2	1,143,071	1	1,983,117	2
1220	Current income tax assets	6(28)	2,393	-	1,448	-	1,453	-
130X	Inventories, net	6(4)	12,512,663	13	12,043,420	13	10,355,937	11
1410	Prepayments		1,418,901	2	1,387,459	1	1,431,803	2
1470	Other current assets		2,341,158	2	2,570,118	3	2,950,183	3
11XX	Total current assets		55,001,498	57	54,322,992	57	54,417,812	58
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(5)	1,029,135	1	899,490	1	853,295	1
1543	Financial assets measured at cost - non-current	6(6)	27,393	-	27,494	-	27,495	-
1550	Investments accounted for using equity method	6(7)	10,988,530	12	11,071,449	12	10,512,862	11
1600	Property, plant and equipment, net	6(8)(24), 7 and 8	22,570,539	23	22,329,291	24	21,948,463	23
1760	Investment property, net	6(9)(31) and 7	1,530,404	2	1,359,189	1	1,407,317	2
1780	Intangible assets	6(10)(24)	1,205,974	1	1,076,176	1	1,156,716	1
1840	Deferred income tax assets	6(28)	1,323,453	1	1,208,032	1	1,143,954	1
1900	Other non-current assets	6(11) and 8	2,896,414	3	2,824,404	3	2,730,968	3
15XX	Total non-current assets		41,571,842	43	40,795,525	43	39,781,070	42
1XXX	Total assets		\$ 96,573,340	100	\$ 95,118,517	100	\$ 94,198,882	100

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2017		December 31, 2016		June 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 1,602,936	2	\$ 1,660,825	2	\$ 1,889,973	2
2110	Short-term notes and bills payable		434,943	-	274,000	-	481,000	1
2150	Notes payable	7	1,272,588	1	2,207,113	2	1,326,142	1
2170	Accounts payable		16,453,415	17	17,582,498	19	17,067,647	18
2180	Accounts payable - related parties	7	2,411,514	3	2,344,741	2	2,454,728	3
2200	Other payables	6(14)	29,223,402	30	22,942,333	24	28,232,058	30
2230	Current income tax liabilities	6(28)	1,253,951	1	1,151,241	1	1,058,921	1
2300	Other current liabilities	6(15)	4,398,415	5	4,431,973	5	4,061,280	4
21XX	Total current liabilities		<u>57,051,164</u>	<u>59</u>	<u>52,594,724</u>	<u>55</u>	<u>56,571,749</u>	<u>60</u>
	Non-current liabilities							
2540	Long-term borrowings	6(16) and 8	817,605	1	869,479	1	869,384	1
2570	Deferred income tax liabilities	6(28)	116,273	-	10,219	-	20,410	-
2640	Net defined benefit liability	6(17)	4,264,693	5	4,265,972	5	4,080,520	4
2670	Other non-current liabilities	6(18)	4,247,752	4	4,117,193	4	4,086,945	5
25XX	Total non-current liabilities		<u>9,446,323</u>	<u>10</u>	<u>9,262,863</u>	<u>10</u>	<u>9,057,259</u>	<u>10</u>
2XXX	Total liabilities		<u>66,497,487</u>	<u>69</u>	<u>61,857,587</u>	<u>65</u>	<u>65,629,008</u>	<u>70</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	11
	Capital surplus	6(20)						
3200	Capital surplus		44,075	-	1,158	-	7,712	-
	Retained earnings	6(21)						
3310	Legal reserve		9,191,733	10	8,208,064	9	8,208,064	9
3350	Unappropriated retained earnings		6,070,279	6	9,839,244	10	5,460,766	6
	Other equity	6(22)						
3400	Other equity interest		15,707	-	171,589	-	407,524	-
31XX	Equity attributable to owners of the parent		<u>25,718,017</u>	<u>27</u>	<u>28,616,278</u>	<u>30</u>	<u>24,480,289</u>	<u>26</u>
36XX	Non-controlling interest		<u>4,357,836</u>	<u>4</u>	<u>4,644,652</u>	<u>5</u>	<u>4,089,585</u>	<u>4</u>
3XXX	Total equity		<u>30,075,853</u>	<u>31</u>	<u>33,260,930</u>	<u>35</u>	<u>28,569,874</u>	<u>30</u>
3X2X	Total liabilities and equity		<u>\$ 96,573,340</u>	<u>100</u>	<u>\$ 95,118,517</u>	<u>100</u>	<u>\$ 94,198,882</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)

			For the three-month periods ended June 30				For the six-month periods ended June 30			
			2017		2016		2017		2016	
	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	\$ 55,172,911	100	\$ 54,231,446	100	\$ 108,174,838	100	\$ 105,750,988	100
5000	Operating costs	6(4)(24) and 7	(36,924,244)	(67)	(36,269,651)	(67)	(72,569,714)	(67)	(71,113,797)	(67)
5900	Net operating margin		18,248,667	33	17,961,795	33	35,605,124	33	34,637,191	33
	Operating expenses	6(24)(25)								
6100	Selling expenses		(13,232,059)	(24)	(12,860,211)	(24)	(25,804,948)	(24)	(25,032,051)	(24)
6200	General and administrative expenses		(2,148,955)	(4)	(2,309,956)	(4)	(4,155,273)	(4)	(4,295,091)	(4)
6000	Total operating expenses		(15,381,014)	(28)	(15,170,167)	(28)	(29,960,221)	(28)	(29,327,142)	(28)
6900	Operating profit		2,867,653	5	2,791,628	5	5,644,903	5	5,310,049	5
	Non-operating income and expenses									
7010	Other income	6(26)	358,970	1	406,185	-	763,206	-	718,242	-
7020	Other gains and losses	6(27)	(26,259)	-	(42,788)	-	(53,894)	-	68,021	-
7050	Finance costs	6(13)(16)	(25,343)	-	(24,423)	-	(49,533)	-	(52,514)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	548,225	1	431,436	1	1,037,295	1	778,749	1
7000	Total non-operating income and expenses		855,593	2	770,410	1	1,697,074	1	1,512,498	1
7900	Profit before income tax		3,723,246	7	3,562,038	6	7,341,977	6	6,822,547	6
7950	Income tax expense	6(28)	(607,976)	(1)	(621,251)	(1)	(1,179,049)	(1)	(1,138,495)	(1)
8000	Profit for the period from continuing operations		3,115,270	6	2,940,787	5	6,162,928	5	5,684,052	5
8200	Profit for the period		\$ 3,115,270	6	\$ 2,940,787	5	\$ 6,162,928	5	\$ 5,684,052	5

(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)

		For the three-month periods ended June 30				For the six-month periods ended June 30			
		2017		2016		2017		2016	
Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
8311	Remeasurements of net actuarial loss on defined benefit plan	\$ -	-	\$ -	-	(\$ 509)	-	\$ -	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	203	-	-	-	203	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	203	-	(509)	-	203	-
8361	Exchange differences arise from translation of foreign operations	46,661	-	(86,903)	-	(389,443)	-	(108,133)	-
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	73,270	-	(77,248)	-	129,709	-	(69,887)	-
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	(12,751)	-	(11,590)	-	(14,069)	-	(11,590)	-
8399	Income tax relating to the components of other comprehensive income (loss) that will be reclassified to profit or loss	(6,423)	-	1,841	-	(6,242)	-	2,956	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss	100,757	-	(173,900)	-	(280,045)	-	(186,654)	-
8300	Total other comprehensive income (loss) for the period	\$ 100,757	-	(\$ 173,697)	-	(\$ 280,554)	-	(\$ 186,451)	-
8500	Total comprehensive income for the period	\$ 3,216,027	6	\$ 2,767,090	5	\$ 5,882,374	5	\$ 5,497,601	5
Profit attributable to:									
8610	Owners of parent	\$ 2,790,477	5	\$ 2,589,467	4	\$ 5,531,948	4	\$ 5,036,713	5
8620	Non-controlling interests	324,793	1	351,320	1	630,980	1	647,339	-
		\$ 3,115,270	6	\$ 2,940,787	5	\$ 6,162,928	5	\$ 5,684,052	5
Comprehensive income attributable to:									
8710	Owners of parent	\$ 2,892,455	5	\$ 2,417,412	4	\$ 5,375,800	5	\$ 4,851,904	4
8720	Non-controlling interests	323,572	1	349,678	1	506,574	-	645,697	1
		\$ 3,216,027	6	\$ 2,767,090	5	\$ 5,882,374	5	\$ 5,497,601	5
9750	Basic earnings per share (in dollars)	\$ 2.68		\$ 2.49		\$ 5.32		\$ 4.84	
9850	Diluted earnings per share (in dollars)	\$ 2.68		\$ 2.49		\$ 5.31		\$ 4.83	

