

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW
REPORT OF INDEPENDENT ACCOUNTANTS
SEPTEMBER 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
SEPTEMBER 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 September 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2017 and 2016, as well as the related statements of changes in equity and of cash flows for the nine-month periods ended September 30, 2017 and 2016. 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 nine-month periods ended September 30, 2017 and 2016 were not reviewed. The total assets of those subsidiaries and investments accounted for using the equity method amounted to NT\$31,415,936 thousand and NT\$29,171,363 thousand, both representing 33% of the consolidated total assets as of September 30, 2017 and 2016, respectively, and total liabilities amounted to NT\$13,117,364 thousand and NT\$11,943,401 thousand, representing 22% and 21% of the total consolidated liabilities as of September 30, 2017 and 2016, respectively. The related total comprehensive income amounted to NT\$716,436 thousand, NT\$686,795 thousand, NT\$2,025,711 thousand and NT\$1,828,037 thousand, representing 21%, 23%, 22% and 22% of the total consolidated comprehensive income for the three-month and nine-month periods ended September 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
November 1, 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 September 30, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	September 30, 2017		December 31, 2016		September 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 28,311,564	30	\$ 32,003,633	34	\$ 23,478,211	27
1110	Financial assets at fair value through profit or loss - current	6(2)			1,008,917	1	847,954	1
1170	Accounts receivable, net	6(3) and 7	4,157,156	4	4,325,889	4	4,232,950	5
1200	Other receivables		1,960,986	2	1,143,071	1	1,619,506	2
1220	Current income tax assets	6(28)	40,664	-	1,448	-	58,736	-
130X	Inventories, net	6(4)	12,040,624	13	12,043,420	13	11,206,101	13
1410	Prepayments		1,528,930	2	1,387,459	1	1,510,971	2
1460	Non-current assets held for sale, net	6(7)(22)	2,610,424	3	-	-	-	-
1470	Other current assets		2,436,638	3	2,570,118	3	2,297,022	2
11XX	Total current assets		54,095,903	58	54,322,992	57	47,653,149	54
Non-current assets								
1523	Available-for-sale financial assets	6(5)						
	- non-current		1,067,350	1	899,490	1	865,156	1
1543	Financial assets measured at cost	6(6)						
	- non-current		27,384	-	27,494	-	27,445	-
1550	Investments accounted for using equity method	6(7)						
			8,965,060	10	11,071,449	12	10,949,525	13
1600	Property, plant and equipment, net	6(8)(24)						
	7 and 8		22,749,774	24	22,329,291	24	21,871,224	25
1760	Investment property, net	6(9)(31)						
	and 7		1,526,177	2	1,359,189	1	1,363,413	2
1780	Intangible assets	6(10)(24)	1,202,322	1	1,076,176	1	1,124,611	1
1840	Deferred income tax assets	6(28)	1,385,400	1	1,208,032	1	1,137,353	1
1900	Other non-current assets	6(11) and 8						
			2,985,990	3	2,824,404	3	2,739,769	3
15XX	Total non-current assets		39,909,457	42	40,795,525	43	40,078,496	46
1XXX	Total assets		\$ 94,005,360	100	\$ 95,118,517	100	\$ 87,731,645	100

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

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

	Liabilities and Equity	Notes	September 30, 2017	December 31, 2016	September 30, 2016			
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 1,350,915	1	\$ 1,660,825	2	\$ 1,817,810	2
2110	Short-term notes and bills payable		379,996	-	274,000	-	275,000	-
2150	Notes payable	7	1,357,967	1	2,207,113	2	1,399,308	1
2170	Accounts payable		17,644,015	19	17,582,498	19	17,274,649	20
2180	Accounts payable - related parties	7	2,472,632	3	2,344,741	2	2,504,563	3
2200	Other payables	6(14)	22,110,768	24	22,942,333	24	19,253,802	22
2230	Current income tax liabilities	6(28)	850,333	1	1,151,241	1	707,188	1
2300	Other current liabilities	6(15)	4,644,881	5	4,431,973	5	4,154,282	5
21XX	Total current liabilities		<u>50,811,507</u>	<u>54</u>	<u>52,594,724</u>	<u>55</u>	<u>47,386,602</u>	<u>54</u>
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	969,312	1	869,479	1	869,140	1
2570	Deferred income tax liabilities	6(28)	179,261	-	10,219	-	20,677	-
2640	Net defined benefit liability	6(17)	4,250,756	4	4,265,972	5	4,078,460	4
2670	Other non-current liabilities	6(18)	4,277,764	5	4,117,193	4	4,192,093	5
25XX	Total non-current liabilities		<u>9,677,093</u>	<u>10</u>	<u>9,262,863</u>	<u>10</u>	<u>9,160,370</u>	<u>10</u>
2XXX	Total liabilities		<u>60,488,600</u>	<u>64</u>	<u>61,857,587</u>	<u>65</u>	<u>56,546,972</u>	<u>64</u>
Equity attributable to owners of the parent								
	Share capital	6(19)						
3110	Share capital - common stock		10,396,223	11	10,396,223	11	10,396,223	12
	Capital surplus	6(20)						
3200	Capital surplus		44,075	-	1,158	-	1,158	-
	Retained earnings	6(21)						
3310	Legal reserve		9,191,733	10	8,208,064	9	8,208,064	9
3350	Unappropriated retained earnings		9,156,712	10	9,839,244	10	8,038,236	9
	Other equity	6(22)						
3400	Other equity interest		79,774	-	171,589	-	199,172	1
31XX	Equity attributable to owners of the parent		<u>28,868,517</u>	<u>31</u>	<u>28,616,278</u>	<u>30</u>	<u>26,842,853</u>	<u>31</u>
36XX	Non-controlling interest		<u>4,648,243</u>	<u>5</u>	<u>4,644,652</u>	<u>5</u>	<u>4,341,820</u>	<u>5</u>
3XXX	Total equity		<u>33,516,760</u>	<u>36</u>	<u>33,260,930</u>	<u>35</u>	<u>31,184,673</u>	<u>36</u>
3X2X	Total liabilities and equity		<u>\$ 94,005,360</u>	<u>100</u>	<u>\$ 95,118,517</u>	<u>100</u>	<u>\$ 87,731,645</u>	<u>100</u>

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

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

	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2017		2016		2017		2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(23) and 7	\$ 57,283,454	100	\$ 55,583,940	100	\$ 165,458,292	100	\$ 161,455,866	100
5000	Operating costs	6(4)(24) and 7	(38,010,634) (67)		(37,111,049) (67)		(110,580,348) (67)		(108,506,343) (67)	
5900	Net operating margin		19,272,820	33	18,472,891	33	54,877,944	33	52,949,523	33
	Operating expenses	6(24)(25)								
6100	Selling expenses		(13,809,661) (24)		(13,168,299) (24)		(39,614,609) (24)		(38,200,350) (24)	
6200	General and administrative expenses		(2,429,311) (4)		(2,409,127) (4)		(6,584,584) (4)		(6,704,218) (4)	
6000	Total operating expenses		(16,238,972) (28)		(15,577,426) (28)		(46,199,193) (28)		(44,904,568) (28)	
6900	Operating profit		3,033,848	5	2,895,465	5	8,678,751	5	8,044,955	5
	Non-operating income and expenses									
7010	Other income	6(26)	431,772	1	373,009	1	1,194,978	1	1,251,809	-
7020	Other gains and losses	6(27)	(99,420)	-	(24,022)	-	(153,314)	-	43,999	-
7050	Finance costs	6(13)(16)	(23,032)	-	(17,976)	-	(72,565)	-	(70,490)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	556,857	1	496,299	1	1,594,152	1	1,275,049	1
7000	Total non-operating income and expenses		866,177	2	827,310	2	2,563,251	2	2,500,367	1
7900	Profit before income tax		3,900,025	7	3,722,775	7	11,242,002	7	10,545,322	6
7950	Income tax expense	6(28)	(506,650) (1)		(585,328) (1)		(1,685,699) (1)		(1,723,823) (1)	
8000	Profit for the period from continuing operations		3,393,375	6	3,137,447	6	9,556,303	6	8,821,499	5
8200	Profit for the period		\$ 3,393,375	6	\$ 3,137,447	6	\$ 9,556,303	6	\$ 8,821,499	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)

	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2017		2016		2017		2016	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
8311		\$	-	-	\$	-	-	(\$	509)
8320								-	\$
									-
8310									203
									-
									-
8310									203
									-
8361	6(22)	9,044	-	(222,159)	(1)	(380,399)	-	(330,292)	-
8362	6(22)	38,188	-	11,986	-	167,897	-	(57,901)	-
8370	6(22)								
		3,788	-	6,043	-	(10,281)	-	(5,547)	-
8399	6(22)(28)	(3,488)	-	(2,111)	-	(9,730)	-	845	-
8360		47,532	-	(206,241)	(1)	(232,513)	-	(392,895)	-
8300		\$ 47,532	-	(\$ 206,241)	(1)	(\$ 233,022)	-	(\$ 392,692)	-
8500		\$ 3,440,907	6	\$ 2,931,206	5	\$ 9,323,281	6	\$ 8,428,807	5
8610		\$ 3,086,433	5	\$ 2,818,044	5	\$ 8,618,381	5	\$ 7,854,757	5
8620		306,942	1	319,403	1	937,922	1	966,742	-
		\$ 3,393,375	6	\$ 3,137,447	6	\$ 9,556,303	6	\$ 8,821,499	5
8710		\$ 3,150,500	5	\$ 2,609,692	4	\$ 8,526,300	6	\$ 7,461,596	4
8720		290,407	1	321,514	1	796,981	-	967,211	1
		\$ 3,440,907	6	\$ 2,931,206	5	\$ 9,323,281	6	\$ 8,428,807	5
9750	6(29)	\$ 2.97		\$ 2.71		\$ 8.29		\$ 7.56	
9850	6(29)	\$ 2.97		\$ 2.70		\$ 8.27		\$ 7.54	

