



do our best

2007

ANNUAL REPORT

PRESIDENT CHAIN STORE CORPORATION



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## PRESIDENT CHAIN STORE CORPORATION

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Since our establishment of the first convenience store in Taiwan three decades ago, PCSC's dedication and outstanding operational management have driven the development of the domestic retail and distribution sectors, bringing convenience and a high quality of life to the people of Taiwan. It is dedication that has brought us so far during the last thirty years; dedication has made PCSC what it is today.

**PCSC will continue to demonstrate the same level of dedication as we work tirelessly to create a better lifestyle for our customers.**

inscription YT Tong





Management Teams of PCSC and Its Investees





**Dedication**  
creating revolutionary new lifestyles for the  
people of Taiwan





**Dedication**  
developing innovative new services,  
building fully integrated virtual service platforms







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宅急便 客來得

樂R天



**Dedication**  
laying the foundations for the preservation and  
ongoing development of traditional arts and crafts





President YiLan Art and Culture Corp.



President YiLan Art and Culture Corp.



President YiLan Art and Culture Corp.



### Dedication

demonstrating concern for disadvantaged groups within society, and contributing to sustainable development and the protection of the global environment



### 7-ELEVEN Light Down 愛地球。

每天凌晨1:00關閉櫃檯招牌燈及騎樓燈  
實施期間，門市照常營業，造成不便，敬請見諒

愛地球，每一個人都有影響力，7-ELEVEN 從今天開始，將從一點小改變，每天凌晨  
1:00起，我們將關閉4,000多家門市招牌式招牌燈、騎樓燈4小時，每月即可節省77萬  
度電量，減少約668.1公噸CO<sub>2</sub>排放量，相當於一天減少27,200輛小客車的碳排放，  
為防止地球暖化，盡到地球公民應有的努力，或許因此門市外觀沒那麼美，但你也  
可能造成您的不便，並我們希望每天省一點，對地球的明天再好一點……

讓地球 Always Open! 我們正在做的事!

節能減碳 自2007年11月起，7-ELEVEN 門市開始實施「關燈4小時」活動，每月可節省77萬度電量，減少約668.1公噸CO <sub>2</sub> 排放量。	資源回收 門市內設有資源回收桶，提供顧客回收寶特瓶、鋁箔飲料罐、紙類、塑膠類、玻璃類、金屬類等。	環保購物 門市內設有環保購物區，提供顧客購買環保商品，如環保袋、環保餐具等。	綠色能源 門市內設有綠色能源區，提供顧客購買節能燈泡、節能馬達等。

當我們同在一起，5人就有1人是肝炎患者



輕鬆做肝檢 不會肝著急

「輕鬆做肝檢，不會肝著急」，請支持全民肝病篩檢

肝臟是「平均每個成人體內」僅有兩個肝臟的器官，肝臟是無痛無癢，唯有定期檢查才能及早發現和治療。肝臟是重要器官的解毒器官，沉默的肝臟病變常常造成肝結、肝硬化、肝癌等肝病與肝癌，才發覺肝臟病變到家庭萬幸，及時幫助無數受病的人們。

7-ELEVEN 肝臟防治學術基金會



2007 7-ELEVEN

把愛我回來



因為有愛 就業無礙

「因為有愛 就業無礙」募款活動  
 關注電話：1652282 或「因為有愛」慈善網  
 地址：中華社會福利基金會





## Overall Performance

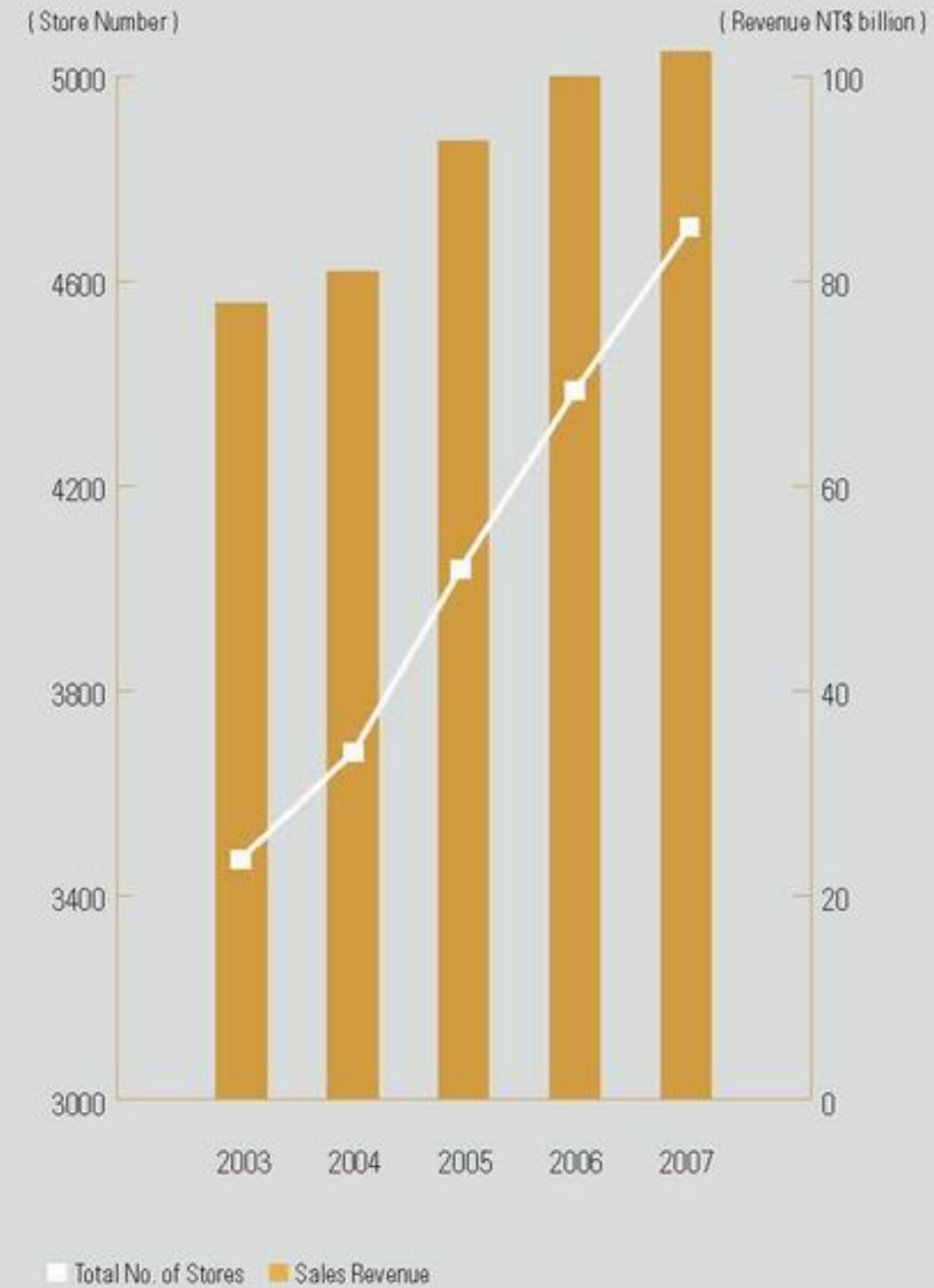
Item / Year	2007	2006	YOY%
Total No. of Stores	4,705	4,385	7.30%
Market Share (Note)	51.55%	48.25%	—
Total No. of Franchise Stores	4,061	3,657	11.05%
Franchise Store Proportion	86.31%	83.40 %	—

Note: Source from Distribution Magazine. The calculation is based on the number of stores.

Item / Year (NT\$1,000)	2007	2006	YOY%
Sales Revenue	102,363,841	99,979,618	2.38%
Gross Profit	31,744,297	30,242,681	4.97%
Operating Profit	4,853,533	4,514,001	7.52%
Pre-tax Profit	4,810,066	5,057,588	-4.89%
Net Profit	3,622,413	3,822,328	-5.23%
EPS(NT\$)	3.96	4.18	—
Weighted Average Outstanding Shares	915,160,436	915,160,436	—

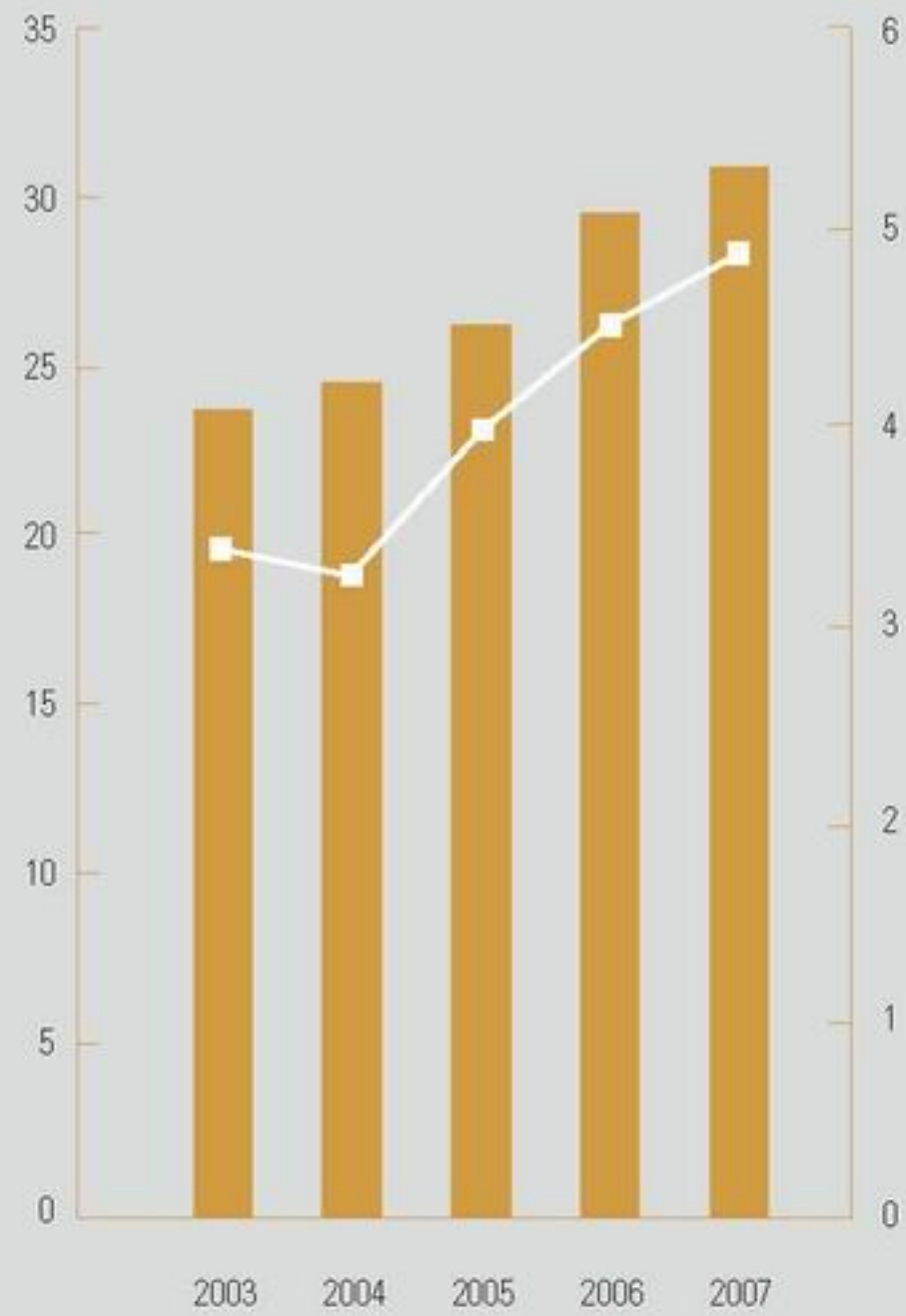
Financial Ratios	2007	2006
Gross Margin	31.01%	30.25%
Operating Expense Ratio	26.27%	25.73%
Operating Margin	4.74%	4.51%
Net Margin	3.54%	3.82%
ROA	9.43%	11.07%
ROE	22.47%	24.53%
Inventory Turnover (times)	24.00	24.42
Fixed Asset Turnover (times)	13.39	14.59

## Total No. of Stores & Sales Revenue



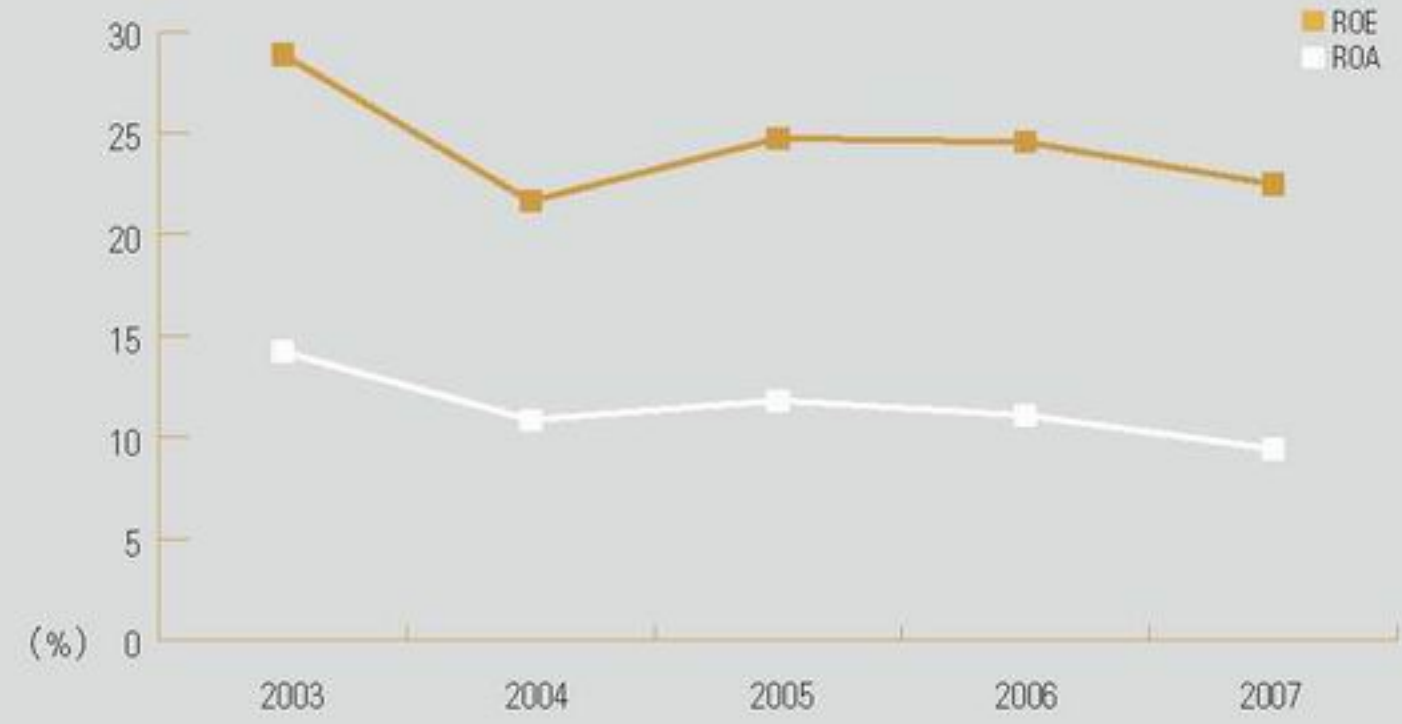
### Gross Profit & Operating profit

NT\$ billion

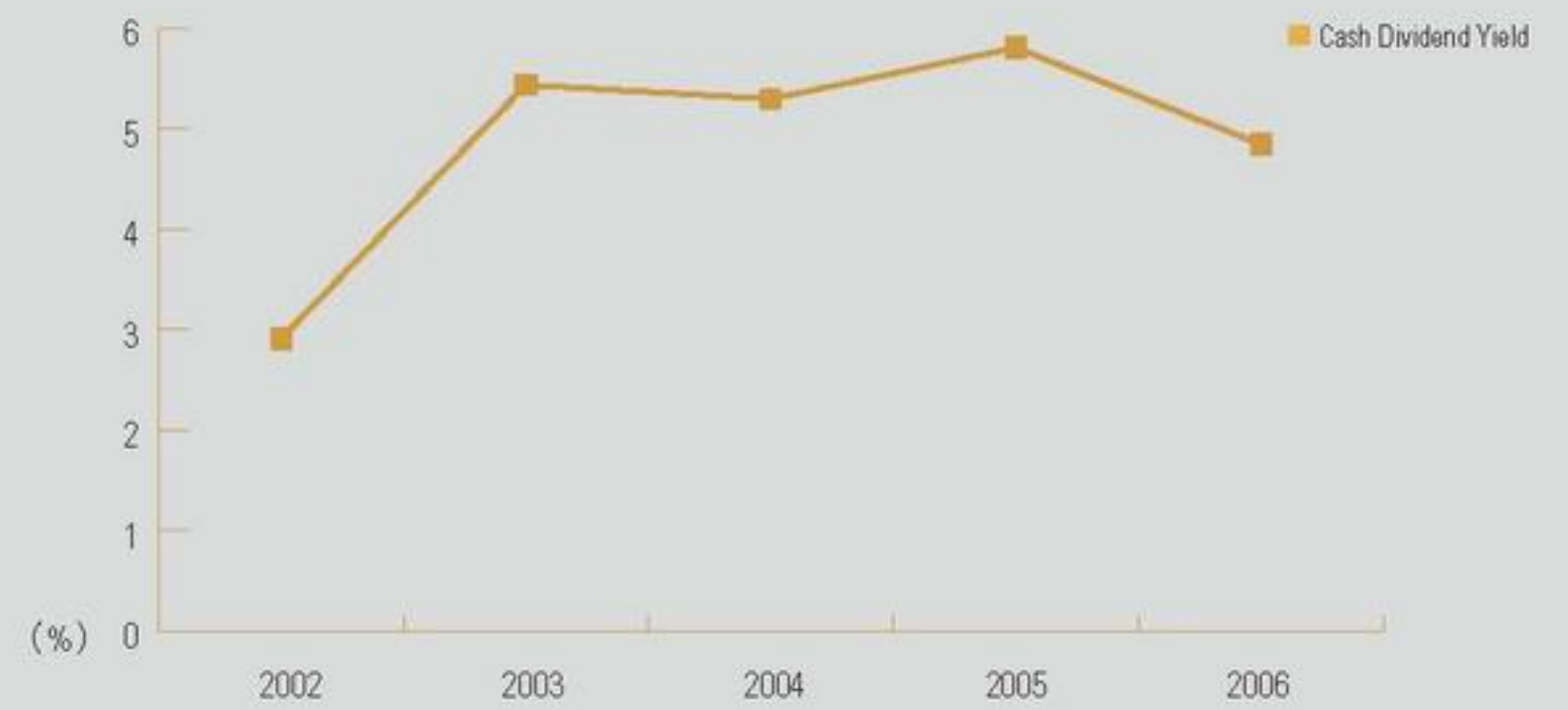


Operating Profit Gross Profit

### ROE & ROA



### Cash Dividend Yield



## I. Letter to Shareholders

### Dear Shareholders,

The drastic changes in the political and economic landscape around the world in 2007 presented many challenges to corporates. However, PCSC continued to march steadily with progress in operating performances, business expansions and corporate social responsibility.

#### Financial Performance

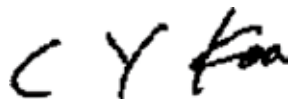
The impact of inflation around the globe and the effects of sub-prime mortgage crisis in the U.S. brought down the Taiwan Consumer Confidence Index by 2.51 points in 2007 from 2006. As a result, the retail industry saw a growth of sales only 3.45% in 2007 compared to 2006. Despite the adverse environment, PCSC exceeded its guidance with a total of 4,705 7-ELEVEN stores and revenue of NT\$102.364 billion at the end of 2007. Both its gross margin and operating margin reached record highs over the past ten years by hitting 31.01% and 4.74%, respectively. The consolidated revenue amounted to NT\$141.982 billion, continuing to show a growing momentum.

#### Growth & Expansion

PCSC launched the concept of “the whole city as my café” in its convenience stores by promoting premier quality City Café brewed and ground on the premises so that consumers are able to enjoy aromatic coffee anytime and anywhere. In addition, in order to make payments faster and more secure for consumers, PCSC launched icash wave, a new payment tool that combines e-wallet and credit card functions, so that shoppers no longer have to carry petty cash around. This makes shopping a whole new experience. Meanwhile, the MultiMedia Kiosk, ibon, has been deployed across the 4,600 stores throughout Taiwan. As a new generation digital service platform, ibon provides services such as ticketing, bonus point schemes, payments, and mobile offices. It is an extension of the virtual business scope for 7-ELEVEN and a big leap for 7-ELEVEN’s dream to serve as Community Service Center.

In terms of investees in Taiwan, Uni-President Department Store Corp. (Hankyu), President FN Business Corp. (PLAZA) and Cold Stone Creamery Taiwan Ltd. have all operated in 2007, as an expansion of PCSC’s footprint in the retail and

Chairman Kao, Chin Yen







department store markets. In terms of overseas investments, Shangdong unimart supermarket and Shanghai Starbucks reported impressive growth in profits. This indicates that PCSC's efforts in developing the Chinese market have started to pay off and sets a new milestone for PCSC's overseas investments.

#### **Corporate Social Responsibility**

To fulfill our responsibility as a corporate citizen, we incorporate corporate social responsibility into our management policies, hoping to initiate changes and progresses for the society. During Summer Time of 2007, over 4,000 7-ELEVEN stores shut down their sign lamps and walkway lights for 4 hours every day. This did not only save valuable energies but also cut down electricity bills for PCSC. The results are beneficial to both PCSC and the environment. We take a long-term view in pursuing public interests and we are dedicated to such pursuit as we are to our own businesses. We raise funds for charities by leveraging the extensive network of 7-ELEVEN stores. By gathering the love from all the Taiwanese around the clock, we have raised nearly NT\$900 million for 59 charity groups so far and helped countless disadvantaged groups and individuals. In 2007, PCSC ranked the third as "The Most Admired Company 2007" in CommonWealth Magazine Survey. Also, PCSC won the first "Excellence in Corporate Social Responsibility" by defeating over 1,100 companies. These are the best recognition to PCSC's efforts in playing its part as a corporate citizen.

#### **Business Prospects**

From the inception of the first convenience store in Taiwan, PCSC's growth is the reflection of the development of the retail industry in Taiwan. PCSC's dedications triggered a revolution in the retail & distribution industry in Taiwan and embarked on a new era of convenient life for Taiwanese. From the brick-and-mortar premises to virtual shopping platforms, from sophisticated cuisine to fashionable life necessities, we have become an integral part of consumers' lives via our interactions, communications and sharing of feelings with 6 million customers every day. Looking ahead into 2008, it is expected that the number of 7-ELEVEN stores will break the 4,900 mark. We will actively seek to introduce differentiated product mix and innovative and convenient services to customers so that the concept of our Community Service Center becomes more robust. Meanwhile, we will launch new ventures such as Afternoon Tea, Pet-Plus and Rakuten. to satisfy the needs of different lifestyles of consumers. Such efforts are meant to expand the scope of operations of our investees so that we can further enhance operating performances.

Going forward, PCSC will continue with its efforts to create shareholders' value, enhance employees' happiness, improve customers' satisfaction and drive the society's progresses, in order to establish a solid foundation for the sustainability of our company.

President Hsu, Chung Jen

## II. CORPORATE OVERVIEW

### 1. Established on June 10<sup>th</sup>, 1987

### 2. Corporate Milestones

1987 Formally part of Uni-President, PCSC was established as an independent entity.

1988 Gradual roll-out Electronic Order System (EOS) to enhance distribution efficiency and increase sales opportunities.

1989 300th store opened; PCSC became the third largest 7-ELEVEN chain in the world.

1990 Established Retail Support International Corp.

1991 100th franchise store opened.

1994 Established Duskin Serve Taiwan Co, Ltd.

1995 1000th store opened.

Established President Drugstore Business Corp. and President Direct Marketing Corp.

1996 POS (Point-of-Sales) I implemented to fully understand consumers' demands and market intelligence.

1997 PCSC listed in Taiwan Stock Exchange. Established President Coffee Corporation, Starbucks Taiwan.

1999 Expansion into off-shore islands such as Pinggu and Kinmen, to provide convenient services to local residents.  
2000th store opened.  
Established Wisdom Distribution Corp., Uni-President Cold Chain Corp., President Musashino Corp., and President Transnet Corp.

2000 Signed perpetual area licensing agreement with 7-ELEVEN Inc.  
Established Shanghai President Starbucks Coffee Corp.  
Acquired Philippine Seven Corp., extending overseas convenience store businesses.

2002 Issued the first secured corporate bond in the amount of NT\$700 million.  
3000th store opened.

2003 Issued the second secured corporate bond in the amount of NT\$1.5 billion.  
Established MUJI Taiwan Co. Ltd.

2004 POS (Point-of-Sales) II implemented.  
Debut of 7-ELEVEN icash.



7-ELEVEN lunch box was the first Taiwanese boxed meals to pass Consumers' Foundation inspections and be attested as free from MSG, preservatives and bleaching agents.

Established President YiLan Art & Culture Corp., Mister Donut Taiwan Corp. and President Cosmed Chain Store (Shen Zhen) Co., Ltd.

2005 7-ELEVEN launched the first integrated marketing promotion in the convenience store industry in Taiwan.  
4000th store opened.  
Established PCSC (Vietnam) Supermarket Ltd.  
Expansion into the hypermarket and supermarket business in China with the establishment of Shan Dong President Yinzuo Commercial Limited and PCSC (SICHUAN) Hypermarket Limited.  
Honored with the Executive Yuan's 2005 Taiwan Sustainable Development Award and the Ministry of Economic Affairs' first Green Accounting Award as the first company in the service industry to receive such awards.

2006 PCSC introduced the new motto of LOHAS (Lifestyles of Health and Sustainability) to once again, set the trend of new life in Taiwan.  
Re-launch of Slurpee with a new face of "Fun & Cool."



Debut of ibon, the Multi Media Kiosk.

Introduction of Cold Stone Creamery from the U.S. to both China and Taiwan.

Established Uni-President Department Stores Corp. And President FN Business Corp. To expand our footprint in the retail and department store markets.

Received Corporate Social Responsibility Award offered by Global Views Monthly Magazine for the second year and ranking No. 1 in Next Magazine's ranking of best service-oriented company for the third year.

Both PCSC and Starbucks won the Excellent Service Award offered by Global Views Monthly Magazine.

No. 5 among Commonwealth Magazine's list of top 500 service-oriented corporations; eight companies within PCSC retail group were listed: PCSC, Retail Support International Corp., Uni-President Cold-Chain Corp., Mech-President Corp., Wisdom Distribution Service Corp.,

President Drugstore Business Corp. (Cosmed), President Transnet Corporation and President Coffee Corp. (Starbucks).

Received Commonwealth Magazine's first Corporate Citizenship Award; No. 4 for Commonwealth Magazine's Best Performing Company; No. 1 in the retail industry for 12 consecutive years in the same award.

PCSC once again won the gold prize in the R.O.C. Marketing Excellence Awards with the campaign "HELLO KITTY 3D Magnetic Giveaways for Her 30th Birthday .

2007

In 7-ELEVEN Light Down Campaign promoted over 4,000 stores to shut off their lamps from 1am to 5am every day during Summer Time, to fight against global warming.

7-ELEVEN CITY CAFÉ deployed over 1,000 coffee machines and became the largest coffee chain store in Taiwan.

PCSC won the first "Excellence in Corporate Social Responsibility" by defeating over 1,100 companies. PCSC's efforts in environmental protection were most praised.

PCSC ranked No. 3 in the top ten best enterprises by Commonwealth Magazine in Taiwan, following only TSMC and Foxconn. Among all the ten assessment indicators, PCSC was listed among the top ten for nine indicators. We are the best performing company in the service industry.

PCSC won the top award offered by Global Views Monthly in its survey of the ten major service industries in 2007. It is the second time PCSC topped the list of convenience stores.

PCSC ranked No. 1 for fourth consecutive year in Next Magazine's Award for Best Company in the Service Industry. PCSC also won the Golden Award as the Best Service Company and Best Employees in Service Industry.

2008

PCSC and the Rakuten Group, the biggest Internet shopping site in Japan, established a joint-venture Rakuten Taiwan Co., Ltd. to enter the online shopping market in Taiwan.

PCSC cooperated with SAZABY LEAGUE to establish Afternoon Tea

TEAROOM, a joint-venture in the food & beverage market in Taiwan.

PCSC cooperated with Japan's AHB Group to enter the pet market in Taiwan by establishing Pet-Plus Co., Ltd. and offering comprehensive services for pets.

7-ELEVEN leveraged its advantages in distributions and entered the NT\$10 billion mobile telecommunications market by launching "OPEN Talk" prepaid cards.

PCSC won the 2008 Common Wealth Corporate Citizenship, with its efforts in social commitment, social participation and environmental protection highly recognized.

PCSC received the 2008 Corporate Social Responsibility Award offered by Global Views Monthly by standing out from 670 competing businesses. It is recognition of PCSC's efforts in Corporate Social Responsibility (CSR).