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

		Equity attributable to owners of the parent									
		Retained earnings			Other equity interest						
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on available for- sale financial assets	Total	Non- controlling interest	Total equity	
<u>For the six-month period ended June 30, 2016</u>											
		\$ 10,396,223	\$ 7,733	\$ 7,384,165	\$ 8,733,029	\$ 209,326	\$ 383,210	\$ 27,113,686	\$ 3,977,816	\$ 31,091,502	
Distribution of 2015 earnings:											

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 CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		For the six-month periods ended June 30	
	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 7,341,977	\$ 6,822,547
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)	(2,084)	(4,205)
Provision for doubtful accounts	6(3)	9,659	4,977
Depreciation on property, plant and equipment	6(8)	2,534,922	2,607,650
Amortization		176,580	168,845
Depreciation on investment property	6(9)	8,454	8,952
Finance costs		49,533	52,514
Share of profit of associates and joint ventures accounted for using equity method		(1,037,295)	(778,749)
Gain on disposal of investments in subsidiaries		-	(114,212)
Loss on disposal of property, plant and equipment, net		12,952	12,297
Interest income	6(26)	(82,143)	(79,799)
Dividend income	6(24)	(15,674)	(15,332)
Reversal of impairment loss on property, plant and equipment	6(8)	-	(10,814)
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		(377,749)	1,004,358
Accounts receivable		349,492	405,885
Other receivables		(462,430)	(122,289)
Inventories		(469,243)	1,194,616
Prepayments		(31,442)	(207,977)
Other current assets		228,960	(949,744)
Net changes in liabilities relating to operating activities			
Notes payable		(934,525)	179,150
Accounts payable		(1,062,310)	313,292
Other payables		(2,128,968)	(692,927)
Advance receipts		6,722	333,678
Net defined benefit liabilities - non-current		(1,279)	(24,261)
Cash generated from operations		4,114,109	10,108,452
Interest received		93,280	76,620
Income tax paid		(1,092,892)	(1,273,824)
Interest paid		(49,347)	(53,134)
Dividends received		473,482	296,023
Net cash provided by operating activities		3,538,632	9,154,137

(Continued)

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

		For the six-month periods ended June 30	
	Notes	2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(32)	(\$ 3,564,840)	(\$ 2,906,201)
Acquisition of investment property		(148,319)	-
Proceeds from disposal of property, plant and equipment		83,810	101,903
Return of capital from available-for-sale financial assets-non-current		117	-
Proceeds from disposal of investments in subsidiaries		-	238,030
Increase in guarantee deposits paid		(25,553)	(40,782)
Acquisition of intangible assets		(250,600)	(84,851)
Increase in other non-current assets		(102,235)	(26,027)
Net cash used in investing activities		(4,007,620)	(2,717,928)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(57,889)	(564,326)
Increase in short-term notes and bills payable		160,943	86,000
Increase in long-term borrowings		70,030	256,419
Repayment of long-term borrowings		(99,991)	(78,839)
Increase in guarantee deposits received		100,601	189,362
Increase in other non-current liabilities		29,958	107,713
Change in non-controlling interests		(131,700)	(121,522)
Net cash provided by (used in) financing activities		71,952	(125,193)
Effect of foreign exchange rate changes on cash and cash equivalents		(281,818)	(110,430)
(Decrease) increase in cash and cash equivalents		(678,854)	6,200,586
Cash and cash equivalents at beginning of period		32,003,633	22,990,314
Cash and cash equivalents at end of period		\$ 31,324,779	\$ 29,190,900

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 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 August 2, 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 financial performance 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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
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
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 financial performance 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.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

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

A. 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	June 30, 2017	June 30, 2016
Retail Support International Corp.	Financial statements were reviewed	Financial statements were reviewed
President Chain Store (BVI) Holdings Ltd.	"	"
Shan Dong President Yinzuo Commercial Limited	"	"
Mech-President Corp.	"	"
President Transnet Corp.	"	"
President Drugstore Business Corp.	"	"
Books.com. Co., Ltd.	"	"
Uni-President Cold-Chain Corp.	"	"
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
			June 30, 2017	December 31, 2016	June 30, 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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2017	December 31, 2016	June 30, 2016	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	icash Corp.	Electronic ticketing	100.00	100.00	100.00	
The Company	Uni-President Superior Commissary Corp. (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.	Presiclere 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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2017	December 31, 2016	June 30, 2016	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	100.00	
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	(c)
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	(d)
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	(e)
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 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	
Shanghai President Logistics Co., Ltd.	President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	100.00	100.00	-	(f)
PCSC (Cayman) Restaurant Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2017	December 31, 2016	June 30, 2016	
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	

- (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 liquidated the subsidiary, Safety Elevator Corp. and the process of cancellation of registration has been completed in June 2017.
- (d) The Company acquired additional 0.66% shares of the subsidiary, Philippine Seven Corp., in September 2016. Please refer to Note 6(30).
- (e) 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.
- (f) 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

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand and petty cash	\$ 901,128	\$ 1,603,230	\$ 860,755
Checking accounts and demand deposits	11,213,855	8,906,034	10,621,303
Cash equivalents			
Time deposits	10,826,635	12,763,518	8,660,650
Short-term financial instruments	8,383,161	8,730,851	9,048,192
	<u>\$ 31,324,779</u>	<u>\$ 32,003,633</u>	<u>\$ 29,190,900</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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Financial assets held for trading			
Open-ended fund	\$ 1,221,631	\$ 843,882	\$ 4,612,517
Valuation adjustment of financial assets held for trading	<u>6,156</u>	<u>4,072</u>	<u>7,716</u>
	<u>\$ 1,227,787</u>	<u>\$ 847,954</u>	<u>\$ 4,620,233</u>

The Group recognized net gain of \$1,914, \$2,637, \$3,734 and \$6,748 on financial assets held for trading for the three-month and six-month periods ended June 30, 2017 and 2016, respectively.

(3) Accounts receivable

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Accounts receivable	\$ 4,165,478	\$ 4,557,391	\$ 4,063,069
Less: allowance for sales returns and discounts	(78,300)	(118,853)	(76,889)
allowance for doubtful accounts	(<u>120,440</u>)	(<u>112,649</u>)	(<u>101,994</u>)
	<u>\$ 3,966,738</u>	<u>\$ 4,325,889</u>	<u>\$ 3,884,186</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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Up to 90 days	\$ 124,769	\$ 146,432	\$ 84,284
91 to 180 days	3,012	8,194	12,264
181 to 365 days	2,284	4,476	10,609
Over 365 days	<u>-</u>	<u>6,175</u>	<u>-</u>
	<u>\$ 130,065</u>	<u>\$ 165,277</u>	<u>\$ 107,157</u>

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

(a) As of June 30, 2017, December 31, 2016, and June 30, 2016, the Group's accounts receivable that were impaired amounted to \$120,440, \$112,649 and \$101,994, respectively.

(b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	<u>For the six-month period ended June 30, 2017</u>	<u>For the six-month period ended June 30, 2016</u>
At January 1	\$ 112,649	\$ 128,880
Provision for impairment	15,155	7,134
Write-offs	(1,868)	(31,319)
Reversal of impairment	(<u>5,496</u>)	(<u>2,701</u>)
At June 30	<u>\$ 120,440</u>	<u>\$ 101,994</u>

(4) Inventories

	June 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 76,812	\$ -	\$ 76,812
Merchandise and finished goods	<u>12,569,186</u>	<u>(133,335)</u>	<u>12,435,851</u>
	<u>\$ 12,645,998</u>	<u>(\$ 133,335)</u>	<u>\$ 12,512,663</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>

	June 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 82,751	\$ -	\$ 82,751
Merchandise and finished goods	<u>10,434,867</u>	<u>(161,681)</u>	<u>10,273,186</u>
	<u>\$ 10,517,618</u>	<u>(\$ 161,681)</u>	<u>\$ 10,355,937</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Cost of goods sold	\$ 36,510,999	\$ 35,888,195
Gain on reversal of valuation of inventories	(32,348)	(8,203)
Spoilage	379,785	334,642
Others	<u>65,808</u>	<u>55,017</u>
	<u>\$ 36,924,244</u>	<u>\$ 36,269,651</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Cost of goods sold	\$ 71,757,649	\$ 70,308,701
Gain on reversal of valuation of inventories	(130,043)	(16,173)
Spoilage	821,617	710,514
Others	<u>120,491</u>	<u>110,755</u>
	<u>\$ 72,569,714</u>	<u>\$ 71,113,797</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 and six-month periods ended June 30, 2017 and 2016, respectively.