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

	Notes	Equity attributable to owners of the parent						Total	Non-controlling interest	Total equity	
		Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Retained earnings	Other equity interest				
						Exchange differences from translation of foreign operations	Unrealized gain or loss on available for-sale financial assets	Equity directly related to non-current assets held for sale			
<u>For the nine-month period ended September 30,</u>											
<u>2016</u>											
Balance at January 1, 2016		\$ 10,396,223	\$ 7,733	\$ 7,384,165	\$ 8,733,029	\$ 209,326	\$ 383,210	\$ -	\$ 27,113,686	\$ 3,977,816	\$ 31,091,502
Distribution of 2015 earnings:											
Legal reserve		-	-	823,899	(823,899)	-	-	-	-	-	
Cash dividends		-	-	-	(7,485,280)	-	-	-	(7,485,280)	(7,485,280)	
Acquisition of additional equity interest in subsidiary	6(30)	-	(6,554)	-	(240,574)	-	-	-	(247,128)	(19,300)	(266,428)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	(21)	-	-	-	-	-	(21)	-	(21)
Profit for the period		-	-	-	7,854,757	-	-	-	7,854,757	966,742	8,821,499
Other comprehensive income (loss) for the period	6(22)	-	-	-	203	(334,174)	(59,190)	-	(393,161)	469	(392,692)
Non-controlling interest		-	-	-	-	-	-	-	-	(583,907)	(583,907)
Balance at September 30, 2016		<u>\$ 10,396,223</u>	<u>\$ 1,158</u>	<u>\$ 8,208,064</u>	<u>\$ 8,038,236</u>	<u>(\$ 124,848)</u>	<u>\$ 324,020</u>	<u>\$ -</u>	<u>\$ 26,842,853</u>	<u>\$ 4,341,820</u>	<u>\$ 31,184,673</u>
<u>For the nine-month period ended September 30,</u>											
<u>2017</u>											
Balance at January 1, 2017		\$ 10,396,223	\$ 1,158	\$ 8,208,064	\$ 9,839,244	(\$ 186,228)	\$ 357,817	\$ -	\$ 28,616,278	\$ 4,644,652	\$ 33,260,930
Distribution of 2016 earnings:											
Legal reserve		-	-	983,669	(983,669)	-	-	-	-	-	-
Cash dividends		-	-	-	(8,316,978)	-	-	-	(8,316,978)	-	(8,316,978)
Profit for the period		-	-	-	8,618,381	-	-	-	8,618,381	937,922	9,556,303
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	36	-	-	-	-	-	36	-	36
Equity directly related to non-current assets held for sale	6(7)(22)	-	-	-	-	88,031	-	(88,031)	-	-	-
Other comprehensive income (loss) for the period	6(22)	-	-	-	(266)	(253,235)	161,420	-	(92,081)	(140,941)	(233,022)
Adjustment to capital surplus due to non-proportional investment accounted for using equity method		-	42,881	-	-	-	-	-	42,881	-	42,881
Non-controlling interest		-	-	-	-	-	-	-	-	(793,390)	(793,390)
Balance at September 30, 2017		<u>\$ 10,396,223</u>	<u>\$ 44,075</u>	<u>\$ 9,191,733</u>	<u>\$ 9,156,712</u>	<u>(\$ 351,432)</u>	<u>\$ 519,237</u>	<u>(\$ 88,031)</u>	<u>\$ 28,868,517</u>	<u>\$ 4,648,243</u>	<u>\$ 33,516,760</u>

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

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

	Notes	For the nine-month periods ended September 30	
		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 11,242,002	\$ 10,545,322
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)	(2,277)	(5,929)
Provision for doubtful accounts	6(3)	10,550	11,691
Depreciation on property, plant and equipment	6(8)	3,845,321	3,899,646
Amortization		265,822	250,320
Depreciation on investment property	6(9)	12,681	13,177
Finance costs		72,565	70,490
Share of profit of associates and joint ventures accounted for using equity method		(1,594,152)	(1,275,049)
Gain on disposal of investments in subsidiaries		- (114,212)	
Loss on disposal of property, plant and equipment, net	6(27)	30,343	17,379
Interest income	6(26)	(118,601)	(109,453)
Dividend income	6(26)	(15,674)	(25,032)
Reversal of impairment loss on property, plant and equipment	6(8)	- (11,243)	
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		(158,686)	2,376,663
Accounts receivable		(382,179)	(72,184)
Other receivables		(289,400)	(150,866)
Inventories		2,796	344,452
Prepayments		(141,471)	(287,145)
Other current assets		133,480	(296,583)
Net changes in liabilities relating to operating activities			
Notes payable		(849,146)	252,316
Accounts payable		189,408	570,129
Other payables		(204,653)	(1,746,532)
Advance receipts		226,351	425,461
Net defined benefit liabilities - non-current		(15,216)	(3,355)
Cash generated from operations		12,259,864	14,679,463
Interest received		124,821	99,473
Income tax paid		(2,043,879)	(2,263,411)
Interest paid		(73,078)	(71,044)
Dividends received		1,084,105	826,565
Net cash provided by operating activities		<u>11,351,833</u>	<u>13,271,046</u>

(Continued)

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

	Notes	For the nine-month periods ended September 30	
		2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(32)	(\$ 5,175,967)	(\$ 4,243,895)
Acquisition of investment property		(148,319)	-
Proceeds from disposal of property, plant and equipment		113,132	163,721
Liquidating dividends of available-for-sale financial assets - non-current		117	151
Proceeds from disposal of investments in subsidiaries		-	241,222
(Increase) decrease in guarantee deposits paid		(40,935)	17,817
Acquisition of intangible assets		(308,648)	(110,623)
Increase in other non-current assets		(203,971)	(32,003)
Net cash used in investing activities		(5,764,591)	(3,963,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(309,910)	(636,489)
Increase (decrease) in short-term notes and bills payable		105,996	(120,000)
Increase in long-term borrowings		174,670	331,925
Repayment of long-term borrowings		(47,035)	(126,002)
Acquisition of additional equity interest in a subsidiary	6(30)	-	(266,428)
Increase in guarantee deposits received		110,969	397,944
Increase (decrease) in other non-current liabilities		49,602	(26,320)
Change in non-controlling interests		36,577	(214,866)
Payment of cash dividends - the company	6(21)	(8,316,978)	(7,485,280)
Payment of cash dividends - subsidiaries		(829,967)	(339,849)
Net cash used in financing activities		(9,026,076)	(8,485,365)
Effect of foreign exchange rate changes on cash and cash equivalents		(253,235)	(334,174)
(Decrease) increase in cash and cash equivalents		(3,692,069)	487,897
Cash and cash equivalents at beginning of period		32,003,633	22,990,314
Cash and cash equivalents at end of period		<u>\$ 28,311,564</u>	<u>\$ 23,478,211</u>

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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 November 1, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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, 2017
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.

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>
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
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
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
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.

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	September 30, 2017	September 30, 2016
	Financial statements were reviewed	Financial statements were reviewed
Retail Support International Corp.		
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
			September 30, 2017	December 31, 2016	September 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
			September 30, 2017	December 31, 2016	September 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	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	100.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Publishing	60.00	60.00	60.00	
Uni-President Cold Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Logistics and storage of room temperature	51.00	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	6.00	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	100.00	
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	100.00	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation, repair and maintenance	-	100.00	100.00	(b)
Mech-President Corp.	President Jing Corp.	Gas station	60.00	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	52.22	52.22	52.22	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics and warehousing	100.00	100.00	100.00	
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	40.00	55.00	55.00	(c)
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	Retail hypermarket	-	-	100.00	(d)
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Operation of chain store	100.00	-	-	(e)
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
			September 30, 2017	December 31, 2016	September 30, 2016	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	Professional investment	100.00	-	-	(g)
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Retail hypermarket	15.00	-	-	(c)

- (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 liquidated the subsidiary, Safety Elevator Corp., and the process of cancellation of registration has been completed in June 2017.
- (c) The Company transferred its 15% shares of the subsidiary, Shan Dong President Yinzuo Commercial Limited to Presiclerc Limited, in August 2017.
- (d) The Company liquidated the subsidiary, PCSC (Sichuan) Hypermarket Limited, in December 2016. The process of cancellation of registration has been completed on January 31, 2017.
- (e) The subsidiary of the Company was established in July 2017.
- (f) The subsidiary of the Company was established in December 2016.
- (g) The subsidiary of the Company was established in August 2017.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand and petty cash	\$ 893,257	\$ 1,603,230	\$ 909,890
Checking accounts and demand deposits	9,862,679	8,906,034	7,253,513
Cash equivalents			
Time deposits	8,913,671	12,763,518	8,265,077
Short-term financial instruments	8,641,957	8,730,851	7,049,731
	<u>\$ 28,311,564</u>	<u>\$ 32,003,633</u>	<u>\$ 23,478,211</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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Financial assets held for trading			
Open-ended fund	\$ 1,002,568	\$ 843,882	\$ 3,240,212
Valuation adjustment of financial assets held for trading	6,349	4,072	9,440
	<u>\$ 1,008,917</u>	<u>\$ 847,954</u>	<u>\$ 3,249,652</u>

The Group recognized net gain of \$1,656, \$3,805, \$5,390 and \$10,553 on financial assets held for trading for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

(3) Accounts receivable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Accounts receivable	\$ 4,281,811	\$ 4,557,391	\$ 4,413,303
Less: Allowance for sales returns and discounts	(71,355)	(118,853)	(75,529)
Allowance for doubtful accounts	(53,300)	(112,649)	(104,824)
	<u>\$ 4,157,156</u>	<u>\$ 4,325,889</u>	<u>\$ 4,232,950</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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Up to 90 days	\$ 86,420	\$ 146,432	\$ 88,890
91 to 180 days	10,608	8,194	9,809
181 to 365 days	1,537	4,476	7,663
Over 365 days	-	6,175	1,052
	<u>\$ 98,565</u>	<u>\$ 165,277</u>	<u>\$ 107,414</u>

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

(a) As of September 30, 2017, December 31, 2016, and September 30, 2016, the Group's accounts receivable that were impaired amounted to \$53,300, \$112,649 and \$104,824, respectively.