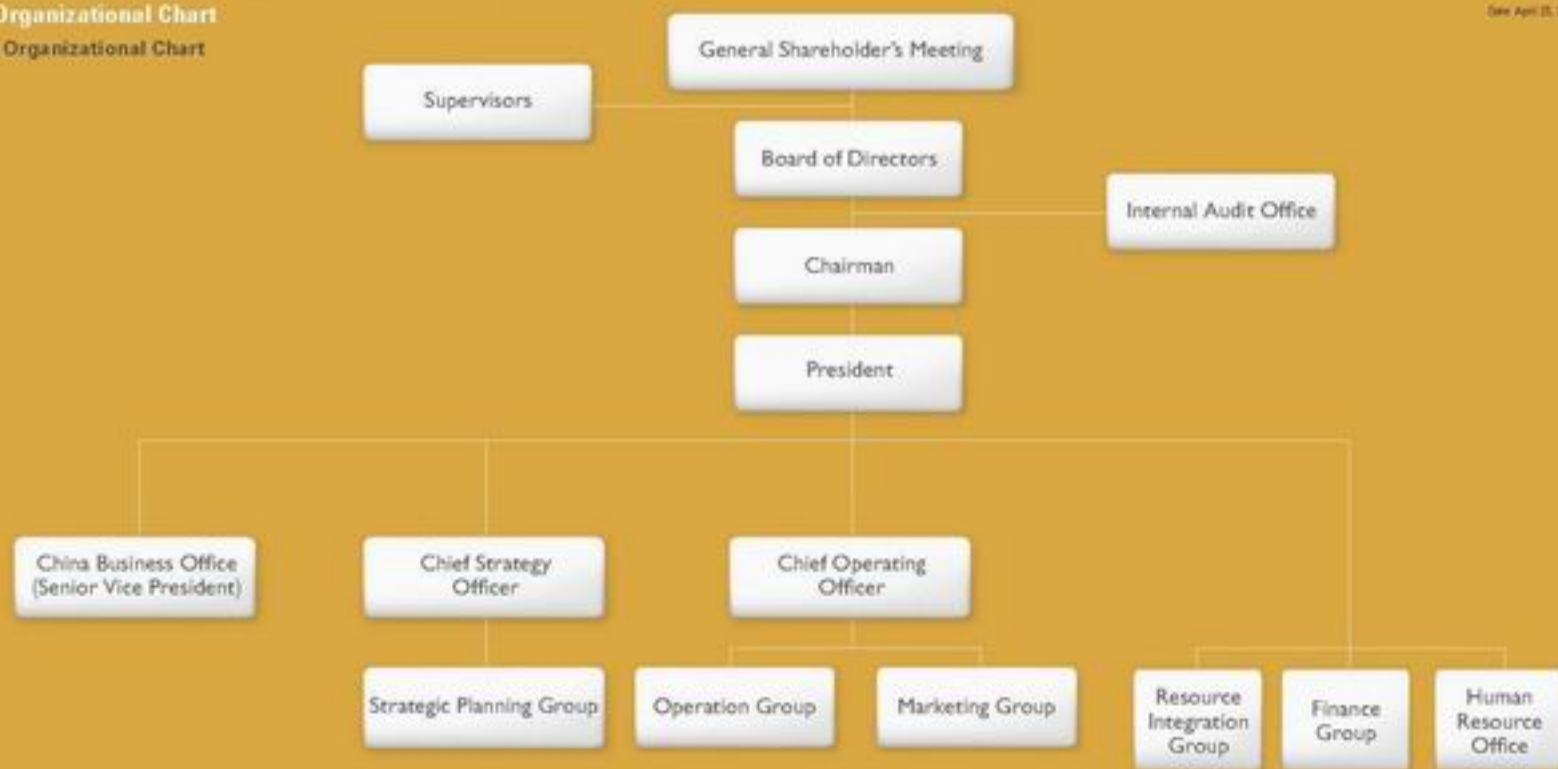


### III. CORPORATE GOVERNANCE

#### 1. Organizational Chart

##### 1-1 Organizational Chart

Date: April 25, 2008



##### 1-2 Function Description of Each Group

- Operation Group: Operation management and planning of stores
- Marketing Group: Product development and marketing strategy
- Finance Group: Finance, accounting, investor relations and planning

- Internal Audit Office: Internal audit, internal control and process compliance
- Human Resources Office: Human resources management, development and process compliance

- Strategic Planning Group: Corporate planning and strategic development
- Resources Integration Group: PCSC group resources integration and operation



## 2. Information of Directors, Supervisors, and Management Team:

### 2-1 Directors and Supervisors

#### a. Information of Directors and Supervisors

As of March 31, 2008

Title	Name	Elected Date	Term (Years)	First Elected Date	Shareholding When Elected		Current Shareholdings		Spouse's and Minor Children's Shareholding		Shareholding by Nominee Arrangements		Education & Experience (Note 4)	Positions at Other Companies	Other Officer, Director or Supervisor who is the spouse or a relative within the second degree		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director (Juridical Person Shareholder)	Kao Chyuan Investment Co. Ltd.	June 14, 2006	3	June 14, 2006	2,912,872	0.32%	2,912,872	0.32%	-	-	-	-	-	-	-	-	-
Chairman (Representative)	Kao Chin Yen (Note 1)	June 14, 2006	3	June 10, 1987	26,254	-	26,254	-	1,082,529	0.12%	-	-	Honorary PhD, Lincoln University; Honorary PhD, Sun Yat-Sen University; Honorary PhD, Cheng Kung University	(Note 5)	Director	Lo, Chih Hsien	Son-in-law
Director (Juridical Person Shareholder)	Uni-President Enterprises Corp.	June 14, 2006	3	June 10, 1987	414,042,816	45.24%	415,489,816	45.40%	-	-	-	-	-	-	-	-	-
Managing Director (Representative)	Lin, Chang Sheng (Note 2)	June 14, 2006	3	June 10, 1987	27,148	-	27,148	-	-	-	-	-	Cheng Kung University	(Note 5)	-	-	-
Managing Director (Representative)	Hsu, Chung Jen (Note 2)	June 14, 2006	3	June 10, 1987	20,499	-	20,499	-	-	-	-	-	MBA, Waseda University	PCSC's President (Note 5)	-	-	-
Director (Representative)	Lin, Lung Yi (Note 2)	June 14, 2006	3	June 15, 2000	16,514	-	16,514	-	22,130	-	-	-	Cheng Kung University	(Note 5)	-	-	-
Director (Representative)	Lo, Chih Hsien (Note 2)	June 14, 2006	3	June 15, 2000	908,640	0.10%	908,640	0.10%	892,883	0.10%	-	-	MBA, UCLA	(Note 5)	Chairman	Kao, Chin Yen	Father-in-law
Director (Representative)	Yang, Wen Long (Note 2)	June 14, 2006	3	June 24, 2003	-	-	-	-	-	-	-	-	National Chung Hsing University	(Note 5)	-	-	-
Director (Representative)	Su, Tsung-Ming (Note 2)	Feb. 14, 2008	1 Years & 4 Months	Feb. 14, 2008	-	-	-	-	-	-	-	-	MBA, University of Iowa	(Note 5)	-	-	-
Director (Representative)	Wu, Kuo Hsuan (Note 2)	June 14, 2006	3	Aug. 24, 2005	28,127	-	28,127	-	-	-	-	-	Fortune Institute of Technology	PCSC's COO (Senior Vice President) (Note 5)	-	-	-
Director (Representative)	Chang Jen, Yun Huei (Note 2)	June 14, 2006	3	June 14, 2006	-	-	-	-	-	-	-	-	Chemistry, Chinese Culture University	PCSC's Senior Vice President (Note 5)	-	-	-
Supervisor (Natural Person)	Ying, Chien Li	June 14, 2006	3	June 24, 2003	-	-	-	-	-	-	-	-	National Chung Hsing University	(Note 5)	-	-	-
Supervisor (Juridical Person Shareholder)	Nan Shan Life Insurance Co. Ltd.	June 14, 2006	3	June 14, 2006	11,640,814	1.27%	16,241,814	1.77%	-	-	-	-	-	-	-	-	-
Supervisor (Representative)	Tse, Koon Hang Ada (Note 3)	June 14, 2006	3	June 14, 2006	-	-	-	-	-	-	-	-	PhD, Law, Harvard University	(Note 5)	-	-	-

(Note 1) Representative of Kao Chyuan Investment Co. Ltd.

(Note 2) Representative of Uni-President Enterprises Corp.

(Note 3) Representative of Nan Shan Life Insurance Co. Ltd.

(Note 4) For more information on the experience of directors and supervisors, please refer to Page 54 for List of Positions Held by Directors and Supervisors in Other Companies.

(Note 5) For more information on the positions held by directors and supervisors at PCSC and other companies, please refer to Page 54 for List of Positions Held by Directors and Supervisors in Other Companies.







## 2-2 Information of President, Senior Vice Presidents, Vice Presidents and Division Heads

Title	Name	Elected Date	Shareholding		Spouse's and Minor Children's Shareholding		Shareholding by Nominee Arrangements		Education & Experience (Note 1)	Positions in Other Companies	Managers Who Are Spouse or Relatives Within Two Degrees of Consanguinity		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Hsu, Chung Jen	Jul 1, 1987	20,499	-	-	-	-	-	MBA, Waseda University, Japan	(Note 2)	-	-	-
Senior Vice President	Chang Jen, Yun Huei	Jan 1, 1999	-	-	-	-	-	-	BS, Department of Chemistry, Chinese Culture University	(Note 2)	-	-	-
COO (Senior Vice President)	Wu, Kuo Hsuan	Jan 1, 1999	28,127	-	-	-	-	-	BA, Business Administration, Fortune Institute of Technology	(Note 2)	-	-	-
Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan	Sep 1, 2000	8,850	-	3,446	-	-	-	BA, Business Administration, Chung Yuan Christian University	(Note 2)	-	-	-
CFO(Vice President)	Chen, Fu Tang	Jan 1, 1999	9,206	-	1,373	-	-	-	MBA, National Kaohsiung First University of Science and Technology	(Note 2)	-	-	-
Chief Auditor (Vice President)	Lin, Wen Ching	Jan 1, 1999	287	-	-	-	-	-	National Tainan Commercial Vocational Senior High School	(Note 2)	-	-	-
Vice President	Chen Jui Tang	Jan 1, 2000	12,018	-	-	-	-	-	BA, Economics, National Taiwan University	(Note 2)	-	-	-
Vice President	Yang, Yen Sen	Feb 1, 2002	1,669	-	-	-	-	-	MBA, The City University of New York	(Note 2)	-	-	-
Vice President	Chung, Mao Chia	Apr 1, 2003	379	-	22,616	-	-	-	BA, International Trade, Feng Chia University	(Note 2)	-	-	-
Vice President	Zeng, Fan Bin	Dec 1, 2003	-	-	-	-	-	-	BA, International Trade, Soochow University	(Note 2)	-	-	-
Vice President	Wang, Wen Kui	Oct 1, 2004	13,450	-	-	-	-	-	MBA, National Kaohsiung First University of Science and Technology	(Note 2)	-	-	-
Accounting Division Manager	Lai, Hsin Ti	Apr 1, 2001	-	-	809	-	-	-	BA, Economics, Tamkang University	(Note 2)	-	-	-
Finance Division Manager	Wu, Wen Chi	Dec 6, 2005	490	-	649	-	-	-	BA, Accounting, University of Missouri	(Note 2)	-	-	-

(Note 1) For more information on the background of the management, please refer to the attached 2007 annual report disc "The List of Positions Held by Management Team in Other Companies".

(Note 2) For the list of position held by management team in other companies, please refer to the attached 2007 annual disc "The List of Position Held by Management Team on Other Companies".

## 2-3 Compensations to Directors, Supervisors, President and Senior Vice Presidents

### a. Compensations to Directors

As of December 31, 2007/Unit: NT\$1,000

Title	Name	Remunerations to Directors						Summation of A, B and C as % of After-Tax Income		Employee Bonuses						Summation of A, B, C, D and E as % of After-Tax Income	Other Compensations from Affiliates other than Subsidiaries			
		Remunerations (A)		Earnings Distributions (B)		Execution Fees (C)				Salary, bonuses and special allowance (D)		Earnings Distribution to Employees (E)						Employee Stock Option Plan		
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC		All consolidated companies				PCSC	All consolidated companies	
Director, Juridical Person Shareholder	Kao Chyuan Investment Co. Ltd.																			
Director, Juridical Person Shareholder	Uni-President Enterprise Corp.																			
Chairman	Kao, Chin Yen (Note 1)																			
Managing Director	Lin, Chang Sheng (Note 2)																			
Managing Director/President	Hsu, Chung Jen (Note 2)																			
Director	Lin, Lung Yi (Note 2)	6,600	14,965	27,772 (Note 4)	29,371 (Note 4)	3,000	3,600	1.03%	1.32%	15,429 (Note 5)	18,154 (Note 5)	1,756 (Note 4)	-	1,756 (Note 4)	-	-	-	1.51%	1.87%	Yes (Note 6)
Director	Lo, Chih Hsien (Note 2)																			
Director	Yang, Wen Long (Note 2)																			
Director	Tu, Te Cheng (Note 2 and Note 3)																			
Director/COO (Senior Vice President)	Wu, Kuo Hsuan (Note 2)																			
Director/Senior Vice President	Chang Jen, Yun Huei (Note 2)																			

(Note 1) Representative of Kao Chyuan Investment Co. Ltd.

(Note 2) Representative of Uni-President Enterprise Corp.

(Note 3) The term of director and representative Tu, Te Cheng, expired on February 13, 2008. The new director and representative, Su, Tsung-Ming, took over the position on February 14, 2008.

(Note 4) Earnings distribution for 2007 has yet to be approved by Shareholders' Meeting. The figures are estimated based on the plan of the Board of Directors.

(Note 5) Including car leasing expenses for managers.

(Note 6) Compensations for acting as directors or supervisors for the investees that are not consolidated in the financial statements.





Compensations to Directors	Names of Directors			
	A+B+C		A+B+C+D+E	
	PCSC	All consolidated companies	PCSC	All consolidated companies
NT\$0	Kao, Chin Yen; Hsu, Chung Jen; Lin, Lung Yi; Lo, Chih Hsien; Yang, Wen Long; Tu, Te Cheng; Wu, Kuo Hsuan; Chang Jen, Yun Huei			
NT\$1 (inc)~ NT\$2,000,000	Lin, Lung Yi; Yang, Wen Long; Wu, Kuo Hsuan; Chang Jen, Yun Huei		Kao, Chin Yen; Lin, Lung Yi; Lo, Chih Hsien; Yang, Wen Long; Tu, Te Cheng	
NT\$2,000,000 (inc)~ NT\$5,000,000	Lin, Chang Sheng		Lin, Chang Sheng	
NT\$5,000,000 (inc)~ NT\$10,000,000	-		Wu, Kuo Hsuan; Chang Jen, Yun Huei.	
NT\$10,000,000 (inc)~ NT\$15,000,000	Kao Chyuan Investment Co. Ltd.		Hsu, Chung Jen	
NT\$15,000,000 (inc)~ NT\$30,000,000	Uni-President Enterprise Corp.		Kao Chyuan Investment Co. Ltd.	
NT\$30,000,000 (inc)~ NT\$50,000,000	-		Uni-President Enterprise Corp.	
NT\$50,000,000 (inc)~ NT\$100,000,000	-		-	
Over NT\$100,000,000	-		-	
Total	-		-	

b. Compensations to Supervisors

As of December 31, 2007/ Unit: NT\$1,000

Title	Name	Remunerations to Supervisors						Summation of A, B and C as % of After-Tax Income		Other Compensations from Affiliates other than Subsidiaries
		Remunerations (A)		Earnings Distributions (B)		Execution Fees (C)		PCSC	All consolidated companies	
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies			
Supervisor: Juridical Person Shareholder	Nan Shan Life Insurance Co. Ltd.	-	-	4,830 (Note 2)	4,830 (Note 2)	600	600	0.15%	0.15%	No
Supervisor	Tse, Koon Hang Ada (Note 1)	-	-	-	-	-	-	-	-	-
Supervisor (Natural Person)	Ying, Chien Li	-	-	-	-	-	-	-	-	-

Note 1: Representative of Nan Shan Life Insurance Co. Ltd.

Note 2: Earnings distribution for 2007 has yet to be approved by Shareholders' Meeting. The figures are estimated based on the plan of the Board of Directors.

As of December 31, 2007 / Unit: NT\$1,000

Compensations to Supervisors	Names of Supervisors	
	A+B+C	
	PCSC	All consolidated companies
NT\$0	Tse, Koon Hang Ada	
NT\$1 (inc)~ NT\$2,000,000	-	
NT\$2,000,000 (inc)~ NT\$5,000,000	Ying, Chien Li; Nan Shan Life Insurance Co. Ltd.	
NT\$5,000,000 (inc)~ NT\$10,000,000	-	
NT\$10,000,000 (inc)~ NT\$15,000,000	-	
NT\$15,000,000 (inc)~ NT\$30,000,000	-	
NT\$30,000,000 (inc)~ NT\$50,000,000	-	
NT\$50,000,000 (inc)~ NT\$100,000,000	-	
Over NT\$100,000,000	-	
Total	-	

c. Compensations to President and Senior Vice Presidents

As of December 31, 2007/ Unit: NT\$1,000

Title	Name	Salary (A)		Bonus and Special Allowance (B)		Earnings Distributions to Employees (C)				Summation of A, B and C as % of After-Tax Income		Employee Stock Option Plan		Other Compensations from Affiliates other than Subsidiaries
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC		All consolidated companies		PCSC	All consolidated companies	PCSC	All consolidated companies	
						Cash Dividends	Bonus Stocks	Cash Dividends	Bonus Stocks					
President	Hsu, Chung Jen	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Vice President	Chang Jen, Yun Huei	10,319	14,796	9,259 (Note)	9,347 (Note 1)	2,196 (Note 2)	-	2,196 (Note 2)	-	0.60%	0.73%	-	-	Yes (Note 3)
COO (Senior Vice President)	Wu, Kuo Hsuan	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: Including car leasing expenses for managers.

Note 2: Earnings distribution for 2007 has yet to be approved by Shareholders' Meeting. The figures are estimated based on the plan of the Board of Directors.

Note 3: Compensations for acting as directors or supervisors for the investees that are not consolidated in the financial statements.



Compensations to President and Senior Vice Presidents	Names of President and Senior Vice Presidents	
	PCSC	All consolidated companies
Less than NT\$2,000,000	-	-
NT\$2,000,000 (inc)~ NT\$5,000,000	Wu, Kuo Hsuan; Chang Jen, Yun Huei; Hsieh, Chien Nan	Wu, Kuo Hsuan; Hsieh, Chien Nan
NT\$5,000,000 (inc)~ NT\$10,000,000	Hsu, Chung Jen	Chang Jen, Yun Huei
NT\$10,000,000 (inc)~ NT\$15,000,000	-	Hsu, Chung Jen
NT\$15,000,000 (inc)~ NT\$30,000,000	-	-
NT\$30,000,000 (inc)~ NT\$50,000,000	-	-
NT\$50,000,000 (inc)~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	-	-

d. Distribution of Employee Bonuses to Management Team

As of December 31, 2007 / Unit: NT\$1,000

	Title	Name	Stock Bonus	Cash Bonus	Total	Total as of After-Tax Income
Managers	President	Hsu, Chung Jen				
	Senior Vice President	Chang Jen, Yun Huei				
	COO (Senior Vice President)	Wu, Kuo Hsuan				
	Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan				
	CFO (Vice President)	Chen, Fu Tang				
	Chief Auditor (Vice President)	Lin, Wen Ching				
	Vice President	Chen, Jui Tang	-	5,135.6	5,135.6	0.14%
	Vice President	Yang, Yen Sen				
	Vice President	Chung, Mao Chia				
	Vice President	Zeng, Fan Bin				
	Vice President	Wang, Wen Kui				
	Accounting Division Manager	Lai, Hsin Ti				
	Finance Division Manager	Wu, Wen Chi				

Note: Earnings distribution for 2007 has yet to be approved by Shareholders' Meeting. The figures are estimated based on the plan of the Board of Directors.

**2-4 Analysis of the total compensations (as a percentage of net income) to directors, supervisors, president and senior vice presidents of PCSC and all the consolidated companies over the past two years. Explanations of the compensation policies, standards, arrangements, procedures for defining compensations and the relation between compensation packages and the company's performance.**

- The total amount of compensations paid by PCSC and all consolidated companies to PCSC directors and supervisors for 2007 stood at NT\$73,275,000 for 2007 (2.02% of net income) and NT\$80,486,000 for 2006 (2.11% of net income). The compensation levels for PCSC directors and supervisors are specified in the Articles of Incorporation and are in line with general norms.
- Compensations to president and senior vice presidents (a total of 4 people) paid by PCSC and all consolidated companies totaled NT\$26,339,000 in 2007 (0.73% of net income) and NT\$26,271,000 in 2006 (0.69% of net income). PCSC's compensation policy is based on the Company's management strategy, employment policy and affordability. The levels of compensations are in accordance with PCSC's salary standards. PCSC regularly participates in salary surveys conducted by professional remuneration survey organizations and refers to salary survey reports to adjust its own salary standards. PCSC takes into account personal performance, contribution to PCSC's performance and the market levels in determining its compensations to president and senior vice presidents.



### 3. Corporate Governance Mechanism

#### 3-1 Operations of the Board

The Board has convened five meetings during the most recent year. Below is the attendance record of individual directors and supervisors.

Title	Name (Note 1)	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Kao Chyuan Investment Co. Ltd., Representative: Kao, Chin Yen	4	1	80%	
Managing Director	Uni-President Enterprise Corp., Representative: Lin, Chang Sheng	4	1	80%	
Managing Director	Uni-President Enterprise Corp., Representative: Hsu, Chung Jen	5	0	100%	
Director	Uni-President Enterprise Corp., Representative: Lin, Lung Yi	3	2	60%	
Director	Uni-President Enterprise Corp., Representative: Lo, Chih Hsien	5	0	100%	
Director	Uni-President Enterprise Corp., Representative: Yang, Wen Long	5	0	100%	
Director	Uni-President Enterprise Corp., Representative: Tu, Te Cheng	4	0	100%	The term as Director expired on February 13, 2008.
Director	Uni-President Enterprise Corp., Representative: Sue, Chung-Ming	1	0	100%	The term as Director started on February 14, 2008.
Director	Uni-President Enterprise Corp., Representative: Wu, Kuo Hsuan	5	0	100%	
Director	Uni-President Enterprise Corp., Representative: Chang Jen, Yun Huei	5	0	100%	
Supervisor	Ying, Chien LI	5	0	100%	
Supervisor	Nan Shan Life Insurance Representative: Tse, Koon Hang Ada	1	0	20%	

Other issues to be noted:

a. Issues specified in Article 14-3 of Securities Transaction Law and other issued opposed by non-executive directors or to which non-executive directors reserve their opinions should be recorded in writing in the meeting minutes of the Board. Dates, sessions, and contents of resolutions of the Board meetings, opinions from all the non-executive directors and the responses to their opinions should be noted.

[Explanations] PCSC has not yet appointed any non-executive directors. Therefore, the issues specified in Article 14-3 of Securities Transaction Law and other issued opposed by non-executive directors or to which non-executive directors reserve their opinions do not apply.

b. In cases where directors avoid the issues in which they have conflicts of interests, the names of the directors, contents of resolutions, reasons why they should avoid and the results of votes should be noted.

[Explanations] For issues where directors have conflicts of interests with the Company, the principle is that such conflicts of interests shall not affect the voting results.

c. The intended augmentations of the functions of the Board (such as the establishment of Audit Committee and the enhancement of information transparency) during the recent years and the evaluation of the actual implementations.

[Explanations] PCSC has established Procedures for Board Meetings on March 8, 2005, in accordance with Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reported these Procedures to the regular shareholders' meeting on June 14, 2005. Also, PCSC's Board Meeting on March 12, 2008 amended the Procedures by referring to Governing Procedures for Board of Directors Meetings of Public Companies issued by Financial Supervisory Commission. The amendment has made the procedures to avoid conflicts of interests more robust so as to enhance the functions of the Board.

#### 3-2 Operations of Audit Committee:

PCSC has not yet established an Audit Committee. Therefore, there is no information to be disclosed.

#### 3-3 Discrepancy between Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and Company Practices

Item	Status	Variance from Corporate Governance Best-Practice for TSE/GTSM Listed Companies
I. Shareholder structure and shareholders' rights		
(1) The Company's policy in handling shareholders' suggestions or disputes	In addition to authorizing a stockbroker as a common share transfer agent to handle stock affairs, the Company has also established a comprehensive spokesperson system and an investor relations team to handle shareholder issues.	Compliant
(2) The Company's possession of the list of major shareholders and the ultimate owners of these shareholders	PCSC is fully aware of the structure of its major shareholders, through the assistance of the common share transfer agent, and regularly files reports to update the status of changes in the board of directors and supervisors and managers. Apart from natural person shareholders, PCSC are affiliated with its major shareholders. If necessary, PCSC will obtain the list of ultimate owners of these shareholders from its juridical person shareholders.	
(3) The Company's risk control mechanism and firewalls with its affiliates	PCSC has defined Procedures Governing the Monitoring of Subsidiaries by observing the Regulations for the Establishment of Internal Control Systems by Public Companies, in order to effectively manage and control risks for its subsidiaries.	



2. Structure and responsibilities of Board of directors		
(1) Presence of non-executive directors	PCSC has not yet appointed any non-executive directors.	Although PCSC has not assigned any non-executive directors, its directors representing juridical person shareholders are all financial and business professionals and able to fulfill their duties in accordance with laws and PCSC's Articles of Incorporation. PCSC will comply with regulatory requirements going forward.
(2) Periodical assessment of independence of external auditors	According to internal evaluation of external auditors' independence, PCSC concludes that external auditors are independent as they are neither part of the Board of directors and supervisors, nor are they shareholders, employees or parties with conflicts of interests.	Compliant
3. Structure and responsibilities of supervisors		
(1) Presence of independent supervisors	PCSC has not appointed any independent supervisors.	PCSC's seats of supervisors are established in accordance with the Company Act. PCSC's supervisors are all financial and business professionals and able to fulfill their duties in a fair and independent manner. PCSC will comply with regulatory requirements going forward.
(2) Communications between supervisors, employees and shareholders	All the relevant departments regularly submit business reports to supervisors. Supervisors may consult directors or managers with regards to any queries.	Compliant
4. Establishment of communications channels with stakeholders	<ol style="list-style-type: none"> <li>1. PCSC deals with banks and other creditors on the principle of fairness, openness and honesty by providing necessary sales and financial information so that they can make informed decisions based on the operations of PCSC.</li> <li>2. PCSC encourages its employees to directly communicate with the management. In addition, a discussion forum has been established to facilitate discussions among employees so that they can fully express their ideas regarding the Company.</li> <li>3. PCSC has established a public website to disclose sales and financial information as well as issues regarding corporate social responsibilities.</li> <li>4. PCSC has established a Customer Relationship and Service Center as the communication channel between PCSC, vendors, employees and consumers.</li> </ol>	Compliant
5. Information disclosure		
(1) Public website(s) established to disclose sales, financial and corporate governance information	PCSC has established a corporate website at <a href="http://www.7-11.com.tw">www.7-11.com.tw</a> , which discloses sales, financial and corporate governance information.	Compliant
(2) Other means of information disclosure, such as English-language website(s), dedicated staff responsible for the collection and disclosure of company information, the implementation of the company spokesperson system, posting of investors' conference information on the company website(s)	<ol style="list-style-type: none"> <li>1. PCSC has established a corporate website at <a href="http://www.7-11.com.tw">www.7-11.com.tw</a>, which also offers English-language contents. There is a dedicated Investor Relations team, responsible for the collection and disclosure of the Company information and updating of the website contents.</li> <li>2. PCSC has established, pursuant to laws, a comprehensive spokesperson system, by appointing one spokesperson and two deputy spokespersons.</li> <li>3. PCSC organizes meetings for analysts and institutional investors each year and posts the presentation materials on the company website and Taiwan Stock Exchange Market Observation Post System at <a href="http://www.mops.tse.com.tw">http://www.mops.tse.com.tw</a>.</li> </ol>	Compliant
6. Presence of function committees such as Nomination Committee or Compensation Committee	PCSC has not established any function committee such as Nomination Committee or Compensation Committee.	<ol style="list-style-type: none"> <li>1. Although PCSC has not established a Nomination Committee or Compensation Committee, PCSC's directors and supervisors are all professionals who carry out their duties in accordance with laws and regulations. In addition, PCSC has established a comprehensive compensation valuation mechanism in-house to manage the overall compensation policies and structures.</li> <li>2. PCSC will comply with relevant regulations in the planning and implementation of relevant issues.</li> </ol>
7. If the Company observes Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and has defined a set of principles accordingly for its corporate governance, please describe how the mechanism works and explain the variance from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies. PCSC has not defined a set of rules governing its corporate governance practices; however, PCSC observes all the relevant regulations and have been gradually working toward best practices. PCSC has set out Rules Governing the Procedures of Shareholders' Meetings, Procedures for Re-election of Directors and Supervisors and the Procedures of Meetings for the Board of Directors.		
8. Systems implemented and measures taken by the Company in respect of corporate social responsibilities (i.e. human rights, employees' rights, concerns for employees, environmental protection, community involvements, social contributions, social services, relationship with investors and suppliers and rights of stakeholders).		
<ol style="list-style-type: none"> <li>(1) To fulfill our responsibility as a corporate citizen and demonstrate our commitment as a corporate to employees, shareholders and consumers, PCSC is not only dedicated to the transparency of information, but also to campaigns in public interests and communities. The goal is to make 7-ELEVEN stores at each corner become Community Service Center in the eyes of the public. The national fund-raising campaign, Love Finds Its Way Back, is marching toward its 20th year. It has assisted 59 charity organizations by raising nearly NT\$900 million to give a helping hand to countless disadvantaged groups and individuals. In 2007, the funds raised by all the stores nationwide exceeded NT\$100 million mark, an indication of the trust and recognition the public has to 7-ELEVEN. Good Neighbor Foundation, sponsored and established by PCSC, has been supporting initiatives in community, environmental protection, talent development and industrial developments, hoping to promote solidarity of community residents to create a better environment.</li> <li>(2) 7-ELEVEN has always been a supporter of the issues concerning environmental protection by constantly initiating relevant projects, such as the introduction of energy conservation systems for its stores, adjustments of distribution procedures, promotion of recycle of kitchen wastes, enhancement of environmental education, etc. PCSC makes donations to sponsor environmental initiatives, including wetland conservation and photography competitions in the theme of natural stories, to make environmental protection take its roots in daily lives of consumers. Also, PCSC started to promote the concept of LOHAS, to love the earth, family and oneself. This concept is in tune with the global trend. In 2007, PCSC implemented "Light Down for the Earth" for all its 7-ELEVEN stores (except for those with safety and convenience concerns). This does not only save considerable energies but also cut back PCSC's electricity bills. The result is beneficial for both PCSC and the environment.</li> <li>(3) For the 13th consecutive year, PCSC received the Commonwealth Magazine's award for one of the best enterprises in Taiwan and ranked No. 1 in the retail and department store industry. It ranked No. 3 in the 2007 Top 10 Most Reputable Benchmark Enterprises, the 2007 Excellence in Corporate Social Responsibility, and the 4th Corporate Social Responsibility Award issued by Global Views Monthly. All the awards are testimony to PCSC's efforts and dedications to playing its part as a corporate citizen. Meanwhile, PCSC introduced in October 2006 "Green Accounting Principle" in order to effectively present the results of environmental protection in the form of financial information. PCSC was the first service-oriented company in Taiwan that introduced this system. In November 2005, PCSC won the first Green Accounting Award by the Department of Commerce, Ministry of Economic Affairs, as the only service-oriented company that received this honor.</li> <li>(4) PCSC provides its employees with a comprehensive training and education program and welfare system (such as subsidies for health inspections and marriages). Meanwhile, PCSC promotes equity between two genders so as to create a work environment that is safe and harmonious.</li> <li>(5) PCSC discloses financial and business information pursuant to laws and regulations and constantly enhances the transparency information. Meanwhile, PCSC has established an Investor Relation team to serve as the channel for PCSC to directly communicate with investors.</li> <li>(6) PCSC has established Customer Relationship and Service Center to facilitate the communications between PCSC, vendors and employees.</li> </ol>		
9. Other helpful and significant information to understand the implementation of corporate governance (i.e. training for directors and supervisors, risk management policies and risk measurements, consumer protections or customer policies, the purchase of liability insurance for directors and supervisors).		
<ol style="list-style-type: none"> <li>(1) PCSC's Chairman and President are not spouses to each other, or related within one degree of consanguinity.</li> <li>(2) PCSC regularly submits financial, business and other related reports for the attention of directors and supervisors. Meanwhile, PCSC reviews and plans for the training of directors and supervisors going forward.</li> <li>(3) For the issues in which directors have conflicts of interests with the Company, the general principle is that such conflicts of interests should not affect the voting results.</li> <li>(4) PCSC has purchased liability insurance for its directors, supervisors and senior managers in 2007.</li> <li>(5) PCSC has established Customer Relationship and Service Center to allow consumers to call toll-free at 0800-008-711 or email to <a href="mailto:public@mail.7-11.com.tw">public@mail.7-11.com.tw</a> to express their opinions.</li> <li>(6) In regards to other matters related to corporate governance, PCSC will comply with relevant laws and regulations.</li> </ol>		
10. If there are self-evaluation reports or reports issued by commissioned professional organizations on the Company's corporate governance, the results of self-evaluations (or outsourced evaluations), major shortcomings (or recommendations) and important measures should be noted. PCSC intends to introduce a self-evaluation system to monitor corporate governance.		



### 3-4 The ways to inquire the Company's Corporate Governance Guidelines and relevant regulations:

PCSC has not yet drafted Corporate Governance Guidelines.

### 3-5 Implementation of internal control system:

- Declaration on Internal Control: Please refer to the attached 2007 annual report disc.
- In cases where the Company has commissioned accountants to review its internal control system, the review report should be disclosed: Not applicable to PCSC.

### 3-6 During the most recent year and until the published date of the Annual Report, any disciplinary measures taken to the Company or its internal staff due to violations of legal requirements or taken by the Company to its internal staff due to their violations of the internal control system. The details of the disciplinary measures, major faults and improvement measures should be noted: None.

### 3-7 During the most recent year and until the published date of the Annual Report, any important resolutions by shareholders' meetings and the Board's meetings:

- Reviews of shareholders' meetings (the following resolutions have been completed).

For the period comprising the most recent year (2007) and until the publication date of the Annual Report, one regular shareholders' meeting for 2007 was held on June 15, 2007.

Summary of the major resolutions is as follows:

Acknowledgement of financial statements for 2007 and 2006 profit distribution plans; amendment to PCSC's Articles of Incorporation; amendment to Procedures for Loans Offered to Others; amendment to Procedures for Acquisition and Disposal of Assets; Cancellation of the Restrictive Clauses that Prohibit PCSC's Current Directors from Involvements in Competing Businesses

- Reviews of Board Meetings: All the following resolutions have been completed except for

- Capitalization of retained earnings of Shanghai President Starbucks Coffee corp.
- Investment of RMB\$5 million in Shanghai PCSC Food and Beverage Management Co.
- Investment of RMB\$17.85 million in "Afternoon Tea" in China.

For the period comprising the most recent year 2007 and until the publication date of the Annual Report, a total of five Board Meetings have been held.