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	41,962	42,079	42,230
Government bonds	<u>199,786</u>	<u>199,733</u>	<u>199,679</u>
	507,354	507,418	507,515
Valuation adjustment	<u>521,781</u>	<u>392,072</u>	<u>345,780</u>
	<u>\$ 1,029,135</u>	<u>\$ 899,490</u>	<u>\$ 853,295</u>

A. The Group recognized \$73,270, (\$77,248), \$129,709 and (\$69,887) in other comprehensive gain (loss) in relation to fair value changes for the three-month and six-month periods ended June 30, 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 June 30, 2017, December 31, 2016, and June 30, 2016, no financial assets carried at cost held by the Group were pledged to others.

(7) Investments accounted for using the equity method

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Associates:			
PresiCarre Corp.	\$ 5,046,546	\$ 5,142,151	\$ 4,999,457
President Fair Development Corp.	1,923,650	1,952,428	1,987,206
Uni-President Development Corp.	736,233	819,847	804,514
President International Development Corp.	447,906	466,663	432,277
Tung Ho Development Corp.	126,325	88,539	90,108
President Organics Corp., etc.	<u>54,748</u>	<u>61,403</u>	<u>51,903</u>
	<u>8,335,408</u>	<u>8,531,031</u>	<u>8,365,465</u>
Joint ventures:			
President Coffee (Cayman) Holdings	\$ 2,199,936	\$ 1,998,444	\$ 1,720,362
President Starbucks Coffee Corp.	355,110	450,659	337,900
Mister Dount Taiwan Corp., Ltd.	<u>98,076</u>	<u>91,315</u>	<u>89,135</u>
	<u>2,653,122</u>	<u>2,540,418</u>	<u>2,147,397</u>
	<u>\$ 10,988,530</u>	<u>\$ 11,071,449</u>	<u>\$ 10,512,862</u>

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

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

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

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Total comprehensive income	<u>\$ 66,255</u>	<u>\$ 44,473</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Total comprehensive income	<u>\$ 145,249</u>	<u>\$ 94,622</u>

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

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Total comprehensive income	<u>\$ 469,219</u>	<u>\$ 375,576</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Total comprehensive income	<u>\$ 877,977</u>	<u>\$ 672,740</u>

(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	-	113,898	319,022	912,054	822,183	1,056,881	3,224,038
Disposals	-	(613)	(12,529)	(49,965)	(33,219)	(436)	(96,762)
Reclassifications	28,822	55,770	82,888	48,071	110,211	(386,507)	(60,745)
Depreciation charge	-	(89,473)	(284,872)	(1,047,975)	(594,968)	(517,634)	(2,534,922)
Net exchange differences	(1,890)	(1,922)	(4,641)	(13,660)	(86,461)	(181,787)	(290,361)
Closing net book amount as of June 30	<u>\$ 2,257,327</u>	<u>\$ 2,504,829</u>	<u>\$ 2,211,942</u>	<u>\$ 6,276,502</u>	<u>\$ 5,284,616</u>	<u>\$ 4,035,323</u>	<u>\$ 22,570,539</u>
<u>At June 30, 2017</u>							
Cost	\$ 2,273,847	\$ 4,204,312	\$ 6,060,845	\$ 19,004,492	\$ 13,270,208	\$ 8,521,429	\$ 53,335,133
Accumulated depreciation and impairment	(16,520)	(1,699,483)	(3,848,903)	(12,727,990)	(7,985,592)	(4,486,106)	(30,764,594)
	<u>\$ 2,257,327</u>	<u>\$ 2,504,829</u>	<u>\$ 2,211,942</u>	<u>\$ 6,276,502</u>	<u>\$ 5,284,616</u>	<u>\$ 4,035,323</u>	<u>\$ 22,570,539</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	<u>-</u>	<u>(1,457,639)</u>	<u>(3,362,211)</u>	<u>(12,108,333)</u>	<u>(6,771,150)</u>	<u>(4,222,470)</u>	<u>(27,921,803)</u>
	<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	-	1,315	303,876	733,470	657,531	702,954	2,399,146
Disposals	- (	12,108)	(4,814)	(48,452)	(42,204)	(6,622)	(114,200)
Reclassifications	-	1,564	56,785	249,216	(579,339)	261,108	(10,666)
Depreciation charge	- (	90,514)	(285,149)	(1,063,457)	(650,436)	(518,094)	(2,607,650)
Reversal of impairment loss	-	-	-	1,935	71	8,808	10,814
Net exchange differences	(554)	(971)	(2,325)	(7,593)	(30,221)	(26,693)	(68,357)
Closing net book amount as of June 30	<u>\$ 2,249,034</u>	<u>\$ 2,480,644</u>	<u>\$ 2,166,151</u>	<u>\$ 6,470,088</u>	<u>\$ 4,826,677</u>	<u>\$ 3,755,869</u>	<u>\$ 21,948,463</u>
<u>At June 30, 2016</u>							
Cost	\$ 2,249,034	\$ 4,007,563	\$ 5,710,155	\$ 18,652,447	\$ 12,456,557	\$ 7,940,207	\$ 51,015,963
Accumulated depreciation and impairment	<u>-</u>	<u>(1,526,919)</u>	<u>(3,544,004)</u>	<u>(12,182,359)</u>	<u>(7,629,880)</u>	<u>(4,184,338)</u>	<u>(29,067,500)</u>
	<u>\$ 2,249,034</u>	<u>\$ 2,480,644</u>	<u>\$ 2,166,151</u>	<u>\$ 6,470,088</u>	<u>\$ 4,826,677</u>	<u>\$ 3,755,869</u>	<u>\$ 21,948,463</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	132,700	15,619	148,319
Reclassifications	28,047	3,303	31,350
Depreciation charge	-	(8,454)	(8,454)
June 30, 2017	<u>\$ 1,063,017</u>	<u>\$ 467,387</u>	<u>\$ 1,530,404</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	-	(8,952)	(8,952)
June 30, 2016	<u>\$ 902,270</u>	<u>\$ 505,047</u>	<u>\$ 1,407,317</u>

The fair value of the investment property held by the Group ranged from \$2,570,707 to \$3,608,223 over the period from June 30, 2016 to June 30, 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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Software	\$ 556,637	\$ 593,921	\$ 578,642
Goodwill	377,173	378,673	392,189
Others	<u>272,164</u>	<u>103,582</u>	<u>185,885</u>
	<u>\$ 1,205,974</u>	<u>\$ 1,076,176</u>	<u>\$ 1,156,716</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(11)Other non-current assets

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Guarantee deposits paid	\$ 2,402,042	\$ 2,376,488	\$ 2,361,746
Others	<u>494,372</u>	<u>447,916</u>	<u>369,222</u>
	<u>\$ 2,896,414</u>	<u>\$ 2,824,404</u>	<u>\$ 2,730,968</u>

(12)Impairment loss

- A. The Group recognized reversal of impairment loss for the six-month periods ended June 30, 2017 and 2016 amounting to \$0 and \$10,814, 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>June 30, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ <u>1,602,936</u>	0.95%~4.57%	None
<u>Type of borrowings</u>	<u>December 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ <u>1,660,825</u>	0.98%~4.35%	None
<u>Type of borrowings</u>	<u>June 30, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 1,229,503	1.13%~4.35%	None
Secured borrowings	50,000	1.16%	Property, plant and equipment
Other short-term borrowings	<u>610,470</u>	4.35%	Time deposits
	<u>\$ 1,889,973</u>		

There was no capitalization of borrowing costs for the six-month periods ended June 30, 2017 and 2016. Relevant interest expense on borrowings is recognized as “finance costs”.