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

	<u>For the nine-month period ended September 30, 2017</u>	<u>For the nine-month period ended September 30, 2016</u>
At January 1	\$ 112,649	\$ 128,880
Provision for impairment	16,017	11,456
Write-offs	(69,899)	(34,325)
Reversal of impairment	(5,467)	(1,187)
At September 30	<u>\$ 53,300</u>	<u>\$ 104,824</u>

(4) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 87,360	\$ -	\$ 87,360
Merchandise and finished goods	<u>12,083,442</u>	(<u>130,178</u>)	<u>11,953,264</u>
	<u>\$ 12,170,802</u>	<u>(\$ 130,178)</u>	<u>\$ 12,040,624</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>

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 83,244	\$ -	\$ 83,244
Merchandise and finished goods	<u>11,254,603</u>	(<u>131,746</u>)	<u>11,122,857</u>
	<u>\$ 11,337,847</u>	<u>(\$ 131,746)</u>	<u>\$ 11,206,101</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended	For the three-month period ended
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Cost of goods sold	\$ 37,558,680	\$ 36,707,947
Gain on reversal of valuation of inventories	(3,157)	(29,935)
Spoilage	395,026	373,424
Others	<u>60,085</u>	<u>59,613</u>
	<u>\$ 38,010,634</u>	<u>\$ 37,111,049</u>
	For the nine-month period ended	For the nine-month period ended
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Cost of goods sold	\$ 109,316,329	\$ 107,298,145
Gain on reversal of valuation of inventories	(133,200)	(46,108)
Spoilage	1,216,643	1,083,938
Others	<u>180,576</u>	<u>170,368</u>
	<u>\$ 110,580,348</u>	<u>\$ 108,506,343</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 nine-month periods ended September 30, 2017 and 2016, respectively.

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	41,962	42,079	42,079
Government bonds	199,813	199,733	199,705
	507,381	507,418	507,390
Valuation adjustment	559,969	392,072	357,766
	<u>\$ 1,067,350</u>	<u>\$ 899,490</u>	<u>\$ 865,156</u>

A. The Group recognized \$38,188, \$11,986, \$167,897 and (\$57,901) in other comprehensive gain (loss) in relation to fair value changes for the three-month and nine-month periods ended September 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 September 30, 2017, December 31, 2016, and September 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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Associates:			
PresiCarre Corp.	\$ 5,155,678	\$ 5,142,151	\$ 5,106,669
President Fair Development Corp.	1,904,696	1,952,428	1,964,004
Uni-President Development Corp.	738,763	819,847	806,524
President International Development Corp.	465,699	466,663	465,056
Tung Ho Development Corp.	126,013	88,539	90,779
President Organics Corp., etc.	58,928	61,403	56,542
	<u>8,449,777</u>	<u>8,531,031</u>	<u>8,489,574</u>
Joint ventures:			
President Coffee (Cayman) Holdings	-	1,998,444	1,973,991
President Starbucks Coffee Corp.	419,730	450,659	395,336
Mister Dount Taiwan Corp., Ltd.	95,553	91,315	90,624
	<u>515,283</u>	<u>2,540,418</u>	<u>2,459,951</u>
	<u>\$ 8,965,060</u>	<u>\$ 11,071,449</u>	<u>\$ 10,949,525</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 <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Total comprehensive income	<u>\$ 114,373</u>	<u>\$ 124,458</u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Total comprehensive income	<u>\$ 259,622</u>	<u>\$ 219,080</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 <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Total comprehensive income	<u>\$ 446,272</u>	<u>\$ 377,884</u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Total comprehensive income	<u>\$ 1,324,249</u>	<u>\$ 1,050,625</u>

C. Non-current assets held for sale:

- (a) On July 27, 2017, the Company's Board of Directors approved the following transactions with Starbucks Coffee International Inc.:
 - a. Dispose 30% of its shares in its subsidiary, President Coffee (Cayman) Holdings, for approximately \$24,065 million.
 - b. Acquire 30% of its shares in its subsidiary, President Starbucks Coffee Corp., for approximately \$3,254 million.
- (b) According to IFRS 5, 'Non-current assets held for sale and discontinued operations', the Company entered into a share transfer agreement with a third party buyer and agreed to sell the investment in President Coffee (Cayman) Holdings, Ltd. for \$2,610,424 and reclassified related assets and liabilities as "Non-current assets held for sale, net". Also, the related other comprehensive loss on the investment of \$88,031 was recognised as "Equity directly related to non-current assets held for sale".

(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	-	116,025	534,868	1,457,658	1,185,636	1,539,312	4,833,499
Disposals	-	(1,698)	(18,174)	(62,645)	(58,499)	(2,459)	(143,475)
Reclassifications	28,822	56,820	86,688	74,327	116,088	(464,545)	(101,800)
Depreciation charge	-	(135,756)	(429,393)	(1,588,794)	(902,515)	(788,863)	(3,845,321)
Net exchange differences	(2,201)	(1,852)	(3,647)	(3,541)	(101,000)	(210,179)	(322,420)
Closing net book amount as of September 30	<u>\$ 2,257,016</u>	<u>\$ 2,460,708</u>	<u>\$ 2,282,416</u>	<u>\$ 6,304,982</u>	<u>\$ 5,306,580</u>	<u>\$ 4,138,072</u>	<u>\$ 22,749,774</u>
<u>At September 30, 2017</u>							
Cost	\$ 2,273,536	\$ 4,203,680	\$ 6,247,829	\$ 19,206,154	\$ 13,387,184	\$ 8,809,499	\$ 54,127,882
Accumulated depreciation and impairment	(16,520)	(1,742,972)	(3,965,413)	(12,901,172)	(8,080,604)	(4,671,427)	(31,378,108)
	<u>\$ 2,257,016</u>	<u>\$ 2,460,708</u>	<u>\$ 2,282,416</u>	<u>\$ 6,304,982</u>	<u>\$ 5,306,580</u>	<u>\$ 4,138,072</u>	<u>\$ 22,749,774</u>

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2016</u>							
Cost	\$ 2,249,588	\$ 4,038,997	\$ 5,459,989	\$ 18,713,302	\$ 12,242,425	\$ 7,556,878	\$ 50,261,179
Accumulated depreciation and impairment	-	(1,457,639)	(3,362,211)	(12,108,333)	(6,771,150)	(4,222,470)	(27,921,803)
	<u>\$ 2,249,588</u>	<u>\$ 2,581,358</u>	<u>\$ 2,097,778</u>	<u>\$ 6,604,969</u>	<u>\$ 5,471,275</u>	<u>\$ 3,334,408</u>	<u>\$ 22,339,376</u>
<u>2016</u>							
Opening net book amount as of January 1	\$ 2,249,588	\$ 2,581,358	\$ 2,097,778	\$ 6,604,969	\$ 5,471,275	\$ 3,334,408	\$ 22,339,376
Additions	-	1,815	464,519	1,180,160	1,048,632	1,111,547	3,806,673
Disposals	-	(12,108)	(16,463)	(74,075)	(58,407)	(20,047)	(181,100)
Reclassifications	-	41,243	56,785	252,663	(575,130)	253,214	28,775
Depreciation charge	-	(135,775)	(429,119)	(1,592,531)	(959,372)	(782,849)	(3,899,646)
Reversal of impairment loss	-	-	-	2,565	103	8,575	11,243
Net exchange differences	(2,093)	(3,651)	(6,188)	(17,333)	(84,549)	(120,283)	(234,097)
Closing net book amount as of September 30	<u>\$ 2,247,495</u>	<u>\$ 2,472,882</u>	<u>\$ 2,167,312</u>	<u>\$ 6,356,418</u>	<u>\$ 4,842,552</u>	<u>\$ 3,784,565</u>	<u>\$ 21,871,224</u>
<u>At September 30, 2016</u>							
Cost	\$ 2,247,495	\$ 4,053,354	\$ 5,793,147	\$ 18,641,729	\$ 12,530,036	\$ 7,930,511	\$ 51,196,272
Accumulated depreciation and impairment	-	(1,580,472)	(3,625,835)	(12,285,311)	(7,687,484)	(4,145,946)	(29,325,048)
	<u>\$ 2,247,495</u>	<u>\$ 2,472,882</u>	<u>\$ 2,167,312</u>	<u>\$ 6,356,418</u>	<u>\$ 4,842,552</u>	<u>\$ 3,784,565</u>	<u>\$ 21,871,224</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

	Land	Buildings	Total
<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	-	(12,681)	(12,681)
September 30, 2017	<u>\$ 1,063,017</u>	<u>\$ 463,160</u>	<u>\$ 1,526,177</u>

	Land	Buildings	Total
<u>2016</u>			
January 1, 2016	\$ 902,270	\$ 513,999	\$ 1,416,269
Reclassification	-	(39,679)	(39,679)
Depreciation charge	-	(13,177)	(13,177)
September 30, 2016	<u>\$ 902,270</u>	<u>\$ 461,143</u>	<u>\$ 1,363,413</u>

The fair value of the investment property held by the Group ranged from \$2,424,226 to \$3,608,300 over the period from September 30, 2016 to September 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 of 2.63%.