Summary of the major resolutions is as follows:

#### (1) The 4th Meeting of the 8th Board (Date: March 14, 2007)

- Approval of the 2006 Business Report, Financial Report and Earnings Distribution Plan
- Approval of the investment in Marks & Spencer Taiwan Co. Ltd.;
- Approval of the endorsement for Wuhan Uni-President Oven Fresh Bakery Co., Ltd. for US\$1.50 million;
- Approval of the sale of equity in Allianz President Life Insurance Co., Ltd. for NT\$362,502,255;
- Approval of the increase of credit lines with financial institutions and applications to renew credit facilities;
- Approval of the cancellation of some endorsements and guarantees offered by PCSC to its affiliates;
- Approval of the cancellation of the non-competition clauses that restrict PCSC's directors and managers from investing, directly or via any vehicles, in competing businesses;
- Approval of the amendment to Article 2, Article 20, Article 23-1 and Article 33 of PCSC's Articles of Incorporation;
- Approval of the amendment to PCSC's Procedures for Acquisition and Disposal of Assets;
- Approval of the amendment to PCSC's Procedures for Loans Offered to Others;
- Approval of the results of self-inspection of PCSC's and its affiliates' internal systems;
- Approval of the amendment to PCSC's 2006 Internal Management & Control System;
- Approval of the changes in personnel appointments;
- Approval of the drafted Procedures for Handling Suggestions from Shareholders;
- Approval of the date and venue of the 2007 Annual Shareholders' Meeting and the 5th Meeting of the 8th Board.

#### (2) The 5th Meeting of the 8th Board (Date: June 15, 2007)

- Approval of the capital increase by NT\$210 million in Uni-President Department Store Corp.;
- Approval of the capital increase of NT\$269,055,000 in Tung Ho Development Co., Ltd.;

- Approval of the authorization to Chairman to decide on the date for ex-dividends;
- Approval of the increase of credit lines with financial institutions and applications to renew credit facilities;
- Approval of the purchase of liability insurance for PCSC's directors and supervisors;
- Approval of the date and venue of the 6th Meeting of the 8th Board.

#### (3) The 6th Meeting of the 8th Board (Date: August 30, 2007)

- Approval of a capital increase by NT\$42,169,120 in Marks & Spencer Taiwan Co., Ltd.;
- Approval of a capital increase by NT\$87,084,000 in Mech-President Corp.;
- Approval of the audited financial reports of PCSC and the consolidated financial reports for the first half of 2007;
- Approval of the increase of credit lines with financial institutions and applications to renew credit facilities;
- Approval of a syndicated loan project;
- Approval of a capital increase by US\$2 million in President Chain Store (BVI) Holdings Corp.;
- Approval of the capitalization of retained earnings of Shanghai President Starbucks Coffee Shanghai Corp.;
- Approval of the investment of NT\$42 million in Pet-Plus Co., Ltd.;
- Approval of the establishment of Shanghai PCSC Food and Beverage Management Co., Ltd. (temporary name) in Shanghai, China;
- Approval of the date and venue of the 7th Meeting of the 8th Board.

#### (4) The 7th Meeting of the 9th Board (Date: December 13, 2007)

- Approval of the endorsement for a loan of NT\$450 million to Uni-President Department Store Corp.;
- Approval of the increase of credit lines with financial institutions and applications to renew credit facilities;
- Approval of the capital increase by US\$100,000 in Presiclere Limited;
- Approval of the 2007 Internal Control & Management System and the amendment to Audit Plan;
- Approval of the 2008 Audit Plan;



- f. Approval of the changes in personnel appointments;
- g. Approval of the extension of the employment contract with President;
- h. Approval of the investment of NT\$85.26 million in Rakuten Taiwan Co., Ltd.;
- i. Approval of the establishment of Afternoon Tea as chain stores in the food & beverage markets in Shanghai, Beijing, Jiangsu Province and Zhejiang Province, China;
- j. Approval of the investment of NT\$35.7 million in Afternoon Tea Taiwan Co., Ltd.;
- k. Approval of the date and venue of the 8th Meeting of the 8th Board.

(5) The 8th Meeting of the 8th Board (Date: March 12, 2008)

- a. Approval of the 2007 Business Report, Financial Report and Earnings Distribution Plan;
- b. Acknowledgement of the proposal for PCSC's assets impairment in 2007;
- c. Approval of the election of new supervisor(s);
- d. Approval of the sale of three properties in Changan, Aikuo and Anho for a total of NT\$219.10 million;
- e. Approval of the increase of credit lines with financial institutions and applications to renew credit facilities;

- f. Approval of the cancellation for the endorsement and guarantee offered by PCSC for its affiliates;
- g. Approval of a capital increase by NT\$200 million in Uni-President Development Corp.;
- h. Approval of a capital increase by NT\$18 million in Uni-President Yellow Hat Corp.;
- i. Approval of a capital increase by NT\$100 million in Cold Stone Creamery Taiwan Ltd.;
- j. Approval of a capital increase by US\$9.3 million in Shanghai Cold Stone Ice Cream Corporation;
- k. Approval of a capital increase by RMB\$32.5 million in President Cosmed Chain Store (Shen zhen) Co., Ltd.;
- l. Approval of the amendment to Article 2 and Article 33 of PCSC's Articles of Incorporation;
- m. Approval of the self-inspection on PCSC's internal control;
- n. Approval of the amendment to PCSC's Procedures of Meetings for the Board of Directors;
- o. Approval of the Procedures for Handling Suggestions from Shareholders;
- p. Approval of the establishment of a holding company in Hong Kong to adjust the structure of the investments in China;
- q. Approval of the date and venue of the 9th Meeting of the 8th Board.

### 3-8 Different opinions in records or written statements from directors or supervisors regarding the important resolutions of the Board in the most recent year and until the published date of the Annual Report:

During 2007 and until April 25, 2008, directors or supervisors did not have major differences as recoded or declared in writing for major resolutions of the Board.

### 3-9 Status of Personnel Responsible for Preparing Financial Reports:

During 2007 and until April 25, 2008, no personnel responsible for financial reports resigned or were dismissed.

## 4. Auditors Information

### 4-1 Auditor fees

Unit: NT\$1,000

Firm	Auditors	Auditor fees	Non-auditor fees					Remarks
			System design	Business registration	Human Resources	Others	Total	
PRICEWATERHOUSECOOPERS	Tsai, Ching-Pao; Chen, Mei-Tzu	6,640	—	—	—	601	601	The non-auditor fee is for the service of transfer pricing.

Note: Auditors cover the complete accounting period.

### 4-2 Switching of auditors:

#### a. About the previous auditors

Replacement Date	July 1, 2007	January 1, 2008
Reasons for Replacement	Internal workload adjustments of PRICEWATERHOUSECOOPERS	
Details concerning why the previous auditors terminated the appointment or refused to accept the appointment	Not Applicable	
Reports with any opinions other than unqualified opinions over the most recent two years and the reasons	None	
Any opinions differing from those of the Company	None	
Other disclosures	None	



b. About the new auditors

Firm	PRICE WATERHOUSE COOPERS	
Auditors	Tsai, Ching-Pao	Chang, Ming Hui
Appointment Date	July 1, 2007	January 1, 2008
The possible opinions, consulting advise and results regarding any specific accounting treatments or principles before appointment date	None	
Any written opinions issued by new auditors that are different from those of previous auditors	None	

**4-3 Should the Company's Chairman, President, or managers responsible for financial and accounting affairs have held any posts in the chartered accounting firm or its affiliates that audit for the Company during the past year, all the relevant information should be disclosed.**

Not applicable to PCSC

**5. Net Change in Shareholdings and in Shares Pledged by Directors, Supervisors, Management and Shareholders with Shareholding of 10% of More.**

**5-1 Status of changes:**

Unit: Shares

Title	Name	2007		As of April 15, 2008	
		Net Change in Shareholdings	Net Changes in Shares Pledged	Net Change in Shareholdings	Net Changes in Shares Pledged
Director; Juridical Person Shareholder	Kao Chyuan Investment Co. Ltd.	-	-	-	-
Director; Juridical Person Shareholder; Major Shareholder	Uni-President Enterprise Corp.	-	-	-	-
Supervisor; Juridical Person Shareholder	Nan Shan Life Insurance Co. Ltd.	-	-	-	-
Chairman	Kao, Chin Yen (Note 1)	-	-	-	-
Managing Director	Lin, Chang Sheng (Note 2)	-	-	-	-
Managing Director/President	Hsu, Chung Jen (Note 2)	-	-	-	-
Director	Lin, Lung Yi (Note 2)	-	-	-	-
Director	Lo, Chih Hsien (Note 2)	-	-	-	-
Director	Yang, Wen Long (Note 2)	-	-	-	-
Director	Sue, Chung-Ming (Note 2)	-	-	-	-
Director/COO (Senior Vice President)	Wu, Kuo Hsuan (Note 2)	-	-	-	-
Director/Senior Vice President	Chang Jen, Yun Huei (Note 2)	-	-	-	-
Supervisor	Tse, Koon Hang Ada (Note 3)	-	-	-	-
Supervisor	Ying, Chien Li	-	-	-	-
Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan	-	-	-	-
CFO (Vice President)	Chang, Fu Tang	-	-	-	-
Chief Auditor (Vice President)	Lin, Wen Ching	-	-	-	-
Vice President	Chen, Jui Tang	-	-	-	-
Vice President	Yang, Yen Sen	-	-	-	-
Vice President	Chung, Mao Chia	-	-	-	-
Vice President	Zeng, Fang Bin	-	-	-	-
Vice President	Wang, Wen Kui	-	-	-	-
Accounting Division Manager	Lai, Hsin Ti	-	-	-	-
Finance Division Manager	Wu, Wen Chi	-	-	-	-

(Note 1) Representative of Kao Chyuan Investment Co. Ltd.

(Note 2) Representative of Uni-President Enterprise Corp.

(Note 3) Representative of Nan Shan Life Insurance Co. Ltd.

**5-2 Stock Transfer Agreements: None.**

**5-3 Stock Pledge Agreements: None.**

**6. Any of the top 10 major shareholders has relationships specified by the ROC Statement of Financial Accounting Standards No. 6: None.**



## 7. Ownership by PCSC's directors, supervisors, managers, directly or indirectly, of PCSC's long-term investments:

As of March 31, 2008 / Unit: Shares, %

Long-Term Investments	Ownership by PCSC		Direct/Indirect Ownership by Directors, Supervisors and Management Team		Total Ownership	
	Shares	%	Shares	%	Shares	%
President Drug Store Business Corp.	36,575,500	100.00%	—	—	36,575,500	100.00%
President Direct Marketing Corp.	7,000,000	100.00%	—	—	7,000,000	100.00%
Ren-Hui Investment Corp.	85,303,733	100.00%	—	—	85,303,733	100.00%
Capital Inventory Service Corp.	4,549,380	100.00%	—	—	4,549,380	100.00%
Wisdom Distribution Service Corp.	9,432,540	100.00%	—	—	9,432,540	100.00%
President Chain Store (BVI) Holding Corp.	48,405,458	100.00%	—	—	48,405,458	100.00%
PCSC (China) Limited.	36,449,140	100.00%	—	—	36,449,140	100.00%
President FN Business Corp.	10,000,000	100.00%	—	—	10,000,000	100.00%
Cold Stone Creamery Taiwan Ltd.	17,000,000	100.00%	—	—	17,000,000	100.00%
President YiLan Art & Culture Corp.	20,000,000	90.00%	—	—	20,000,000	90.00%
President Pharmaceutical Corp.	14,600,494	73.74%	—	—	14,600,494	73.74%
President Transnet Corp.	70,000,000	70.00%	20,000,000	20.00%	90,000,000	90.00%
President Collect Service Co. Ltd.	1,050,000	70.00%	—	—	1,050,000	70.00%
Uni-President Department Stores Corp.	56,000,000	70.00%	24,000,000	30.00%	80,000,000	100.00%
Pet-Plus Co. Ltd.	4,200,000	70.00%	—	—	4,200,000	70.00%
Mech-President Corp.	48,698,536	63.47%	15,549,287	20.27%	64,247,823	83.74%
Uni-President Cold-Chain Corp.	19,563,272	60.00%	6,521,090	20.00%	26,084,362	80.00%
Uni-President Oven Bakery Corp.	17,400,000	60.00%	11,600,000	40.00%	29,000,000	100.00%
President Information Corp.	16,744,311	56.00%	8,970,166	30.00%	25,714,477	86.00%
Bank Pro E-Service Technology Co. Ltd.	7,200,000	53.33%	675,000	5.00%	7,875,000	58.33%
Duskin Serve Taiwan Co.	15,300,000	51.00%	—	—	15,300,000	51.00%
Afternoon Tea Taiwan Co. Ltd.	3,570,000	51.00%	—	—	3,570,000	51.00%
Books.com Co. Ltd.	10,000,000	50.03%	—	—	10,000,000	50.03%
Mister Donut Taiwan Corp.	10,000,000	50.00%	—	—	10,000,000	50.00%
Rakuten, Taiwan Co. Ltd.	8,526,000	49.00%	—	—	8,526,000	49.00%
MUJI Taiwan Co. Ltd.	4,100,000	41.00%	1,000,000	10.00%	5,100,000	51.00%
President Musashino Corp.	20,916,000	40.00%	26,145,000	50.00%	47,061,000	90.00%
Marks & Spencer Taiwan Co., Ltd	12,826,412	40.00%	—	—	12,826,412	40.00%
President Organics Co.	1,833,333	36.67%	2,833,333	56.67%	4,666,666	93.33%
President Coffee Corp.	9,313,920	30.00%	6,209,280	20.00%	15,523,200	50.00%
Uni-President Yellow Hat Corp.	4,200,000	30.00%	—	—	4,200,000	30.00%
Retail Support International Corp.	5,000,000	25.00%	4,000,000	20.00%	9,000,000	45.00%
Q-ware Systems & Service Corp.	11,098,629	23.07%	13,953,503	19.52%	25,052,132	42.59%
21 Century Enterprise Co. Ltd.	2,600,000	20.00%	—	—	2,600,000	20.00%
President Development Corp.	40,000,000	20.00%	60,000,000	30.00%	70,000,000	50.00%
Tong-Ho Development Corp.	26,906,953	19.93%	96,394,731	71.40%	123,301,684	91.33%
Presicarre Corp.	88,740,016	19.50%	93,292,904	20.50%	182,032,920	40.00%
Tong-Jeng Development Corp.	171,000,000	19.00%	364,500,000	40.50%	535,500,000	59.50%
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67%	—	—	20,000,000	16.67%
President Technology Corp.	750,000	15.00%	—	—	750,000	15.00%
Q-ware Communications Co. Ltd.	8,059,091	11.27%	10,132,114	14.17%	18,191,205	25.45%
President Yamako Corp.	650,000	10.00%	—	—	650,000	10.00%
President Capital Mgt. Corp.	2,280,000	7.60%	1,820,000	6.07%	4,100,000	13.67%
PK Venture Capital Corp.	10,000,000	6.67%	10,000,000	6.67%	20,000,000	13.33%
Career Inpek Co.	1,196,790	5.37%	—	—	1,196,790	5.37%
Topology Optoelectronics Corp.	146,448,927	3.47%	8,400,000	0.20%	154,848,927	3.67%
Digital United Inc.	6,000,000	3.41%	5,000	0.00%	6,005,000	3.41%
President International Development Corp.	50,000,000	3.33%	965,500,000	64.37%	1,015,500,000	67.70%
Uni-OAO Travel Services Corp.	60,000	2.86%	—	—	60,000	2.86%
President Securities Corp.	30,355,172	2.58%	335,418,274	28.50%	365,773,446	31.08%
Kaohsiung Rapid Transit Corp.	20,000,000	2.00%	20,000,000	2.00%	40,000,000	4.00%
New Century Info Comm Co. Ltd.	35,705,252	0.89%	—	—	35,705,202	0.89%
Broadcaster Market Research Co. Ltd.	200,000	0.55%	—	—	200,000	0.55%
Duskin Co. Ltd.	300,000	0.45%	—	—	300,000	0.45%
Grand Bills Corporation	108,160	0.02%	89,654,446	16.58%	89,762,606	16.60%

## IV. FUND RAISING

### I. Capital and Shares

#### 1-1 Source of Capital:

##### a. Shares Issued:

As of April 25, 2008 / Unit: NT\$; Shares

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Expansion by Assets other than Cash	Document No. and Date of Approval
July/2002	10	900,000,000	9,000,000,000	772,031,899	7,720,318,990	Capitalization of profit	None	July 19, 2002 (91) Tai-Tsai-Cheng (I) No. 090140565
July/2003	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of profit	None	July 17, 2003 (92) Tai-Tsai-Cheng (I) No.0920132220
August/2004	10	960,000,000	9,600,000,000	915,160,436	9,151,604,360	Capitalization of profit	None	July 20, 2004 Chin-Kuan-Cheng-Yi-Tse No. 0930132295

Note: PCSC's initial paid-in capital in June 1987 was NT\$100,000,000. After the conversion of retained earnings into capital over the years, PCSC's paid-in capital is NT\$9,151,604,360 as of April 25, 2008.

##### b. Capital and Shares:

Unit: Shares

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Non-Issued	Total	
Common Stock, Inscribed	915,160,436	44,839,564	960,000,000	Publicly Traded

#### 1-2 Shareholder Structure:

Unit: Shares / As of April 15,

Quantity \ Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	1	0	111	17,129	378	17,619
Shareholding	5	0	484,048,195	34,613,094	396,499,142	915,160,436
Holding Percentage	0.00%	0.00%	52.89%	3.78%	43.33%	100%

#### 1-3 Distribution Profile of Shareholder Ownership:

As of April 25, 2008 / NT\$10 per Share (par)

Individual Shareholding (Unit: Shares)	No. of Shareholders	Total Shareholding (Unit: Shares)	Holding Percentage
1 - 999	9,811	2,301,070	0.25%
1,000 - 5,000	6,223	12,358,583	1.35%
5,001 - 10,000	702	5,013,168	0.55%
10,001 - 15,000	213	2,563,146	0.28%
15,001 - 20,000	121	2,146,181	0.23%
20,001 - 30,000	92	2,304,856	0.25%
30,001 - 50,000	93	3,681,086	0.40%
50,001 - 100,000	89	6,644,305	0.73%
100,001 - 200,000	66	9,330,605	1.02%
200,001 - 400,000	51	14,995,434	1.64%
400,001 - 600,000	36	17,869,146	1.95%
600,001 - 800,000	12	8,473,260	0.93%
800,001 - 1,000,000	15	13,051,637	1.43%
Over 1,000,001	95	814,427,959	88.99%
Total	17,619	915,160,436	100.00%

## 1-4 Major Shareholders:

As of April 25, 2008

Shareholders	Shareholding (Shares)	Holding Percentage (%)
Uni-President Enterprise Corp.	415,489,816	45.401%
HSBC in custody of Matthews International Fund	42,729,000	4.669%
JP Morgan Chase in custody of Templeton Developing Markets Trust	19,812,164	2.165%
Nan Shan Life Insurance Co., Ltd.	16,241,814	1.775%
JP Morgan Chase in custody of Oppenheimer Developing Markets Fund	14,890,074	1.627%
Taiwan Post Co., Ltd.	14,448,404	1.579%
JP Morgan Chase in custody of Templeton Emerging Markets Series	11,279,010	1.232%
Chinatrust Commercial Bank in custody of PCSC's Employees Benefits Trust	10,692,397	1.168%
Deutsche Bank	10,165,822	1.111%
Public Service Pension Fund	9,831,252	1.074%

## 1-5 Share Prices, Net Value, Earnings, Dividends and Relevant Share Information for Last Two Years:

Unit: NT\$

Item	Year	2006		2007		As of March 31, 2008	
Market Price per Share	Highest		81.40		102.5		122.5
	Lowest		64.50		73.9		82.7
	Average		72.20		85.76		96.76
Net Value per Share	Before Distribution		17.46		17.76		18.76
	After Distribution		13.63		(Note)		(Note)
Earnings per Share	Weighted Average Shares (Shares)		915,160,436		915,160,436		915,160,436
	Earnings per Share (Undiluted)		4.18		3.96		0.92
	Earnings per Share (Diluted)		4.18		(Note)		(Note)
Dividend per Share	Cash Dividends		3.50		(Note)		–
	Stock Dividends	Dividends from Retained Earnings	0		(Note)		–
		Dividend from Capital Surplus	0		(Note)		–
	Accumulated Undistributed Dividends		0		(Note)		–
Return on Investment	Price/Earning Ratio		17.27		21.66		–
	Price/Dividend Ratio		20.63		(Note)		–
	Cash Dividend Yield Rate		4.85%		(Note)		–

Note: As of March 31, 2008, the shareholders' meeting has not yet decided on the distribution of the earnings in 2007.

## 1-6 Dividend Policy and Implementation Status:

### a. Dividend Policy:

The dividend pool is net profit after tax, after the offsetting of previous losses, the payment of corporate income taxes, the allocation of 10% legal reserve and the adjustment of special retained earnings of the year at any amount deducted from shareholders' equity. The reverse of the deduction items in shareholders' equity afterwards may be included in the pool of the distributable earnings of the year. The remaining earnings of the year, along with undistributed earnings from the previous year are considered accumulated distributable earnings. The distribution of accumulated distributable earnings is carried out by the Board of Directors in consideration of industry conditions, the Company's future operations and investment plans. The proposal to distribute earnings shall take effect upon the approval from the shareholders' meeting.

The shareholders' meeting shall determine the distribution percentage of accumulated distributable earnings based on the following principles:

- (1) Directors and supervisors' remunerations: 1% of the net profit of the year
  - (2) Employees' bonuses: no less than 0.2% of the net profit of the year
  - (3) Shareholders' dividends and bonuses: after deductions (1) and (2) from the accumulated distributable earnings, a range between 80% and 100% may be distributed. However, a percentage between 50% and 100% of such distributions should be paid as cash dividends. The remainder is booked as undistributed earnings.
- b. The proposal to distribute earnings of 2007 by the Board of Directors will be submitted to the 2007 Annual Shareholders' Meeting for approval. The proposal finalized by the Board of Directors on March 12, 2008 is as follows:
- Cash dividends:
- It is planned that a total of NT\$2,928,513,395 (NT\$3.2 per share) shall be distributed from the accumulated distributable earnings. After the approval from the Annual Shareholders' Meeting, the Board of Directors shall propose a base date for the distribution of dividends.

### 1-7 Impact to the Company's Operating performance and Earnings per Share from the Stock Dividend Proposed by the Shareholders' Meeting:

According to Guidelines for Disclosure of Financial Forecasts by Public Companies, PCSC is not required to release its 2008 financial forecasts. Therefore, under the decree of Tai-tsai-cheng (1) Letter No. 00371 issued on February 1, 2000, PCSC is not required to disclose this information.

### 1-8 Employees' Bonuses and Remunerations to Directors and Supervisors:

- a. Percentage or range of employees' bonuses and remunerations to directors and supervisors stated in Articles of Incorporation:
- According to PCSC's Articles of Incorporation, the dividend pool is net profit after tax, after the offsetting of previous losses, the allocation of 10% legal reserve and the adjustment of special retained earnings of the year at any amount deducted from shareholders' equity. The reverse of the deduction items in shareholders' equity afterwards may be included in the pool of the distributable earnings of the year. The remaining earnings of the year, along with undistributed earnings from the previous year are considered accumulated distributable earnings. The distribution of accumulated distributable earnings is carried out by the Board of Directors in consideration of industry conditions, the Company's future operations and investment plans. The proposal to distribute earnings shall take effect upon the approval from the shareholders' meeting. The remunerations of directors and supervisors are set at 1% of the total earnings and the employees' bonuses shall be no less than 0.2% of the total earnings of the year.
- b. The Board of Directors has come up with the following details regarding the distribution of earnings of 2007 as employees' bonuses and directors' and supervisors' remunerations.
- c. Distribution of earnings in 2006 as employees' bonuses and remunerations to directors and supervisors:
- Distributions of earnings in 2006 as employees' bonuses and remunerations to directors and supervisors are as follows:

	Allocations Determined by the Shareholders' Meeting and the Board of Directors	
(1) Distribution (NT\$1,000)		
Employees' Bonuses	\$	275,250
Directors' and Supervisors' Remunerations	\$	34,406
(2) Earnings per Share (Unit: NT\$)		
EPS	\$	4.18
EPS after bonuses and remunerations	\$	3.84

### 1-9 Share Buyback: None

## 2. Status of Corporate Bonds, Preference Shares, GDR, Employee Stock Option Plan, Mergers, Acquisitions and Spin-Offs

### 2-1 Corporate Bonds

As of March 31, 2008

Type of Corporate Bonds	PCSC Second Issue of Secured Corporate Bond
Issuing Date	June 10, 2003 ~ June 13, 2008
Par Value	NT\$1 million



Type of Corporate Bonds		PCSC Second Issue of Secured Corporate Bond
Issuing Location	–	
Offering Price	Issued at Par	
Total Amount	Total amount of NT\$1.5 billion, divided into classes of Aa, Ab, Ac, Ad, Ba, Bb and Bc due to different issuing dates and prerequisites. The amount for each issuance of Aa, Ab, Ac and Ad is NT\$200 million, issuance of Ba and Bb is NT\$200 million each, issuance of Bc is NT\$300 million.	
Coupon Rate	Issue A: 1.40%; Issue B: 4% minus 6-month LIBOR or 4% minus 180 day commercial paper interest rate, adjusted every six months	
Term	The terms of all classes are 5 years. The terms of individual classes are as follows: Issue Aa, Ba: June 10, 2003 to June 10, 2008 Issue Ab, Bb: June 11, 2003 to June 11, 2008 Issue Ac, Bc: June 12, 2003 to June 12, 2008 Issue Ad: June 13, 2003 to June 13, 2008	
Guarantor	Class A: Taipei Fubon Bank Class B: Chunglun Branch of Bank of Taiwan	
Trustee	Trustee Department, Chinatrust Commercial Bank	
Underwriter	None	
Legal Counsel	Su, Yan Wei, Esq.	
Auditors	PRICEWATERHOUSECOOPERS Lai, Chun Tien; Lin, Tung Chiao	
Repayment	Issue A automatically repaid at 3rd, 4th and 5th years at 25%, 25 and 50%, respectively Issue B: repaid in full at maturity	
Outstanding Principal	NT\$1.1 billion (Note)	
Redemption or Early Repayment Clause	None	
Covenants	None	
Credit Rating Agency, Date of Credit Rating, Credit Rating of the Bonds	None	
Other Rights to Bondholders	Amounts of Converted (Exchanged or Subscribed) Common Shares, GDR or Other Securities as of Annual Report Publishing Date	None
	Issue and Conversion Rights (Exchange or Subscription Rights)	None
Dilution Effects, and Other Adverse Effects to Existing Shareholders due to Bond Issuance, Conversion, Exchange or Subscription of Shares	None	
Custodian	None	

Note: In June 2006 and June 2007, PCSC repaid NT\$200 million respectively for its second issue of secured corporate bond. Total amount payback is NT\$ 400 million.

## 2-2 Preference Shares: None

## 2-3 Global Depository Receipts: None

## 2-4 Employee Stock Option Plan: None

## 2-5 Issuance of New Shares to Merge or Acquire Other Companies: None

## 3. Status of Capital Utilization Plan

### 3-1 Capital Projection:

As of March 31, 2008, any incomplete share issuance or private placement or any completed share issuance or private placement over the past three years but not yet reporting any benefits: None.

### 3-2 Status of Implementations:

As of March 31, 2008, analysis of the purposes of each capital investment project and comparison of the implementations and the original benefits: None.

## V. OPERATIONAL HIGHLIGHTS

### 1. Business Activities

#### 1-1 Business Scope

##### a. Officially Registered Business Items

( 1 )	F203020	Tobacco & alcohol retails	(16)	JZ99030	Photography		applications, ticket sales, receiving goods
( 2 )	F206020	Retails of daily products	(17)	F204110	Retails of cloth, clothes, shoes, hats, umbrellas and accessories		on behalf of customers and bill collections on behalf of other businesses)
( 3 )	F203010	Retails of food, groceries and beverages					
( 4 )	F208040	Retails of cosmetics	(18)	A102060	Retails of staple food	(30)	F401161 Importing of tobacco
( 5 )	F399990	Other retails	(19)	F213010	Retails of home appliances	(31)	F401171 Importing of alcohol
( 6 )	IZ01010	Photocopying	(20)	F208031	Retails of medical equipment	(32)	Any business activities unless otherwise restricted by law
( 7 )	F201070	Retails of flowers	(21)	F205040	Retail of furniture, beds, kitchenware, decorative items	(33)	F301010 Department stores
( 8 )	F209060	Retails of educational, musical and entertainment products	(22)	F207030	Retails of cleaning products	(34)	F30102 Supermarkets
( 9 )	JE01010	Leasing	(23)	F401010	International trading	(35)	F399010 Convenience stores
(10)	IE01010	Distribution of telecommunications subscriptions	(24)	JA01010	Automotive repair services	(36)	F501030 Beverage stores
(11)	I401010	Advertising services	(25)	F214030	Retails of automobile and motorcycle accessories and merchandise	(37)	F501060 Restaurants
(12)	F207050	Retails of fertilizers	(26)	G202010	Parking lot operations	(38)	G902011 Type II telecommunications business
(13)	F210010	Retails of watches and clocks	(27)	IZ14011	Lottery tickets	(39)	I301010 IT & software Services
(14)	F210020	Retails of glasses	(28)	JZ99050	Agency services	(40)	I301030 Provision of electronic information and services
(15)	F216010	Retails of photo and film equipment	(29)	IZ99990	Other services (agent for school enrollments,		



b. Sales Breakdown by Category in Year 2006 and 2007

Unit: NT\$1,000

Product Category	Sales & Percentages			
	2006		2007	
	Amount	%	Amount	%
Food Services	12,182,401	12.60%	12,760,107	12.90%
Publications	13,584,344	14.05%	14,154,817	14.31%
Beverages	33,008,506	34.14%	33,789,556	34.16%
Non-Food	25,534,699	26.41%	26,360,997	26.65%
Ordinary Food	12,047,041	12.46%	11,612,687	11.74%
Others	328,732	0.34%	237,398	0.24%
Gross Sales	96,685,723	100.00%	98,915,562	100.00%
Sales Discount	-56,982		-30,185	
Net Sales	96,628,741		98,885,377	
Other Operating Revenue	3,350,877		3,478,464	
Total Operating Revenue	99,979,618		102,363,841	

### 3. Present and Future Products and Services

7-ELEVEN seeks to immerse into the consumers' scenarios by constantly innovating in products and services so as to continuously bring new lifestyles and consumption trends to consumers.

In 2006, we introduced the new concept of LOHAS, sparking a wave of new consumerism in pursuit of nature and simplicity in the Taiwanese market. We published MY LOHAS magazine and organizes workshops, 7-ELEVEN New Life Movement, to continue the promotion of the concept. Our efforts have been widely recognized and supported by consumers.

Riding on this ride, we have launched a series of products, including low-calorie cup soups and green tea, certified by the Bureau of Health Promotion. These products do not only generate impressive sales, but also prove to be very popular with consumers. With a view to the increase of the population that eats out and the rise of health conscious, we advocate "addictives-free" for 7-ELEVEN fresh foods by serving as a gatekeeper to the health of consumers. It is our hope that consumers can rest assured of the quality and healthiness of their food and live their lives in LOHAS way.

We promote our premier, freshly brew City Café, with the slogan "the whole city as my café". By the end of 2007, the number of City Cafés reached 1,000, making it easy, simple and convenient to enjoy a nice cup of coffee. It was voted as "the best value for money in the M-type society". The combination of a series of pastry products exclusively developed and marketed opens a new chapter in the 7-ELEVEN branded products.

The new generation digital service platform, i-bon, integrates many functions, including ticketing services, payments, and mobile offices. It has been introduced to over 4,000 7-ELEVEN stores in Taiwan, extending 7-ELEVEN's scope of operations from bricks-and-mortars to bricks-and-clicks. The extended reach of our businesses makes the concept of Community Service Center even more robust.

The end-of-the-year parade and large OPEN balloons in 2007 attracted considerable attention from media, and successfully shortened the distance between 7-ELEVEN and the public. Open has become a popular mascot for 7-ELEVEN. Meanwhile, we have developed a series of "Open" products, such as juices, flavored milk, stuff toys and stationary, to develop new business opportunities of our branded products.

Looking forward 2008, we will actively develop products of our brands and seek differentiations for our product structure by introducing more innovative and convenient services to customers so that 7-ELEVEN becomes more closely tied with consumers' lives.