(14) Other payables

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Dividend payable	\$ 8,978,668	\$ -	\$ 7,830,507
Store collections	8,554,070	9,577,091	8,903,330
Wages, salaries and bonus payable	3,973,870	4,194,182	3,627,238
Sales receipt on behalf of others	918,293	1,175,306	1,271,162
Incentive bonus payable to franchisees	908,234	853,388	872,017
Rent payable	685,554	682,966	780,260
Payables for acquisition of property, plant and equipment	542,921	883,723	383,988
Employees’ bonus and remuneration for directors and supervisors	437,585	886,756	531,826
Payables for labor and health insurance	227,140	224,975	232,092
Others	<u>3,997,067</u>	<u>4,463,946</u>	<u>3,799,638</u>
	<u>\$ 29,223,402</u>	<u>\$ 22,942,333</u>	<u>\$ 28,232,058</u>

(15) Other current liabilities

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Advance receipts for gift certificates	\$ 1,186,481	\$ 1,200,808	\$ 1,164,093
Advance receipts of deposits in icash cards	978,438	894,940	815,869
Advance receipts for gift cards	720,487	697,721	574,548
Advance receipts of members' deposits	418,336	457,262	380,554
Advance receipts for franchise fee	231,820	233,901	232,884
Current portion of long-term liabilities	163,373	203,652	96,052
Others	699,480	743,689	797,280
	<u>\$ 4,398,415</u>	<u>\$ 4,431,973</u>	<u>\$ 4,061,280</u>

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2017</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.88%~3.15%	None	\$ 676,479
Secured borrowings	1.98%~2.24%	Property, plant and equipment	304,499
			980,978
Less: current portion			(163,373)
			<u>\$ 817,605</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2016</u>
<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)
			<u>\$ 869,479</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2016</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.97%~3.16%	None	\$ 723,232
Secured borrowings	2.21%~2.31%	Property, plant and equipment	226,767
			949,999
Less: current portion			(80,615)
			<u>\$ 869,384</u>

- A. There was no capitalization of borrowing costs for the six-month periods ended June 30, 2017 and 2016. Relevant interest expense on borrowings is recognized as "finance costs".
- B. The Group had undrawn long-term borrowings of \$10,878,768, \$7,946,043, and \$5,667,159 as of June 30, 2017, December 31, 2016, and June 30, 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 insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, operates an employer matching pension plan, under which the employer contributes the same amount as employees to the employee's individual pension accounts.

For the aforementioned pension plan, the Group recognized pension costs of \$37,097, \$44,706, \$77,280 and \$83,891 for the three-month and six-month periods ended June 30, 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 six-month periods ended June 30, 2017 and 2016 was 13%~21% and 14%~22%, respectively. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2017 and 2016 were \$205,517, \$196,442, \$403,896 and \$399,561, respectively.

(18)Other non-current liabilities

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Guarantee deposit received	\$ 3,339,788	\$ 3,239,187	\$ 3,245,281
Decommissioning liability	405,142	376,896	368,041
Deferred income	250,743	185,412	188,585
Others	<u>252,079</u>	<u>315,698</u>	<u>285,038</u>
	<u>\$ 4,247,752</u>	<u>\$ 4,117,193</u>	<u>\$ 4,086,945</u>

(19)Share capital

As of June 30, 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 June 30, 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 reserve according to the relevant regulations. The appropriation of the remaining earnings and prior years' unappropriated retained earnings should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2016 and 2015 were resolved by the shareholders on June 13, 2017 and June 15, 2016, respectively, as follows:

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

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

(22) Other equity items

	For the six-month period ended June 30, 2017		
	Exchange differences from translation of <u>foreign operations</u>	Unrealized gains/(losses) on available-for-sale <u>financial assets</u>	<u>Total</u>
At January 1, 2017	(\$ 186,228)	\$ 357,817	\$ 171,589
Revaluation:			
–Group	-	129,709	129,709
–Associates	-	2,469	2,469
Revaluation-tax	- (	6,242)	(6,242)
Currency translation differences:			
–Group	(265,280)	-	(265,280)
–Associates	(16,538)	-	(16,538)
At June 30, 2017	<u>(\$ 468,046)</u>	<u>\$ 483,753</u>	<u>\$ 15,707</u>

	For the six-month period ended June 30, 2016		
	Exchange differences from translation of <u>foreign operations</u>	Unrealized gains/(losses) on available-for-sale <u>financial assets</u>	<u>Total</u>
At January 1, 2016	\$ 209,326	\$ 383,210	\$ 592,536
Revaluation:			
–Group	- (	69,887)	(69,887)
–Associates	- (	7,651)	(7,651)
Revaluation-tax	-	2,956	2,956
Currency translation differences:			
– Group	(106,491)	-	(106,491)
– Associates	(3,939)	-	(3,939)
At June 30, 2016	<u>\$ 98,896</u>	<u>\$ 308,628</u>	<u>\$ 407,524</u>

(23) Operating revenue

	For the three-month period ended <u>June 30, 2017</u>	For the three-month period ended <u>June 30, 2016</u>
Sales revenue	\$ 49,551,418	\$ 49,425,319
Service revenue	3,096,626	2,675,276
Other operating revenue	<u>2,524,867</u>	<u>2,130,851</u>
	<u>\$ 55,172,911</u>	<u>\$ 54,231,446</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Sales revenue	\$ 96,546,089	\$ 95,574,607
Service revenue	6,314,631	5,728,366
Other operating revenue	5,314,118	4,448,015
	<u>\$ 108,174,838</u>	<u>\$ 105,750,988</u>

(24)Expenses by nature

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Cost of goods sold	\$ 32,689,303	\$ 31,920,879
Employee benefit expense	5,684,765	5,479,695
Incentive bonuses for franchisees	4,864,190	4,617,045
Operating lease payments	2,617,825	2,556,535
Depreciation and amortization	1,381,426	1,394,063
Utilities expense	938,751	947,624
Other costs and expenses	4,128,998	4,523,977
Total operating costs and operating expenses	<u>\$ 52,305,258</u>	<u>\$ 51,439,818</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Cost of goods sold	\$ 64,321,630	\$ 63,528,560
Employee benefit expense	11,074,779	10,800,118
Incentive bonuses for franchisees	9,400,854	8,729,222
Operating lease payments	5,210,534	5,072,216
Depreciation and amortization	2,711,502	2,776,495
Utilities expense	1,778,329	1,803,277
Other costs and expenses	8,032,307	7,731,051
Total operating costs and operating expenses	<u>\$ 102,529,935</u>	<u>\$ 100,440,939</u>

(25)Employee benefit expense

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Wages and salaries	\$ 4,698,785	\$ 4,516,606
Labor and health insurance fees	415,578	413,436
Pension costs	242,614	241,148
Other personnel expenses	327,788	308,505
	<u>\$ 5,684,765</u>	<u>\$ 5,479,695</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Wages and salaries	\$ 9,108,230	\$ 8,915,800
Labor and health insurance fees	859,830	817,622
Pension costs	481,176	483,452
Other personnel expenses	625,543	583,244
	<u>\$ 11,074,779</u>	<u>\$ 10,800,118</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 June 30, 2017 and 2016 and six-month periods ended June 30, 2017 and 2016, employees' compensation was accrued at \$147,063, \$137,530, \$290,875 and \$265,152, respectively, while directors' and supervisors' remuneration was accrued at \$49,133, \$45,948, \$97,180 and \$88,586, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the six-month period ended June 30, 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 June 30, 2017	For the three-month period ended June 30, 2016
Grants income	\$ 146,267	\$ 135,310
Interest income	44,245	44,861
Rental revenue	40,852	108,957
Dividend income	15,674	15,332
Others	111,932	101,725
	<u>\$ 358,970</u>	<u>\$ 406,185</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Grants income	\$ 288,865	\$ 288,086
Interest income	82,143	79,799
Rental revenue	83,424	216,175
Dividend income	15,674	15,332
Others	293,100	118,850
	<u>\$ 763,206</u>	<u>\$ 718,242</u>

(27)Other gains and losses

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Gain on disposal of investments	\$ 966	\$ 815
(Loss) gain on disposal of property, plant and equipment	(4,485)	1,974
Others	(22,740)	(45,577)
	<u>(\$ 26,259)</u>	<u>(\$ 42,788)</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Gain on disposal of investments	\$ 1,650	\$ 116,755
Loss on disposal of property, plant and equipment	(12,952)	(12,297)
Others	(42,592)	(36,437)
	<u>(\$ 53,894)</u>	<u>\$ 68,021</u>

(28)Income tax

A. Income tax expense

(a)Components of income tax expense:

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Current tax:		
Current tax on profits for the period	\$ 606,542	\$ 598,906
Tax on undistributed surplus earnings	11,619	42,412
Over provision of prior year's income tax	(1,661)	(9,526)
Total current tax	616,500	631,792
Deferred tax:		
Origination and reversal of temporary differences	(8,524)	(10,541)
Income tax expense	<u>\$ 607,976</u>	<u>\$ 621,251</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Current tax:		
Current tax on profits for the period	\$ 1,177,115	\$ 1,102,570
Tax on undistributed surplus earnings	11,619	42,412
Over provision of prior year's income tax	(1,543)	(9,717)
Total current tax	1,187,191	1,135,265
Deferred tax:		
Origination and reversal of temporary differences	(8,142)	3,230
Income tax expense	<u>\$ 1,179,049</u>	<u>\$ 1,138,495</u>