(10) Intangible assets

	September 30, 2017	December 31, 2016	September 30, 2016
Software	\$ 559,889	\$ 593,921	\$ 581,396
Goodwill	376,878	378,673	390,169
Others	<u>265,555</u>	<u>103,582</u>	<u>153,046</u>
	<u>\$ 1,202,322</u>	<u>\$ 1,076,176</u>	<u>\$ 1,124,611</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(11) Other non-current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Guarantee deposits paid	\$ 2,417,423	\$ 2,376,488	\$ 2,338,781
Others	<u>568,567</u>	<u>447,916</u>	<u>400,988</u>
	<u>\$ 2,985,990</u>	<u>\$ 2,824,404</u>	<u>\$ 2,739,769</u>

(12) Impairment loss

- The Group recognized reversal of impairment loss for the nine-month periods ended September 30, 2017 and 2016 amounting to \$0 and \$11,243, respectively.
- 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>September 30, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 1,350,915	0.95%~4.35%	None
<u>December 31, 2016</u>			
<u>Bank borrowings</u>			
Credit loan	\$ 1,660,825	0.98%~4.35%	None
<u>September 30, 2016</u>			
<u>Bank borrowings</u>			
Credit loan	\$ 1,817,810	0.98%~4.35%	None

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

(14) Other payables

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Store collections	\$ 9,033,295	\$ 9,577,091	\$ 7,241,229
Wages, salaries and bonus payable	4,579,889	4,194,182	4,173,099
Sales receipt on behalf of others	1,085,794	1,175,306	688,100
Incentive bonus payable to franchisees	843,294	853,388	772,497
Rent payable	695,259	682,966	715,461
Employees' bonus and remuneration for directors and supervisors	664,035	886,756	752,287
Payables for acquisition of property, plant and equipment	541,255	883,723	453,821
Payables for labor and health insurance	229,558	224,975	229,945
Others	4,438,389	4,463,946	4,227,363
	<u>\$ 22,110,768</u>	<u>\$ 22,942,333</u>	<u>\$ 19,253,802</u>

(15) Other current liabilities

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Advance receipts for gift certificates	\$ 1,213,754	\$ 1,200,808	\$ 1,160,706
Advance receipts of deposits in icash cards	1,020,589	894,940	842,332
Advance receipts for gift cards	784,802	697,721	693,143
Advance receipts of members' deposits	413,064	457,262	447,936
Advance receipts for franchise fee	232,506	233,901	233,620
Current portion of long-term liabilities	190,210	203,652	97,272
Others	789,956	743,689	679,273
	<u>\$ 4,644,881</u>	<u>\$ 4,431,973</u>	<u>\$ 4,154,282</u>

(16) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	September 30, 2017
<u>Long-term bank borrowings</u>			
Credit loan	0.88% ~ 3.19%	None	\$ 841,225
Secured borrowings	1.77% ~ 2.16%	Property, plant and equipment	<u>318,297</u>
			1,159,522
Less: Current portion			(<u>190,210</u>)
			<u>\$ 969,312</u>

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

Type of borrowings	Interest rate range	Collateral	September 30, 2016
<u>Long-term bank borrowings</u>			
Credit loan	0.97% ~ 2.8614%	None	\$ 682,645
Secured borrowings	2.085% ~ 2.24%	Property, plant and equipment	<u>274,681</u>
			957,326
Less: Current portion			(<u>88,186</u>)
			<u>\$ 869,140</u>

- A. There was no capitalization of borrowing costs for the nine-month periods ended September 30, 2017 and 2016. Relevant interest expense on borrowings is recognized as “finance costs”.
- B. The Group had undrawn long-term borrowings of \$8,966,539, \$7,946,043, and \$7,253,337 as of September 30, 2017, December 31, 2016, and September 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 contribute 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 \$39,341, \$54,596, \$116,621 and \$138,487 for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2017 and 2016 was 14%~24% and 14%~21%, 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 nine-month periods ended September 30, 2017 and 2016 were \$210,312, \$180,616, \$614,208 and \$580,177, respectively.

(18) Other non-current liabilities

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Guarantee deposit received	\$ 3,350,156	\$ 3,239,187	\$ 3,282,951
Decommissioning liability	389,554	376,896	372,578
Deferred income	313,044	185,412	213,559
Others	<u>225,010</u>	<u>315,698</u>	<u>323,005</u>
	<u>\$ 4,277,764</u>	<u>\$ 4,117,193</u>	<u>\$ 4,192,093</u>

(19) Share capital

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

	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
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 nine-month period ended September 30, 2017			
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Equity directly related to non- current assets held for sale	Total
At January 1, 2017	(\$ 186,228)	\$ 357,817	\$ -	\$ 171,589
Revaluation:				
-Group	-	167,897	-	167,897
-Associates	-	3,253	-	3,253
Revaluation-tax	- (	9,730)	- (	9,730)
Currency translation differences:				
-Group	(151,670)	- (88,031)	(239,701)	
-Associates	(13,534)	-	- (13,534)	
At September 30, 2017	(\$ 351,432)	\$ 519,237	(\$ 88,031)	\$ 79,774

For the nine-month period ended September 30, 2016						
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Equity directly related to non-current assets held for sale		Total	
At January 1, 2016	\$ 209,326	\$ 383,210	\$ -		\$ 592,536	
Revaluation:						
-Group	- (	57,901)	-	(	57,901)	
-Associates	- (	2,134)	-	(	2,134)	
Revaluation-tax	-	845			845	
Currency translation differences:						
- Group	(330,761)	-	-	(	330,761)	
- Associates	(3,413)	-	-	(	3,413)	
At September 30, 2016	<u>\$ 124,848)</u>	<u>\$ 324,020</u>	<u>\$ -</u>	<u>\$ 199,172</u>		

(23) Operating revenue

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Sales revenue	\$ 50,843,469	\$ 50,147,062
Service revenue	3,211,338	2,942,464
Other operating revenue	3,228,647	2,494,414
	<u>\$ 57,283,454</u>	<u>\$ 55,583,940</u>
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Sales revenue	\$ 147,389,557	\$ 145,721,669
Service revenue	9,525,969	8,670,830
Other operating revenue	8,542,766	7,063,367
	<u>\$ 165,458,292</u>	<u>\$ 161,455,866</u>

(24) Expenses by nature

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Cost of goods sold	\$ 33,549,049	\$ 32,605,068
Employee benefit expense	5,872,275	5,608,641
Incentive bonuses for franchisees	5,303,096	4,825,447
Operating lease payments	2,654,295	2,553,941
Depreciation and amortization	1,399,641	1,373,471
Utilities expense	1,064,208	1,065,083
Other costs and expenses	4,407,042	4,656,824
Total operating costs and operating expenses	<u>\$ 54,249,606</u>	<u>\$ 52,688,475</u>

	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Cost of goods sold	\$ 97,870,679	\$ 96,415,124
Employee benefit expense	16,947,054	16,408,759
Incentive bonuses for franchisees	14,703,950	13,554,669
Operating lease payments	7,864,829	7,626,157
Depreciation and amortization	4,111,143	4,149,966
Utilities expense	2,842,537	2,868,360
Other costs and expenses	12,439,349	12,387,876
Total operating costs and operating expenses	<u>\$ 156,779,541</u>	<u>\$ 153,410,911</u>

(25) Employee benefit expense

	For the three-month period ended <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Wages and salaries	\$ 4,857,396	\$ 4,635,619
Labor and health insurance fees	419,863	393,435
Pension costs	249,653	235,212
Other personnel expenses	345,363	344,375
	<u>\$ 5,872,275</u>	<u>\$ 5,608,641</u>

	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Wages and salaries	\$ 13,965,626	\$ 13,551,419
Labor and health insurance fees	1,279,693	1,211,057
Pension costs	730,829	718,664
Other personnel expenses	970,906	927,619
	<u>\$ 16,947,054</u>	<u>\$ 16,408,759</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 September 30, 2017 and 2016 and nine-month periods ended September 30, 2017 and 2016, employees' compensation was accrued at \$156,787, \$147,094, \$447,662 and \$412,246, respectively, while directors' and supervisors' remuneration was accrued at \$52,382, \$49,144, \$149,562 and \$137,730, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the nine-month period ended September 30, 2017.