#### 1-2 Macroeconomy and Industry Overview

##### Macroeconomy

The credit card debt crisis in 2005 has adverse impacts on consumption in Taiwan. The drastic rise in oil and commodity prices starting in 2006 poses a great test to the confidence of Taiwanese consumers. The economic growth in Taiwan in 2007 was 5.7%, but the growth engine came from exports. The domestic consumption remained weak under the pressure of continuous rising prices. The domestic consumption only grew 2.61% in 2007.



### Industry Overview

The drastic rises of oil and commodity prices around the world affect the disposal incomes and consumers' confidence in Taiwan. The retail industry generated revenues totalling NT\$3,273.5 billion in 2007, up by 3.45% from 2006. The growth centered on supermarkets whose revenues totalled NT\$95.4 billion (up by 7.72%) and hypermarkets whose revenues totalled NT\$147.4 billion (up by 3.69%). In contrast, the total revenue of convenience store chains only increased by 2.03% to NT\$198 billion. These figures indicate that some conservative consumers have made a switch to supermarkets and hypermarkets whose main appeal is pricing. In other words,

the competition spills over these retail segments and the segmentation itself is getting blurred. By the end of 2007, the number of convenience stores reached 9,000, and such density is the highest in the world. As a result, strategic alliances and M&A activities have started to emerge in the convenience store in order to cope with the rising operation costs and increasing fierce competition.

The store numbers of convenience store chains in Taiwan by the end of 2007 are as follows:

	7-ELEVEN	Family Mart	Hi-Life	OK	Others	Total
Total	4,705	2,228	1,296	818	32	9,079

### 1-3 Research and Development

7-ELEVEN seeks to cater to the demands of consumers by constantly providing innovative services. We always watch closely for the changes in external environments and technologies so as to effectively utilize the ever-progressing technologies to enhance our operations. The development in digitalization and electronics over the recent years has prompted 7-ELEVEN to launch many brand new digital services in 2007.

a. ibon kiosks, a digital service platform:

Ibon kiosks are a multimedia service platform that offers features such as ticketing, bonus point exchange, payments and mobile offices. By the end of 2007, more than 4,000 ibon kiosks have been deployed. It has become 7-ELEVEN's new generation digital service platform by extending 7-ELEVEN's operations into the virtual world.

b. icashwave, a new payment tool

7-ELEVEN cooperated with Chinatrust Commercial Bank to launch icashwave in April 2007. icashwave combines the functions of e-wallets and credit cards, offering a safer and more secure payment choice to consumers. As a result, shopping without coins has become a new trend in life.

c. OPEN TALK, 7-ELEVEN's own branded prepaid cards

7-ELEVEN obtained a type-2 telecommunications license as a MVNO in May 2007, and entered the mobile telecommunications market. In July 2007, the first OPEN TALK prepaid card was introduced to the market. More value added services are in the pipeline.

d. In 2007, PCSC spent a total of NT\$166.163 million on the R&D systems. The expenditure on the R&D of the system totalled NT\$16.037 million as of March 31, 2008.

### 1-4 Short and Long Term Operating Strategies

a. Short-term operating strategy

- (1) Enhance the fundamentals and improve operating health;
- (2) Increase the number of stores at a rapid pace to maintain competitive advantages;
- (3) Strengthen operating efficiencies of the organization;
- (4) Improve long-term investment management to better operating synergies of the group;
- (5) Step up personnel training and development to meet with the needs for future growth.

b. Long-term operating strategies

- (1) Expand the network of the chain stores to increase market shares;
- (2) Implement a low-cost operating model to enhance operating efficiencies;
- (3) Ensure the profitability of franchise store operators for their sustainable future;
- (4) Practice high-value marketing to create effective differentiations.

## 2. Market Analysis and Merchandise:

### 2.1 Market Analysis

a. Main product (service) sales areas:

For a long time, PCSC has been dedicating to the differentiation of our product portfolios and innovations of services to customers, so as to set the trend for quality life styles and meet with the diversified demands of consumers.

Apart from Taiwan, 7-ELEVEN has also extended its footprint to off-shore islands, including Kinmen, Penghu, Matsu and Green Island. In the future, we will continue to live up to our promise with "7-ELEVEN wherever there are customers' needs" and by providing the best-of-breed services.

b. Supply/demand in the future and growth prospects:

- (1) By the end of 2007, PCSC had 51.8% market share (based on the number of stores) in the convenience chain store market. It is both the market leader and the number one consumer brand.
- (2) In 2005, 7-ELEVEN began its first integrated marketing campaign and the revenue of that year showed a marked improvement. Other players in the market followed suit. As a result, the convenience stores in Taiwan saw an impressive sales growth of 8.88% and 8.85% in 2005 and 2006. The rising commodity prices has weakened consumers' confidence and lowered their disposal incomes. As a result, sales in the convenience store industry only saw a moderate growth of 2.03% in 2007 from 2006. In the future, we will continue to actively adjust our product portfolios, develop differentiated products of our brand and introduce innovative and convenient services to consumers so as to create stable profits for the Company.

c. Competitive Advantages:

Although the competition in the convenience store market in Taiwan is fierce, any player who can leverage its own advantages by catering to customers' needs will surely stand out. Our key competitive advantages are as follows:



- (1) Strong brand and corporate image;
- (2) Economies of scale in distribution and the extensiveness of the store network to facilitate the development of differentiated products and enhance bargaining powers;
- (3) Comprehensive support system for the distributions of goods at different temperatures;
- (4) Management team with strong capabilities to take actions and cope with changes;
- (5) Management team of high stability, beneficial to the formulation and implementation of long-term development strategies;
- (6) Diversified resources of the affiliates within the group to generate excellent synergies;
- (7) Powerful system platform and infrastructure to create more business opportunities;
- (8) Trust from customers and franchise store operators.

d. Positive and negative factors for future growth & strategic responses:

(1) Positive factors:

- Rising concerns from consumers over nature and health as advocated by LOHAS;
- Increase of eating-out population due to the structural changes of families;
- Changes of lifestyles resulting in the increasing demand for security, happiness and convenience;
- Growing emphasis on corporate social responsibility.

(2) Negative factors:

- Over 9,000 convenience stores in a gradually saturated market;
- Difficulties in recruitment of entry-level and in-store personnel;
- Surging costs of commodities, influence of regulations and the increasing utilities rates resulting in rising costs for the Company. The rally of commodity prices also makes consumers relatively conservative.

(3) Strategic responses:

Looking forward, PCSC will continue to "immerse into customers' scenario" in our constant innovations to develop products and services that cater to the needs of customers. Meanwhile, we will also leverage the know-how we have accumulated in the retail industry over time in order to duplicate and transfer our successful experience to assist our overseas businesses. We hope to accelerate our steps to become a world leading enterprise.

## 2-2 Major applications of key products and their production processes:

- a. Utilization: daily necessities.
- b. Production: not applicable.

## 2-3 Supply of major raw materials: not applicable.

## 2-4 Information on major clients/suppliers who have accounted for at least 10% of sales/procurements in either of the recent two years:

a. List of customers that have accounted for at least 10% of sales over the past two years:

PCSC is a retailer of daily life merchandise. Our customers are the general public.

b. List of suppliers that have accounted for at least 10% of procurements over the past two years:

(1) List of suppliers that account for at least 10% of procurements:

Unit: NT\$1,000

Year	2006		2007		
	Name of Vendor	Amount	%	Amount	%
	Retail Support International Corp.	43,120,484	60%	40,396,485	57%
	Uni-President Cold-Chain Corp.	15,828,128	22%	16,014,350	23%
	Wisdom Distribution Service Corp.	5,508,850	8%	8,254,575	12%

- (2) Reasons for significant changes: The increase and decrease in procurement amounts were due to fluctuations in sales.

## 2-5 Production over the past two years: not applicable.

## 2-6 Sales over the past two years: Please refer to Page 35 for "Sales Breakdown by Category in Years 2006 and 2007."

## 3. Personnel Information

Year	2006	2007	As of April 25, 2008	
No. of Employees	Store Employees	3,099	2,864	2,814
	Headquarters	1,699	1,776	1,784
	Part-time	3,404	3,004	2,801
	Total	8,202	7,644	7,399
Average Age	27	28	28	
Average Years of Service	3.7	4.8	4.9	
Education Level (%)	PhD	—	—	—
	Master	4.1	4.7	5
	Bachelor	44.4	48	48
	High School	49.5	43.9	43
	Others	2	3.5	4



## 4. Environmental Protection and Expenditures

### 4-1 Environmental (Green) Accounting

PCSC spares no efforts in environmental protection. Through the implementation of our management policies, we demonstrate our concerns for the land and live up to our responsibilities as a corporate citizen. The relevant measures include the allocations of budgets each year to establish a green fund dedicated to a variety of environmental education campaigns; adoption of energy-saving facilities at stores to reduce carbon emissions and save electricity bills; the recycling of expired fresh food products so that they can be made to fertilizers. All these efforts aim to create a win-win situation between PCSC and the environment. We adopt the environmental (green) accounting system to present this information in the form of financial figures.

According to the environmental accounting system, we classify our environmental protection expenses at the headquarters and stores into the following categories: products, stores, delivery, office management, external education and social contributions. Below is a table that summarizes all the statistics regarding our environmental protection expenditures. In 2007, PCSC spent a total of NT\$465 million on the aforementioned environmental related capital expenditures, of which the largest items were as follows:

- (1) NT\$138.52 million on the cleaning and greening of store environment and the disposal of wastes;
- (2) NT\$83.73 million on the procurement of environmental-friendly packing materials;
- (3) NT\$75.43 million in capital expenditures on the extension of useful lives of equipment;
- (4) NT\$55.34 million in capital expenditures on the energy conservation equipment.

Other ongoing policies include the recycling of kitchen wastes, additives-free food, paperless environment, green procurement and social and environmental campaigns.

### 4-2 Environmental related expenditures:

#### a. Table of environmental related expenditures

Unit: NT\$

Type	Item	Content	Benefits, resource effectiveness, reduction of emissions	Capital expenditures	Expenses	Total	
Products	Security and environmental concerns during the manufacturing, procurement and selling process of products	Procurement of 8,670,000 paper lunch boxes and other environmental-friendly packing materials, including PLA Slurpee cups and salad boxes	Resource conservation		83,730,944	105,870,466	
		Inspections on products and environments	Protection of human health		9,846,156		
	Specific fresh food products free from the use of preservatives, artificial flavourings or residual pesticides	Inspections on fresh food contents	Protection of human health		4,421,800		
	In compliance with the regulations of Waste Disposal Act and Resource Recycling Act in terms of recovery and cleaning of packages and containers, recycling and processing of food wastes	Resources recycling and processing	A total of 2,476 trips made to recycle kitchen wastes in 2007 (213 tons of expired fresh food products recycled in northern Taiwan)		7,871,566		
Stores	Energy conservation	Purchase of energy-saving equipment: 318 large power savers; 1,300 inverter air-conditioners; solar film engineering; the relocation of heating sources for open refrigerators; lights-down hours for passageways and signs	Energy conservation	45,080,000	10,268,067	278,279,170	
	Cleaning and disposal of wastes and resource recycling	Cleaning and greening of store environment and disposal of wastes	Maintenance of clean environment		138,518,660		
	Extension of useful lives of equipment and building materials	Purchase of 612 steel check-out counters and renovation/reuse of other environmental protection environment	Reduction of tree cutting by 3,060 trees and reduction of resource waste	51,408,000	24,024,192		
	Green procurement		The greening of 4,658,070 plastic bags, with the addition of 10% calcium carbonate	Extension of useful lives of incinerators			6,520,760
			1,111 caps for resource recycling bins made in Taiwan	Reduction of oil consumption for importing marine shipment			728,816
			4,600 protective cases for store PDAs for goods ordering	Reduction of use of animal hides and petroleum			312,800
			30% recycled pulp for the 1,155,300 brown bags for City Café	Reduction of tree cutting			1,417,875
Delivery	Enhancement of loading efficiency, reduction of delivery time, shortening of delivery distance to reduce the impact to the environment	Two-distribution system for bread and fresh good products	Reduction in the number of deliveries by 144 trips		621,265	962,872	
		Reduction of greenhouse gases and recycling of HFCs for distribution vehicles	Reduction of the impact from distribution to the environment by a reduction of 33.5 tons of CO2 and a purchase of 310 kilograms of environmental-friendly HFCs		263,500		
	Implementation of Reserve Logistics (recycling of resource)	Spending of manpower and equipment on Reserve Logistics at stores	Reduction of wastes		78,107		



Type	Item	Content	Benefits, resource effectiveness, reduction of emissions	Capital expenditures	Expenses	Total
Office management expenses	Disposal of waste, recycling of resources and maintenance of the environment	Cleaning and greening of office environment and disposal of wastes	Maintenance of clean environments and recycling of resources: 3,977 kilograms of pet bottles, 50,200 kilograms of paper and 1,050 kilograms of tin cans		7,262,061	36,028,330
	Promotion of paperless environments	Deployment and maintenance of communications platforms, HR systems and electronic publications	Reduction of wastes (by reducing the use of about 33,000 pay slips and 270 printing hours)		23,974,294	
	Maintenance of the environmental management system	Staff expenses on environmental protection activities	Maintenance and promotion of the environmental management system		4,791,975	
Internal education	Educational campaigns to promote environmental protection	Promotional campaigns on a variety of environmental issues and the organization of an environmental cleaning society	Environmental education to employees		1,206,131	1,206,131
Social contribution	External promotion of information concerning the environment	A variety of educational and promotional campaigns for recycling and green products and a trip to Japan to promote the environmental cleaning society	Advocates of environmental information to external parties		2,370,202	42,650,694
	Organization of or involvement in social and environmental campaigns	7-EVELEn deep-cleaning activities and "Clean up the World" with a total of 23,648 participants	Cleaning up of 20,774 kilograms of garbage		5,077,604	
		Community competitions for nature story photography/compositions	Promotion of environmental education		597,973	
		LOHAS festivals and events: Simple Life Music Festival	Promotion of environmental education		6,699,541	
		Community Restructuring Campaign: Poetry, Architectures and New Community	Promotion of environmental education		1,281,000	
		A variety of CSR campaigns	Corporate Social Responsibility		13,775,449	
Conservation of the ecosystem	Sponsoring of environmental groups	Promotion of environmental education		11,848,925		
	Conservation activities	Protection of wetland		1,000,000		
Total				96,488,000	368,509,663	464,997,663

b. In 2007 and as of April 25, 2008, some stores were fined for NT\$979,294 and NT\$200,538, respectively, during these two periods due to the violation of the Noise Control Law and Waste Disposal Law.

#### 4-3 Benefits of Investments in Environmental Protection:

##### a. Benefits of energy-efficient facilities:

###### ■ Externalization of the heat source of open refrigerators

■ The heat source of a total of 54 open refrigerators was moved outside. The capital expenditure was NT\$2,430,000. The electricity saved totaled 77,0000 kw/hr per month.

###### ■ Introduction of HFCs to all stores

A total of 237 refrigerators at stores have been installed with HFCs, in line with Kyoto Protocol to avoid the damages to ozone layer.

###### ■ Introduction of inverter air-conditioners at new stores

A total of about 1,300 inverter air-conditioners were deployed at new stores. The total capital expenditure was NT\$13,000,000. The average power saving efficiency is 10%. On the basis of 200 kw/hr per unit per month, these 1,300 units can save 260,000 kw/hr per month.

###### ■ Introduction of power savers

A total of 318 power savers were deployed with a capital expenditure of NT\$23,850,000. The average power saving efficiency is 11.5%. The electricity saved totals 694,000 kw/hr per month. In 2007, the electricity consumption amounted to about 19,000 kw/hr per month per store, implying 2,185 kw/hr per month per store was saved.

###### ■ Lights-Down from July to October, 2007 at passageways and for signs

The hours for lights to be switched on was adjusted from 18:00–05:00 to 18:00–01:00. Four hours of electricity was reduced each day. The electricity saved stood at 192.5 kw/hr per month per store. A total of 4,397 stores implemented the system, with a capital expenditure of NT\$5,800,000. PCSC can save 846,000 kw/hr per month in total.

###### ■ Introduction of steel counters

PCSC spent NT\$51,408,000 in capital expenditure to purchase 612 steel counters. This was equivalent to the reduction of tree-cutting by 3,060 trees. The production of the original wooden counters demands tree-cutting. Also, wooden counters have a shorter useful life and cannot be recycled and reused.

###### ■ Introduction of 32W fluorescent lights at stores and passageways

PCSC introduced for a total of 250 stores 32W fluorescent lights. The electricity saved is 453 kw/hr per store per month. In total, 113,000 kw/hr of electricity was saved. Compared to a 36W fluorescent light, a 32W fluorescent light saves 7 kw/hr per hour per unit.



b. Safety and protection of food for consumers

To ensure the safety of food and to serve as a gatekeeper to the health of consumers, we conduct rigorous inspections on fresh food products and packaging materials before to go to shelves to make sure that they are free from preservatives and micro-organisms. In 2007, NT\$4,421,800 was spent on such inspections. A total of 223 fresh food products are free from preservatives.

#### 4-4 Improvement measurements

We already asked all of our stores to make improvements and make sure that they are aware of relevant regulations.

#### 4-5 Information related to EU RoHS Directives

None of the products of our company or our subsidiaries is directly or indirectly exporting to Europe, or affected by RoHS Directives.

### 5. Employee benefits

#### 5-1 Employee benefits

a. Integration of the group's HR system and resources

PCSC and its affiliates jointly review, revise and integrate their HR systems and formulate a robust talent pools and career planning systems for the group, in order to build an environment that facilitates a fair and reasonable development of in-house talents.

b. Comprehensive employee benefits

By the decree of Official Letter Taipei City Social II No. 58459 of Department of Social Welfare, Taipei City Government (1987), PCSC established Employee Benefit Committee on December 21, 1987. Members of the Committee are jointly elected by both PCSC and employees. The Committee regularly hosts a variety of activities, organizes health check-ups for employees and other benefits such as subsidies for on-the-job training and studies.

PCSC offices benefits such as cafeteria benefits, overseas trips for senior employees, health inspections, benefits and savings trusts, club subsidies, library centers, wedding and funeral allowances, paid maternity and paternity leaves, dormitories for female employees, group insurances, employee travel allowances and other benefits provided by Employee Benefits Committee to meet the needs of employees.

c. Integration of the group's training resources

PCSC established PCSC Learning Center to develop a common training curriculum in retail management and provide assistance in training and education to its affiliates. In this way, the group is able to maximize the benefits in talent development by fully utilizing training budgets and resources. In addition, PCSC spares no efforts in the utilization of digital learning systems so that its employees are aware of their personal learning paths. The combination of various learning methods, such as online curricula, online tests, classroom drills and reports uploading further expand the training benefits. The digital learning system is used to integrate retail know-how of individual affiliates of the group so that competences can be passed down and knowledge can be shared throughout the group.

d. Special franchise program

PCSC provides an incentive program to encourage its employees to become franchisees so that they can grow and develop with the Company,

e. Safe and harmonious workplace

PCSC provides its employees with a safe and harmonious workplace that encourages positive interactions between male and female employees. A set of crisis management policies have been defined. In addition, PCSC regularly inspects indoor air quality, water quality and illumination and sterilizes the workplace in order to create a superior working environment. Also, to encourage the health and safety of employees at work, all employees are offered group accidental insurance, life insurance and medical insurance after they join the Company. They are also given subsidies for their health check-ups.

f. Retirement plan

(1) Old system under the Labor Standards Act

On January 29, 2007, PCSC modified its employee retirement program, applicable to all the formally hired employees. This program calculates the service years by dating back to the first date of employment. Employees who have been in service for less than 15 years (inclusive) shall be granted two basic units for each full year of service. From the 16th year onward, each full year of service shall be translated into one basic unit in the calculation of pensions. Any service period that is less than six month shall be calculated as half a year; while any service period that is between six months and twelve months shall be calculated as one full year. The number of basic units in the calculation of pensions is capped at 45. Pensions are calculated on the basis of service years and the average monthly salary at the time of retirement. Calculation of average salaries shall be made in compliance with the Labor Standard Act.

(2) Pension policy to include the service years in affiliates for transferred employees

- (a) The calculation of service years for transferred employees includes the number of years they serve in any PCSC affiliate or members of the Uni-President Group.
- (b) The sharing of pensions among affiliates is based on the percentage of the service years spread over the affiliates that employee serves.

(3) New system under the Labor Pension Act

Beginning on July 1, 2005, in accordance with the Labor Pension Act, PCSC implements a new system that is applicable to all hired employees. All the employees can opt for the old system under the Labor Standard Act as stated in (1) or the new system under the Labor Pension Act. A switch to the new system is still possible within five years after an employee has chosen the old system. According to the regulations or the Labor Pension Act, the payout is made based on the Monthly Contribution Wages Classification. In other words, 6% of their monthly income is transferred to their personal retirement account with Bureau of Labor Insurance.

#### 5-2 Labor relations

a. Open communications channel

Aside from the service center at the headquarters and the email suggestion box to answer questions from employees, PCSC has established a website discussion forum on the intranet to facilitate communications among all employees for issues in life and at work and the exchanges of their ideas and feedbacks.

b. Employee Code of Conduct

PCSC has published an Employee's Handbook and set out a scheme for rewards and disciplinary actions. An implementation committee has been put in place to execute these procedures. Self-Discipline Pack for Employees has also been defined to clearly state the code of conduct for employees.



According to Self-Discipline Pack for Employees, employees should observe the following regulations in ethics and code of conduct.

- (1) Employees cannot use company money for personal purposes, engage in unscrupulous behaviors for profits, involve in illegal acts, violate any contracts, damage public properties or jeopardize the company's reputation.
- (2) Employees shall not abuse any other individual, affect other individual's work performance or threaten to exchange the establishment of service contracts, compensations, performance reviews, promotions/demotions, rewards/disciplinary actions with any words or actions that contain sexual requests, sexual connotations or sexual discriminations.
- (3) Employees shall not give gifts to supervisors or treat supervisors for meals; however, supervisors may give gifts to subordinates and treat subordinates for meals as a token of gratitude for their hard work.
- (4) Employees shall not be engaged in non-business monetary transactions with any business-related vendors or individuals.
- (5) Employees shall not receive any benefits from business-related vendors or individuals.
- (6) Employees shall not make any publications, statements or displays in the name of the Company without permission from the Company.
- (7) Employees should maintain the confidentiality of the business activities they are responsible

for and shall never, in any circumstances, assist any company or individual that has conflicts of interests with our company or compete against our company by revealing the business secrets of our company.

- (8) The attendance and all kinds of behaviors should be in compliance with the regulations set forth by HR.

c. Labor negotiations

PCSC has always valued its human resources as its most significant asset, and has worked to align the vision of the Company and the development goals of employees. Therefore, the interaction between PCSC and its employees has been very positive and harmonious over the years.

d. Losses due to labor disputes

PCSC provides employees with a comprehensive benefit system, quality working environment and open communications channel. Therefore, no major labor disputes have occurred and no significant losses have been reported.

## 6. Important Contracts:

As of April 25, 2008

Contract Type	Contracting Party	Terms of Agreement	Summary	Restriction Clause
Regional Licensing Agreement	7-ELEVEN, INC.	July 20, 2000 – perpetuity	1. PCSC is authorized by 7-ELEVEN, INC. to operate its "convenience store chain" business in the licensed areas, and has the right to use 7-ELEVEN franchise system, logos, business know-how, trademarks and service marks within the contractual period. 2. PCSC shall pay royalty to 7-ELEVEN, INC. every month.	PCSC is obliged to make its best efforts to manage, operate and expand the convenience store business within the authorized area. PCSC is not permitted to operate its convenience store business outside the authorized area or continue with the operations of its convenience store business within one-year after the termination of the contract.
Long Term Debt	Mega International Commercial Bank / Credit Lyonnais / HSBC / Chinatrust Commercial Bank / Taipei Fubon Bank / The Bank of Tokyo-Mitsubishi UFJ / Sumitomo Mitsui Banking Corp. / Mizuho Bank / Scotiabank / Hua Nan Commercial Bank / Land Bank of Taiwan	September 28, 2007~September 28, 2010	NT\$7 billion syndicated credit loan	According to the audited annual report and semi-annual consolidated financial statements, the following three financial ratios shall be calculated. 1. Financial liabilities $\leq$ 100% [(short-term, mid-term and long-term bank loans(including one-year or the current portion of the long-term debts)+ short-term bill financing balance + corporate bonds domestic and overseas(including convertible corporate bonds)) / net value of tangible assets 2. Interest cover $\geq$ 5 [(pre-tax profits+interest incomes+ depreciation+ amortization) / interest expenses] 3. Net value of tangible assets $\geq$ TWD15 billion [Net value-intangible assets]
Long Term Guarantee	Bank of Taiwan	Jun 10, 2003~Jun 12, 2008	NT\$700 million corporate bond guarantee	None
Long Term Guarantee	Taiwan Fubon Bank	Jun 10, 2003~Jun 13, 2008	NT\$800 million corporate bond guarantee	None
Long Term Debt	Bank of Taiwan	Dec 21, 2007~ Dec 21, 2009	NT\$300 million credit loan	None
Long Term Debt	Taipei Fubon Bank	Jul 20, 2007~Jun 19, 2010	NT\$500 million credit loan	None
Long Term Debt	Chinatrust Commercial Bank	Nov 5, 2007~Feb 5, 2010	NT\$950 million credit loan	None
Long Term Debt	Taishin International Bank	Dec 31, 2007~Dec 31, 2009	NT\$500 million credit loan	None
Long Term Debt	E. Sun Bank	Oct 22, 2007~Oct 22, 2010	NT\$300 million credit loan	None
Long Term Debt	Cathay United Bank	Aug 30, 2007~Aug 30, 2010	NT\$600 million credit loan	None
Long Term Debt	Hua Nan Commercial Bank	Mar 27, 2007~Mar 27, 2009	NT\$500 million credit loan	None
Long Term Debt	Mega International Commercial Bank	Jan 26, 2008~Jan 25, 2010	NT\$900 million credit loan	None
Long Term Debt	Chang Hwa Bank	Jan 4, 2008~Feb 28, 2010	NT\$500 million credit loan	None
Long Term Debt	Mizuho Bank	Oct 27, 2007~Oct 27, 2009	NT\$500 million credit loan	None
Long Term Debt	Bank Sinopac	Jun 22, 2007~Jun 22, 2009	NT\$500 million credit loan	None

## IV. FINANCIAL INFORMATION

### 1. Five Year Brief Balance Sheet and Income Statement

#### 1-1 Brief Balance Sheet

Unit: NT\$1,000

Item	Year	Five Year Balance Sheet Summary (Note 1)					As of March 31, 2008 (Note 1)
		2003	2004	2005	2006	2007 (Note 2)	
Current Assets		6,583,792	4,704,714	6,466,923	7,884,320	13,351,641	15,762,768
Funds & Long-term Investments		12,788,841	13,763,713	17,664,427	19,248,498	19,277,238	19,869,297
Fixed Assets		6,833,018	9,193,812	6,954,385	6,851,322	7,644,534	7,476,968
Intangible Assets		–	–	–	73,097	90,380	113,016
Other Assets		1,634,198	1,532,699	2,549,690	2,261,529	2,273,719	2,279,962
<b>Total Assets</b>		<b>27,839,849</b>	<b>29,194,938</b>	<b>33,635,425</b>	<b>36,318,766</b>	<b>42,637,512</b>	<b>45,502,011</b>
Current Liabilities	Before Distribution	10,428,885	10,597,585	13,437,482	17,293,024	17,550,683	18,671,586
	After Distribution	12,825,308	13,504,197	16,816,439	20,805,742	Not yet distributed	Not yet distributed
Long-term Debt		2,200,000	2,700,000	3,320,000	1,114,994	6,700,000	7,500,000
Other Liabilities		1,404,175	1,525,528	1,704,818	1,927,574	2,132,349	2,165,054
<b>Total Liabilities</b>	Before Distribution	<b>14,033,060</b>	<b>14,823,113</b>	<b>18,462,300</b>	<b>20,335,592</b>	<b>26,383,032</b>	<b>28,336,640</b>
	After Distribution	<b>16,429,483</b>	<b>17,729,725</b>	<b>21,841,257</b>	<b>23,848,310</b>	<b>Not yet distributed</b>	<b>Not yet distributed</b>
Common Stock		8,584,995	9,151,604	9,151,604	9,151,604	9,151,604	9,151,604
Capital Reserve		–	–	–	–	–	–
Retained Earnings	Before Distribution	5,193,144	5,275,979	6,022,052	6,465,423	6,575,118	7,416,597
	After Distribution	2,230,112	2,369,367	2,643,095	2,952,705	Not yet distributed	Not yet distributed
Unrealized Gains (Loss) from Financial Products		–	–	–	359,191	469,191	660,335
Accumulated Adjustments		28,650	-55,758	-531	6,956	58,567	-63,165
Net Loss Not Recognized as Pension Cost		–	–	–	–	–	–
Shareholders' Equity	Before Distribution	13,806,789	14,371,825	15,173,125	15,983,174	16,254,480	17,165,371
	After Distribution	11,410,366	11,465,213	11,794,168	12,470,456	Not yet distributed	Not yet distributed

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2008 is reviewed by external auditors.

(Note 2) As of the publication date of the Annual Report, the Annual Shareholders' Meeting has yet to decide on the earnings distribution of 2007.

#### 1-2 Brief Income Statement

Unit: NT\$1,000 (EPS=NT\$)

Item	Year	Five Year Income Statement Summary (Note 1)					As of March 31, 2008 (Note 2)
		2003	2004	2005	2006	2007 (Note 2)	
Revenue		\$77,861,616	\$80,943,099	\$93,673,610	\$99,979,618	\$102,363,841	24,477,348
Gross Profit		23,371,944	24,559,257	28,159,084	30,242,681	31,744,297	7,487,291
Operating Profit		3,321,404	3,195,912	4,177,040	4,514,001	4,853,533	841,576
Non-Operating Income		943,919	836,926	821,494	903,954	907,093	338,199
Non-Operating Expenses		330,591	242,446	367,880	360,367	950,560	67,491
Pre-tax Income from Continuing Operations		3,934,732	3,785,908	4,630,654	5,057,588	4,810,066	1,112,284
After-tax Income from Continuing Operation		3,681,606	3,047,397	3,652,685	3,821,955	3,622,413	841,479
Accumulated Adjustments due to Changes of Accounting Principles		–	–	–	373	–	–
<b>Net Income</b>		<b>3,681,606</b>	<b>3,047,397</b>	<b>3,652,685</b>	<b>3,822,328</b>	<b>3,622,413</b>	<b>841,479</b>
Earnings per Share (NT\$)		4.29	3.33	3.99	4.18	3.96	0.92

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2008 is reviewed by external auditors.

(Note 2) As of the publication date of the Annual Report, the Annual Shareholders' Meeting has yet to decide on the earnings distribution of 2007.

### 1-3 Auditors' Opinions in Recent Five Years

Year	Audit Firm	Name of CPAs		Auditors' Opinion
2003	PRICEWATERHOUSECOOPERS	Lai, Chun Tien	Lin, Tung Chiao	Modified Unqualified
2004	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Modified Unqualified
2005	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Modified Unqualified
2006	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Modified Unqualified
2007	PRICEWATERHOUSECOOPERS	Tsai, Chin Pao	Chen, Mei Tzu	Modified Unqualified
2008 Q1	PRICEWATERHOUSECOOPERS	Tsai, Chin Pao	Chang, Ming Hui	Opinion Reserve (Note)

Note: The financial report for the first quarter of 2008 is reviewed by auditors. However, the profits and losses for the long-term equity investment and the information in Note 11 are based on the financial statements and disclosures of the investees during the same period but not reviewed by auditors. Therefore, the auditors issued Opinion Reserve

### 1-4 Changes of external auditors in the past five years:

Due to job rotations at PRICEWATERHOUSECOOPERS Taiwan, the external auditors were changed to Lai, Chun Tien and Lin, Tung Chiao, in 2003 and Lin, Tung Chiao and Chen, Mei Tzu in 2004. Beginning on July 1, 2007, the external auditors were changed to Tsai, Chin Pao and Chen, Mei Tzu. In 2008, the external auditors were changed to Tsai, Chin Pao and Chang, Ming Hui.