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

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Fair value gains/losses on available-for-sale financial assets	\$ 6,423	(\$ 1,841)
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Fair value gains/losses on available-for-sale financial assets	\$ 6,242	(\$ 2,956)

- 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 \$1,756,088, \$1,125,612, and \$2,088,193 as of June 30, 2017, December 31, 2016, and June 30, 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

	For the three-month period ended June 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,790,477	1,039,622	\$ 2.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,790,477	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	538	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,790,477	1,040,160	\$ 2.68

<u>For the three-month period ended June 30, 2016</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,589,467	1,039,622	\$ 2.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,589,467	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,077	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,589,467	1,041,699	\$ 2.49
<u>For the six-month period ended June 30, 2017</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,531,948	1,039,622	\$ 5.32
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,531,948	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,822	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,531,948	1,041,444	\$ 5.31
<u>For the six-month period ended June 30, 2016</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,036,713	1,039,622	\$ 4.84
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,036,713	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,738	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,036,713	1,042,360	\$ 4.83

(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	<u>(266,428)</u>
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”)	<u>(\$ 247,128)</u>

B. For the six-month period ended June 30, 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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Less than one year	\$ 72,747	\$ 82,807	\$ 85,801
Over one year but less than five years	194,799	207,925	250,965
Over five years	<u>52,009</u>	<u>67,573</u>	<u>83,337</u>
	<u>\$ 319,555</u>	<u>\$ 358,305</u>	<u>\$ 420,103</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. Some leases incur additional rent based on the operating revenue of stores or changes in local price indices. Rental expense recognized in profit and loss for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	<u>For the three-month period ended June 30, 2017</u>	<u>For the three-month period ended June 30, 2016</u>
Rental expense	\$ 2,577,143	\$ 2,463,119
Contingent rent	<u>\$ 60,682</u>	<u>\$ 93,416</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Rental expense	\$ 5,052,596	\$ 4,888,741
Contingent rent	\$ 157,938	\$ 183,475

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

	June 30, 2017	December 31, 2016	June 30, 2016
Less than one year	\$ 8,525,031	\$ 8,595,157	\$ 8,132,781
Over one year but less than five years	27,924,603	27,192,685	25,765,561
Over five years	13,870,894	14,443,449	12,366,836
	<u>\$ 50,320,528</u>	<u>\$ 50,231,291</u>	<u>\$ 46,265,178</u>

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Sublease revenues	\$ 52,255	\$ 45,605
Contingent rent	\$ 288,417	\$ 288,370
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Sublease revenues	\$ 102,495	\$ 102,620
Contingent rent	\$ 578,032	\$ 589,820

In accordance with non-cancellable sub-lease agreements as of June 30, 2017, sub-lease payments totalling \$510,557 are expected to be collected between 2017 and 2026.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Purchase of property, plant and equipment	\$ 3,224,038	\$ 2,399,146
Add: opening balance of payable on equipment	883,723	891,043
Less: ending balance of payable on equipment	(542,921)	(383,988)
Cash paid during the period	<u>\$ 3,564,840</u>	<u>\$ 2,906,201</u>

B. Financing activities with no cash flow effects

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Unpaid cash dividends - the company	\$ 8,316,978	\$ 7,485,280
Unpaid cash dividends - subsidiary	661,690	345,227
	<u>\$ 8,978,668</u>	<u>\$ 7,830,507</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 June 30, 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.	"
Uni-President Trading (Kunshan) Co., Ltd	"
Presco Netmarketing Inc.	"
Tung Ang Enterprises Corp.	"
President Packaging Corp.	"
Tait Marketing & Distribution Co., Ltd.	"
Lien-Bo Enterprises Corp.	"
President Fair Development 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

	<u>For the three-month period ended June 30, 2017</u>	<u>For the three-month period ended June 30, 2016</u>
<u>Sales of goods</u>		
Ultimate parent	\$ 132,941	\$ 120,040
Associates	276,133	228,369
Sister companies	67,500	62,978
Other related parties	14,929	17,225
<u>Sales of services</u>		
Ultimate parent	2,127	1,853
Associates	44,962	38,898
Sister companies	2,838	2,540
Other related parties	447	868
	<u>\$ 541,877</u>	<u>\$ 472,771</u>

	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
<u>Sales of goods</u>		
Ultimate parent	\$ 268,910	\$ 244,056
Associates	576,640	456,810
Sister companies	123,937	116,802
Other related parties	28,515	29,736
<u>Sales of services</u>		
Ultimate parent	3,994	3,670
Associates	86,304	71,702
Sister companies	5,759	5,078
Other related parties	1,331	2,104
	<u>\$ 1,095,390</u>	<u>\$ 929,958</u>

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

B. Purchases

	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Ultimate parent	\$ 3,780,390	\$ 3,661,702
Associates	127,970	69,332
Sister companies	973,836	1,106,259
Other related parties	234,344	222,201
	<u>\$ 5,116,540</u>	<u>\$ 5,059,494</u>
	For the six-month period ended June 30, 2017	For the six-month period ended June 30, 2016
Ultimate parent	\$ 7,249,752	\$ 6,885,855
Associates	248,580	166,053
Sister companies	1,920,394	2,080,447
Other related parties	443,483	439,052
	<u>\$ 9,862,209</u>	<u>\$ 9,571,407</u>

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

C. Receivables from related parties

	June 30, 2017	December 31, 2016	June 30, 2016
Ultimate parent	\$ 145,730	\$ 183,293	\$ 148,934
Associates	134,732	143,208	145,285
Sister companies	44,517	74,809	58,873
Other related parties	5,988	4,916	6,947
	<u>\$ 330,967</u>	<u>\$ 406,226</u>	<u>\$ 360,039</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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Ultimate parent	\$ 1,673,613	\$ 1,615,103	\$ 1,682,163
Associates	121,483	117,549	67,774
Sister companies	448,866	479,849	537,220
Other related parties	<u>197,046</u>	<u>197,161</u>	<u>189,596</u>
	<u>\$ 2,441,008</u>	<u>\$ 2,409,662</u>	<u>\$ 2,476,753</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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Sister companies	\$ 6	\$ 6,317	\$ 15,445
Discount on the long-term installment payable	<u>-</u>	<u>(49)</u>	<u>-</u>
Net amount	6	6,268	15,445
Less: Current portion	<u>-</u>	<u>(6,263)</u>	<u>(15,437)</u>
	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 8</u>

F. Property transactions

Acquisition of property, plant and equipment and investment property:

	<u>Accounts</u>	<u>For the three-month period ended June 30, 2017</u>	<u>For the six-month period ended June 30, 2017</u>
Sister companies	Property, plant and equipment	\$ -	\$ 32,215
	Investment property	<u>-</u>	<u>179,669</u>
		<u>\$ -</u>	<u>\$ 211,884</u>

For the six-month period ended June 30, 2016, the Group did not conduct any related transaction.

(4) Key management compensation

	<u>For the three-month period ended June 30, 2017</u>	<u>For the three-month period ended June 30, 2016</u>
Salaries and other short-term employee benefits	<u>\$ 139,876</u>	<u>\$ 150,595</u>
	<u>For the six-month period ended June 30, 2017</u>	<u>For the six-month period ended June 30, 2016</u>
Salaries and other short-term employee benefits	<u>\$ 309,613</u>	<u>\$ 330,522</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>June 30, 2017</u>	<u>December 31, 2016</u>	
Land	\$ 368,869	\$ 368,869	Long-term and short-term borrowings and guarantee facilities
Buildings	199,405	211,041	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	459,858	474,585	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	50,365	31,065	Performance guarantee
	<u>\$ 1,078,497</u>	<u>\$ 1,085,560</u>	

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>June 30, 2016</u>		
Land	\$ 368,869		Long-term and short-term borrowings and guarantee facilities
Buildings	222,802		Long-term and short-term borrowings and guarantee facilities
Transportation equipment	459,908		Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets")	711,361		Short-term borrowings
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	32,095		Performance guarantee
	<u>\$ 1,795,035</u>		

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On July 27, 2017, the Company's Board of Directors approved the following transactions with Starbucks Coffee International Inc.:

- (1) Dispose 30% of its shares in its subsidiary, President Coffee (Cayman) Holdings, for approximately \$24,065,000,000.
- (2) Acquire 30% of its shares in its subsidiary, President Starbucks Coffee Corp., for approximately \$3,254,000,000.

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.