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

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

(26) Other income

	For the three-month period ended <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Grants income	\$ 150,538	\$ 151,460
Interest income	36,458	29,654
Rental revenue	41,285	42,670
Dividend income	-	9,700
Others	<u>203,491</u>	<u>139,525</u>
	<u><u>\$ 431,772</u></u>	<u><u>\$ 373,009</u></u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Grants income	\$ 439,403	\$ 439,546
Interest income	118,601	109,453
Rental revenue	124,709	137,908
Dividend income	15,674	25,032
Others	<u>496,591</u>	<u>539,870</u>
	<u><u>\$ 1,194,978</u></u>	<u><u>\$ 1,251,809</u></u>

(27) Other gains and losses

	For the three-month period ended <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Gain on disposal of investments	\$ 1,463	\$ 2,081
Loss on disposal of property, plant and equipment	(17,391)	(5,082)
Others	<u>(83,492)</u>	<u>(21,021)</u>
	<u><u>(\$ 99,420)</u></u>	<u><u>(\$ 24,022)</u></u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Gain on disposal of investments	\$ 3,113	\$ 118,836
Loss on disposal of property, plant and equipment	(30,343)	(17,379)
Others	<u>(126,084)</u>	<u>(57,458)</u>
	<u><u>(\$ 153,314)</u></u>	<u><u>\$ 43,999</u></u>

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Current tax:		
Current tax on profits for the period	\$ 509,619	\$ 603,134
Tax on undistributed surplus earnings	7	-
(Over) under provision of prior year's income tax	(119)	1,250
Total current tax	509,507	604,384
Deferred tax:		
Origination and reversal of temporary differences	(2,857)	(19,056)
Income tax expense	<u>\$ 506,650</u>	<u>\$ 585,328</u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Current tax:		
Current tax on profits for the period	\$ 1,686,734	\$ 1,705,704
Tax on undistributed surplus earnings	11,626	42,412
Over provision of prior year's income tax	(1,662)	(8,467)
Total current tax	1,696,698	1,739,649
Deferred tax:		
Origination and reversal of temporary differences	(10,999)	(15,826)
Income tax expense	<u>\$ 1,685,699</u>	<u>\$ 1,723,823</u>

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

	For the three-month period ended <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Fair value gains/losses on available-for-sale financial assets	<u>\$ 3,488</u>	<u>\$ 2,111</u>
	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
Fair value gains/losses on available-for-sale financial assets	<u>\$ 9,730</u>	<u>\$ (845)</u>

- 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 \$154,033, \$1,125,612, and \$477,475 as of September 30, 2017, December 31, 2016, and September 30, 2016, respectively. The creditable tax rate was 20.73% for 2016 and the estimated creditable tax rate is 20.48% for 2017.

(29) Earnings per share

For the three-month period ended September 30, 2017

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 3,086,433	1,039,622
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 3,086,433	1,039,622
Assumed conversion of all dilutive potential ordinary shares	-	616
Employees' bonus	\$ 3,086,433	1,040,238
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,086,433	\$ 2.97

For the three-month period ended September 30, 2016

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 2,818,044	1,039,622
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 2,818,044	1,039,622
Assumed conversion of all dilutive potential ordinary shares	-	2,425
Employees' bonus	\$ 2,818,044	1,042,047
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,818,044	\$ 2.70

For the nine-month period ended September 30, 2017

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 8,618,381	1,039,622
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 8,618,381	1,039,622
Assumed conversion of all dilutive potential ordinary shares		
Employees' bonus	-	2,265
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,618,381	1,041,887
		\$ 8.27

For the nine-month period ended September 30, 2016

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 7,854,757	1,039,622
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent	\$ 7,854,757	1,039,622
Assumed conversion of all dilutive potential ordinary shares		
Employees' bonus	-	2,777
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 7,854,757	1,042,399
		\$ 7.54

(30) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

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

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

B. For the nine-month period ended September 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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Less than one year	\$ 92,612	\$ 82,807	\$ 89,353
Over one year but less than five years	293,773	207,925	216,025
Over five years	<u>44,227</u>	<u>67,573</u>	<u>75,354</u>
	<u>\$ 430,612</u>	<u>\$ 358,305</u>	<u>\$ 380,732</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 nine-month periods ended September 30, 2017 and 2016 are as follows:

	<u>For the three-month period ended September 30, 2017</u>	<u>For the three-month period ended September 30, 2016</u>
Rental expense	<u>\$ 2,525,588</u>	<u>\$ 2,455,460</u>
Contingent rent	<u>\$ 128,707</u>	<u>\$ 98,481</u>

	<u>For the nine-month period ended September 30, 2017</u>	<u>For the nine-month period ended September 30, 2016</u>
Rental expense	<u>\$ 7,578,184</u>	<u>\$ 7,334,201</u>
Contingent rent	<u>\$ 286,645</u>	<u>\$ 281,956</u>

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Less than one year	\$ 8,775,133	\$ 8,595,157	\$ 8,183,023
Over one year but less than five years	28,569,702	27,192,685	25,690,127
Over five years	14,679,303	14,443,449	12,921,985
	<u>\$ 52,024,138</u>	<u>\$ 50,231,291</u>	<u>\$ 46,795,135</u>

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

	<u>For the three-month period ended September 30, 2017</u>	<u>For the three-month period ended September 30, 2016</u>
Sublease revenues	<u>\$ 100,809</u>	<u>\$ 72,626</u>
Contingent rent	<u>\$ 270,988</u>	<u>\$ 290,899</u>
	<u>For the nine-month period ended September 30, 2017</u>	<u>For the nine-month period ended September 30, 2016</u>
Sublease revenues	<u>\$ 203,304</u>	<u>\$ 175,246</u>
Contingent rent	<u>\$ 849,020</u>	<u>\$ 880,719</u>

In accordance with non-cancellable sub-lease agreements as of September 30, 2017, sub-lease payments totalling \$512,659 are expected to be collected between 2017 and 2028.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>For the nine-month period ended September 30, 2017</u>	<u>For the nine-month period ended September 30, 2016</u>
Purchase of property, plant and equipment	\$ 4,833,499	\$ 3,806,673
Add: Opening balance of payable on equipment	883,723	891,043
Less: Ending balance of payable on equipment	(541,255)	(453,821)
Cash paid during the period	<u>\$ 5,175,967</u>	<u>\$ 4,243,895</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of September 30, 2017.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Ultimate parent company
Shanghai President Starbucks Coffee Corp.	Investee of the Group accounted for under the equity method
President Organics Corp.	"
Mister Donut Taiwan Co., Ltd.	"
President Starbucks Coffee Corp.	"
President Enterprises (Shanghai) Co., Ltd.	Subsidiary of ultimate parent company
Hefei President Enterprises 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.	"
Kuang Chuan Dairy Corp.	Investee of ultimate parent company accounted for under the equity method
Weilih Food Industrial Co., Ltd.	"
Kang Na Hsiung Enterprises Co., Ltd.	Investee of subsidiaries of ultimate parent company accounted for under the equity method
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
<u>Sales of goods</u>		
Ultimate parent	\$ 141,580	\$ 130,313
Associates	279,840	226,791
Sister companies	61,589	83,522
Other related parties	25,630	20,966
<u>Sales of services</u>		
Ultimate parent	1,904	1,811
Associates	29,415	36,302
Sister companies	2,920	2,775
Other related parties	911	1,449
	<u>\$ 543,789</u>	<u>\$ 503,929</u>

	For the nine-month period ended <u>September 30, 2017</u>	For the nine-month period ended <u>September 30, 2016</u>
<u>Sales of goods</u>		
Ultimate parent	\$ 410,490	\$ 374,369
Associates	856,480	683,601
Sister companies	185,526	200,324
Other related parties	54,145	50,702
<u>Sales of services</u>		
Ultimate parent	5,898	5,481
Associates	115,719	108,004
Sister companies	8,679	7,853
Other related parties	2,242	3,553
	<u>\$ 1,639,179</u>	<u>\$ 1,433,887</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 <u>September 30, 2017</u>	For the three-month period ended <u>September 30, 2016</u>
Ultimate parent		
Associates	\$ 4,006,148	\$ 3,898,480
Sister companies	94,997	84,181
Other related parties	1,171,184	1,222,416
	<u>264,771</u>	<u>246,356</u>
	<u>\$ 5,537,100</u>	<u>\$ 5,451,433</u>
For the nine-month period ended <u>September 30, 2017</u>		
For the nine-month period ended <u>September 30, 2016</u>		
Ultimate parent	\$ 11,255,900	\$ 10,784,334
Associates	343,577	250,234
Sister companies	3,091,578	3,302,864
Other related parties	708,254	685,409
	<u>\$ 15,399,309</u>	<u>\$ 15,022,841</u>

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

C. Receivables from related parties

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Ultimate parent	\$ 156,787	\$ 183,293	\$ 153,108
Associates	175,900	143,208	190,552
Sister companies	48,535	74,809	61,847
Other related parties	3,148	4,916	6,315
	<u>\$ 384,370</u>	<u>\$ 406,226</u>	<u>\$ 411,822</u>

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

D. Payables to related parties

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Ultimate parent	\$ 1,678,659	\$ 1,615,103	\$ 1,703,611
Associates	106,548	117,549	83,080
Sister companies	496,905	479,849	544,914
Other related parties	<u>209,534</u>	<u>197,161</u>	<u>190,579</u>
	<u>\$ 2,491,646</u>	<u>\$ 2,409,662</u>	<u>\$ 2,522,184</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. There was no related transaction in 2017 as it was already paid. Details of the related long-term installment payables (under “Other current liabilities” and “Other non-current liabilities”) are as follows:

	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Sister companies	\$ 6,317	\$ 9,094
Discount on the long-term installment payable	(49)	-
Net amount	6,268	9,094
Less: Current portion	(6,263)	(9,086)
	<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</u>	<u>For the nine-month period ended</u>
		<u>September 30, 2017</u>	<u>September 30, 2017</u>
Sister companies	Property, plant and equipment	\$ -	\$ 32,215
	Investment property	-	179,669
		<u>\$ -</u>	<u>\$ 211,884</u>

For the nine-month period ended September 30, 2016, the Group did not conduct any property transaction.