## 2. Five Year Financial Analysis

Year	Item	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2008 (Note 1)	
		2003	2004	2005	2006	2007		
Financial Structure	Debt to Assets (%)	50.41	50.77	54.89	55.99	61.88	62.28	
	Long-term Capital to Fixed Asset (%)	234.26	185.69	265.92	249.56	300.27	329.88	
Liquidity	Current Ratio (%)	63.13	44.39	47.83	45.59	76.07	84.42	
	Quick Ratio (%)	36.30	16.56	21.23	23.82	54.22	65.69	
	Interest Coverage	50.80	58.72	61.41	74.54	56.18	28.67	
Operational Performance	Account Receivable Turnover (times) (Note 2)	-	-	-	-	-	-	
	Average Collection Days (Note 2)	-	-	-	-	-	-	
	Inventory Turnover (times)	28.25	26.48	26.08	24.42	24.00	6.03	
	Account Payable Turnover (times)	10.03	9.97	11.44	10.20	9.62	2.12	
	Average Inventory Turnover Days	13.00	14.00	14.00	15.00	15.00	15.00	
	Fixed Assets Turnover (times)	11.39	8.80	13.47	14.59	13.39	3.27	
	Total Assets Turnover (times)	2.80	2.77	2.78	2.75	2.40	0.54	
Profitability	ROA (%)	14.21	10.86	11.81	11.08	9.34	2.13	
	ROE (%)	28.86	21.63	24.73	24.54	22.47	5.08	
	Ratio to Paid-in Capital (%)	Operating Income	38.69	34.87	45.64	49.32	53.03	9.20
		Pre-tax Profit	45.83	41.37	50.60	55.26	52.56	12.15
	Net Margin (%)	4.73	3.76	3.90	3.82	3.54	3.44	
EPS (NT\$)	4.29	3.33	3.99	4.18	3.96	0.92		



Year	Item	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2008 (Note 1)
		2003	2004	2005	2006	2007	
Cash Flow	Cash Flow Ratio (%)	64.47	53.15	57.50	52.59	34.67	14.56
	Cash Flow Adequacy (%)	90.85	82.50	87.68	99.63	103.09	109.71
	Cash Flow Reinvestment Ratio (%)	22.82	13.58	18.21	22.05	8.43	7.51
Leverage	Operating Leverage	2.06	2.26	2.07	2.02	1.86	2.21
	Financial Leverage	1.02	1.02	1.02	1.02	1.02	1.05

Please explain the reason for changes of financial ratios over the past two years. (Not necessary if the changes are within 20%.)

- Long-term Capital to Fixed Assets: The change was mainly due to long-term borrowing from banks in 2007.
- Current Ratio and Quick Ratio: The change was mainly due to long-term borrowing from banks in 2007 and the resulting increase in cash and short-term financial assets.
- Cash Flow Ratio and Cash Flow Reinvestment Ratio: The cash flows from operating activities went down significantly compared to 2006 because the end of 2007 was not a public holiday.

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2008 is reviewed by external auditors.

(Note 2) Not applicable, as PCSC is a retail business.

(Note 3) The calculations of the above financial ratios are as follows:

■ Financial Structure

(1) Debt to Asset = total liabilities / total assets

(2) Long-term Capital to Fixed Asset = (shareholders' equity + long-term liabilities) / net fixed assets

■ Liquidity

(1) Current Ratio = current assets / current liabilities

(2) Quick Ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest Coverage = earnings before interest and taxes / interest expenses

■ Operational Performance

(1) Average Account Receivable Turnover (including bills payable due to accounts receivable and business activities) = net sales / average account receivable (including bills payable due to accounts receivable and business activities)

(2) Average Collection Days = 365 / average account receivable turnover

(3) Inventory Turnover = cost of goods sold / average inventory

(4) Average Account Payable Turnover (including bills payable due to accounts payable and business activities) = cost of goods sold / average accounts payables (including bills payable due to accounts payable and business activities)

(5) Average Inventory Turnover Days = 365 / inventory turnover ratio

(6) Fixed Asset Turnover = net sales / net fixed assets

(7) Total Asset Turnover = net sales / total assets

■ Profitability

(1) Return on Assets [net income + interest expense × (1 – effective tax rate)] / average total assets

(2) Return on Equity = net income / average shareholders' equity

(3) Net Margin = net income / net sales

(4) Earnings per Share = (net income – preferred stock dividends) / weighted average number of shares outstanding

■ Cash Flows

(1) Cash Flow Ratio = net cash flows from operating activities / current liabilities

(2) Cash Flow Adequacy Ratio = five year sum of net cash flows from operating activities / five year (sum of capital expenditures + increase in inventory + cash dividends)

(3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities – cash dividends) / (gross fixed assets + long-term investments + other assets + working capital)

■ Leverage

(1) Operating Leverage = (net sales – variable costs and expenses) / operating profit

(2) Financial Leverage = operating profit / (operating profit – interest expenses)

### 3. Supervisor's Report

Please refer to attached 2007 annual report disc for supervisor's report of the most recent financial year.

### 4. Financial Report of Recent Years

Please refer to attached 2007 annual report disc for consolidated financial statements and independent audit report of the most recent financial year.

### 5. Audited Consolidated Financial Statements (of parent company and subsidiaries) of Recent Years:

Please refer to attached 2007 annual report disc for audited consolidated financial statement of the most recent financial year.

### 6. Any financial difficulties during the most recent year and as of March 31, 2008 for the Company and its affiliates:

None.

## VII. FINANCIAL STATUS, OPERATING RESULTS & RISK MANAGEMENT

### 1. Financial Position:

Unit: NT\$1,000

Item	Year	2007	2006	Variance	
				Difference	%
Current Assets		13,351,641	7,884,320	5,467,321	69.34%
Long-Term Investments		19,277,238	19,248,498	28,740	0.15%
Fixed Assets		7,644,534	6,851,322	793,212	11.58%
Other Assets		2,273,719	2,261,529	12,190	0.54%
Total Assets		42,637,512	36,318,766	6,318,746	17.40%
Current Liabilities		17,550,683	17,293,024	257,659	1.49%
Long-Term Liabilities		6,700,000	1,114,994	5,585,006	500.90%
Total Liabilities		26,383,032	20,335,592	6,047,440	29.74%
Common Stock		9,151,604	9,151,604	0	0.00%
Capital Reserves		—	—	—	—
Retained Earnings		6,575,118	6,465,423	109,695	1.70%
Total Shareholders' Equity		16,254,480	15,983,174	271,306	1.70%

#### 1-1 Variance analysis for deviations over the last recent two years

- (a) Increase of current assets primarily due to borrowing of NT\$6.7 billion from banks in 2007 to improve financial structure. As a result, cash on hand and short-term financial assets increased.  
 (b) Increase of long-term liabilities primarily due to the long-term borrowing of NT\$6.7 billion in 2007.

#### 1-2. Impact to financial situations over the last two years: The aforesaid changes have no significant impact to the Company.

#### 1-3. Future strategies

The cash flows from operating activities and the loans from financial institutions will be sufficient to meet with the needs of PCSC's future operations.

### 2. Operating Result:

Unit: NT\$1,000

Item	Year	2007	2006	Variance	
				Difference	%
Revenue		102,363,841	99,979,618	2,384,223	2.38%
Gross Profit		31,744,297	30,242,681	1,501,616	4.97%
Operating Expenses		26,890,764	25,728,680	1,162,084	4.52%
Operating Profits		4,853,533	4,514,001	339,532	7.52%
Non-Operating Income		907,093	903,954	3,139	0.35%
Non-Operating Expenses		950,560	360,367	590,193	163.78%
Pretax Income of Continuing Operation		4,810,066	5,057,588	-247,522	-4.89%
Income Tax		1,187,653	1,235,633	-47,980	-3.88%
Cumulative Effects of Changes in Accounting Principles		—	373	-373	-100.00%
Net Income		3,622,413	3,822,328	-199,915	-5.23%

#### 2-1 Explanation for Variance

- (a) An increase in revenue largely due to an increase in the number of stores.  
 (b) An increase in operating gross profits and operating profits primarily due to our constant development of new products and services and effective control of operating expenses.

- (c) An increase in non-operating expenses was mainly due to asset impairment loss of NT\$630 million in 2007 for both PCSC and its subsidiaries, pursuant to the conservative accounting principles stated in Taiwan's Accounting Standard Statement No. 34 for investments valued with the cost method.
- (d) An decrease in pretax income of continuing operation and net income mainly due to the impairment losses as non-operating expenses.

**2-2 Factors that might impact the Company's sales and financial situations of the following year and the proposed responses: PCSC expects a continuous growth in revenue in 2008.**

**3. Cash Flow**

Unit: NT\$1,000

Cash Balance at Beginning of Year 2007	Net Cash Inflow from Operating Activities	Net Cash Outflows Throughout the Year	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
3,238,414	6,084,785	(3,444,508)	5,878,691	—	—

1. Operating cash flows: Net operating inflows of approximately NT\$6.085 billion, mainly due PCSC's stable operations and profits.
2. Investing cash flows: Net investing outflows of approximately NT\$5.937 billion, mainly resulting from the acquisition of financial assets, such as bond funds and commercial papers, the purchase of fixed assets for operations and the increase in long-term equity investments.
3. Financing cash flows: Net financing inflows of approximately NT\$2.493 billion, mainly resulting from the long-term borrowing to improve PCSC's financial structure.

**3-2 Remedies for Cash Shortage and Liquidity Analysis: Not applicable to PCSC**

**3-3 Cash Flow Analysis for Coming Year:**

Unit: NT\$1,000

Cash Balance at Beginning of Year 2008	Projected Cash Inflows from Operating Activities	Projected Net Cash Outflows Throughout the Year	Expected Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
5,878,691	7,006,010	(7,083,671)	5,801,030	—	—

- a. Operating activities: Stable growth in revenue for 2008 is expected and hence net operating cash inflows are anticipated.
- b. Investing activities: Cash outflows are mainly due to an expected increase in long-term equity investments and the purchase of fixed assets.
- c. Financing activities: Cash outflows are mainly to the expected payout of cash dividends, remunerations to directors and supervisors and repayment of corporate bonds.

**4. Major Capital Expenditures & Their Impacts to Financial Situations:**

**4-1 Major Capital Expenditures and Sources of Capital**

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Actual or Planned Date of Project Completion	Total Capital Required	Actual or Planned Capital Expenditures						
				2006	2007	2008	2009	2010	2011	2012
Investments in New Stores	Working capital and loans	Annual	6,404,290	826,513	938,528	1,080,281	889,742	889,742	889,742	889,742
P.O.S. (Point-of-Sale) Equipment	Working capital and loans	Annual	937,506	143,843	125,582	146,864	130,304	130,304	130,304	130,304
Remodeling of Existing Stores	Working capital and loans	Annual	2,720,857	113,102	260,696	501,951	461,277	461,277	461,277	461,277
Equipment Purchases/ Replacement for Stores	Working capital and loans	Annual	3,995,805	457,242	1,162,287	811,073	391,301	391,301	391,301	391,301



## 4-2 Estimated Benefits

### a. Anticipated Increase in Sales and Gross Profits

Unit: NT\$1,000

Year	Item	Sales	Gross Profit
2008	New Store Investments	3,102,920	982,074
2009	New Store Investments	3,248,680	1,052,897
2010	New Store Investments	3,248,680	1,052,897
2011	New Store Investments	3,248,680	1,052,897
2012	New Store Investments	3,248,680	1,052,897

### b. Other Potential Benefits

PCSC expects its investments in POS (Point-of-Sale) equipment and system development will bring about the following benefits:

- (1) Track changes in consumers' needs and augment the R&D capabilities in products and services;
- (2) Monitor inventory levels to enhance operational efficiency.

## 5. Long-Term Investments:

### 5-1 Long-Term Investment Policies and Plans:

From the inception of the first convenience store in Taiwan, PCSC has been setting the trends in lifestyles and prompting the development and progress of the retail industry in Taiwan. PCSC endeavours to meet with the needs of consumers and duplicate the successful stories and models. PCSC has investments in the convenience store, drugs and cosmetics store, food & beverage store, supermarket and department store in Taiwan, China, Philippines, Vietnam and Canada. In 2007, Uni-President Department Store(Hankyū), Plaza, and Cold Stone Creamery formally started operations. In 2008, PCSC will continue to establish new ventures, such as Afternoon Tea, Pet-Plus and Rakuten Ichiba. From the brick-and-mortar premises to virtual shopping platforms, from sophisticated cuisine to fashionable life necessities, we aim to establish a more extensive scope and make our interactions with consumers more close.

### 5-2 Reasons for Profits or Losses due to Long-Term Investments:

The major long-term investments in 2007 are as follows:

Item	Explanations	Investment in 2007	Reasons for Profits or Losses
Uni-President Department Store		NT\$210,000,000	Still in the early stage of operations. Businesses not yet stable and yet to break-even
Tong-Ho Development Corp.		NT\$269,055,000	Business model yet to be stabilised so still in losses
PCSC (China) Limited.		NT\$518,457,000	Investees yet to stabilize their business models so still in losses
Mech-President Corp.		NT\$87,084,000	Drastic rises in oil prices detrimental to profitability
President Chain Store (BVI) Holdings Corp.		NT\$65,252,000	Investees yet to stabilize their business models so still in losses

## 6. Policies, Organizational Structure and Issues Concerning Risk Management

### 6-1 Policies and Organizational Structure of Risk Management

PCSC endeavours to maintain a comprehensive risk management system and manages the risks of the organization as a whole (including subsidiaries). The Board, managers and employees of all levels work together in risk control and management.

In addition to the observations of all the relevant regulations, PCSC identifies, analyzes, measures, monitors, controls, reports and improves all the potential risks throughout operating activities regarding the characteristics of influence of such risks. This is to assure the achievement of PCSC's strategic goals and the effective maintenance and control of relevant potential risks.

The major risk management units and management execution teams of the Company are as follows:

- a. **Strategic and Operational Risks:** Each business unit and subsidiary is responsible for planning and risk assessment for any new investment and operational decisions. Strategic Planning Group will conduct key performance indicator analysis and track performance in the monthly meeting with companies within the business group, in order to align the strategic plan and performance of subsidiaries with their visions and strategic targets.
- b. **Financial Risks, Liquidity Risks and Credit Risks:** The Finance Group defines several sets of risk management strategies, procedures and indicators by referring to the changes in regulations, policies and markets, to periodically analyze all the relevant risks and take responding measures accordingly, so as to mitigate the potential risks for the Company as a whole.
- c. **Market Risks:** All the business units analyze and assess market risks of their responsible functions and businesses by referring to the changes in key policies, regulations and technologies, so as to come up with appropriate responding measures to mitigate the potential management risks going forward. In addition, PCSC has established a cross-function regulation identification team. The team meets on a regular basis to constantly update the information regarding the changes in regulations in order to devise responding measures. Meanwhile, a Crisis Handling Team, composed of division supervisors, has been established to monitor, manage and handle any potential or existing market risks and crises.
- d. **The internal Audit Office,** through risk assessments and regulatory reviews, defines the annual audit plans and self-inspection procedures and methods. The implementations of audit plans and self-inspections are to constantly monitor and control all kinds of potential risks. The results shall be presented to the Board of Directors on a periodical basis.

### 6-2 Risk Assessment and Analysis

a. **Impacts to the Company's Profits and Losses from Changes in Interest Rates, Foreign Exchange Rates and Inflation; Proposed Responding Measures:**

(1) **Interest rate fluctuations**

PCSC's exposure to interest rate risks is mainly due to interest expenses from long-term and short-term debts required to finance the expansion of businesses. However, as a cash sales company, PCSC is able to quickly repay debts and as such, interest rate fluctuations do not have significant impact to PCSC's profits or losses.

(2) **Foreign exchange rate fluctuations**

PCSC's trading currency is mainly in NT Dollars and imported goods account for a very small percentage of total sales. Therefore, foreign exchange rate fluctuations do not have significant impact to PCSC's profits or losses.

(3) **Inflation**

The inflation over the recent years has no significant impact to PCSC's profits or losses.

b. **Engagement in Highly Risky or Highly Leveraged Investments, Lending Activities, Endorsements or Trading of Derivatives; Reasons for Profits or Losses of Such Activities and Proposed Responding Measures:**

(1) **Company policy**

PCSC focuses on the retail related businesses and has not engaged in highly risky or highly leveraged investments. However, in order to effectively control and manage business-related activities, PCSC has structured a set of internal management and operational procedures on the basis of the relevant regulations from the Securities and Futures Bureau. These requirements and procedures include "Procedures for Lending Funds to Others", "Procedures for Acquisitions or Disposals of Assets" and "Procedures for Endorsements". In accordance with Standards for Publicly Held Companies to Internal Control Systems, PCSC's Internal Audit Office has defined a set of risk management and assessment procedures.

(2) **The Status of Loans to Others, Endorsements and Trading of Derivatives; Reasons for Profits and Losses of Such Activities:**



## (a) Loans to others:

Unit: NT\$1,000

Receipt	2006		Balance at the End of the Period	Interest Rate	Interest Income
	Highest Balance				
	Period of Loan	Amount			
Uni-President Yellow Hat Corp.	April 2006~May 2006	\$ 20,000	\$ —	2.82%	\$ 45
21 Century Enterprise Co. Ltd.	January 2006~February 2006	5,000	—	2.51%~2.52%	19
			\$ —		\$ 64

Note: PCSC provided no loans to others in 2007 and the first quarter of 2008.

## (b) Endorsements:

PCSC offers reasonable endorsements for credit facilities to its investees that require funding for their operations. Below are the details of PCSC's endorsements to its investees:

Recipient	Relations	Outstanding Balance of Endorsement in 2007	Outstanding Balance of Endorsement as of March 31, 2008
Retail Support International Corp.	Business relations	NT\$600,000,000	NT\$ 600,000,000
Uni-President Department Store	Subsidiary	NT\$177,349,000	NT\$ 424,931,000
Wisdom Distribution Service Corp.	Subsidiary	NT\$50,000,000	NT\$ 50,000,000
President Yilan Art & Culture Corp.	Subsidiary	NT\$15,000,000	NT\$15,000,000
President Information Corp.	Subsidiary	NT\$ 8,000,000	—
Wuhan Uni-President Oven Fresh Bakery Co. Ltd.	Subsidiary of subsidiary	USD 3,500,000	USD 3,500,000
Mech-President Corp.	Subsidiary	USD 3,000,000	USD 3,000,000
Philippine Seven Corp.	Subsidiary of subsidiary	USD 4,000,000	USD 4,000,000

Note: The total value of PCSC's endorsement is capped at 50% of its net value and at 20% for endorsement to a single company.

## (c) Derivatives:

The Company may see fluctuations of the future cash flows of the FRNs (floating rate notes) it issued, due to the changes of the market interest rates risks. To hedge against such market risks, the Company has entered an interest-rate swap contract.

Unit: NT\$1,000

Hedged Item	Financial instrument assigned as hedging tools	Assigned hedging tools		Expected Cashflow period	Recognition into Income Statement
		Fair value			
		Dec 31, 2007	Mar 31, 2008		
Corporate Bonds Payable	Interests swap	(\$5,070)	(\$5,117)	June 2003~June 2008	2006~2008

## (3) Proposed Responding Measures:

Finance Department is responsible for the monitor and management of trading positions of derivatives. Market prices are regularly monitored and assessed. If any abnormality regarding trading or profits/losses is identified, necessary measures will be taken and reports will be made to the Board of Directors immediately. In addition, PCSC periodically reviews the performance of derivative trading to see whether the performance is in line with the defined strategy and the level of risks is still within the bearable range.

## c. Research &amp; Development Plans and Projected Investments:

## (1) ETC Value-Added Services:

To enlarge the leading gap from other convenience stores, PCSC is planning to introduce ETC value added services in 2008 at its stores by selling tickets for transportations and payment services. This is aiming to enhance the convenience of 7-ELEVEN.





(2) icash Bonus Point Scheme:

Since the launch of icash in 2004, 7-ELEVEN has successfully made life even easier for consumers because they can shop without coins and check out quickly. By the end of 2007, the number of icash cards issued reached 5 million. To effectively enhance the loyalty of users and make cardholders feel proud, PCSC is planning to introduce icash Bonus Point Scheme in 2008.

(3) Value-Added Virtual Platform of Game Card:

Traditionally, game cards are printed out in the physical form for transactions. However, PCSC decided to ride on the trend of the virtual world and process the game cards on a virtual platform. This will save manpower at stores by eliminating the process for ordering and reducing the inventory levels of high-value game cards. For suppliers, the virtual distribution channel reduces the entry barrier of products. This will help PCSC to lock-in the marketing resources of key industry players so as to continue to speed up our growth momentum and enhance our competitiveness.

(4) PCSC expects to invest a total of NT\$460,218,000 in the research and development of new systems in 2008.

d. Financial Impacts from Major Government Policies and Statutory Changes, Domestic and Overseas; Proposed Responding Measures:

PCSC has taken appropriate measures in light of government policies and statutory changes, domestic and overseas, over the recent years. Therefore, the company has not experienced any major impacts to its financial situations. Meanwhile, PCSC has established a cross-function regulations identification team to constantly update the information of regulatory changes.

e. Financial Impacts from Changes in Technology and Industry Environment and Responding Measures:

We constantly keep abreast of the latest developments of technologies highly relevant to consumers, such as e-commerce, telecommunications and consumer finance. None of the major changes in technologies over the recent years have any significant implications to PCSC's financial situations.

f. Impacts on Crisis Management due to Changes of Corporate Images and Responding Measures

PCSC strives to provide the general public with the most assuring, convenient and high-quality goods and services. The Company is proactively promoting its quality control policies, a set of standards higher than the national requirements, to ensure the protection of consumers. PCSC has been playing its role as a corporate citizen and pursuing its own sustainable developments with active involvements in social welfare and environmental protection campaigns. In 2005 and 2006, PCSC was awarded Global Views Monthly's Corporate Social Responsibility Award. In March 2007, PCSC was again awarded by Commonwealth Magazine in its first-year Corporate Citizenship Award, by outperforming 1,100 enterprises competing for the same recognition. PCSC was also the only company that won the award in the retail, distribution and department store industry. In October 2007, PCSC ranked the third in the list of the 10 Most Admired Companies in Taiwan according to Commonwealth Magazine, following only TSMC and Foxconn and performing the best in the service industry. In addition, PCSC is fully prepared to deal with accidents, natural or man-made disasters (such as typhoons, earthquakes, SARS, fires and employee injury or death). This means that we are experienced and we are able to mobilize quickly. In the event of major crises, our headquarters can immediately assemble a cross-function emergency team to promptly assess the situation, find the best solutions and work out the best way to minimize losses.

g. Possible benefits and risks from mergers and acquisitions and proposed responding measures: None.

h. Possible benefits, risks from the expansion of factories and proposed responding measures: None.

i. Possible risks due to a concentration of purchasing and distribution and proposed responding measures: None.

j. Possible effects and risks due to massive transfers or change-hands of shares by directors, supervisors or major shareholders with over 10% stake in the Company and proposed responding measures: None.

k. Possible effects and risks due to change of control and proposed responding measures: None.

l. Litigations or Non-Contentious Matters

Any major litigations, non-contentious matters or administrative disputes that involve the Company, the Company's directors, supervisors, presidents, responsible parties, major shareholders with over 10% stake, or affiliated companies should be disclosed as long as the outcome may have significant impacts to shareholders' equity or share prices, no matter whether such litigations, non-contentious matters or administrative disputes are still pending or settled. The disclosure should include the factual matters of disputes, underlying monetary values, date of lawsuit originations, main parties involved and measures taken in response until the publication date of the annual report: None.

m. Other major risks and proposed responding measures: None.

## 7. Other Supplements: None



## VIII. SPECIFIC NOTES

### 1. Affiliates Information:

1-1 Consolidated Business Report of Affiliates, 2007: Please refer to the attached 2007 annual report disc.

1-2 Affiliation Report, 2007: Please refer to the attached 2007 annual report disc.

### 2. Private Placement Securities: None (up to the published date of this Annual Report)

### 3. Balance of PCSC Securities Acquired, Disposed of and Held by Subsidiaries (in the most recent year and up to the published date of this Annual Report): None

### 4. Other Necessary Supplements: None

### 5. Clause Described in Part 2, Section 2, Article 36 of the Securities and Exchange Act:

Up to the published date of this Annual Report, PSCS has not experienced any event as described in Part 2, Section 2, Article 36 of the Securities Exchange Act that has major impacts to shareholders' equity or share prices.

## IX. ADDITIONAL DISCLOSURES

### 1. Key Performance Indicators

	2007	2006
Net operating margin (%)	4.74%	4.51%
Net profit margin(%)	3.54%	3.82%
EPS(NT\$)	3.96	4.18
ROE(%)	22.47%	24.54%
Inventory turnover(times)	24.00 (times)	24.42 (times)

### 2. Estimation Bases for the Valuation Allowance on the Balance Sheet

#### 2-1 Allowance for doubtful accounts

Appropriate provisions are allocated in accordance with the recovery possibility of accounts receivables and other receivables based on their balances at the end of the period.

#### 2-2 Inventory

PCSC records the inventory at the actual costs. Retail inventory method is applied. Appropriate provisions of allowances for losses have been allocated for idle inventory or the inventory that may be obsolete. The losses due to idle inventory are recognized as losses of the period.

#### 2-3 Financial assets

a. Financial assets whose changes in fair values are recognized in the income statements

(1) Trade date accounting is practiced on equities. Settlement date accounting is practiced on beneficiary certificates. Financial assets are measured in terms of fair values for original recognition.

(2) Financial assets and liabilities whose changes in fair value are recognized in the income statements are measured in terms of fair values and their value changes are recognized as period gains or losses. The fair values of listed shares are measured by the closing prices on the balance sheet date in open market. The fair values of open-end funds are measured by the net asset of the funds on the balance sheet date.

b. Available-for-sale financial assets

(1) Trade date accounting is practiced on equities. For original recognitions, the financial assets are measured by their fair values plus the transaction costs at acquisition or issuing.

(2) Available-for-sale financial assets are recognized at their fair values and the changes in their values are recognized as adjustments to shareholders' equities. The fair values of listed shares are measured by the closing price in the open market on the balance sheet date.

(3) Impairments are recognized when there is objective evidence of impairment. When the amount of the impairment decreases afterwards, the decrease in equity product impairments are recognized as adjustments to shareholders' equities.

c. Bond investments with no liquid markets

(1) Settlement date accounting is practiced. During original recognition, financial assets are measured by their fair values (buying cost) plus transaction costs of acquisition or issuing.

(2) Bond investments with no liquid markets are measured by cost after amortizations.

(3) Impairments are recognized when there is objective evidence of impairment. When the amount of the impairment decreases afterwards and the decrease is evidently related to the events that occur after the impairment, the company shall reverse the impairment loss and recognize it as period gains (losses). The reversal shall not render the book value larger than the post-amortization costs without the recognition of the impairment.

d. Financial assets valued at costs

(1) Trade date accounting is practiced. For original recognition, financial assets are measured by their fair values (buying cost) plus transaction costs of acquisition or issuing.

(2) Impairments are recognized when there is objective evidence of impairment. The amount of

impairment is irreversible.

e. Derivatives

(1) For trading purposes:

The values of the option products are recognized by their fair values on trade date. The values of non-option products are recognized as zero as their fair values on trade date. If the fair values are based on the balance sheet date, the changes in fair values should be recognized in both balance sheet and income statement.

(2) For hedging purposes:

When the financial products qualify for hedge accounting, the changes in fair values should be recognized as profits or losses of the period based on their hedging relations by netting off the fair values (median values) of hedging tools and hedged items. The accounting treatments are as follows:

(a) Fair Value Hedging:

When hedging instruments are measured by their fair values or when their book values are adjusted to exchange rate fluctuations, the resulting gains (losses) are immediately recognized as period gains (losses). If the hedged items produce gains or loss due to hedged risks, the book values of the hedged items should be adjusted and the resulting gains (losses) are immediately recognized as period gains (losses).

(b) Cash Flow Hedging:

The gains (losses) of the hedging instruments are recognized as adjustments to shareholders' equities.

f. Long-term Investments under the equity method

(1) Long-term investments in which the Company owns at least 20% of the voting rights of the investee or have significant influence over the investee are accounted for under the equity method. If the acquisition cost exceeds the Company's share of the investee's net book value on the date of acquisition, the surplus is recognized as goodwill. Impairment tests are carried out annually. Recovery of impairment loss on goodwill during the previous year is not allowed. For the investees that the Company owns over 50% of the voting rights or have control over, they should be accounted for under the equity method and be included in the consolidated statements for the mid-year and year-end reports.

Recovery of impairment loss on goodwill during the previous year is not allowed. For the investees that the Company owns over 50% of the voting rights or have control over, they should be accounted for under the equity method and be included in the consolidated statements for the mid-year and year-end reports.

(2) For the long-term Investments in which the Company exercises significant influence but has no control over, the recognition of investment losses shall stop when the book balance of investments in the investees and the advanced amounts to the investees reaches zero. However, if the Company has endorsement to the investee or intends to continue supporting the investee, investment losses will be recognized in proportion to stockholding ratio.

(3) For foreign investments accounted for under the equity method, the Company's proportionate share of the foreign investee company's cumulative translation adjustment resulting from translating the foreign investee company's financial statements into New Taiwan dollars is recognized by the Company and is included in a cumulative translation adjustment account in the Company's shareholders' equity.

### 3. Target and Methods for Hedge Accounting

#### 3-1 For hedging purposes:

When the financial products qualify for hedge accounting, the changes in fair values should be

recognized as profits or losses of the period based on their hedging relations by netting off the values of hedging tools and hedged items. The accounting treatments are as follows:

a. Fair Value Hedging:

When hedging instruments are measured by their fair values or when their book values are adjusted to exchange rate fluctuations, the resulting gains (losses) are immediately recognized as period gains (losses). If the hedged items produce gains or loss due to hedged risks, the book values of the hedged items should be adjusted and the resulting gains (losses) are immediately recognized as period gains (losses).

b. Cash Flow Hedging:

The gains (losses) of the hedging instruments are recognized as adjustments to shareholders' equities.

#### 3-2 The Company may see fluctuations of the future cash flows of the FRNs (floating rate notes) it issued, due to the changes of the market interest rates risks. To hedge against such market risks, the Company has entered an interest-rate swap contract as follows.