	<u>June 30, 2017</u>		<u>December 31, 2016</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial assets:				
Guarantee deposit paid	\$ 2,402,042	\$ 2,386,828	\$ 2,376,488	\$ 2,359,056
Financial liabilities:				
Guarantee deposit received	\$ 3,339,788	\$ 3,309,733	\$ 3,239,187	\$ 3,212,077

	<u>June 30, 2016</u>	
	<u>Book value</u>	<u>Fair value</u>
Financial assets:		
Guarantee deposit paid	\$ 2,361,746	\$ 2,347,076
Financial liabilities:		
Guarantee deposit received	\$ 3,245,281	\$ 3,220,964

- (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:

(Foreign currency: functional currency)	June 30, 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>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 1,148	30.4200	\$ 34,922	\$ 942	32.2500	\$ 30,380
RMB:NTD	51,541	4.4861	231,218	31,493	4.6436	146,241
JPY:NTD	226,314	0.2716	61,467	221,092	0.2756	60,933
HKD:NTD	7,789	3.8964	30,349	9,136	4.1582	37,989
<u>Non-monetary items</u>						
JPY: NTD	\$ 866,700	0.2716	\$ 235,396	\$ 720,900	0.2756	\$ 198,680
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$ 484	30.4200	\$ 14,723	\$ 585	32.2500	\$ 18,866
JPY: NTD	65,866	0.2716	17,889	45,432	0.2756	12,521
				June 30, 2016		
				Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD				\$ 6,489	32.2750	\$ 209,432
<u>Non-monetary items</u>						
JPY: NTD				\$ 518,100	0.3143	\$ 162,839
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD				\$ 775	32.2750	\$ 25,013
JPY: NTD				216,997	0.3143	68,202

- III. Total exchange losses, including realized and unrealized losses from significant foreign exchange variations on monetary items held by the Group amounted to \$2,839,\$6,361,\$1,686 and \$5,030 for the three-month and six-month periods ended June 30, 2017 and 2016, respectively.

Price risk

- I. 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.
- II. 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 six-month periods ended June 30, 2017 and 2016 would have

increased/decreased by \$3,054 and \$11,531, 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 \$38,113 and \$29,238, 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 six-month periods ended June 30, 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 \$1,227,787, \$847,954 and \$4,620,233 as at June 30, 2017, December 31, 2016, and June 30, 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:

	Less than <u>1 year</u>	Between <u>1 and 2 years</u>	Between <u>2 and 3 years</u>	<u>Over 3 years</u>
<u>June 30, 2017</u>				
Short-term borrowings	\$ 1,647,069			
Short-term notes and bills payable	434,943			
Notes payable	1,272,588			
Accounts payable	18,864,929			
Other payables	29,223,402			
Long-term borrowings (including current portion)	174,814	430,324	67,802	252,925

Non-derivative financial liabilities:

<u>December 31, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 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>June 30, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 1,943,745	\$ -	\$ -	\$ -
Short-term notes and bills payable	481,000	-	-	-
Notes payable	1,326,142	-	-	-
Accounts payable	19,522,375	-	-	-
Other payables	28,232,058	-	-	-
Long-term borrowings (including current portion)	113,701	462,502	11,394	436,688

(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:

<u>June 30, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 1,227,787	\$ -	\$ -	\$ 1,227,787
Available-for-sale financial assets				
Equity securities	762,269	-	64,460	826,729
Government bond	202,406	-	-	202,406
Subtotal	964,675	-	64,460	1,029,135
Total	\$ 2,192,462	\$ -	\$ 64,460	\$ 2,256,922

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
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

<u>June 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 4,620,233	\$ -	\$ -	\$ 4,620,233
Available-for-sale financial assets				
Equity securities	584,757	-	64,728	649,485
Government bond	203,810	-	-	203,810
Subtotal	788,567	-	64,728	853,295
Total	\$ 5,408,800	\$ -	\$ 64,728	\$ 5,473,528

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 six-month periods ended June 30, 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:

	<u>Fair value at June 30, 2017</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 64,460	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>Fair value at December 31, 2016</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 64,577	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>Fair value at June 30, 2016</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 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 June 30, 2017, December 31, 2016, and June 30, 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 six-month period ended June 30, 2017						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 70,173,377	\$ 32,100,758	\$ 1,356,736	\$ 4,543,967	\$ -	\$ 108,174,838
Internal department revenue	301,869	1,080,717	6,116,306	2,907,921	(10,406,813)	-
Total segment revenue	<u>\$ 70,475,246</u>	<u>\$ 33,181,475</u>	<u>\$ 7,473,042</u>	<u>\$ 7,451,888</u>	<u>(\$ 10,406,813)</u>	<u>\$ 108,174,838</u>
Segment income (loss)	<u>\$ 6,268,134</u>	<u>\$ 1,564,422</u>	<u>\$ 581,823</u>	<u>\$ 1,604,690</u>	<u>(\$ 2,677,092)</u>	<u>\$ 7,341,977</u>

For the six-month period ended June 30, 2016						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 68,042,879	\$ 31,557,127	\$ 1,440,439	\$ 4,710,543	\$ -	\$ 105,750,988
Internal department revenue	287,277	1,363,982	5,577,858	2,943,491	(10,172,608)	-
Total segment revenue	<u>\$ 68,330,156</u>	<u>\$ 32,921,109</u>	<u>\$ 7,018,297</u>	<u>\$ 7,654,034</u>	<u>(\$ 10,172,608)</u>	<u>\$ 105,750,988</u>
Segment income (loss)	<u>\$ 5,713,814</u>	<u>\$ 1,692,749</u>	<u>\$ 511,942</u>	<u>(\$ 25,089)</u>	<u>(\$ 1,070,869)</u>	<u>\$ 6,822,547</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 six-month period ended June 30, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2017	Balance at June 30, 2017	Actual 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 (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
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	-	-	-	239,733	239,733	

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)
June 30, 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 June 30, 2017				Footnote
				Number of shares	Book value (Note)	Ownership (%)	Fair value	
	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	\$ 526,873	2.75	\$ 526,873	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	235,396	0.56	235,396	
President Chain Store Corp.	President Investment Trust Corp.	"	"	2,667,600	45,298	7.60	45,298	
President Chain Store Corp.	Q-ware Systems & Services Corp.	"	"	4,172,422	-	10.00	-	
President Chain Store Corp.	Koasa Yamako Corp.	"	"	650,000	4,348	10.00	4,348	
President Chain Store Corp.	Career Consulting Co. Ltd	"	"	837,753	14,814	5.37	14,814	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	Financial assets measured at cost - non-current	2,572,127	25,721	0.92	25,721	
President Chain Store Corp.	PK Venture Capital Corp.	"	"	321,300	-	6.67	-	
	Open ended funds:							
President Chain Store Corp.	Prudential Financial Money Market Fund	None	Financial assets at fair value through profit or loss - current	31,870,682	\$ 500,057	-	\$ 500,057	
	Open ended funds:							
Shanghai President Chain Store Corporation Trade Co., Ltd.	CIFM Cash Liquidity Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,101,856	\$ 27,374	-	\$ 27,374	
Capital Inventory Services Corp.	UPAMC James Bond Money Market Fund	"	"	907,967	15,059	-	15,059	
Chieh-Shuen Logistics International Corp	UPAMC James Bond Money Market Fund	"	"	1,749,050	29,008	-	29,008	
Chieh-Shuen Logistics International Corp	Eastspring Investments Well Pool Money Market Fund	"	"	4,781,996	64,540	-	64,540	
President Information Corp.	Jih Sun Money Market Fund	"	"	3,742,311	55,000	-	55,000	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	1,367,890	20,104	-	20,104	
President (Shanghai) Health Product Trading Company Ltd.	CIFM RMB Money Market Fund	"	"	10,473,006	46,983	-	46,983	
Retail Support Taiwan Corp.	FSITC Money Market Fund	"	"	23,809	4,215	-	4,215	
Shanghai President Logistics Co., Ltd.	CIFM Money Market Fund	"	"	6,243,934	28,011	-	28,011	
Shan Dong President Yinzuo Commercial Limited	HSBC Jintrust Money Market Fund Class B	"	"	5,000,000	22,431	-	22,431	
Shan Dong President Yinzuo Commercial Limited	Harvest Prime Liquidity Money Market Fund	"	"	9,000,000	40,375	-	40,375	
Vision Distribution Service Corp.	UPAMC James Bond Money Market Fund	"	"	905,790	15,022	-	15,022	
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	8,892,498	110,037	-	110,037	
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	9,413,734	141,528	-	141,528	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	8,005,283	108,043	-	108,043	