(4) Key management compensation

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Salaries and other short-term employee benefits	\$ 152,219	\$ 116,738
Salaries and other short-term employee benefits	\$ 461,832	\$ 447,260

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	September 30, 2017	December 31, 2016	
Land	\$ 368,869	\$ 368,869	Long-term and short-term borrowings and guarantee facilities
Buildings	193,529	211,041	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	462,658	474,585	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	49,665 \$ 1,074,721	31,065 \$ 1,085,560	Performance guarantee
Pledged asset	Book value		Purpose
Land	\$ 368,869		Long-term and short-term borrowings and guarantee facilities
Buildings	216,915		Long-term and short-term borrowings and guarantee facilities
Transportation equipment	464,942		Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	32,095 \$ 1,082,821		Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

	September 30, 2017		December 31, 2016	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Guarantee deposit paid	\$ 2,417,423	\$ 2,401,441	\$ 2,376,488	\$ 2,359,056
Financial liabilities:				
Guarantee deposit received	\$ 3,350,156	\$ 3,319,094	\$ 3,239,187	\$ 3,212,077

	September 30, 2016	
	Book value	Fair value
Financial assets:		
Guarantee deposit paid	\$ 2,338,781	\$ 2,323,243
Financial liabilities:		
Guarantee deposit received	\$ 3,282,951	\$ 3,257,219

(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:

	September 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>						
Monetary items						
USD: NTD	\$ 1,397	30.2600	\$ 42,273	\$ 942	32.2500	\$ 30,380
RMB: NTD	930	4.5485	4,230	31,493	4.6436	146,241
JPY: NTD	134,798	0.2691	36,274	221,092	0.2756	60,933
HKD: NTD	4,166	3.8740	16,139	9,136	4.1582	37,989
Non-monetary items						
JPY: NTD	\$ 951,000	0.2691	\$ 255,914	\$ 720,900	0.2756	\$ 198,680
<u>Financial liabilities</u>						
Monetary items						
USD: NTD	\$ 947	30.2600	\$ 28,656	\$ 585	32.2500	\$ 18,866
JPY: NTD	76,525	0.2691	20,593	45,432	0.2756	12,521
RMB: NTD	265	4.5485	1,205	-	-	-
HKD: NTD	2	3.8740	8	-	-	-
ERU: NTD	39	35.7500	1,394	-	-	-
<u>September 30, 2016</u>						
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)			
<u>Financial assets</u>						
Monetary items						
USD: NTD				\$ 993	31.360	\$ 31,140
Non-monetary items						
JPY: NTD				\$ 563,700	0.3109	\$ 175,254
<u>Financial liabilities</u>						
Monetary items						
USD: NTD				\$ 987	31.360	\$ 30,952
JPY: NTD				173,885	0.3109	54,061

- III. Total exchange gain or loss, including realized and unrealized gain or loss from significant foreign exchange variations on monetary items held by the Group amounted to \$1,456, (\$4,378), \$3,142 and \$652 for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2017 and 2016 would have increased/decreased by \$2,506 and \$8,101, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$40,028 and \$29,874, 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 nine-month periods ended September 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(17)), 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 \$1,008,917, \$847,954 and \$3,249,652 as at September 30, 2017, December 31, 2016, and September 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:

<u>September 30, 2017</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 1,387,349	\$ -	\$ -	\$ -
Short-term notes and bills payable	379,996	-	-	-
Notes payable	1,357,967	-	-	-
Accounts payable	20,116,647	-	-	-
Other payables	21,110,768	-	-	-
Long-term borrowings (including current portion)	209,647	495,186	82,129	433,039

Non-derivative financial liabilities:

<u>December 31, 2016</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 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>September 30, 2016</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 1,856,649	\$ -	\$ -	\$ -
Short-term notes and bills payable	275,000	-	-	-
Notes payable	1,399,308	-	-	-
Accounts payable	19,779,212	-	-	-
Other payables	19,253,802	-	-	-
Long-term borrowings (including current portion)	114,375	531,105	62,180	310,239

(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:

	September 30, 2017	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 1,008,917	\$ _____ -	\$ _____ -	\$ 1,008,917	
Available-for-sale financial assets					
Equity securities	800,567	_____ -	64,460	865,027	
Government bond	202,323	_____ -	_____ -	202,323	
Subtotal	1,002,890	_____ -	64,460	1,067,350	
Total	\$ 2,011,807	\$ _____ -	\$ 64,460	\$ 2,076,267	

	December 31, 2016	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 847,954	\$ _____ -	\$ _____ -	\$ 847,954	
Available-for-sale financial assets					
Equity securities	631,928	_____ -	64,577	696,505	
Government bond	202,985	_____ -	_____ -	202,985	
Subtotal	834,913	_____ -	64,577	899,490	
Total	\$ 1,682,867	\$ _____ -	\$ 64,577	\$ 1,747,444	

	September 30, 2016	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 3,249,652	\$ _____ -	\$ _____ -	\$ 3,249,652	
Available-for-sale financial assets					
Equity securities	596,857	_____ -	64,577	661,434	
Government bond	203,722	_____ -	_____ -	203,722	
Subtotal	800,579	_____ -	64,577	865,156	
Total	\$ 4,050,231	\$ _____ -	\$ 64,577	\$ 4,114,808	

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:

Market quoted price	Listed shares Closing price	Open-ended fund Net asset value	Government bond 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 nine-month periods ended September 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:

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,460	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
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
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

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 September 30, 2017, December 31, 2016, and September 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 nine-month period ended September 30, 2017				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 108,136,539	\$ 48,189,308	\$ 2,050,431	\$ 7,082,014	\$ -
Internal department revenue	445,483	1,670,724	9,621,531	4,501,676	(16,239,414)
Total segment revenue	\$ 108,582,022	\$ 49,860,032	\$ 11,671,962	\$ 11,583,690	(\$ 16,239,414)
Segment income (loss)	\$ 9,646,747	\$ 2,356,320	\$ 894,534	\$ 2,373,658	(\$ 4,029,257)
					\$ 11,242,002

	For the nine-month period ended September 30, 2016				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 104,588,140	\$ 47,649,680	\$ 2,159,104	\$ 7,058,942	\$ -
Internal department revenue	430,605	1,943,586	8,684,161	4,485,277	(15,543,629)
Total segment revenue	<u>\$ 105,018,745</u>	<u>\$ 49,593,266</u>	<u>\$ 10,843,265</u>	<u>\$ 11,544,219</u>	<u>(\$ 15,543,629)</u>
Segment income (loss)	<u>\$ 8,883,577</u>	<u>\$ 2,539,845</u>	<u>\$ 820,209</u>	<u>\$ 25,142</u>	<u>(\$ 1,723,451)</u>
					<u>\$ 10,545,322</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 nine-month period ended September 30, 2017

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended			Balance at September 30, 2017	Acutal amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Collateral			Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
					September 30, 2017	2017	Reason for short-term financing						Item	Value				
1	President Information Corp.	Uni-President Superior Commissary Corp.	Other receivables	Y	\$ 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	-	0.99	Short-term financing	-	Additional operating capital	-	-	-	-	271,797	271,797	

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)
September 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 September 30, 2017				
				Number of shares	Book value (Note)	Ownership (%)	Fair value	Footnote
Stock:								
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Available-for-sale financial assets - non-current	38,221,259	\$ 544,653	2.75	\$ 544,653	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	255,914	0.56	255,914	
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	-	
Beneficiary Certificate:								
Books.com. Co., Ltd.	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,039,734	\$ 30,008	-	\$ 30,008	
Capital Inventory Services Corp.	UPAMC James Bond Money Market Fund	"	"	603,919	10,024	-	10,024	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	843,491	14,002	-	14,002	
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	3,701,346	50,006	-	50,006	
President Information Corp.	Jih Sun Money Market Fund	"	"	8,414,259	123,790	-	123,790	
President Information Corp.	Prudential Financial Money Market Fund	"	"	16,688,074	262,110	-	262,110	
President Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	555,491	7,505	-	7,505	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	2,999,919	44,135	-	44,135	
President (Shanghai) Health Product Trading Company Ltd.	CIFM RMB Money Market Fund	"	"	6,550,779	29,796	-	29,796	
Retail Support Taiwan Corp.	FSITC Money Market Fund	"	"	96,529	17,105	-	17,105	
Shanghai President Logistics Co., Ltd.	CIFM Money Market Fund	"	"	547,751	2,491	-	2,491	
Shan Dong President Yinzuo Commercial Limited	CIFM RMB Money Market Fund	"	"	8,000,000	36,388	-	36,388	
Shan Dong President Yinzuo Commercial Limited	HSBC Jintrust Money Market Fund Class B	"	"	10,000,000	45,484	-	45,484	
Shan Dong President Yinzuo Commercial Limited	Harvest Prime Liquidity Money Market Fund	"	"	11,000,000	50,033	-	50,033	
Vision Distribution Service Corp.	UPAMC James Bond Money Market Fund	"	"	905,790	15,036	-	15,036	
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	8,968,066	134,948	-	134,948	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	10,070,724	136,056	-	136,056	
Stock :								
Duskin China (BVI) Holdings Limited	Duskin (Shanghai) Co., Ltd.	None	Financial assets measured at cost - non-current	-	\$ 1,663	8.75	\$ 1,663	
Bond:								
icash Corp.	Government bond	None	Available-for-sale financial assets - non-current	-	\$ 202,323	-	\$ 202,323	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital
For the nine-month period ended September 30, 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 September 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
President Chain Store Corp.	Beneficiary Certificate: Prudential Financial Money Market Fund	Note 1	Not applicable	Not applicable	-	\$ 31,870,682	\$ 500,000	31,870,682	\$ 500,427	\$ 500,000	\$	427	-	\$ -	-	\$ -
President Chain Store Corp.	Jih Sun Money Market Fund	"	"	"	-	\$ 68,023,509	\$ 1,000,000	68,023,509	\$ 1,000,456	\$ 1,000,000	\$	456	-	\$ -	-	\$ -
Books.com Co., Ltd.	Jih Sun Money Market Fund	"	"	"	5,454,347	\$ 80,014	72,838,293	\$ 1,070,000	76,252,906	\$ 1,120,389	\$ 1,120,000	389	-	(6)	2,039,734	30,008
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	1,484,693	\$ 20,001	33,233,399	\$ 448,400	31,016,746	\$ 418,510	\$ 418,400	110	-	5	3,701,346	50,006
President Information Corp.	Jih Sun Money Market Fund	"	"	"	-	\$ 21,763,590	\$ 320,000	13,349,331	\$ 196,300	\$ 196,230	\$	70	-	20	8,414,259	123,790
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	15,426,309	\$ 226,299	26,593,880	\$ 390,500	39,020,269	\$ 573,000	\$ 572,621	379	-	(43)	2,999,919	44,135
Q-ware Systems & Services Corp.	Yuanta Wan Tai Money Market Fund	"	"	"	8,194,155	\$ 123,000	47,352,658	\$ 711,500	46,578,747	\$ 699,793	\$ 699,600	193	-	48	8,968,066	134,948
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund Stock:	"	"	"	7,719,715	\$ 104,000	48,308,392	\$ 651,000	45,957,383	\$ 619,778	\$ 619,500	278	-	56	10,070,724	136,056
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	-	\$ -	\$ -	-	-	\$ 856,564	166,718,962	\$ 6,702,804