Hedged Items	Assigned hedging tools		Cash flow period	Incurred loss recognition into income statement	
	Financial instruments assigned as hedging tools	Fair value			
		Dec 31, 2007			Dec 31, 2008
Corporate bonds payable	Interests swaps	(\$ 5,070)	(\$ 14,994)	June 2003-June 2008 2006-2008	

Items	Dec 31, 2007	Dec 31, 2008
Adjustments to Shareholder's Equity	\$ 9,924	(\$ 14,994)
Translation of Shareholder's Equity to Gains (Losses) of the Period	\$ —	\$ —
Translation of Shareholder's Equity to Non-Financial Assets (Liabilities)	\$ —	\$ —

### 4. Certificates Issued by Competent Authorities to Personnel Relevant to Financial Information Transparency

#### 4-1 Number of employees who own professional certificates:

Certified Internal Auditor (CIA): one  
Enterprise Internal Control Basic Ability Exam: five

#### 4-2 Professional training of employees:

Accounting supervisors: Openly Listed and Traded Company Financial and Accounting Administrator Professional Certificate Course (43 hrs)



**PCSC Spokesman** Name / Hsu, Chung Jen  
 Title / President  
 TEL / (02) 2747-8711  
 E-mail Address / spokesman@mail.7-11.com.tw

**Acting Spokesman** Name / Hsieh, Chien Nan  
 Title / Chief Strategy Officer (Senior Vice President)  
 TEL / (02) 2747-8711  
 E-mail Address / spokesman@mail.7-11.com.tw

**Corporate Headquarters** Address / 2F, No. 65, Tung-Hsing Rd., Hsinyi District,  
 Taipei City, Taiwan  
 TEL / (02) 2747-8711

**North Zone 1 Branch** Address / 2F, No. 250, Section 3, Pie-Shen Rd.,  
 Shenkeng Township, Taipei County, Taiwan  
 TEL / (02) 2662-8121

**North Zone 2 Branch** Address / 5-6F, No. 171-173, Cheng-Kung Rd.,  
 Sanchung City, Taipei County, Taiwan  
 TEL / (02) 2974-7001

**Tao-Zhu Zone Branch** Address / 4-6F, No. 121, Section 3, Huan-Nan Rd.,  
 Pingzhen City, Taoyuan County, Taiwan  
 TEL / (03) 428-0221

**Chang-Chung Zone Branch** Address / 3F, No. 497, Jung-Ming South Rd.,  
 Zone Branch Taichung City, Taiwan  
 TEL / (04) 2376-0199

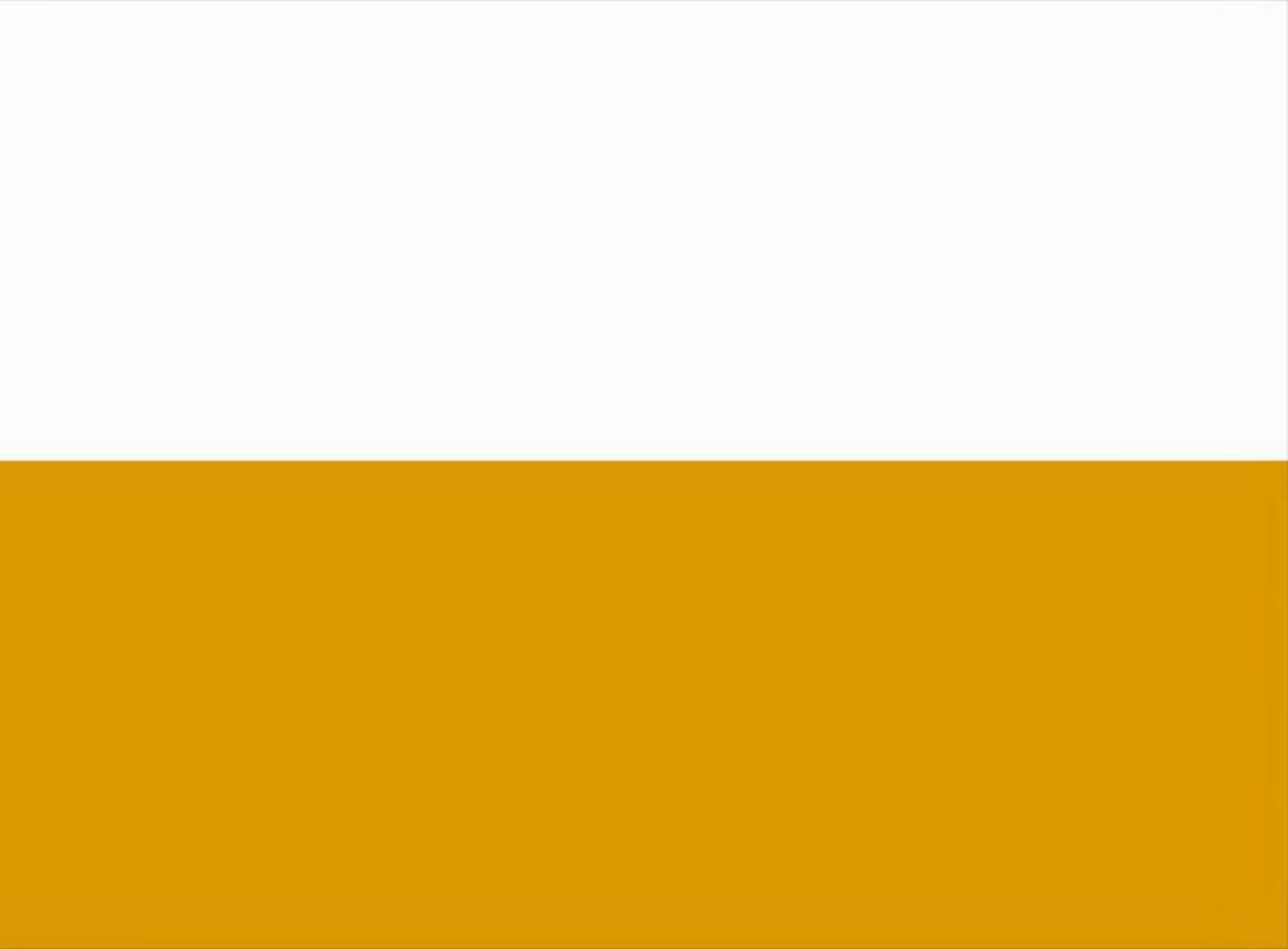
**Chia-Nan Zone Branch** Address / 2F, No. 89, Section 1, Lin-An Rd.,  
 Tainan City, Taiwan  
 TEL / (06) 258-7151

**Kao-Ping Zone Branch** Address / 5F, No. 175, Jian-Guo Fourth Rd.,  
 Yancheng District, Kaoshiung City, Taiwan  
 TEL / (07) 533-1711

**Common Share Transfer Agent** Company / President Securities Corp.  
 Address / BIF, No. 8, Tung-Hsing Rd.,  
 Songshan District, Taipei City, Taiwan  
 Website / <http://www.pscnet.com.tw>  
 TEL / (02)2746-3797

**Auditors** Auditors / Tsai, Ching Pao ; Chen, Mei Tzu  
 Company / PRICEWATERHOUSECOOPERS  
 Address / 27F, No. 333, Section 1, Keelung Road,  
 Taipei City, Taiwan  
 Website / <http://www.pwcglobal.com>  
 TEL / (02) 2729-6666

Overseas Stock Exchange Information / None  
 PCSC Website / <http://www.7-11.com.tw>







**PCSC Directors and Supervisors who Possess Positions in other Companies**

Name	Current Position in other Companies
Kao Chin-Yen	<p>Chairman: Uni-President Enterprises Corp.; Ton Yi Industrial Corp.; TTET Union Corp.; Guang Dan Commodity Corp.; Tong-Jeng Development Corp.; President International Development Corp.; Scino Pharm Taiwan Ltd.; Scino Pharm Biochemical Technology Co., Ltd.; Kao Chyuan Inv. Co.; Uni-President Development Corp.</p> <p>Director: Tainan Spinning Co. Ltd.; Prince Housing Development Co. Ltd.; Ta Chen Construction &amp; Engineering Corp.; Han Tech Venture Capital Corporation; Uni-President China Holdings Ltd. ; PCSC (China) Restaurant Limited ; President Chain Store (BVI) Holdings Ltd.; PCSC (China) Limited ; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited ; PCSC (China) Supermarket Limited ; Kai Yu (BVI) Investment Co., Ltd. ; Global Strategic Investment Inc. ; President Energy Development (Cayman) Ltd. ; UNI-Home Tech Corp. ; Cayman President Holdings Ltd.</p>
Lin, Chang Sheng	<p>Chairman: President Baseball Team Corp.; President Natural Industrial Corp.; Mospec Semiconductor Corp.; President Pharmaceutical Corp.; Ton Yi Pharmaceutical Corp.; President Coffee Corp.; President Transnet Corp.; Uni-President Department Store Corp.; Uni-President Cold-Chain Corp.; President Life Sciences Co., Ltd.; Tung Li Development Corp.; President Collect Service Co., Ltd.; Kainan Plywood &amp; Wood Mfg. Co., Ltd.; Uni-President Biotechnology Co., Ltd.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Tong Ren Corp. Limited; Xinjiang President Enterprises Food Co., Ltd.; Tianjing President Enterprises Food Co., Ltd.; Meishan President Feed &amp; Oil Co., Ltd.; Zhongshan President Enterprises Co., Ltd.; Guangzhou President Enterprises Co., Ltd.; Zhengzhou President Enterprises Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Beijing President Enterprises Drinks &amp; Food Co., Ltd.; Nanchang President Enterprises Co., Ltd.; President Enterprises (China) Investment Co., Ltd.; Beijing President Food Co., Ltd.; Chengdu President Enterprises Food Co., Ltd.; Kunshan President Enterprises Food Co., Ltd.; Kunming President Enterprise Food Co., Ltd.; Wuhan President Enterprises Food Co., Ltd.; Harbin President Enterprises Co., Ltd.; Hefei President Enterprises Co., Ltd.; Shenyang President Enterprises Co., Ltd.; Shanghai President International Food Co., Ltd.; Fuzhou President Enterprises Co., Ltd.; Shanghai Songjiang President Enterprises Co., Ltd.; Guangzhou President Healthy Food Technology Co., Ltd.; President (Shanghai) Trading Co., Ltd.; Shanghai President Starbucks Coffee Corp.; President Global Corp. ; President Coffee (Cayman) Holdings Ltd.; Presiclere Limited; Uni-President (Vietnam) Co., Ltd.</p> <p>Vice Chairman: President Nisshin Corp.; President Kikkoman Inc.; Toppoly Optoelectronics Corp.</p> <p>Director: Uni-President Enterprises Corp.; Nanlien International Corp.; President Entertainment Corp.; Tone Sang Construction Corp.; Ztong Yee Industrial Co., Ltd.; Presicarre Corp.; Ton Yi Industrial Corp.; TTET Union Corp.; Mech-President Corp.; Prince Housing Development Corp.; Ta Chen Construction &amp; Engineering Corp.; Uni-President</p>



	<p>Development Corp.; Tung-Ho Development Corp.; Uni-Resort Corp.; Tong-Jeng Development Corp.; President International development Corp.; Scino Pharm Taiwan Ltd.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; CDIB &amp; Partners Investment Holding Corp. ; Presitex Co., Ltd.; Scino Pharm Biochemical Technology Co., Ltd.; Synergy Sciencetech Corp.; Tong Ting Gas Corp.; Taiwan Genome Sciences, Inc.; Kuan Tang Industrial Harbor Corp.; Kanh Na Hsiung Enterprise Co., Ltd.; Uni-Splendor Corp.; 21 Century Enterprise Co., Ltd.; Union Chinese Corp.; President Direct Marketing Corp.; Dayeh Takashimaya Department Store Inc.; Uni-President Assets Management Co., Ltd.; Chongqing Carrefour Hypermarket Chainstore Co., Ltd.; Tianjin Fuye Commercial Co., Ltd. ; Kunshan President Kikkoman Biotechnology Co., Ltd.; Heilongjiang Wondersun Dairy Co., Ltd. ; Xiang Lu Industrial Ltd.; Guangzhou Jiaguang Supermarket Co., Ltd.; Ztong Yee (Tianjin) Industrial Co.; Uni-President China Holdings Ltd. T &amp; T Supermarket Inc. ; Kai Nan(BVI) Investment Ltd. ; Uni-President Southeast Asia Holdings Ltd. ; President International Trade &amp; Investment Corp. ; President Chain Store (BVI) Holdings Ltd.; PCSC (China) Limited ; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited ; PCSC (China) Supermarket Limited ; PCSC (China) Restaurant Limited ; Uni-President Asia Holding Ltd.; Uni-President Oven Bakery (BVI) Investment Co., Ltd. ; President ( BVI ) International Investment Holdings Ltd. ; President Energy Development (Cayman) Ltd.</p> <p>President: Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.</p>
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp.; President Direct Marketing Corp.; Ren-Hui Investment Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; President YiLan Art &amp; Culture Corp.; President Information Corp.; BankPro E-Service Technology Co.; Duskin Serve Taiwan Co. Ltd.; Mister Donut Taiwan Corp.; Muji Taiwan Co. Ltd.; Retail Support International Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd.; T&amp;T Supermarket Inc. ; PCSC (SICHUAN) Hypermarket Limited; President FN Business Corporation; Cold Stone Creamery Taiwan Ltd.; Uni-President Oven Bakery Corp.; Zhuhai Livzon Drugstore Chain Company Limited; PCSC (CHENGDU) Hypermarket Limited; Shanghai Cold Stone Ice Cream Corporation; Afternoon Tea Taiwan Co., Ltd.; Rakuten Taiwan Co., Ltd.; Pet Plus Co., Ltd.; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Cold-Chain Corp.; Uni-President Department Store Corp.; Mech-President Corp.; President Coffee Corp.; President Pharmaceutical Corp.; 21 Century Enterprise Co., Ltd.; Uni-President Development Corp.; Tong-Ho Development Corp.; Presicarre Corp.; Tong-Jeng Development Corp.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; Philippine Seven Corp. ; Presiclerc Limited ; President Coffee (Cayman) Holdings Ltd.; Shanghai President Starbucks Coffee Corp.; President International Development Corp.; Dayeh Takashimaya Department Store Inc.; Nanlien International Corp.; Shan Dong President Yinzuo Commercial Limited; eASPNet Inc.; Duskin China(BVI)Holding Limited ; PK Venture Capital Corp.</p> <p>President: Ren-Hui Investment Corp.</p>
Lin, Lung Yi	<p>Chairman: Uni-President Glass Industrial Co., Ltd.; President Organics Co.;</p>

	<p style="text-align: center;">Qingdao President Feed &amp; Livestock Co., Ltd.</p> <p>Vice  Chairman: Uni-President (Vietnam) Co., Ltd. ; Uni-President China Holdings. Ltd.  Director: Ton Yi Industrial Corp.; Nanlien International Corp.; President Entertainment Corp.; President Baseball Team Corp.; Tong Sang Construction Corp.; Retail Support International Corp.; President Nisshin Corp.; Mech-President Corp.; Prince Housing Development Corp.; Ta Chen Construction &amp; Engineering Corp.; Mospec Semiconductor Corp.; Tong-Ho Development Co., Ltd.; Uni-Resort Corp.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; President Kikkoman Inc.; Kai Yu Investment Co. Ltd.; Tong-Jeng Development Corp.; President International Development Corp.; PK Venture Capital Corp.; Kai Nan Investment Co. Ltd.; President Transnet Corp.; Uni-President Development Corp.; Uni-President Oven Bakery Corp.; Tong Yu Investment Corp.; Tong Shuo Investment Corp.; Tong Cheng Investment Corp.; Presitex Co., Ltd.; Uni-Splendor Corp.; 21 Century Enterprise Co., Ltd.; President Drugstore Business Corp.; Kainan Plywood &amp; Wood Mfg. Co., Ltd.; Uni-President China Holdings Ltd. ; Xinjiang President Enterprises Food Co., Ltd.; Beijing President Food Co., Ltd.; Tianjing President Enterprises Food Co., Ltd.; Meishan President Feed &amp; Oil Co., Ltd.; Zhongshan President Enterprises Co., Ltd.; Guangzhou President Enterprises Co., Ltd.; Zhengzhou President Enterprise Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Beijing President Enterprises Drink &amp; Food Co., Ltd.; Nanchang President Enterprises Co., Ltd.; Chengdu President Enterprises Food Co., Ltd.; Kunshan President Enterprises Food Co., Ltd.; Kunming President Enterprise Food Co., Ltd.; Wuhan President Enterprises Food Co., Ltd.; Harbin President Enterprises Co., Ltd.; Hefei President Enterprises Co., Ltd.; Shenyang President Enterprises Co., Ltd.; Fuchou President Co., Ltd.; Shanghai Songjiang President Enterprises Co., Ltd.; Tianjin Fuye Commercial Co., Ltd. ; Guangzhou President Heathly Food Technology Co.,Ltd.; President Cosmed Chain Store(Shen Zhen) Co., Ltd.; Outlook Investment Pte Ltd. ; President Energy Development(Cayman) Ltd.</p> <p>Supervisor: Presicarre Corp.; Charng Yang Development Co., Ltd.; Carrefour Stores (Taiwan) Co., Ltd.; Ztong Yee Industrial Co.; Grand Bills Finance Corp.; Scino Pharm Taiwan. Ltd.; President Collect Service Co. Ltd.; Tong-Li Development Corp.; Scino Pharm Biochemical Technology Co., Ltd.; Ztong Yee (Tianjin) Industrial Co., Ltd.</p>
Lo, Chih Hsien	<p>Chairman: Presco Netmarketing Inc.; President Packaging Corp.; President Musashino Corp.; Uni-President Dream Parks Corp.; Uni-OAO Travel Service Corp.; Xin Ya Enterprises Corp.; Tung Hsiang Enterprises Corp.; Tung Shun Enterprises Corp.; Sanshui Jianlibao Commerce Co., Ltd.; Uni-President China Holdings Ltd.; Uni-President (Thailand) Ltd.; Uni-President Foods Corp. ; Uni-President (Philippines) Corp.</p> <p>Vice  Chairman: President Enterprises (China) Investment Co., Ltd.  Director: Uni-President Enterprise Corp.; Ton Yi Industrial Corp.; President Baseball Team Corp.; Nanlien International Corp.; Uni-President Cold-Chain Corp.; President Entertainment Corp.; Tong-Ho Development Corp.; President Organics Co.; Tong-Jeng Development Corp.; Tait Marketing &amp; Distribution Co., Ltd.; President International Development Corp.; Uni-President Glass Industrial Co.,</p>



	<p>Ltd.; Retail Support International Corp.; President Nisshin Corp.; President Kikkoman Inc.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Muji Taiwan Co. Ltd.; President Coffee Corp.; Uni-President Vender Corp.; President Investment Trust Corp.; Kuang Chuan Dairy Co., Ltd.; Kuang Chuan Foods Co., Ltd.; 21 Century Enterprise Co., Ltd.; Guangzhou President Heathly Food Technology Co., Ltd.; Xinjiang President Enterprises Food Co., Ltd.; Beijing President Enterprises Drinks &amp; Food Co., Ltd.; Wuhan President Enterprises Food Co., Ltd.; Kunshan President Enterprises Food Co., Ltd.; Kunimng President Enterprise Food Co., Ltd.; Chengdu President Enterprises Food Co., Ltd.; Meishan President Feed &amp; Oil Co., Ltd.; Guangzhou President Enterprises Co., Ltd.; Shenyang President Enterprises Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Qingdao President Feed &amp; Livestock Co., Ltd.; Harbin President Enterprises Co., Ltd.; Hefei President Enterprises Co., Ltd.; Shanghai President International Food Co., Ltd.; Kunshan President Kikkoman Biotechnology Co., Ltd.; Beijing President Enterprises Drink &amp; Food Co., Ltd.; Fuchou President Co., Ltd.; Nanchang President Enterprises Co., Ltd.; Cargill-President (Dongguan) Feed Protein Technology Co., Ltd.; Beijing President Kirin Beverage Co., Ltd.; President (Shanghai) Trading Co., Ltd.; Zhengzhou President Enterprise Co., Ltd.; JV-JinMailang Beverage(Beijing) Co.,Ltd.; Suzhou President Packaging Co., Ltd.; Yantai North Andre Juice Co., Ltd.; Uni-President International (HK) Co., Ltd. ; Uni-President (Vietnam) Co., Ltd. ; PT ABC President Enterprises Indonesia ; Linkhope Intl.LCC. ; Cargill President Holdings Pte Ltd.</p> <p>Supervisor: Kao Chyuan Inv. Co. President: Uni-President Enterprises Corp.</p>
Yang, Wen Lung	<p>Chairman: Uni-President Vender Corp.; Tung Ang Enterprise Corp. Director: Tait Marketing &amp; Distribution Co., Ltd.; President Baseball Team Corp.; President International Development Corp.; Tung-Li Enterprises Corp.; Mao-Tung Corp.; Tung-Huang Enterprises Corp.; President Enterprise (China) Investment Co., Ltd.; Uni-President (Thailand) Ltd. ; Uni-President Marketing Co., Ltd. ; Uni-President (Vietnam) Co., Ltd. ; Uni-President (Philippines) Corp. ; PT ABC President Enterprises Indonesia ; Saigon Beverages Joint Stock Company</p> <p>Supervisor: Ton Yi Industrial Corp.; Yuan Tai Enterprises Corp.; Tung Yi Enterprises Corp.; Chi-Chyang Corp.</p>
Su Tsung Ming	<p>Director: President International Development Corp.; Uni-President China Holding Ltd. Supervisor: Grand Bills Finance Corp.; Nanlien International Corp.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; Presco Netmarketing Inc.</p>
Wu, Kuo Hsuan	<p>Director: Ren-Hui Investment Corp.; Capital Inventory Services Corp.; President YiLan Art and Culture Corp.; Mech-President Corp.; Mister Donut Taiwan Corp.; President Musashino Corp.; Q-ware Systems &amp; services Corp.; President FN Business Corporation; Cold Stone Creamery Taiwan Ltd.; Uni-President Dream Parks Corp.; Shanghai Cold Stone Ice Cream Corporation; Q-Ware Communications Co., Ltd. President: President FN Business Corporation; Mech-President Corp.</p>

Chang Jen, Yun Huei	<p>Director: President Cosmed Chain Store (Shen Zhen) Co.,Ltd.; Shan Dong President Yinzuo Commercial Limited; PCSC (SICHUAN) Hypermarket Limited; Presiclerc Limited; PCSC (CHENGDU) Hypermarket Limited; Uni-President Oven Bakery Corp.; Wuhan Uni-Presidentm Oven Fresh Bakery Co., Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shanghai Cold Stone Ice Cream Corporation; Afternoon Tea Taiwan Co., Ltd.</p> <p>President: PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited</p>
Ying, Chien Li	<p>Director: Grand Bills Finance Co.</p> <p>Supervisor: President Entertainment Corp.; Tone Sang Construction Corp.; President Natural Industrial Co.; Mospec Semiconductor Corp.; President Packaging Corp.; President Musashino Corp.; President Investment Trust Corp.; Kai Yu Investment Co.; Tung-Ho Development Co., Ltd.; Uni-Resort Corp.; Tong-Jeng Development Corp.; President International Development Corp.; President Organics Co.; Uni-President Dream Parks Corp.; President Life Sciences Co., Ltd.; Tait Marketing &amp; Distribution Co., Ltd.; Kai Nan Investment Co. Ltd.; President Nisshin Corp.; President Kikkoman Inc.; Uni-President Glass Industrial Co. Ltd.; Uni-President Biotechnologies Co., Ltd.; Uni-President Vender Corp.; 21 Century Enterprise Co., Ltd.; Uni-OAO Travel Service Corp.; Kainan Plywood &amp; Wood Mfg. Co., Ltd.; Tung-Hong Media Corp.; Uni-President Assets Management Co., Ltd. ; ICE Art Corp.</p>
Tse, Koon Hang Ada	<p>Chairman/Legal Rep: AIG Global Investment Corporation (Shanghai) Ltd.</p> <p>Director :</p> <ul style="list-style-type: none"> <li>AIG Asian Opportunity GP, LLC</li> <li>AIG Asian Opportunity II GP Ltd.</li> <li>AIG Asian Opportunity II, Ltd.</li> <li>AIG Global Investment Corporation (Asia) Ltd.</li> <li>AIG Global Investment Corporation (Hong Kong) Ltd.</li> <li>AIG Indian Equity Advisors LLC</li> <li>AIG Indian Sectoral Equity Fund LLC</li> <li>Avasarala Technologies Limited</li> <li>Firepro Systems Private Limited</li> <li>Maini Precision Products Pvt. Ltd. (Alternate Director)</li> <li>Metropolitan Land Company Limited</li> <li>Seacliff Limited</li> <li>Pera Global Holdings Inc</li> <li>PERA International Limited</li> <li>IWINT International Holdings Inc.</li> <li>Narayana Hrudayalaya Private Limited</li> <li>Kinetic Engineering Limited (Alternate Director) (listed company)</li> <li>AOF Staff Fund Limited</li> <li>AIGGIC (Thailand) Ltd.</li> <li>AIG Global Asset Management Company (India) Private Limited</li> <li>AIA Foundation</li> </ul> <p>President: AIG Global Investment Corporation (Asia) Ltd. (President &amp; CEO)</p> <p>CEO: AIG Asian Opportunity Fund, L.P. AIG Asian Opportunity Fund II, L.P.</p> <p>Observer: Yageo Corporation (listed company)</p>



## PCSC Chief Officers who Possess Positions in other Companies

Name	Current Position in other Companies
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp.; President Direct Marketing Corp.; Ren-Hui Investment Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; President YiLan Art &amp; Culture Corp.; President Information Corp.; BankPro E-Service Technology Co.; Duskin Serve Taiwan Co.; Mister Donut Taiwan Corp.; Muji Taiwan Co. Ltd.; Retail Support International Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd.; T&amp;T Supermarket Inc. ; PCSC(SICHUAN) Hypermarket Limited; President FN Business Corporation; Cold Stone Creamery Taiwan Ltd.; Uni-President Oven Bakery Corp.; Zhuhai Livzon Drugstore Chain Company Limited; PCSC (CHENGDU) Hypermarket Limited; Shanghai Cold Stone Ice Cream Corporation; Afternoon Tea Taiwan Co., Ltd.;Rakuten Taiwan Co., Ltd.; Pet Plus Co., Ltd.; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.;</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Cold-Chain Corp.; Uni-President Department Store Corp.; Mech-President Corp.; President Coffee Corp.; President Pharmaceutical Corp.; 21 Century Enterprise Co., Ltd.; Uni-President Development Corp.; Tong-Ho Development Corp.; Presicarre Corp.; Tong-Jeng Development Corp.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; Philippine Seven Corp. ; Presiclerc Limited ; President Coffee (Cayman) Holdings Ltd.; Shanghai President Starbucks Coffee Corp.; President International Development Corp.; Dayeh Takashimaya Department Store Inc.; Nanlien International Corp.; Shan Dong President Yinzuo Commercial Limited; eASPNet Inc.; Duskin China (BVI) Holding Limited ; PV Venture Capital Corp.</p> <p>President: Ren-Hui Investment Corp.</p>
Wu, Kuo Hsuan	<p>Director: Ren-Hui Investment Corp.; Capital Inventory Services Corp.; President YiLan Art and Culture Corp.; Mech-President Corp.; Mister Donut Taiwan Corp.; President Musashino Corp.; Q-ware Systems &amp; services Corp.; President FN Business Corporation; Cold Stone Creamery Taiwan Ltd.; Uni-President Dream Parks Corp.; Shanghai Cold Stone Ice Cream Corporation; Q-Ware Communications Co., Ltd.</p> <p>President: President FN Business Corporation ; Mech-President Corp.;</p>
Hsieh, Chien Nan	<p>Chairman: Retail Support Taiwan Corp.; President Logistics International Corp.; Chieh-Shuen Logistics International Corp.; Books.com. Co. Ltd.;Q-ware Communications Co., Ltd.; PCSC (Vietnam) Supermarket Ltd. ; Q-ware Systems &amp; services Corp.</p> <p>Director: President Drugstore Business Corp.; Ren-Hui Investment Corp.; President Transnet Corp.; President Collect Service Co. Ltd.; President Information Corp.; Uni-President Department Store Corp.; Mech-President Corp.; Uni-President Cold Chain Corp.; Uni-President Oven Bakery Corp.; BankPro E-Service Technology Co., Ltd.; President Organics Co.; Uni-President Yellow Hat Corp.; Retail Support International Corp.; Presco Netmarketing Inc.; President Technology Corp.; Philippine Seven Corp. ; President Cosmed Chain Store (Shen Zhen) Co., Ltd.; Shan Dong President Yinzuo Commercial Ltd.; PCSC (SICHUAN) Hypermarket Ltd.; PCSC (CHENGDU) Hypermarket Limited; Cold Stone Creamery</p>

	<p>Taiwan Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shanghai Cold Stone Ice Cream Corporation; Afternoon Tea Taiwan Co., Ltd.; Rakuten Taiwan Co., Ltd.; Pet Plus Co., Ltd.</p> <p>Supervisor: T&amp;T Supermarket Inc.; Wisdom Distribution Service Corp.; Muji Taiwan Co. Ltd.; President Pharmaceutical Corp.; eASPNet Taiwan Inc.</p> <p>President: President Information Corp.; Cold Stone Creamery Taiwan Ltd.; Afternoon Tea Taiwan Co., Ltd.</p>
Chang Jen, Yun Huei	<p>Director: President Cosmed Chain Store (Shen Zhen) Co., Ltd.; Shan Dong President Yinzuo Commercial Limited; PCSC (SICHUAN) Hypermarket Limited; Presiclerc Limited ; PCSC (CHENGDU) Hypermarket Limited; Uni-President Oven Bakery Corp.; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shanghai Cold Stone Ice Cream Corporation; Afternoon Tea Taiwan Co., Ltd.</p> <p>President: PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited</p>
Chen, Fu Tang	None
Chen, Jui Tang	<p>Director: President Direct Marketing Corp.; Wisdom Distribution Service Corp.; Uni-President Cold-Chain Corp.; Books.com. Co., Ltd.; President Musashino Corp.; President Organics Co.; President Yamako Corp.; President Natural Industrial Corp. Q-ware Systems &amp; services Corp.</p> <p>Supervisor: Retail Support International Corp.</p>
Chung, Mao Chia	<p>Director: Capital Inventory Services Corp.</p> <p>Supervisor: President Information Corp.; Uni-President Cold-Chain Corp.; President Musashino Corp.; Uni-President Oven Bakery Corp.</p>
Lin, Wen Ching	<p>Director: PCSC (SICHUAN) Hypermarket Limited; Philippine Seven Corp. ; PCSC (CHENGDU) Hypermarket Limited; President Being Corp.</p> <p>Supervisor: President Drugstore Business Corp.; President Transnet Corp.; Mech-President Corp.; Duskin Serve Taiwan Co.; Mister Donut Taiwan Corp.; Afternoon Tea Taiwan Co., Ltd.</p> <p>President: President Being Corp.</p>
Zeng, Fan Bin	<p>Supervisor: Q-ware Systems &amp; services Corp.</p> <p>President: Capital Inventory Services Corp.</p>
Wang, Wen Kui	<p>Director: Capital Inventory Services Corp.; Duskin Serve Taiwan Co.; President Yilan Art and Culture Corp.; Uni-President Yellow Hat Corp.</p>
Yang, Yen Sen	<p>Director: Duskin Serve Taiwan Co.; 21 Century Enterprise Co., Ltd.; Philippine Seven Corp. ; Pet Plus Co., Ltd.</p> <p>Supervisor: Marks and Spencer Taiwan Co., Ltd.; Cold Stone Creamery Taiwan Ltd.; President FN Business Corporation; Uni-President Department Store Corp.; Shanghai Cold Stone Ice Cream Corporation</p>
Lai, Hsin Ti	<p>Supervisor: Capital Inventory Services Corp.; President YiLan Art and Culture Corp.; Taiwan Traditional Art and Culture Foundation</p>
Wu, Wen Chi	<p>Director: Philippine Seven Corp. ; President Investment Trust Corp.</p> <p>Supervisor: President Being Corp.; Pet Plus Co., Ltd.; Books.com. Co. Ltd.; President Direct Marketing Corp.</p>



# President Chain Store Corporation Internal Control Statement

Date: March 12, 2008

PCSC inspected its internal control system through self-evaluation from January 01, 2007 to December 31, 2007. The results are presented in the following statements.

- I. PCSC recognizes that the establishment, implementation and maintenance of the internal control system are the responsibility of the top management. Therefore, we established the system to achieve reasonable assurance for effective operation (including profitability, performance and asset security), reliability of financial reports and compliance with laws and regulations.
- II. Internal control system has its limitation, regardless of how well the system is planned. It may only provide reasonable assurance to the three objectives described above. Furthermore, the internal control system may be affected in accordance with the changes of circumstances and conditions. The internal control has the self-monitor function to detect the system, once the malfunction is identified, the Company will make necessary modification immediately.
- III. PCSC follows the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control system is to determine the effectiveness of the company design and execution. The Regulations employ the criteria that categorize internal control into 5 elements based on the process, namely 1. control environment; 2. risk review; 3. control operations; 4. information and communications; and 5. supervision. Each element consists of several items. Please refer to the Regulations for more details.
- IV. The company has adopted the internal control criteria to review the effectiveness of design and implementation of the internal control system.
- V. Based on the review, the company believes that the design and implementation of internal control system for the period described, including operating effectiveness and efficiency, reliability of financial reports and compliance with laws and regulations, were effective enough to provide reasonable assurance for meeting the aforementioned objectives.
- VI. The statement constitutes the key part of PCSC’s annual report and is open to the public. Frauds and non-disclosure in the published statement is punishable based on Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. The Statement is approved by the Board of Directors on March 12, 2008 upon 9 attending directors’ unanimous agreement.

President Chain Store Corporation



Chairman: Kao, Chin Yen



President: Hsu, Chung Jen



President Chain Store Corporation  
Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2007 Operation Report, Financial Statements, and proposal for appropriation of profit to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

To:

General Shareholders' Meeting in 2008

President Chain Store Corporation

Supervisor: Ying, Chien Li



March 25, 2008



President Chain Store Corporation  
Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2007 Operation Report, Financial Statements, and proposal for appropriation of profit to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

To:

General Shareholders' Meeting in 2008

President Chain Store Corporation

Supervisor: Nan Shan Life  
Insurance Company,  
Ltd.

Representative: Tse, Koon Hang  
Ada



March 25, 2008

President Chain Store Corporation

Financial Report

2007 and 2006

(Stock No. 2912)

Company address: 8F, No. 8, Dongxing Rd., Taipei

TEL: (02)2747-8711



## Independent Auditor's Report

(97) Tsai-Shen-Bao-Zhi No. 07002889

To: President Chain Store Corporation

We have audited the balance sheets of President Chain Store Corporation prepared on December 31, 2007 and 2006, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to December 31, 2007 and 2006. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our review. For the long-term investment of the company valued with the equity method in 2007 and 2006, the investment income/loss recognized and the investees disclosed in Note 11 was based on the certified financial statements of the investees without our audit. Investment income/loss based on the 2007 and 2006 financial statements certified by other CPAs amounted to NT\$105,727 thousand and NT\$83,178 thousand. As of December 31, 2007 and 2006, the long-term investment amounted to NT\$617,265 thousand and NT\$602,660 thousand, respectively.