				As of June 30, 2017				
Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note)	Ownership (%)	Fair value	Footnote
Duskin China (BVI) Holdings Limited	Stock : Duskin (Shanghai) Co., Ltd.	None	Financial assets measured at cost - non-current	-	\$ 1,672	8.75	\$ 1,672	
icash Corp.	Bond: Government bond	None	Available-for-sale financial assets - non-current	-	\$ 202,406	-	\$ 202,406	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital
For the six-month period ended June 30, 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 June 30, 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
Books.com. Co., Ltd.	Open ended funds : Jih Sun Money Market Fund	Note 1	Not applicable	Not applicable	5,454,347	\$ 80,014	56,874,624	\$ 780,000	53,436,474	\$ 750,258	\$ 750,000	\$ 258	- \$ 23	8,892,498	\$ 110,037	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	15,426,309	226,299	22,582,704	331,500	36,641,123	538,000	537,647	353	- (48)	1,367,890	20,104	
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	"	8,194,155	123,000	36,981,247	555,500	35,761,668	537,118	537,000	118	- 28	9,413,734	141,528	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	7,719,715	104,000	38,237,668	515,500	37,952,100	511,685	511,500	185	- 43	8,005,283	108,043	
President Chain Store Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	31,870,682	500,000	-	-	-	-	- 57	31,870,682	500,057	
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Note 2	Cash capital increase	Parent company to subsidiary	140,384,307	5,053,883	26,334,655	792,357	-	-	-	-	- 469,494	166,718,962	6,315,734	

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

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the six-month period ended June 30, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term					
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 7,162,989	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,327,308) (	10)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	1,575,336	3	Net 45 days from the end of the month when invoice is issued	"	"	(609,414) (	4)	
	Tung Ang Enterprise Corp.	Sister company	"	925,579	2	Net 30 days from the end of the month when invoice is issued	"	"	(186,825) (	1)	
	Lien-Bo Enterprises Corp.	"	"	340,945	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(104,148) (	1)	
	Vision Distribution Service Corp.	Subsidiary	"	322,173	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(51,741) (	0)	
	Tait Marketing & Distribution Co., Ltd.	Sister company		210,878	0	Net 20~70 days from the end of the month when invoice is issued	"	"	(49,646) (	0)	
	Q-ware Systems & Services Corp.	Subsidiary	"	305,716	0	Net 15~40 days from the end of the month when invoice is issued	"	"	(97,922) (	0)	
	President Packaging Corp.	Sister company	"	168,782	0	Net 15~60 days from the end of the month when invoice is issued	"	"	(60,148) (	0)	
	President Transnet Corp.	Subsidiary	"	128,572	0	Net 60 days from the end of the month when invoice is issued	"	"	(19,747) (	0)	
	Kuang Chuan Dairy Corp.	Other related party	"	109,607	0	Net 30~65 days from the end of the month when invoice is issued	"	"	(58,094) (	0)	
	Weilih Food Industrial Co., Ltd.	"	"	113,838	0	Net 30~60 days from the end of the month when invoice is issued	"	"	(44,483) (	0)	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue (	459,189) (	52)	Net 40 days from the end of the month when invoice is issued	"	"	99,697	56	
	President Logistics International Corp.	Parent company	" (	393,167) (	45)	Net 20 days from the end of the month when invoice is issued	"	"	74,842	42	
Duskin Serve Taiwan Co.	President Chain Store Corp.	"	Service revenue (	118,305) (	21)	Net 15~60 days from the end of the month when invoice is issued	"	"	21,226	15	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	309,754	7	Net 30~80 days from the end of the month when invoice is issued	"	"	(31,468) (	2)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue (	356,460) (	87)	Net 45 days from the end of the month when invoice is issued	"	"	104,705	54	
President Logistics International Corp.	Retail Support International Corp.	"	Delivery revenue (	349,225) (	26)	Net 20 days from the end of the month when invoice is issued	"	"	64,660	26	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	" (	481,868) (	36)	Net 20 days from the end of the month when invoice is issued	"	"	89,076	36	
	Wisdom Distribution Service Corp.	"	" (	345,329) (	26)	Net 20 days from the end of the month when invoice is issued	"	"	67,241	27	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	393,167	31	Net 20 days from the end of the month when invoice is issued	"	"	(74,842) (	62)	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	Sales revenue (	1,575,336) (	100)	Net 45 days from the end of the month when invoice is issued	"	"	609,414	100	

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	Sales revenue	(\$ 309,754) (	64)	Net 30~110 days from the end of the month when invoice is issued	"	"	\$ 31,468	9	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent company	Delivery revenue	(141,919)	79	Net 15~20 days from the end of the month when invoice is issued	"	"	26,337	78	
Vision Distribution Service Corp.	President Chain Store Corp.	"	Sales revenue	(322,173) (	50)	Net 65 days from the end of the month when invoice is issued	"	"	51,741	32	
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	"	(305,716) (	68)	Net 15~40 days from the end of the month when invoice is issued	"	"	97,922	72	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	345,329 (	79)	Net 30~60 days from the end of the month when invoice is issued	"	"	(67,241) (	14)	
	Books.com. Co., Ltd.	"	Delivery revenue	(149,474) (	14)	Net 30 days from the end of the month when invoice is issued	"	"	25,638	5	
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	"	Service cost	459,189	9	Net 40 days from the end of the month when invoice is issued	"	"	(99,697) (	20)	
	President Chain Store Corp.	Parent company	Sales revenue	(128,572) (	3)	Net 60 days from the end of the month when invoice is issued			19,747	1	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	349,225	42	Net 20 days from the end of the month when invoice is issued	"	"	(64,660) (	27)	
	Retail Support Taiwan Corp.	"	"	141,919	17	Net 15~20 days from the end of the month when invoice is issued	"	"	(26,337) (	11)	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	"	481,868	38	Net 20 days from the end of the month when invoice is issued	"	"	(89,076) (	10)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
June 30, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of June 30, 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.	Subsidiary	\$ 648,391	Note	\$ -	None	\$ 1,065	\$ -
	President Transnet Corp.	"	306,151	"	-	"	1,059	-
	Uni-President Cold-Chain Corp.	"	263,684	"	-	"	642	-
	Presicarre Corp.	Associate	261,299	"	-	"	587	-
	President Starbucks Coffee Corp.	Joint venture	223,468	"	-	"	221,345	-
	Books.com. Co., Ltd.	Subsidiary	187,005	"	-	"	7,428	-
	Uni-President Department Store Corp.	"	148,853	"	-	"	-	-
	icash Corp.	"	130,868	"	-	"	90,657	-
	Retail Support International Corp.	"	103,695	"	-	"	1	-
	Books.com. Co., Ltd.	Parent company	146,073	6.28	-	"	146,073	-
President Information Corp.	President Chain Store Corp.	"	104,705	10.59	-	"	37,570	-
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	609,414	10.84	-	"	293,692	-
President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	779,492	Note	-	"	779,492	-
President Transnet Corp.	President Chain Store Corp.	Parent company	117,565	"	-	"	66,979	-

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the six-month period ended June 30, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction		Percentage of consolidated total operating revenues or total assets
						Transaction terms		
0	President Chain Store Corp.	icash Corp.	Parent company to subsidiary	Other receivables	\$ 130,868	Net 30-60 days from the end of the month when invoice is issued		0.14
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Other receivables	648,391	Net 30-60 days from the end of the month when invoice is issued		0.71
0	President Chain Store Corp.	Retail Support International Corp.	Parent company to subsidiary	Other revenue	(126,540)	Net 60 days from the end of the month when invoice is issued		0.24
1	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	609,414	Net 45 days from the end of the month when invoice is issued		0.66
2	Uni-President Department Store Corp.	Uni-President Superior Commissary Corp.	Subsidiary to subsidiary	Other receivables	150,000	Expired at September 30, 2017		0.16
3	President Information Corp.	Uni-President Superior Commissary Corp.	Subsidiary to subsidiary	Other receivables	100,000	Expired at September 30, 2017		0.11
4	President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary to subsidiary	Other receivables	779,492	Net 40 days from the end of the month when invoice is issued		0.85
5	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(393,167)	Net 20 days from the end of the month when invoice is issued		0.74
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(459,189)	Net 40 days from the end of the month when invoice is issued		0.87
7	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(349,225)	Net 20 days from the end of the month when invoice is issued		0.66
8	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(481,868)	Net 20 days from the end of the month when invoice is issued		0.91
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(345,329)	Net 20 days from the end of the month when invoice is issued		0.65
10	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(1,575,336)	Net 45 days from the end of the month when invoice is issued		2.97
11	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(309,754)	Net 30-110 days from the end of the month when invoice is issued		0.58
12	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(322,173)	Net 65 days from the end of the month when invoice is issued		0.61
13	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(149,474)	Net 30 days from the end of the month when invoice is issued		0.28
14	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(141,919)	Net 15-20 days from the end of the month when invoice is issued		0.27
15	President Transnet Corp.	President Collect Services Co., Ltd.	Subsidiary to subsidiary	Service revenue	(146,521)	Net 40 days from the end of the month when invoice is issued		0.28
16	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	104,705	Net 45 days from the end of the month when invoice is issued		0.11