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 nine-month period ended September 30, 2017

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	(sales)	Percentage of total purchases		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
						Purchases	16				
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 11,115,308	16	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,329,401) (9)		
	Uni-President Superior Commissary Corp.	Subsidiary	"	2,484,205	4	Net 45 days from the end of the month when invoice is issued	"	"	(631,966) (4)		
	Tung Ang Enterprise Corp.	Sister company	"	1,542,348	2	Net 30 days from the end of the month when invoice is issued	"	"	(206,703) (1)		
	Lien-Bo Enterprises Corp.	"	"	514,645	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(104,819) (1)		
	Vision Distribution Service Corp.	Subsidiary	"	491,324	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(47,432) (0)		
	Tait Marketing & Distribution Co., Ltd.	Sister company	"	323,579	-	Net 20~70 days from the end of the month when invoice is issued	"	"	(50,569) (0)		
	Q-ware Systems & Services Corp.	Subsidiary	"	458,875	-	Net 15~40 days from the end of the month when invoice is issued	"	"	(96,053) (0)		
	President Packaging Corp.	Sister company	"	247,965	-	Net 15~60 days from the end of the month when invoice is issued	"	"	(55,061) (0)		
	President Transnet Corp.	Subsidiary	"	191,247	-	Net 60 days from the end of the month when invoice is issued	"	"	(19,757) (0)		
	Kuang Chuan Dairy Corp.	Other related party	"	183,738	-	Net 30~65 days from the end of the month when invoice is issued	"	"	(76,395) (1)		
	Weilih Food Industrial Co., Ltd.	"	"	175,540	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(37,292) (0)		
	21 Century Enterprise Co., Ltd.	Subsidiary	"	119,206	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(22,631) (0)		
	Mister Donut Taiwan Co., Ltd.	Associate	"	137,757	-	Net 55~60 days from the end of the month when invoice is issued	"	"	(26,112) (0)		
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Parent company	Sales revenue	(119,206) (22)		Net 30~60 days from the end of the month when invoice is issued	"	"	(22,631) (28)		
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(120,521) (68)		Net 60 days from the end of the month when invoice is issued	"	"	32,320	70	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(679,968) (51)		Net 40 days from the end of the month when invoice is issued	"	"	98,364	54	
	President Logistics International Corp.	Parent company	"	(622,298) (46)		Net 20 days from the end of the month when invoice is issued	"	"	81,366	45	
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company	Service revenue	(178,096) (21)		Net 15~60 days from the end of the month when invoice is issued	"	"	22,108	16	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	521,136	8	Net 30~80 days from the end of the month when invoice is issued	"	"	(61,209) (3)		
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(544,604) (84)		Net 45 days from the end of the month when invoice is issued	"	"	103,476	56	
President Logistics International Corp.	Retail Support International Corp.	Parent company	Delivery revenue	(552,895) (26)		Net 20 days from the end of the month when invoice is issued	"	"	67,241	24	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(752,267) (35)		Net 20 days from the end of the month when invoice is issued	"	"	91,118	33	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	(sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
										No significant differences	No significant differences	Footnote
President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue (\$ 564,654)	(26)		Net 20 days from the end of the month when invoice is issued	"	"	\$ 86,485			31
	Chieh-Shuen Logistics International Corp.	Subsidiary	Purchases	622,298	31	Net 20 days from the end of the month when invoice is issued	"	"	(81,366)	(		62)
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	Sales revenue (2,484,205)	(100)		Net 45 days from the end of the month when invoice is issued	"	"	631,966			100
President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	Sales revenue (521,136)	(29)		Net 70 days from the end of the month when invoice is issued	"	"	61,209			38
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent company	Delivery revenue (223,634)	(80)		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.	Parent company	Sales revenue (491,324)	(50)		Net 65 days from the end of the month when invoice is issued	"	"	47,432			32
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	" (458,875)	(68)		Net 40 days from the end of the month when invoice is issued	"	"	96,053			74
Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary of President Chain Store Corp.	Delivery revenue (220,512)	(13)		Net 30 days from the end of the month when invoice is issued	"	"	24,668			4
	President Logistics International Corp.	"	Service cost	564,654	41	Net 30~60 days from the end of the month when invoice is issued	"	"	(86,485)	(		14)
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	679,968	9	Net 40 days from the end of the month when invoice is issued	"	"	(98,364)	(		6)
	President Chain Store Corp.	Parent company	Sales revenue (191,247)	(3)		Net 60 days from the end of the month when invoice is issued	"	"	19,757			1
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	552,895	42	Net 20 days from the end of the month when invoice is issued	"	"	(67,241)	(		12)
	Retail Support Taiwan Corp.	"	"	223,634	17	Net 15~20 days from the end of the month when invoice is issued	"	"	(26,337)	(		5)
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	"	752,267	34	Net 20 days from the end of the month when invoice is issued	"	"	(91,118)	(		17)
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistics Co., Ltd.	Subsidiary of President Chain Store Corp.	Delivery revenue (127,570)	(26)		Net 60 days from the end of the month when invoice is issued	"	"	33,116			27

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

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of September 30, 2017			Overdue receivables		Amount collected subsequent to the balance sheet date	\$	Allowance for doubtful accounts
			Turnover rate	Amount	Action taken					
President Chain Store Corp.	Wisdom Distribution Service Corp.	Subsidiary	\$ 653,926	Note	\$ -	None	\$ 1,531	\$ -		
	icash Corp.	"	139,686	"	-	"		134,402		-
Books.com. Co., Ltd.	President Chain Store Corp.	Parent company	151,877	0	-	"		151,877		-
President Information Corp.	President Chain Store Corp.	Parent company	103,476	3.55	-	"		1,439		-
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	631,966	5.59	-	"		335,405		-
President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	969,238	Note	-	"		969,238		-

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.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the nine-month period ended September 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.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Other receivables	\$ 653,926	Net 30-60 days from the end of the month when invoice is issued		0.70
0	President Chain Store Corp.	icash Corp.	Parent company to subsidiary	Other receivables	139,686	Net 30-60 days from the end of the month when invoice is issued		0.15
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating income	(138,351)	Net 30 days from the end of the month when invoice is issued		0.08
0	President Chain Store Corp.	Books.com. Co., Ltd.	Parent company to subsidiary	Other operating income	(137,489)	Net 60 days from the end of the month when invoice is issued		0.08
0	President Chain Store Corp.	Retail Support International Corp.	Parent company to subsidiary	Other revenues	(189,198)	Net 60 days from the end of the month when invoice is issued		0.11
0	President Chain Store Corp.	Uni-President Cold-Chain Corp.	Parent company to subsidiary	Other revenues	(142,852)	Net 30 days from the end of the month when invoice is issued		0.09
1	President Collect Services Co., Ltd.	President Transnet Corp.	Subsidiary to subsidiary	Other receivables	969,238	Net 40 days from the end of the month when invoice is issued		1.03
2	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Sales revenue	(622,298)	Net 20 days from the end of the month when invoice is issued		0.38
2	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Sales revenue	(679,968)	Net 40 days from the end of the month when invoice is issued		0.41
3	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Sales revenue	(552,895)	Net 20 days from the end of the month when invoice is issued		0.33
3	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Sales revenue	(752,267)	Net 20 days from the end of the month when invoice is issued		0.45
3	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Sales revenue	(564,654)	Net 20 days from the end of the month when invoice is issued		0.34
4	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(521,136)	Net 70 days from the end of the month when invoice is issued		0.31
5	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistics Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(127,570)	Net 60 days from the end of the month when invoice is issued		0.08
6	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(220,512)	Net 30 days from the end of the month when invoice is issued		0.13
7	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Other operating income	(223,634)	Net 15-20 days from the end of the month when invoice is issued		0.14
8	President Transnet Corp.	President Collect Services Co., Ltd.	Subsidiary to subsidiary	Service revenue	(226,866)	Net 40 days from the end of the month when invoice is issued		0.14
9	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(491,324)	Net 65 days from the end of the month when invoice is issued		0.30
10	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	631,966	Net 45 days from the end of the month when invoice is issued		0.67
10	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(2,484,205)	Net 45 days from the end of the month when invoice is issued		1.50