We conducted the audit in accordance with the standards of the Audit of Financial Statements and the accounting principles generally accepted in the Republic of China. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance that the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Based on our audits and the reports of other auditors, it is our opinion that the financial statements, which are referred to in the first paragraph present fairly, in all materials aspects, the financial position of President Chain Store Corporation, as of December 31, 2007 and 2006 and the result of its operations and its cash flows for the periods of January 1 to December 31, 2007 and 2006. The above materials conform to the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation has adopted the principle under Financial Accounting Standard No. 34 on "Financial Instruments: Recognition and Measurement" and No. 36 on

“Financial Instruments: Disclosure and Presentation” effective January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standard No. 5 on “Long-term Investment under Equity Method” whereby goodwill is subject to annual impairment instead of amortization.

We have also audited President Chain Store Corporation’s consolidated financial statements of for the period ending in 2007 and 2006, and have expressed a modified unqualified opinion thereon.

PRICEWATERHOUSECOOPERS

CPA:



J. P. Tsai, CPA



Chen Mei-Tzu, CPA

Approval Document (76) Tai-Tsai-Cheng (VI) No. 11412  
issued by Securities and  
Futures Commission :  
(now Securities and (82) Tai-Tsai-Cheng (VI) No. 39230  
Futures Bureau) of  
Ministry of Finance:

March 11, 2008



**President Chain Store Corporation**

**Balance Sheet**

**At the End of Dec. 31, 2007 and 2006**

Unit : NT\$ '000

	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
<b>Assets</b>			<b>Liabilities and Shareholders' Equity</b>		
<b>Current assets</b>			<b>Current liability</b>		
Cash and cash equivalents	\$5,878,691	\$3,238,414	Derivative financial liabilities for hedging – current	\$5,070	\$-
Financial assets - current - whose changes in fair value are recognized in earnings	2,690,000	131,073	Notes payable	668,869	1,086,381
Bond portfolios with no active market – current	-	20,000	Notes payable-related parties	801,107	1,457,735
Net accounts receivable	351,697	301,572	Accounts payable	268,964	191,285
Other receivable	406,462	427,335	Accounts payable-related parties	5,211,898	4,992,827
Inventories	2,992,748	2,880,782	Income taxes payable	641,120	662,224
Prepayments	842,100	668,050	Accrued expenses	2,269,906	2,421,968
Other current assets – other	<u>189,943</u>	<u>217,094</u>	Other accounts payable	5,553,230	4,557,458
Total current assets	<u>13,351,641</u>	<u>7,884,320</u>	Advance receipts	1,030,519	1,023,146
<b>Funds and long-term investments</b>			Current portion of long-term liabilities	<u>1,100,000</u>	<u>900,000</u>
Available-for-sale financial assets – non current	739,868	514,718	Total current liabilities	<u>17,550,683</u>	<u>17,293,024</u>
Financial assets measured at cost – non current	11,809,168	12,381,271	<b>Long-term liability</b>		
Long-term investments (Equity method)	<u>6,728,202</u>	<u>6,352,509</u>	Derivative financial liabilities for hedging – non current	-	14,994
Total funds and long-term investments	<u>19,277,238</u>	<u>19,248,498</u>	Corporate bonds	-	1,100,000
			Long-term debt	<u>6,700,000</u>	-

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

<b>Fixed assets</b>			Total long-term liabilities	<u>6,700,000</u>	<u>1,114,994</u>
Costs			<b>Other liability</b>		
Land	1,534,726	1,534,725	Accrued pension liabilities	357,894	358,480
Building	931,189	930,971	Guarantee Deposit received	<u>1,774,455</u>	<u>1,569,094</u>
Machinery and equipment	9,742,905	8,486,401	Total other liabilities	<u>2,132,349</u>	<u>1,927,574</u>
Lease improvement	4,609,762	3,986,263	Total liabilities	<u>26,383,032</u>	<u>20,335,592</u>
Other equipment	<u>12,659</u>	<u>13,241</u>			
Total costs	16,831,241	14,951,601	<b>Shareholders' equity</b>		
Less: accumulated depreciation	(9,186,707)	(8,101,857)	Capital		
Construction in progress and prepayments for equipment	-	<u>1,578</u>	Paid-in Capital	9,151,604	9,151,604
Total net fixed assets	<u>7,644,534</u>	<u>6,851,322</u>	Retained earnings		
			Legal reserve	2,925,882	2,543,649
<b>Intigable assets</b>			Special reserve	-	531
Cost of computer software	<u>90,380</u>	<u>73,097</u>	Unappropriated retained earnings	3,649,236	3,921,243
<b>Other assets</b>					
Assets leased to others	1,306,976	999,648	Other adjustment in SH's equity		
Idle assets	-	321,498	Unrealized revaluation gains	469,191	359,191
Refundable deposit	957,408	937,603	Cumulative translation adjustment	<u>58,567</u>	<u>6,956</u>
Other assets-other	<u>9,335</u>	<u>2,780</u>	Total shareholders' equity	<u>16,254,480</u>	<u>15,983,174</u>
Total other assets	<u>2,273,719</u>	<u>2,261,529</u>	<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$42,637,512</u></b>	<b><u>\$36,318,766</u></b>
<b>Total Assets</b>	<b><u>\$42,637,512</u></b>	<b><u>\$36,318,766</u></b>			

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti



**President Chain Store Corporation**  
**Income Statement**  
**For the period ended Dec. 31, 2007 and 2006**

Expressed in NT\$  
'000

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Operating revenue</u></b>				
Net sales	\$98,885,377	97%	\$96,628,741	97%
Other operating revenue	<u>3,478,464</u>	<u>3%</u>	<u>3,350,877</u>	<u>3%</u>
<b>Total operating revenue</b>	102,363,841	100%	99,979,618	100%
<b><u>Operating cost</u></b>				
Cost of goods sold	<u>(70,619,544)</u>	<u>-69%</u>	<u>(69,736,937)</u>	<u>-70%</u>
<b>Gross profit</b>	<u>31,744,297</u>	<u>31%</u>	<u>30,242,681</u>	<u>30%</u>
<b><u>Operating expenses</u></b>				
Selling expenses	(24,445,774)	-24%	(22,789,148)	-23%
General and administration expenses	<u>(2,444,990)</u>	<u>-2%</u>	<u>(2,939,532)</u>	<u>-3%</u>
<b>Total operating expenses</b>	<u>(26,890,764)</u>	<u>-26%</u>	<u>(25,728,680)</u>	<u>-26%</u>
<b>Operating income</b>	<u>4,853,533</u>	<u>5%</u>	<u>4,514,001</u>	<u>5%</u>
<b><u>Non-operating income</u></b>				
Gain on valuation of financial assets	3,607	0%	7,734	0%
Dividend Income	48,656	0%	191,251	0%
Gain on disposal of investments	99,257	0%	-	-
Rental income	60,249	0%	46,059	0%
Other income	<u>695,324</u>	<u>1%</u>	<u>658,910</u>	<u>1%</u>
<b>Total non-operating income</b>	<u>907,093</u>	<u>1%</u>	<u>903,954</u>	<u>1%</u>
<b><u>Non-operating expenses</u></b>				
Interest expenses	(87,170)	0%	(68,770)	0%
Investment loss(equity method)	(285,905)	0%	(79,287)	0%

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

Loss on disposal of fixed assets	(34,008)	0%	(20,516)	0%
Loss on disposal of investments	-	-	(17,984)	0%
Impairment losses	(499,177)	-1%	(127,297)	0%
Other expenses	<u>(44,300)</u>	<u>0%</u>	<u>(46,513)</u>	<u>0%</u>
<b>Total non-operating expenses</b>	<u>(950,560)</u>	<u>-1%</u>	<u>(360,367)</u>	<u>0%</u>
<b>Income before tax</b>	<b>4,810,066</b>	<b>5%</b>	<b>5,057,588</b>	<b>5%</b>
Income Tax	(1,187,653)	-1%	(1,235,633)	-1%
Cumulative effect of changes in accounting principles	-	-	373	0%
<b>Net Income After Tax</b>	<b><u>\$3,622,413</u></b>	<b><u>4%</u></b>	<b><u>\$3,822,328</u></b>	<b><u>4%</u></b>
<b>Earnings per share</b>	(pre-tax)	(after tax)	(pre-tax)	(after tax)
<b>Net income</b>	<b><u>\$5.26</u></b>	<b><u>\$3.96</u></b>	<b><u>\$5.53</u></b>	<b><u>\$4.18</u></b>

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti



President Chain Store Corporation  
Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2007 and 2006

Currency expression: NTD 1,000

	Retained Earnings				Other Adjustments		Total
	Common Stocks	Legal Reserve	Special Reserve	Unappropriated earnings	Unrealized gains/losses of financial instruments	Cumulative translation adjustment	
<u>January 1 to December 31, 2006</u>							
Balance at Jan. 1, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 15,173,125
Appropriation of earning of 2005 :							
Legal reserve	-	365,268	-	( 365,268)	-	-	-
Special reserve	-	-	( 55,227)	55,227	-	-	-
Employee bonus	-	-	-	( 200,559)	-	-	( 200,559)
Remunerations to directors and supervisors	-	-	-	( 66,853)	-	-	( 66,853)
Cash dividends	-	-	-	( 3,111,545)	-	-	( 3,111,545)
Total net income in 2006	-	-	-	3,822,328	-	-	3,822,328
Financial assets for sales valuation adjustment	-	-	-	-	359,191	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	7,487
Balance at Dec. 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 15,983,174</u>
<u>January 1 to December 31, 2007</u>							
Balance at Jan. 1, 2007	\$ 9,151,604	\$ 2,543,649	\$ 531	\$ 3,921,243	\$ 359,191	\$ 6,956	\$ 15,983,174
Appropriation of earning of 2005 :							
Legal reserve	-	382,233	-	( 382,233)	-	-	-

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation  
Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2007 and 2006

Currency expression: NTD 1,000

	Retained Earnings				Other Adjustments		Total
	Common Stocks	Legal Reserve	Special Reserve	Unappropriated earnings	Unrealized gains/losses of financial instruments	Cumulative translation adjustment	
Special reserve	-	-	( 531)	531	-	-	-
Employee bonus	-	-	-	( 275,250)	-	-	( 275,250)
Remunerations to directors and supervisors	-	-	-	( 34,406)	-	-	( 34,406)
Cash dividends	-	-	-	( 3,203,062)	-	-	( 3,203,062)
Total net income in 2007	-	-	-	3,622,413	-	-	3,622,413
Financial assets for sales valuation adjustment	-	-	-	-	110,000	-	110,000
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	51,611	51,611
Balance at Dec.31, 2007	<u>\$ 9,151,604</u>	<u>\$ 2,925,882</u>	<u>\$ -</u>	<u>\$ 3,649,236</u>	<u>\$ 469,191</u>	<u>\$ 58,567</u>	<u>\$ 16,254,480</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation  
Statement of Cash Flow  
January 1 to December 31, 2007 and 2006

Currency expression: NTD 1,000

	<u>2007</u>	<u>2006</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Net Income:	\$3,622,413	\$3,822,328
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Loss (Gain) on valuation of financial assets	(3,607)	(7,734)
Decrease of allowance for uncollectible accounts	(168)	(6,685)
Allowance for reduction of inventory to market	(9,437)	(56,530)
Depreciation	1,727,239	1,675,866
Amortization	77,935	254,908
Gain on disposal of financial assets measured at cost	(119,747)	-
Financial assets measured at cost- impairment losses	499,177	127,297
Cash dividend from long-term investment under equity method	307,362	234,690
Investment loss (gain) recognized under equity method	285,905	79,287
Gain on disposal of long-term investment (equity method)	-	(52,380)
Loss (gain) on disposal of fixed assets	34,008	20,516
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(50,125)	80,690
Other accounts receivable	21,041	(30,781)
Inventories	(102,529)	(68,786)
Prepayments	(174,050)	18,809
Other current assets-others	22,812	(101,841)
Deferred income tax	3,064	16,911
Notes payable	(1,074,140)	1,034,441
Accounts payable	296,750	751,298
Income tax payable	(21,104)	54,381
Accrued expenses	(152,062)	366,679
Other accounts payable	887,261	704,105
Advance receipts	7,373	177,541
Accrued pension liabilities	(586)	(1,272)
Net cash provided by operating activities	<u>6,084,785</u>	<u>9,093,738</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
(Increase) Decrease in Financial assets— current —		
whose changes in fair value are recognized in earnings	(2,555,320)	(118,386)
Acquisition of long-term investment-cost method	(269,055)	(570,000)
Proceeds from disposal of financial assets measured at cost	361,415	7,697



President Chain Store Corporation  
Statement of Cash Flow  
January 1 to December 31, 2007 and 2006

Currency expression: NTD 1,000

Capital reduction for cost method investment	66,947	-
Acquisition of long-term investment-equity method	(1,009,057)	(1,143,979)
Proceeds from disposal of long-term investment-equity method	-	94,989
Decrease of bond portfolios with no active market	20,000	40,000
Purchase of fixed assets	(2,446,952)	(1,554,848)
Proceeds from disposal of fixed assets	15,174	46,794
Purchase of computer software	(90,380)	-
Increase in refundable deposits	<u>(19,805)</u>	(58,728)
Other assets- other increase	<u>(10,118)</u>	-
Net cash used by investing activities	<u>(5,937,151)</u>	<u>(3,256,461)</u>

President Chain Store Corporation  
Statement of Cash Flow  
January 1 to December 31, 2007 and 2006

Currency expression: NTD 1,000

	2007	2006
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in guarantee deposit received	\$ 205,361	\$ 224,028
Increase (decrease) in long-term loans	6,700,000	( 1,320,000)
Payback of corporate bond	( 900,000)	( 200,000)
Payment of cash dividends	( 3,203,062)	( 3,111,545)
Payment of directors' remuneration & employees' bonus	( 309,656)	( 267,412)
Net cash inflows (outflows) from financing	2,492,643	( 4,674,929)
Net increase (decrease) in cash and cash equivalent	2,640,277	1,162,348
Beginning balance of cash and cash equivalent	3,238,414	2,076,066
Ended balance of cash and cash equivalent	\$ 5,878,691	\$ 3,238,414
<b>SUPPLEMENT DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 101,577	\$ 70,456
Income tax paid	\$ 1,205,693	\$ 1,164,341
<b>INVESTING ACTIVITIES OF PARTIAL PAYMENT ON CASH</b>		
Purchase of property, plant and equipment	\$ 2,555,463	\$ 1,621,945
Add: beginning balance of account payable on equipment	278,844	211,747
Less: ended balance of account payable on equipment	( 387,355)	( 278,844)
Cash paid in the year	\$ 2,446,952	\$ 1,554,848

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated March 11, 2008.

Chairman: Kao Chin-Yuan

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Notes on Financial Statements

December 31, 2007 and 2006

Currency expression: NTD 1,000

(Unless otherwise stated)

I. Company history

(I) President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes investment and operation of convenience stores, retailing and sale of foods, canned products, books, newspapers and magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange.

(II) The parent company and the ultimate parent Company are Uni-President Enterprises Corp.

(III) As of Dec. 31, 2007, the Company has 8,820 employees (including part-time workers).

II. Summary of significant accounting policies

The financial statements were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China. Significant accounting policies are explained as follows:

(I) Current and noncurrent assets and liabilities

1. Assets that conform to the following terms are classified as current assets; assets other than current assets are noncurrent assets:

- (1) Assets from business operations are expected to be cashed, depleted, or sold in the business cycle.
- (2) It is held for trading purposes.
- (3) It is expected to be sold within twelve months from the Balance Sheet date.
- (4) Cash or cash equivalent, except for those used for trade, liquidating debt, or restricted after twelve months from the date on the Balance Sheet.

2. Liabilities that are in conformity with the following terms are classified as current liability; liabilities other than current liabilities are noncurrent liabilities:

- (1) Debts from business operations and that are expected to be liquidated in the business cycle.
- (2) It is held for trading purposes.
- (3) It is expected to be liquidated within twelve months from the date on the Balance Sheet.
- (4) Debts that cannot be unconditionally deferred in liquidation after twelve months from the date on the Balance Sheet.



(II) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that is in conformity with the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will not be affected by interest rate changes.

The President Chain Store Corp. 's Cash Flow Statement is prepared on the basis of cash and cash equivalent.

(III) Foreign currency exchanges

1. The Company's accounts are expressed in NT Dollars in bookkeeping. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping. Differences resulting from the exchange are recognized as current gains or losses.

2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate to comply with the date on the balance sheet. Differences that result from the exchange are recognized as current gains or losses. Differences resulting from the exchange between the Company and foreign investees through advances for payment shall be recognized as adjustments to shareholders' equity.

3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as current gains or losses. For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders' equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities not estimated based on the basis of fair value, use the historical exchange rate as of the transaction day for estimation.

(IV) Financial assets and liabilities in which changes in fair value are recognized as gains and losses

1. Bookkeeping shall be made on the day of trade for equity assets or liabilities, and on the delivery day for warrants and rights. Initial recognition of the financial instruments used for in bookkeeping estimation shall be made on the basis of fair value.

2. Financial assets and liabilities, in which changes in fair value are recognized as gains or losses shall be estimated on the basis of fair value and in which changes are recognized as gains or losses for the current period. The fair value for stocks with public quotations in centralized markets shall be recognized as the price at close of market on the date listed on the balance sheet. For open-ended funds, the fair value shall be the net asset value of the funds on the date listed on the balance sheet.

(V) Financial assets available for sales

1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.
2. Financial assets that are available for sales are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at close in the open market on the date listed on the balance sheet.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, recognize it as adjustments to shareholders' equity for the decrease in impairment of equity items.

(VI) Investments in bonds with no public quotations listed on the open market

1. The delivery day accounting principle is adopted for the bookkeeping of these investments and the estimation of which is based on fair value of the instruments plus the acquisition cost or issuance cost.
2. For bonds with no public quotations in the open market, estimations shall be made on the basis of the cost after amortization.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, and it is obviously related to events that occurred after the recognition of impairment losses, reverse as current gains or losses. Such reversal shall not cause the book value to exceed the cost after amortization without the recognition of impairment loss.

(VII) Financial assets carried at cost

1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
2. Recognize this as an impairment loss with supporting evidence. The amount of impairment loss cannot be reversed.

(VIII) Financial derivatives for hedges

1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trades other than options, state the fair value as zero on the day of the trade. Estimation on derivatives trades shall be based on the fair value on the date listed on the balance sheet. Any change in fair value shall be recognized as assets or liabilities and current gains and losses.
2. Derivatives for hedges: if derivatives meet all the conditions for the accounting of hedging instruments, the effect of any change in the fair value of the instruments and the hedged objects after offsetting shall be recognized in bookkeeping as follows:
  - (1) Hedge of fair value: hedging instruments are estimated according to fair value. Any gain or loss in the book value of the hedging instruments that results from exchange rate fluctuation shall be recognized as a current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value of the hedged

objects and immediately recognized as a current gain or loss.

- (2) Hedge of cash flows: Any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(IX) Allowance for doubtful accounts

The allowance for doubtful accounts is determined on the basis of collectability of receivable accounts and the balance of other receivables at the end.

(X) Inventories

Bookkeeping of inventories is made on the basis on the actual cost and costing is made on the basis of the retailing method. Appropriate allowance for loss has been provided for obsolete inventory and inventory that might be obsolete. Inventory obsolete loss is recorded as the loss in the period.

(XI) Long-term investments (Equity method)

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. If the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to a yearly impairment test. The spread that has been amortized in previous years cannot be adjusted retrospectively. Investees where the Company holds more than 50% of the voting shares or holds a dominant position shall be accounted for under the equity method and their annual and interim financial statements shall be consolidated with the Company.
2. The investment loss of the invested company that is valued with Equity Method and is influential but not wholly owned is recognized to have the book value of the investment and advances of the invested company reduced to zero. However, if the Company has an endorsement and guarantee made for the invested company or has intention to support the invested company continuously, investment loss is to be recognized proportionally to shareholdings.
3. In order to make overseas investments accounted for under the equity method, the "cumulative translation adjustment " resulting from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders' equity.



(XII) Fixed assets and non-operating assets

1. The bookkeeping shall be made on the basis of the acquisition cost. The interest accrued from the acquisition of assets to the point the assets can be available for use may be capitalized.
2. Depreciation shall be made under the average method. With the exception of improvement in capital lease when the term of the lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets that continue to be in service after the previous period of services, the residual value shall be subject to depreciation along the subsequent years of services. Buildings and construction have 30 to 55 years of service. Other assets have 3 to 15 years of services for depreciation purpose.
3. Spending on repair and maintenance is recognized as expenses for current period. Major additions or improvement shall be capitalized and depreciated. While disposing of assets, the cost and accumulated depreciations shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.
4. Fixed assets that are not used for business operation are booked in the other assets account according to the lower net fair value or book value, the price difference booked as the losses from the period, and the depreciation expense booked in the non-operating expense and loss account.

(XIII) Intangible assets

Computer software is booked at cost and it is amortized in accordance with the estimated useful years, maximum three-year, and the Straight Line Method.

(XIV) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to a change in the economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. The recoverable amount refers to the net fair value of a specific asset or its value for use, whichever is higher. Net fair value refers to the net proceeds to be received under fair trade of a specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under the discount value method.
2. An impairment loss in previous years could be reversed if there is a subsequent recovery after a previous impairment loss was recognized and stated as current income. Recognized impairment of goodwill shall not be reversed.

(XV) Pension Plan

1. Pension costs under defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on accrual

basis shall be recognized as pension cost for current period.

(XVI) Income Tax

1. The Company adopts Financial Accounting Standards No. 22 “Accounting for Income Taxes” to compute income tax and recognize the deferred tax effect from temporary differences. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities; while the tax effect of deductible temporary differences, and income tax credit are recognized as deferred income tax assets. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and noncurrent items in accordance with the nature of the balance sheet account and the period of expected realization.
2. The levy of 10% income tax on unallocated retained earnings under the new Tax Code is recognized as income tax expenses incurred in the year of shareholders meeting resolution.
3. Tax credits on the acquisition of specific machinery and equipment, human resources training are accounted for as deductions for the current year income tax expenses.
4. Adjustments of tax liabilities carried forward are added to income tax expenses in current year.

(XVII) Recognition of revenue and cost

Revenue shall be recognized and realized while gaining profits. Related costs are recognized with corresponding items of revenue. Expenses shall be recognized on an accrual basis and stated as current expenses.

(XVIII) Earnings per share

The Company computes the earnings per share by the weighted-average method. The earnings for the additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of circulation of such additional shares. Earnings for new shares shall be computed on the basis of the outstanding period.

(XIX) Delivery day accounting

The Company has adopted the principle of delivery day accounting when applicable. Changes in fair values of asset transactions between the transaction day and the delivery day carried at cost or cost after amortization will not be recognized. For assets whose change in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses. For assets available for disposal, such changes shall be recognized as adjustments to shareholders’ equity.

(XX) Accounting estimations

The Company prepared its financial statements in accordance with generally accepted accounting principles in the Republic of China, and has made necessary estimations, assessment and disclosures on the amount stated or contingencies, including certain assumptions and estimations. However, the actual results may vary from the assumptions and estimations.

III. The reasons for changes in accounting policies and the effect of such changes

(I) Financial instruments

1. Effective January 1, 2006, the Company adopted the principles under the Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” into its accounting policies.
2. The said accounting principle change had caused a credit to Stockholders’ Equity for an amount of \$359,191 (Credit to “Unrealized income of financial instrument”) on December 31, 2006 and net income increased by \$6,922 and Earnings per share increased by \$0.01 in 2006.

(II) No amortization for goodwill

1. The Company has adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. This change of accounting principle has caused the total assets on December 31, 2006 and the net income of the 2006 to go up by \$145,718 and earnings per share to go up by \$0.16.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Petty Cash for stores	\$ 453,818	\$ 1,970,916
Current account deposits and checking account deposits	2,864,438	1,058,567
Time deposit	44,142	-
Cash equivalence Short-term notes	<u>2,516,293</u>	<u>2,088,931</u>
	<u>\$ 5,878,691</u>	<u>\$ 3,238,414</u>

(II) Financial instruments with changes in fair values are recognized as gains or losses -current

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Financial instruments held for trading		
Stocks with public quotations	\$ -	\$ 134,680
Open-ended funds	<u>2,690,000</u>	<u>-</u>
	2,690,000	134,680
Valuation Adjustment	-	( 3,607)
	<u>\$ 2,690,000</u>	<u>\$ 131,073</u>



(III) Inventories

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Merchandises	\$ 2,993,210	\$ 2,890,681
Less: Allowance for inventory losses	<u>( 462)</u>	<u>( 9,899)</u>
	<u>\$ 2,992,748</u>	<u>\$ 2,880,782</u>

(IV) Available-for-sale financial assets – non current

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Stock with public quotations	\$ 265,606	\$ 140,534
Valuation Adjustment	<u>474,262</u>	<u>374,184</u>
	<u>\$ 739,868</u>	<u>\$ 514,718</u>

(V) Financial assets carried at cost – noncurrent

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Stocks listed in the emerging market	\$ 1,742,880	\$ 1,742,880
Stocks with no public quotation	<u>10,599,151</u>	<u>10,851,168</u>
Subtotal	12,342,031	12,594,048
Less: accumulated impairment	<u>( 532,863)</u>	<u>( 212,777)</u>
Total	<u>\$ 11,809,168</u>	<u>\$ 12,381,271</u>

1. The instruments held by the Company have no public quotations in open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.
2. The financial assets of the Company that are valued at cost and with the occurrence of impairment evidenced and with limited possibility of recovery. Therefore, the Company recognized impairment loss \$499,177 and \$127,297 in 2007 and 2006, respectively.

(VI) Long-term investments (Equity method)

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
Investees				
President Chain Store (BVI) Holdings Ltd.	\$ 1,049,506	100.00	\$ 981,627	100.00
PCSC (China) Limited	873,122	100.00	481,140	100.00
Ren-Hui Investment Corp.	721,748	100.00	859,558	100.00
President Drugstore Business Corp.	478,762	100.00	417,530	100.00
Mech-President Corp.	371,452	63.47	420,700	62.95
Uni-President Cold-Chain Corp.	340,996	60.00	349,094	60.00
President Pharmaceutical Corp.	348,987	73.74	324,820	73.74
Uni-President Department Store Corp.	243,076	70.00	249,117	70.00
President Musashino Corp.	219,877	40.00	218,302	40.00
President Transnet Corp.	264,065	70.00	201,252	70.00
President Information Corp.	208,009	56.00	199,072	56.00

Wisdom Distribution Service Corp.	194,356	100.00	162,635	100.00
Uni-President Development Corp.	158,604	20.00	173,934	20.00
Q-ware Systems & services Corp.	41,522	23.07	149,499	22.68
President Coffee Corp.	119,751	30.00	130,210	30.00
Mister Donut Taiwan Corp.	124,444	50.00	126,249	50.00
Retail Support International Corp.	124,844	25.00	119,786	25.00
President Yilan Art and Culture Corp.	137,326	90.00	103,566	90.00
Duskin Serve Taiwan Co.	113,415	51.00	94,551	51.00
Books.com. Co. Ltd.	101,714	50.03	70,870	50.03
Muji Taiwan Co. etc.	492,626	20.00~	518,997	20.00~
		100.00		100.00
	<u>\$ 6,728,202</u>		<u>\$6,352,509</u>	

1. The long-term investment impairment of the Company that was valued with the Equity Method in 2007 and 2006 amounted to \$285,905 and \$79,287; also, the data was retrieved from the investee's certified financial statements.
2. Investees where the Company holds more than 50% of voting rights or holds a dominant position shall be included in the financial statements.

(VII) Fixed assets

December 31, 2007			
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 1,534,726	\$ -	\$ 1,534,726
Building	931,189	( 157,104)	774,085
Machinery and equipment	9,742,905	( 6,169,961)	3,572,944
Lease improvement	4,609,762	( 2,847,679)	1,762,083
Other equipment	12,659	( 11,963)	696
	<u>\$ 16,831,241</u>	<u>(\$ 9,186,707)</u>	<u>\$ 7,644,534</u>

December 31, 2006			
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 1,534,725	\$ -	\$ 1,534,725
Building	930,971	( 139,435)	791,536
Machinery and equipment	8,486,401	( 5,465,685)	3,020,716
Lease improvement	3,986,263	( 2,484,527)	1,501,736
Other equipment	13,241	( 12,210)	1,031
Prepayments for equipment	1,578	-	1,578
	<u>\$ 14,953,179</u>	<u>(\$ 8,101,857)</u>	<u>\$ 6,851,322</u>

(VIII) Assets leased to others

December 31, 2007			
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 915,084	\$ -	\$ 915,084
Building	424,091	( 32,199)	391,892
	<u>\$ 1,339,175</u>	<u>(\$ 32,199)</u>	<u>\$ 1,306,976</u>

December 31, 2006			
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 689,897	\$ -	\$ 689,897
Building	323,154	( 13,403)	309,751
	<u>\$ 1,013,051</u>	<u>(\$ 13,403)</u>	<u>\$ 999,648</u>

(IX) Accrued expenses

	December 31, 2007	December 31, 2006
Payable salaries and bonuses	\$ 876,244	\$ 963,382
Payable incentives for franchisee	530,942	453,396
Payable fees for system development and maintenance	127,633	100,473
Others	735,087	904,717
	<u>\$ 2,269,906</u>	<u>\$ 2,421,968</u>

(X) Other accounts payable

	December 31, 2007	December 31, 2006
Bill collected for others	\$ 4,954,753	\$ 4,012,625
Payable for acquisition of fixed assets	387,355	278,844
Others	211,122	265,989
	<u>\$ 5,553,230</u>	<u>\$ 4,557,458</u>

(XI) Advance receipt

	December 31, 2007	December 31, 2006
Receipt from the gift coupon	\$ 640,881	\$ 713,900
Receipt from i-cash card	323,335	282,898
Others	66,303	26,348
	<u>\$ 1,030,519</u>	<u>\$ 1,023,146</u>



(XII) Corporate bond

	<u>Term</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
1 <sup>st</sup> tranche of secured bonds	Jan. 16, 2002~Jan.18, 2007	\$ -	\$ 700,000
2 <sup>nd</sup> tranche of secured bonds	June 10, 2003~June 13, 2008	<u>1,100,000</u>	<u>1,300,000</u>
		1,100,000	2,000,000
Less: Current portion		( <u>1,100,000</u> )	( <u>900,000</u> )
		<u>\$ -</u>	<u>\$ 1,100,000</u>

The Company has pledged with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch for the issuance of its 2<sup>nd</sup> tranche of secured bonds under the following terms and conditions:

1. Issue A: amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50% respectively at coupon rate of 1.4%. Simple interest payable once annually in accordance with the coupon rate from the date of issuance.
2. Issue B: amounted to NT\$700 million at coupon rate of 4% less LIBOR rate for six months or 4% less promissory note rate for 180 days renewable semi-annually. Simple interest is payable once semi-annually.

(XIII) Long-term debt

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Credit loan	\$ 1,600,000	\$ -
Syndicate loans	<u>5,100,000</u>	-
	\$ 6,700,000	-
Annual Interest rate	<u>2.34% ~ 2.5358%</u>	<u>-</u>

1. The credit loan from Cathay Bank is for 2~3 years; also, the loan is applied in a cycle within a defined quota.
2. The Company had applied to the syndicate banks, including Mega Bank, in September 2007 for a loan not exceeding \$7 billion and with the terms and conditions agreed upon as follows:
  - (1) The agreement is for a term of three years with the first application taking place within three months from when the agreement is signed. The Company may apply the loans in a cycle within 35 months from the date of the first fund application.
  - (2) The financial ratios in the semi-annual and annual financial statements are to be maintained as follows:
    - a. Financial debt ratio may not exceed 100%
    - b. Tangible net worth may not drop below \$15 billion
    - c. Time interest earned may not be less than 5 times.