Number	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets
					Amount	Transaction terms	
17	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 117,565	Net 30-60 days from the end of the month when invoice is issued	0. 13
18	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(118,305)	Net 15-60 days from the end of the month when invoice is issued	0. 22
19	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(356,460)	Net 45 days from the end of the month when invoice is issued	0.67
20	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(305,716)	Net 15-40 days from the end of the month when invoice is issued	0.58

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the six-month period ended June 30, 2017

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at June 30, 2017			Net profit (loss) of the investee for the six-month period ended June 30, 2017	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2017	Footnote
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value			
				June 30, 2017	December 31, 2016						
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 5,776,102	\$ 4,983,745	166,718,962	100.00	\$ 6,315,734	\$ 725,630	\$ 725,630	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	1,220,509	168,712	168,712	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,308,568	202,758	141,930	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	650,212	52,781	42,684	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	673,231	141,925	97,043	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	419,532	150,230	105,161	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	440,897	6,698	6,028	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	540,190	188,357	113,027	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	482,846	53,259	45,802	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	328,566	31,849	27,632	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	308,522	96,237	96,237	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	313,093	209,987	105,056	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	230,773	232	216	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	167,709	69,397	35,392	Subsidiary
President Chain Store Corp.	icash Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	349,222	(20,135)	(20,135)	Subsidiary
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	261,087	196,187	6,500,000	100.00	70,304	329	329	Subsidiary
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	67,622	16,609	16,609	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	62,029	2,156	1,988	Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	19,606	4,045	4,045	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	(19,167)	(9,426)	(9,426)	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	35,000	35,000	1,500,000	100.00	(62,273)	(7,727)	(7,727)	Subsidiary
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	60,680	60,680	10,000,000	100.00	(2,584)	(19,375)	(19,375)	Subsidiary
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	69,147	8,382	8,382	Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(13,258)	4,618	4,618	Subsidiary
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	52,231	44,434	31,104	Subsidiary
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	147,900	86,700	14,789,999	51.00	62,203	52	27	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2017			Net profit (loss) of the investee for the six-month period ended June 30, 2017	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2017	Footnote
				Balance as at June 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
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	\$ 736,233	\$ 39,133	\$ 7,826	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	355,110	365,036	109,511	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	165,810	111,658	27,964	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	5,046,546	887,548	165,107	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	1,923,650 (	151,466) (	28,779)	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	447,906	300,627	10,289	Note 1
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Taiwan	Bakery retailer	112,088	112,088	7,500,049	50.00	98,076	31,532	16,211	Note 1
President Chain Store Corp.	President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	37,637	22,007	8,053	Note 1
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	15,338	7,561	1,853	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	126,325 (	28,488) (	5,096)	Note 1
President Chain Store Corp.	Grand Bills Finance Corp.	Taiwan	Securities trading	1,050	1,050	108,160	0.02	1,774	320,102	64	Note 1
President Logistics International Corp.	Chieh-Shuen Logistics International	Taiwan	Trucking	266,700	266,700	26,670,000	100.00	344,243	24,248	24,248	Subsidiary of a subsidiary
Retail Support International Corp.	Retail Support Taiwan Corp.	Taiwan	Room-temperature logistics and warehousing	15,300	15,300	2,871,300	51.00	61,405	24,804	12,650	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp., etc.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	136,455	33,120	16,229	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	16,709	17,856	1,161,000	6.00	16,709	33,120	1,987	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	27,550	27,550	3,870,000	20.00	55,696	33,120	6,624	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	60,000	60,000	6,000,000	60.00	67,269	3,671	2,202	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp., etc.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	69,620	33,120	8,280	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Ltd., etc.	British Virgin Islands	Professional investment	87,994	87,994	2,990	100.00	99,544	4,571	4,241	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Other	Professional investment	887,149	887,149	29,163,337	100.00	1,751,037	117,299	117,299	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Ltd.	Hong Kong	Professional investment	4,589,961	3,145,369	129,732,730	100.00	4,664,488	681,055	681,055	Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	886,296	886,296	239,376,070	52.22	1,669,813	269,631	131,657	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (Cayman) Restaurant Limited	Cayman Islands	Professional investment	158,430	158,430	8,880,000	100.00	31,803 (	803) (	803)	Subsidiary of a subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2017			Net profit (loss) of the investee for the six-month period ended June 30, 2017	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2017	Footnote
				Balance as at June 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
President Chain Store (Hong Kong) Holdings Limited	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investment	\$ 54,756	\$ 54,756	1,800,000	30.00	\$ 2,199,936	\$ 2,507,518	\$ 752,255	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Cayman Islands	Professional investment	22,511	22,511	740,000	7.80	5,248	2,156	168	Subsidiary of a subsidiary
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Professional investment	89,415	89,415	3,000,000	100.00	47,395	(22,481)	(22,500)	Subsidiary of a subsidiary
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	588	(4)	(5)	Subsidiary of a subsidiary
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	British Virgin Islands	Professional investment	23,023	23,023	7,000	100.00	2,274	(36)	-	Subsidiary of a subsidiary
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	25,553	960,000	60.00	24,479	7,382	4,429	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	0.00	-	209,987	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	0.00	-	150,230	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	0.00	-	52,781	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	0.00	-	53,259	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	0.00	-	202,758	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	0.00	-	31,849	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	0.00	-	69,397	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	0.00	-	141,925	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Taiwan	Bakery retailer	-	-	1	0.00	-	31,532	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	0.00	-	6,698	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	0.00	-	188,357	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	0.00	-	111,658	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	0.00	-	44,434	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	1	0.00	-	52	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippine	Logistics and warehousing	27,123	27,123	4,500,000	100.00	27,123	3,782	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippine	Professional investment	29,378	29,378	40,000	40.00	29,378	549	-	Subsidiary of a subsidiary

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the six-month period ended June 30, 2017

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2017			Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2017	Net income of investee for the six-month period ended June 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2017	Book value of investments in Mainland China as of June 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ 270,130	Note 1	\$ 157,289	\$ -	\$ -		\$ 157,289	(\$ 764)	100.00	(\$ 764)	\$ 31,519	\$ -	Note 3
Shanghai President Starbucks Coffee Corp.	Selling of coffee, beverage, and food	348,044	Note 1	60,840	-	-		60,840	2,459,410	30.00	796,732	1,837,595	-	Note 3
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	448,613	Note 1	286,474	-	-		286,474	2,230	100.00	2,230	66,391	-	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	1,973,897	Note 1	2,080,701	-	-		2,080,701	(72,156)	100.00	(73,529)	29,259	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	60,840	Note 1	60,840	-	-		60,840	28,970	100.00	28,970	324,639	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	998,359	Note 1	726,571	269,351	-		995,922	(24,555)	100.00	(24,555)	166,560	-	Note 3
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	448,613	Note 1	394,319	-	-		394,319	(18,565)	100.00	(18,565)	36,005	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	269,168	Note 1	124,064	-	-		124,064	16,380	55.00	8,839	185,418	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	91,260	Note 1	91,260	-	-		91,260	(15,653)	73.74	(11,801)	15,371	-	Note 3
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	179,445	Note 1	174,167	-	-		174,167	10,004	80.00	7,711	145,803	-	Note 3
Duskin (Shanghai) Co., Ltd.	Sales of cleaning instruments	269,168	Note 1	20,373	-	-		20,373	(1,140)	4.46	-	853	-	Note 3
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	456	Note 1	-	-	-		-	(5)	50.03	(2)	17	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	269,168	Note 1	269,168	-	-		269,168	6,375	100.00	6,274	277,004	-	Note 3
President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	224,307	Note 1	89,723	134,584	-		224,307	(5,456)	100.00	(5,569)	218,670	-	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.

Note 4: The investment has been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA), but the relevant documents have not yet been submitted to MOEA for review.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	\$ 4,010,692	\$ 7,388,715	\$ 18,045,511
President Pharmaceutical Corp.	91,260	91,260	421,438
Duskin Serve Taiwan Co.	20,373	20,373	219,626
Uni-President Cold-Chain Corp.	90,269	90,269	528,883