Number	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
11	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 103,476	Net 45 days from the end of the month when invoice is issued	0.11
11	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(544,604)	Net 45 days from the end of the month when invoice is issued	0.33
12	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(178,096)	Net 15-60 days from the end of the month when invoice is issued	0.11
13	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating income	(232,665)	Net 20 days from the end of the month when invoice is issued	0.14
14	Capital Inventory Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(120,521)	Net 20 days from the end of the month when invoice is issued	0.07
15	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(458,875)	Net 15-40 days from the end of the month when invoice is issued	0.28

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

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote			
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value						
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	\$ 6,702,804	\$ 1,089,747	\$ 1,089,747	Subsidiary			
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	78,520,000	100.00	1,318,944	267,148	267,148	Subsidiary			
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,382,115	307,832	215,478	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	671,301	78,849	63,773	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	711,792	203,781	135,569	Subsidiary			
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	475,645	230,390	161,274	Subsidiary			
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	462,650	30,869	27,781	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	604,868	294,623	176,675	Subsidiary			
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	489,578	61,086	52,534	Subsidiary			
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	342,553	47,971	41,619	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	362,061	149,775	149,775	Subsidiary			
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	367,912	319,596	159,878	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	231,124	567	567	Subsidiary			
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	184,294	101,916	51,977	Subsidiary			
President Chain Store Corp.	icash Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	343,890	25,358	25,358	Subsidiary			
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	261,087	196,187	6,500,000	100.00	76,183	4,784	4,784	Subsidiary			
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	73,173	22,160	22,160	Subsidiary			
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,171	3,566	3,288	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	20,985	5,424	5,424	Subsidiary			
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	20,434	10,694	10,694	Subsidiary			
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	35,000	35,000	1,500,000	100.00	59,329	4,783	4,783	Subsidiary			
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	60,680	60,680	10,000,000	100.00	3,238	18,721	18,721	Subsidiary			
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	73,541	13,482	13,482	Subsidiary			
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	11,641	6,235	6,235	Subsidiary			
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	65,298	63,102	44,172	Subsidiary			
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	147,900	86,700	14,789,999	51.00	50,026	23,824	12,150	Subsidiary			
President Chain Store Corp.	Uni-President Development Corp.	Taiwan	Construction, development and operation of an MRT station	720,000	720,000	72,000,000	20.00	738,763	51,782	10,356	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	419,730	580,414	174,131	Note 1			
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	178,980	164,483	41,134	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	5,155,678	1,395,945	274,238	Note 1			
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	1,904,696	251,225	47,732	Note 1			

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017				Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote		
				Balance as at September 30,	2017	Balance as at December 31,	2016	Number of shares	Ownership (%)	Book value				
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	\$ 500,000	\$ 500,000	44,100,000	3.33	\$ 465,699	\$ 751,826	\$ 24,303	Note 1			
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Taiwan	Bakery retailer	112,088	112,088	7,500,049	50.00	\$ 95,553	26,487	13,688	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	\$ 41,093	31,472	11,513	Note 1			
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	\$ 16,016	12,081	2,531	Note 1			
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	\$ 126,013	(30,507)	(5,407)	Note 1			
President Chain Store Corp.	Grand Bills Finance Corp.	Taiwan	Securities trading	1,050	1,050	108,160	0.02	\$ 1,819	502,296	100	Note 1			
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	266,700	266,700	26,670,000	100.00	\$ 320,749	31,691	31,691	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	\$ 68,261	38,247	19,506	Subsidiary of a subsidiary			
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	\$ 146,111	52,827	25,885	Subsidiary of a subsidiary			
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	17,891	17,856	1,161,000	6.00	\$ 17,891	52,827	3,170	Subsidiary of a subsidiary			
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	27,550	27,550	3,870,000	20.00	\$ 59,372	52,827	10,300	Subsidiary of a subsidiary			
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	60,000	60,000	6,000,000	60.00	\$ 68,070	5,007	3,004	Subsidiary of a subsidiary			
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	\$ 74,547	52,827	13,207	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	\$ 101,442	9,506	9,395	Subsidiary of a subsidiary			
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Ltd.	Hong Kong	Professional investment	4,565,819	3,768,932	129,732,730	100.00	\$ 5,038,094	1,012,607	1,012,607	Subsidiary of a subsidiary			
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Other	Professional investment	882,483	882,483	29,163,337	100.00	\$ 1,714,359	181,162	181,162	Subsidiary of a subsidiary			
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	881,635	881,635	239,376,070	52.22	\$ 1,713,569	393,721	195,260	Subsidiary of a subsidiary			
President Chain Store (Hong Kong) Holdings Limited	PCSC (Cayman) Restaurant Limited	Cayman Islands	Professional investment	157,597	157,597	8,880,000	100.00	\$ 32,369	(679)	(679)	Subsidiary of a subsidiary			
President Chain Store (Hong Kong) Holdings Limited	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investment	54,468	54,468	1,800,000	30.00	-	3,788,102	1,136,430	Note 2			
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Cayman Islands	Professional investment	22,392	22,392	740,000	7.80	\$ 5,429	3,566	278	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	\$ 43,516	(29,126)	(29,151)	Subsidiary of a subsidiary			
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	\$ 587	(5)	(5)	Subsidiary of a subsidiary			
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	British Virgin Islands	Professional investment	21,217	21,217	7,000	100.00	\$ 2,274	(35)	-	Subsidiary of a subsidiary			
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	25,553	960,000	60.00	\$ 27,245	11,991	7,195	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	\$ -	\$ -	1	-	\$ -	\$ 319,596	\$ -	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	230,390	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	78,849	-	Subsidiary of a subsidiary			

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote			
				Balance as at September 30,	Balance as at December 31,	Number of shares	Ownership (%)	Book value						
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	61,086	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	307,832	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	47,971	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	101,916	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	203,781	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	-	26,487	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	30,869	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	294,623	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	164,483	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	63,102	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	1	-	-	(23,824)	-	Subsidiary of a subsidiary			
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	2,000	-	2,000,000	100.00	63,488	1,690	1,690	Subsidiary of a subsidiary			
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,771	26,771	4,500,000	100.00	26,771	3,733	-	Subsidiary of a subsidiary			
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,997	28,997	40,000	40.00	28,997	542	-	Subsidiary of a subsidiary			

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

Note 2: The investee was recognized using equity method by the company, and reclassified as equity directly related to non-current assets held for sale.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 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	Remitted to Mainland China	Remitted back to Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month period ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
							September 30, 2017	September 30, 2017							
							2017	30, 2017							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ 268,709	Note 1	\$ 156,462	\$ -	\$ -	\$ 156,462	(\$ 633)	100.00	(\$ 640)	\$ 32,086	\$ -	Note 3		
Shanghai President Starbucks Coffee Corp.	Selling of coffee, beverage, and food	352,880	Note 1	60,520	-	-	60,520	3,792,671	30.00	1,182,788	2,252,050	-	Note 4		
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	454,846	Note 1	284,967	-	-	284,967	3,641	100.00	3,639	68,719	-	Note 3		
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,274,230	Note 1	2,069,757	268,659	-	2,388,416	(100,049)	100.00	(100,703)	275,643	-	Note 3		
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	60,520	Note 1	60,520	-	-	60,520	41,917	100.00	42,646	342,443	-	Note 3		
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	1,012,231	Note 1	722,749	267,934	-	990,683	(43,134)	100.00	(43,499)	149,735	-	Note 3		
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	454,846	Note 1	392,245	-	-	392,245	(34,297)	100.00	(34,298)	20,698	-	Note 3		
Shan Dong President Yinzuo Commercial Limited	Supermarkets	272,908	Note 1	123,411	-	-	123,411	40,220	55.00	21,951	200,839	-	Note 2		
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	90,780	Note 1	90,780	-	-	90,780	(21,844)	73.74	(16,356)	11,036	-	Note 3		
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	181,938	Note 1	174,858	-	-	174,858	19,369	80.00	14,956	155,126	-	Note 3		
Duskin (Shanghai) Co., Ltd.	Sales of cleaning instruments	272,908	Note 1	20,266	-	-	20,266	(1,737)	4.46	-	848	-	Note 3		
Bejing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	454	Note 1	-	-	-	-	(5)	50.03	(2)	17	-	Note 3		
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	272,908	Note 1	272,908	-	-	272,908	30,309	100.00	(30,208)	305,027	-	Note 3		
President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	227,423	Note 1	90,969	136,454	-	227,423	(16,770)	100.00	(16,770)	210,385	-	Note 3		
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	272,908	Note 1	-	272,908	-	272,908	(44,154)	100.00	(44,175)	228,346	-	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: Subsidiary 100% held by President Coffee (Cayman) Holdings, Ltd. and the company reclassified it as equity directly related to non-current assets held for sale.

Company name	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	
	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017				
President Chain Store Corp.	\$ 4,518,550	\$ 7,654,722	\$ 20,110,057		
President Pharmaceutical Corp.	90,780	90,780	455,720		
Duskin Serve Taiwan Co.	20,266	20,266	219,626		
Uni-President Cold-Chain Corp.	89,794	89,794	593,440		
Ren-Hui Investment Corp.	52,147	52,147	80,000		