(XIV) Pension Fund

1. The Company has instituted the regulations for defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, the day that the new "Labor Pension Act" has come into full force, such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the "Labor Standard Law." Pensions will be payable on the basis of the average basic salaries of the employee within the last six months prior to retirement and the length of service. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. One basis point will be added to each additional year of service beyond the said period of 15 years up to the maximum of 45 basis points. The Company contributes 2% to 4.42% of the total salaries of the employees to the special pension fund account with the Trust Department of Bank of Taiwan (Central Trust of China was merged with Bank of Taiwan on the baseline date of July 1, 2007 and Bank of Taiwan is the continuing company).

The information related to the Company's actuarial report for retirement pension:

- (1) Contents of net pension cost:

	<u>2007</u>	<u>2006</u>
Service cost	\$ 38,882	\$ 38,529
Interest cost	44,017	39,676
Anticipated return on fund assets	( 13,075)	( 10,888)
Amortization :		
Unrecognized transitional net assets	( 5,961)	( 5,961)
Unrecognized pension loss	<u>24,302</u>	<u>23,023</u>
Net pension cost:	<u>\$ 88,165</u>	<u>\$ 84,379</u>

## (2) Contribution of retirement pension:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Benefit obligation :		
Vested benefit obligation	(\$ 151,243)(\$	109,854)
Non-vested benefit obligation	( 690,817)(	594,597)
Cumulative benefit obligation	( 842,060)(	704,451)
Effect of increase in future salary	( 637,645)(	469,332)
Projected benefit obligation	( 1,479,705)(	1,173,783)
Fair value of pension fund assets	<u>566,693</u>	<u>475,454</u>
Contribution	( 913,012)(	698,329)
Unrecognized transitional net assets	( 16,889)(	22,849)
Unrecognized pension loss	<u>566,377</u>	<u>360,395</u>
Accrued pension liabilities	(\$ 363,524)(\$	360,783)
Vested benefit	<u>\$ 184,267</u> \$	<u>135,705</u>

The actuarial hypothesis about retirement pension is summarized as following:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Discount rate	3.50%	3.75%
Increasing rate of future salary	4.00%	3.50%
Anticipated rate of return on long-term investment in fund assets	2.75%	2.75%

2. The Company has instituted the regulations for defined pension plan under the "Labor Standards Law." Effective July 1, 2005, the company shall contribute an amount equivalent to 6% of the monthly salary of respective native employees to the individual pension account of the employees at Labor Insurance Bureau. Retired employees may claim for pension disbursement in accordance with the status of their individual account and the cumulative contribution in the account through monthly payment or in lump sum. Pension cost under the defined pension plan was recognized as \$130,129 and \$126,709 in 2007 and 2006, respectively.

(XV) Income Tax

## 1. Income tax and Income taxes payable

	<u>2007</u>	<u>2006</u>
Income taxes payable	\$ 641,120	\$ 662,224
Net variation of deferred income tax assets resulting from temporary differences	3,064	16,911
(Overestimated) underestimated income tax for the previous years	( 66,278)	17,132
Income tax of interest income of commercial paper(tax 20%)	3,594	1,793
Prepaid income tax	<u>606,153</u>	<u>5 37,573</u>
Income tax expenses	<u>\$ 1,187,653</u>	<u>\$ 1,235,633</u>



2. Item of deferred income tax assets are shown as follows:

	December 31, 2007		December 31, 2006	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (stated as other current assets in statement)				
Temporary difference				
Allowance for reduction of inventory to market	\$ 462	\$ 116	\$ 9,899	\$ 2,475
Bad debts	7,031	1,758	6,991	1,747
Employee fringe benefits	1,133	283	2,863	716
		<u>\$ 2,157</u>		<u>\$ 4,938</u>
Noncurrent items (stated as other assets – others in statement)				
Temporary difference				
Investment losses	\$ 920,728	\$ 230,182	\$ 746,525	\$ 186,631
Employee fringe benefits	-	-	1,133	283
		<u>230,182</u>		<u>186,914</u>
Less: allowance for reevaluation losses		<u>( 230,182)</u>		<u>( 186,631)</u>
		<u>\$ -</u>		<u>\$ 283</u>

3. The Company has the following deductions under Statute for the Encouragement of Industrial Upgrading in 2007:

Deductible items	Total deductible amount	Unconsumed deductible balance
Human resources training expenses	\$ 15,554	\$ -
Automation equipment and technology	12,098	-
Investment in territories of poor resources or slow development	28,128	-

4. The Company did not have any business profit tax of unappropriated retained earnings to pay in 2007 and 2006.

5. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2005.

6. Details of unallotted retained earnings are shown as follows:

	December 31, 2007	December 31, 2006
Unallotted retained earnings carried forward to 1997	\$ 26,823	\$ 31,142
Unallotted retained earnings carried forward from 1998	3,622,413	3,890,101
Total	<u>\$ 3,649,236</u>	<u>\$ 3,921,243</u>

7. Information on new taxation system

	December 31, 2007	December 31, 2006
Balance of shareholders deduction account	\$ 649,071	\$ 560,845
	<u>2007 (Estimated amount)</u>	<u>2006 (Actual amount)</u>

Tax credit rate of retained earnings distributed	<u>17.92%</u>	<u>33.44%</u>
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The estimated deductible tax rate in 2007 was based on the “Balance of shareholders deduction account on December 31, 2007. The deductible tax to be distributed to shareholders by the Company is based on the “Balance of shareholders deduction account.” Therefore, for the distribution of retained earnings after 1998, the applicable deductible tax rate must be adjusted in accordance with the lawful deductible tax prior to the distribution date of dividend or retained earnings.

(XVI) Capital Stock

As of December 31, 2007 and 2006, the Company’s authorized stock capital amounted to \$9,600,000 and with 915,160,436 stock shares outstanding at NT\$10 par value.

(XVII) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as statutory reserve and special reserve may also be allocated as there is debit to shareholders’ equity. Upon the reverse of the debit to shareholder’s equity, the reversed amount is to be converted to net income for distribution. The earnings net of the aforementioned deductions plus unallotted retained earnings s carried forward may be distributed to shareholders under proposal by the Board and at the approval of the general shareholders meeting. Remunerations to directors and supervisors shall be at 1% of the earnings and employee bonus shall be no less than 0.2% of the earnings. Dividend and bonus to shareholders shall be 80% to 100% of the cumulative distributable earnings net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividend).
2. Statutory reserve may be used only for offsetting losses carried forward and increasing capitalization. If the balance of statutory reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. Under the resolutions of the general shareholder meeting, cash dividend paid out for the periods of 2007 and 2006, amounted to NT\$3.5/share and NT\$3.4/share, respectively.
4. The Company’s proposal for allocation of retained earnings in 2007 has not been approved by the Board of Directors before March 11, 2008. The proposals approved by the Board of Directors and allocation of retained earnings resolved by the shareholders’ meetings may be viewed at the “M.O.P.S.” of TSEC.  
The information about the Company’s bonus allocated to employees and remuneration paid to directors/directors in 2006:

Allocation resolved by shareholders' meetings  
and Board of Directors in 2007

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(1)Allocation	
Cash bonus to employees	\$ 275,250
Remuneration to Directors & Supervisors	34,406
(2)Information about EPS:	
EPS	4.18
Imputation EPS	3.84

(XVIII) Earnings per share

	2007				
	Amount		Year end outstanding shares	EPS (Unit: NT\$)	
	pre-tax	after tax		pre-tax	after tax
Net Income - earnings per share to common stock shareholders	\$4,810,066	\$3,622,413	915,160,436	\$ 5.26	\$ 3.96
	2006				
	Amount		Year end outstanding shares	EPS (currency: NTD)	
	pre-tax	after tax		pre-tax	after tax
Net Income - earnings per share to common stock shareholders	\$5,057,588	\$3,822,328	915,160,436	\$ 5.53	\$ 4.18

(XIX) Human resources spending, depreciation, depletion and amortization

Human resources spending, depreciations, depletion and amortization are recognized as operating expenses specified as follows:

	2007	2006
Human resources expenses		
Salaries	\$ 3,587,770	\$ 3,569,815
Labor and health insurance	268,709	274,303
Pension fund	216,341	204,980
Other human resources expenses	266,960	246,727
	\$ 4,339,780	\$ 4,295,825
Depreciation	\$ 1,713,069	\$ 1,657,698
Depletions	\$ -	\$ -
Amortizations	\$ 77,935	\$ 254,908



V. Related Party Transactions

(I) Names of related parties and their relationship with the company

Name of related parties	Relationship with the company
Uni-President Enterprises Corp.	Parent
Tung Ang Enterprise Corp.	Investees of Uni-President Enterprises Corp under equity method
Presco Netmarketing Inc.	//
Uni-President Dream Parks Corp.	//
President Tokyo Corp.	//
Tung Guan Enterprises Co., Ltd.	//
President Direct Marketing Corp.	Subsidiary
President Drugstore Business Corp.	//
Wisdom Distribution Service Corp.	//
Mech-President Corp.	//
Duskin Serve Taiwan Co.	//
Capital Inventory Services Corp.	//
President Information Corp.	//
Uni-President Cold-Chain Corp.	//
President Chain Store (BVI) Holdings Ltd.	//
PCSC (China) Limited	//
President Transnet Corp.	//
Uni-President Oven Bakery Corp.	//
Ren-Hui Investment Corp.	//
President Collect Services Co. Ltd.	//
Bank Pro E-Service Technology Co., Ltd.	//
Books.com. Co. Ltd.	//
President Yilan Art and Culture Corp.	//
Uni-President Department Store Corp.	//
President Pharmaceutical Corp.	//
President FN Business Corporation	//
Cold Stone Creamery Taiwan Ltd.	//
President Coffee Corp.	Investees of the Company under equity method.
Retail Support International Corp.	//
Muji Taiwan Co. Ltd.	//
Uni-President Yellow Hat Corp.	//
Q-ware Systems & services Corp.	//
Marks and Spenders Taiwan Co., Ltd.	//

Name of related parties	Relationship with the company
Uni-President Development Corp.	Investees of the Company under equity method.
President Organics, Co.	"
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
President Musashino Corp.	"
President Chain Store (Labuan) Holdings Ltd.	Subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	"
PCSC (China) Restaurant Limited	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"
Zhuhai Livzon Drugstore Chain Company Limited	"
Uni-President Oven Bakery (BVI) Corp.	"
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	"
Shanghai Cold Stone Ice Cream Corporation	"
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
PCSC (CHENGDU) Hypermarket Limited	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jing Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
Duskin China (BVI) Holding Limited	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	The Company is a director (the relation was ceased in April 2007 while the stock shares were sold)
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics International Corp.	"
Chieh-Shuen Logistics International Corp.	A subsidiary of President Logistics International Corp.
President Being Corp.	A subsidiary of Tong-Ho Development Corp.
President Coffee (Cayman) Holdings Ltd.	Investee of President Chain Store (BVI) Ltd. Under equity method
Shanghai President Starbucks Coffee Corp.	A subsidiary of President Coffee (Cayman) Holdings Ltd.

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	2007		2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$ 206,612	12	\$ 238,957	14
Uni-President Enterprises Corp.	40,794	2	21,446	1
Wisdom Distribution Service Corp.	37,989	2	7,419	1
Uni-President Cold-Chain Corp.	26,973	2	38,163	2
Others	11,190	-	6,697	1
	<u>\$ 323,558</u>	<u>18</u>	<u>\$ 312,682</u>	<u>19</u>

2. Purchase (net of purchase incentive bonuses)

	2007		2006	
	Amount	Ratio to the total purchase amount (net)	Amount	Ratio to the total purchase amount (net)
Retail Support International Corp.	\$ 40,396,485	57	\$43,120,484	60
Uni-President Cold-Chain Corp.	16,014,350	23	15,828,128	22
Wisdom Distribution Service Corp.	8,254,575	12	5,508,850	8
Uni-President Enterprises Corp.	1,690,306	2	1,812,853	3
Others	997,370	1	983,159	-
	<u>\$ 67,353,086</u>	<u>95</u>	<u>\$67,253,474</u>	<u>93</u>

- (1) The aforementioned purchases have been made under regular prices and the percentage and collection of incentive bonus for purchases are the same except for Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp.
- (2) The aforementioned purchases from Retail Support International Corp. Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. have been made in accordance with delivery agreement. According to the signed agreement, all taxable commodity and goods purchased are processed by the said related parties accordingly. The purchase cost is charged according to the negotiated fees and rates.



3. Compensation on defective merchandise (debited to cost of goods sold)

	2007		2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Cold-Chain Corp.	\$ 242,102	64	\$ 241,408	63
Retail Support International Corp.	89,934	24	90,722	23
Uni-President Enterprises Corp.	48,978	12	52,529	14
	<u>\$ 381,014</u>	<u>100</u>	<u>\$ 384,659</u>	<u>100</u>

4. Operating expenses

	2007		2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
(1) <u>Cleaning fees</u>				
Duskin Serve Taiwan Co.	\$ 92,543	48	\$ 68,065	40
(2) <u>Items for stores (recognized as packing and other fees)</u>				
Retail Support International Corp.	\$ 223,229	55	\$ 198,762	51
(3) <u>Stocktaking fees for the stores</u>				
Capital Inventory Services Corp.	\$ 142,877	100	\$ 141,237	100
(4) <u>Electronic ordering system processing fees</u>				
President Information Corp.	\$ 533,161	62	\$ 530,548	60

5. Non-operating incomes

(1) Subsidy to electronic ordering system processing fees (recognized as miscellaneous incomes)

	2007		2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$ 214,857	62	\$ 203,831	62
Uni-President Cold-Chain Corp.	111,726	32	105,230	32
Others	22,857	6	15,242	5
	<u>\$ 349,440</u>	<u>100</u>	<u>\$ 324,303</u>	<u>99</u>

	<u>2007</u>	<u>2006</u>
<u>(2) Rent income</u>		
President Coffee Corp.	\$ 38,586	\$ 36,978
Others	<u>28,602</u>	<u>25,475</u>
	<u>\$ 67,188</u>	<u>\$ 62,453</u>
<u>(3) Operating income</u>		
President Chain Store (BVI) Holdings Ltd.	\$ 74,937	\$ 66,074
President Information Corp.	18,819	15,323
President Transnet Corp.	16,351	17,730
President Drugstore Business Corp.	15,226	14,875
Wisdom Distribution Service Corp.	13,369	12,932
President Coffee Corp.	12,872	11,691
Retail Support International Corp.	12,775	10,180
Uni-President Department Store Corp.	10,242	4,190
Others	121,758	105,456
	<u>\$ 296,349</u>	<u>\$ 258,451</u>

6. Receivables (payables to) from related parties

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Accounts receivable</u>				
Uni-President Enterprises Corp.	\$ 17,071	5	\$ 10,951	4
Others	5,483	1	4,601	1
	<u>\$ 22,554</u>	<u>6</u>	<u>\$ 15,552</u>	<u>5</u>
<u>Other accounts receivable</u>				
Wisdom Distribution Service Corp.	\$ 41,335	10	\$ 1,786	-
President Chain Store (BVI) Holdings Ltd.	41,214	10	18,574	4
Uni-President Enterprises Corp.	22,508	6	28,981	7
Others	48,281	12	48,722	12
	<u>\$ 153,338</u>	<u>38</u>	<u>\$ 98,063</u>	<u>23</u>
<u>Prepayment for purchase</u>				
Wisdom Distribution Service Corp.	\$ 64,520	8	\$ -	-
<u>Note and account payables</u>				
Retail Support International Corp.	\$ 3,031,910	44	\$ 3,509,228	45
Uni-President Cold-Chain Corp.	1,174,557	17	1,643,843	21
Wisdom Distribution Service Corp.	1,524,247	22	875,916	11
Others	282,291	4	421,575	6
	<u>\$ 6,013,005</u>	<u>87</u>	<u>\$ 6,450,562</u>	<u>83</u>

Accrued expenses

	December 31, 2007		December 31, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
President Information Corp.	\$ 66,636	3	\$ 99,038	4
Retail Support International Corp.	35,231	2	92,182	4
Capital Inventory Services Corp.	41,981	2	27,950	1
Others	85,475	3	113,252	5
	<u>\$ 229,323</u>	<u>10</u>	<u>\$ 332,422</u>	<u>14</u>

7. Property trade

Acquisition of long-term investment-equity method

The Company's Board of Directors resolved in August 2006 to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. and the trade price was negotiated to be \$255,372 according to the opinion of security analysts and specialists.

8. Loans – to related parties (2007 – None)

Borrowers	Maximum balance		2006		
	Date of transaction	Amount	Balance at ending of period	Interest rate	Total interest income
Uni-President Yellow Hat Corp.	Apr.,2006~ May,2006	\$ 20,000	\$ -	2.82%	\$ 45
21 Century Enterprise Co., Ltd.	Jan.,2006~ Feb.,2006	5,000	-	2.51%	19
			<u>\$ -</u>	<u>~2.52%</u>	<u>\$ 64</u>

9. Guarantee

As of December 31, 2007, the Company had the following endorsement made for related parties:

	Amount
Retail Support International Corp.	\$ 600,000
Uni-President Department Store Corp.	177,349
Wisdom Distribution Service Corp.	50,000
President Yilan Art and Culture Corp.	15,000
President Information Corp.	8,000
	<u>\$ 850,349</u>
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	<u>USD 3,500,000</u>
Mech-President Corp.	<u>USD 3,000,000</u>
Philippine Seven Corp.	<u>USD 4,000,000</u>



10. Commitment

The Company has leased out a portion of the headquarters building to affiliates and subsidiaries for business and as office space with lease terms ranging from 3 to 5 years. The collection of rents is based on the terms and conditions specified in respective lease agreements. As of Dec. 31, 2007, the Company has the following projected rental incomes:

Lease term	Total rents
2008	\$ 12,436
2009	11,339
2010	5,935
	\$ 29,710
	29,710

VI. Assets pledged under lien

None.

VII. Materiality and Contingencies

(I) The Company has an agreement signed with 7-ELEVEN Inc. of the United States for technical collaboration. According to the agreement, the Company is to pay a technical royalty fee in an amount equivalent to certain percentage of the monthly sales.

(II) The Company has President International Building leased to non-related party (booked in the "Leased Assets"):

1. Arcade: It is for a lease term of 18 years and 6.5 months from June 15, 2005 for a rent amount equivalent to certain percentage of the sales.
2. Office: It is for a lease term of 5 years from November 1, 2007 to October 31, 2012 for annual rent as follows:

Lease term	Total rents
2008	\$ 20,925
2009	20,925
2010	21,029
2011	21,552
January 1 – October 31, 2012	17,960
	\$ 102,391
	102,391

(III) The Company has agreements signed with non-related parties for the lease of stores and business facilities for 3~12 years. As of December 31, 2007, the prepaid rent and security deposit amounted to \$751,529 and \$951,894, respectively, and was booked in "Other current assets" and "Refundable deposit." The future rent expense of the Company is estimated as follows:

<u>Lease term</u>	<u>Total rents</u>
2008	\$ 4,805,741
2009	4,623,218
2010	4,230,142
2011	3,550,637
2012	2,809,330
After 2013 (present value \$5,024,380)	5,875,769
	<u>\$ 25,894,837</u>

(IV) The pending system development agreement signed by the Company with non-related party amounted to \$306,308; also, the payable or estimated payment on December 31, 2007 amounted to \$202,905.

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the financial statements for the period of 2006 have been reclassified. They are compared with the financial statements for the period of 2007.

(II) Information on fair value

	December 31, 2007		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
<u>Non-Derivatives</u>			
Assets			
Financial assets whose values are equal to fair value	\$ 6,636,850	\$ -	\$ 6,636,850
Financial instruments held for trading	2,690,000	2,690,000	-
Financial assets carried at cost	11,809,168	-	-
Financial assets available for sales	739,868	739,868	-
Refundable deposit	957,408	-	833,302
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 15,415,094	\$ -	\$ 15,415,094
Corporate bond	1,100,000	-	1,100,000
Long-term debt	6,700,000	-	6,700,000
Guarantee deposit received	1,774,455	-	1,549,708
<u>Derivatives</u>			
Liabilities			
Interest rate SWAP	\$ 5,070	\$ -	\$ 5,070



	December 31, 2006		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
<u>Non-Derivatives</u>			
Assets			
Financial assets whose values are equal to fair value	\$ 3,967,321	\$ -	\$ 3,967,321
Financial instruments held for trading	131,073	131,073	-
Financial assets carried at cost	12,381,271	-	-
Financial assets available for sales	514,718	514,718	-
Investments in bonds with no public quotation in open market	20,000	-	20,000
Refundable deposit	937,603	-	841,760
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 15,369,878	\$ -	\$ 15,369,878
Corporate bond	2,000,000	-	2,000,000
Guarantee deposit received	1,569,094	-	1,398,451
<u>Derivatives</u>			
Liabilities			
Interest rate SWAP	\$14,994	\$ -	\$ 14,994

The Company adopted the following methods and assumptions on the valuation of the fair value of financial instruments:

1. The carrying values of short-term financial instruments as stated in the balance sheet have been adopted as their fair value, as the discounted values of such instruments are insignificant. These are the amounts determined not by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and accounts receivable, other accounts receivable, notes and accounts payables, Income taxes payable, accrued expenses and other accounts payable.
2. The fair value of financial assets available for sale, such as, in the listing market, is the market price.
3. The fair value of refundable deposit, and guaranteed deposit received is estimated according to the expected cash flow discount rate. The discount rate is based on the 1-year deposit rate of the Directorate General of the Postal Remittances & Savings Bank.
4. The fair value of bond payable and long-term loan is the book value since the impact of discount value is insignificant.
5. The fair value of derivatives is the proceeds to be collected or paid upon the termination of the agreement at the end of a fiscal year. In general, it includes unrealized

income/loss of outstanding agreements.

(III) Significant income/loss items of financial instruments

The financial assets available for sale debited or credited to Shareholder's Equity in 2007 and 2006 amounted to \$100,078 and \$374,184, respectively

(IV) Interest rate risk position  
As of December 31, 2007 and 2006, the financial assets with interest rate risk from interest rate change amounted to \$0 and \$20,000, respectively; also, the financial liabilities amounted to \$7,100,000 and \$1,300,000, respectively, and, financial liabilities with cash flow risk from interest rate change amounted to \$700,000.

(V) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company aims at hedging off operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.
2. The Finance Department of the Company is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure resulting from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy in operations and the risks so assumed are within the toleration threshold of the company.

(VI) Information on primary financial risks

1. Market Risk

- (1) The financial assets whose changes in fair value are recognized in earnings and the "financial assets available for sale" is the open-type fund and listed/OTC stock and it is affected by the change of market price.
- (2) The interest of long-term loan and part of the bond payable is accrued at a fixed rate; therefore, it is with the interest rate risk. However, the long-term loan can be applied in cycles and a payable bond will come due in one year; therefore, there is no significant market interest rate risk expected.
- (3) The payables of the Company will come due in 90 days; therefore, there is no significant market risk expected.

2. Credit Risk

- (1) The financial assets whose changes in fair value are recognized in earnings and the "financial assets available for sale" is traded through a centralized market, or, is traded with a reputable party; therefore, no breach of contract is expected from the trading party of the Company.
- (2) The Company has undertaken IRS contracts with the international financial organizations with good credit rating. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The Company acts as guarantor for a third party for loans in accordance with the "Procedure for Guarantee and Endorsement", and only acts in favor of subsidiaries and stakeholders with business transactions. Since the Company can have proper information on their credit standing, no collateral is demanded. If respective stakeholder is liable for breach of contract, the amount of possible credit risk may be approximately offset by the receipts in advance

3. Liquidity Risk

- (1) Financial instruments whose changes in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company

have public quotations in open market. As such, they are expected to be disposed of quickly at prices approximating to fair value in the market without difficulty.

- (2) Financial instruments invested by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is anticipated liquidity risk.
- (3) The payables of the Company will due in 90 days. Most loans are revolving; therefore, the working capital of the Company is sufficient to fulfill the capital demand without any significant liquidity risk expected.
- (4) Payable or receivable interest of IRS contracts engaged in by the Company is based on the nominal principal multiplying by the difference in interest rate. The amount is not material, and there is no cash inflow or outflow. Therefore, the Company's working fund affords to cope with it and there is no fund raising risk.

4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments invested by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company bear floating rate; therefore, the bond effective rate will change along with market rate and that causes future cash flow to fluctuate. However, the Company has undertaken IRS contract for hedging off such risk deriving from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.

(VII) Hedge of cash flows:

The payable corporate bonds issued by the Company bear floating rate. Therefore, the future cash flow of the liability might fluctuate along with market rate and, therefore, causes risk. Upon assessment, the Company entered into IRS contracts separately for hedging:

<u>Hedged objects</u>	<u>Financial products designated to be hedging instruments</u>	<u>Designated hedging instruments</u>		<u>Period in which cash flow is anticipated to be generated</u>	<u>Time at which the relevant loss is anticipated to be recognized in the income statement</u>
		<u>Fair value</u>			
		<u>December 31, 2007</u>	<u>December 31, 2006</u>		
Corporate bond	Interest rate SWAP	<u>(\$ 5,070)</u>	<u>(\$ 14,994)</u>	06,2003~06,2008	2006~2008
<u>Item</u>		<u>December 31, 2007</u>	<u>December 31, 2006</u>		
Adjustments to shareholders' equity		<u>\$ 9,924</u>	<u>(\$ 14,994)</u>		
Reversal from shareholders' equity to income and loss		<u>\$ -</u>	<u>\$ -</u>		
Reversal from shareholders' equity to non-financial assets (liabilities)		<u>\$ -</u>	<u>\$ -</u>		

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in the period of 2007 is specified as follows:

1. Loans to third parties: None.
2. Act as guarantor in favor of a third party

Name of Guarantor		Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
President Chain Store Corporation	Retail Support International Corp.	business relation		\$ 3,250,896	\$ 600,000	\$ 600,000	None	3.69%	
	Uni-President Department Store Corp.	Subsidiary		"	177,349	177,349	"	1.10%	
	Wisdom Distribution Service Corp.	"		"	50,000	50,000	"	0.31%	
	President Information Corp.	"		"	8,000	8,000	"	0.05%	
	President Yilan Art and Culture Corp.	"		"	65,000	15,000	"	0.09%	
	Mech-President Corp.	"		"	USD 3,000,000	USD 3,000,000	"	0.60%	
	Philippine Seven Corp.	subsidiary of a subsidiary		"	USD 7,883,000	USD 4,000,000	"	0.80%	
	Wuhan Uni-Presidentm Oven Fresh Bakery Co., Ltd.	"		"	USD 3,500,000	USD 3,500,000	"	0.70%	
								7.34%	\$ 8,127,240

Note: The upper limit of total guarantee undertaken by the Company is 50% of the net worth, and to particular enterprise is 20% of the net worth.



3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Polaris Profitable Fund	None	Financial assets which change in fair values are recognized as gains or losses-current	3,921,968	\$ 6,000,000	-	\$ 600,000	
	Capital Income Fund	"	"	33,051,296	500,000	-	500,000	
	Prudential Financial Bond Fund	"	"	33,680,013	500,000	-	500,000	
	UPAMC JAMES BOND Fund	"	"	31,902,811	500,000	-	500,000	
	Mega Diamond Bond Fund	"	"	38,485,551	450,000	-	450,000	
	Cathay Bond Fund, etc.	"	"	skipped	1,400,000	-	140,000	
					<u>\$ 2,690,000</u>		<u>\$ 2,690,000</u>	
	President Chain Store (BVI) Holdings Ltd.	Subsidiary	Long-term investments (Equity method)	48,405,458	\$ 1,049,506	100.00%	\$ 1,049,506	
	Ren-Hui Investment Corp.	"	"	85,303,733	721,748	100.00%	721,748	
	Mech-President Corp.	"	"	48,698,536	371,452	63.47%	371,452	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	340,996	60.00%	332,336	
	President Drugstore Business Corp.	"	"	36,575,500	478,762	100.00%	478,762	
	President Yilan Art and Culture Corp.	"	"	18,000,000	137,326	90.00%	139,685	
	President Information Corp.	"	"	16,744,310	208,009	56.00%	204,381	
	President Transnet Corp.	"	"	70,000,000	264,065	70.00%	245,223	
	Wisdom Distribution Service Corp.	"	"	9,432,540	194,356	100.00%	196,594	
	PCSC (China) Limited	"	"	36,449,140	873,122	100.00%	873,122	
	Uni-President Development Corp.	"	"	20,000,000	158,604	20.00%	158,604	
	Mister Donut Taiwan Corp.	"	"	10,000,000	124,444	50.00%	124,444	
	President Coffee Corp.	"	"	9,313,920	1,19,751	30.00%	119,751	
	President Pharmaceutical Corp.	"	"	14,600,494	348,987	73.74%	190,189	
	Uni-President Department Store Corp.	"	"	56,000,000	243,076	70.00%	243,076	
	Duskin Serve Taiwan Co.	"	"	15,300,000	113,415	51.00%	113,415	
	Books.com. Co., Ltd.	"	"	1,000,000	1,01,714	50.03%	101,714	
	Retail Support International Corp.	Investees of the Company under equity method	"	5,000,000	1,24,844	25.00%	116,777	
	President Musashino Corp.	"	"	20,916,000	219,877	40.00%	219,719	
	Muji Taiwan Co. Ltd., etc.	skipped	"	skipped	5,34,148	20.00%	518,809	
					<u>\$ 6,728,202</u>	~100.00%	<u>\$ 6,519,307</u>	
	President Securities Corp.	Investees of Uni-President Enterprises Corp under equity method	Available-for-sale financial assets-non current	30,355,172	\$ 571,147	2.58%	\$ 571,147	
	Duskin Co. Ltd.	None	"	3,000,000	1,68,721	0.45%	168,721	
					<u>\$ 7,39,868</u>		<u>\$ 739,868</u>	

<u>Holder of securities</u>	<u>Types and names of securities</u>	<u>Affiliation with security issuers</u>	<u>Account titles</u>	<u>Quantity of shares /units at ending</u>	<u>Book value</u>	<u>Proportion of shareholding</u>	<u>Market price</u>	<u>Remarks</u>
President Chain Store Corporation	Presicarre Corp.	The Company is a director	Financial assets carried at cost—noncurrent	88,740,016	\$ 6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	None	"	146,448,927	1,301,931	3.47%	"	
	Tong-Jen Development Corp.	The Company is a director	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	"	"	50,000,000	500,000	3.33%	"	
	New Century Info Comm Co. Ltd. etc.	skipped	"	skipped	1,247,208	0.02%	"	
					<u>\$ 11,809,168</u>	~19.93%		

(Blank hereunder)

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold				Other adjustment (Note 6)	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal		Quantity of share	Amount
President Chain Store Corporation	NTC Taiwan Bond Fund	Note1	Not applicable	Not applicable	-	\$ -	54,889,484	\$ 780,000	54,889,484	\$ 781,051	\$ 780,000	\$ 1,051	\$ -	-	\$ -
	Yuanta Wan-tai Fund	"	"	"	-	-	187,164,435	2,640,000	187,164,435	2,641,977	2,640,000	1,977	-	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	15,602,815	200,000	15,602,815	200,070	200,000	70	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	495,556,916	5,760,000	457,071,365	5,313,162	5,310,000	3,162	-	38,485,551	450,000
	Prudential Financial Bond Fund	"	"	"	-	-	961,152,603	14,190,000	927,472,590	13,696,125	13,690,000	6,125	-	33,680,013	500,000
	UPAMC JAMES BOND Fund	"	"	"	-	-	365,492,373	5,690,000	333,589,562	5,193,819	5,190,000	3,819	-	31,902,811	500,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	167,025,744	2,240,000	163,334,808	2,190,810	2,190,000	810	-	3,690,936	50,000
	Capital Income Fund	"	"	"	-	-	79,374,492	1,198,000	46,323,196	698,365	698,000	365	-	33,051,296	500,000
	Polaris Profitable Fund	"	"	"	-	-	249,058,352	3,800,000	209,841,384	3,202,823	3,200,000	2,823	-	39,216,968	600,000
	Cathay Bond Fund	"	"	"	-	-	22,283,933	260,000	14,595,502	170,097	170,000	97	-	7,688,431	90,000
	JF Taiwan Bond Fund	"	"	"	-	-	18,909,508	290,000	18,909,508	290,259	290,000	259	-	-	-
	Allianz President Life Insurance Co., Ltd.	Note2	Note3	Note3	24,166,817	241,668	-	-	24,166,817	361,415	241,668	119,747	-	-	-
	To-Ho Development Corp	Note2	Raise capital by issuing new shares	Not applicable	19,929,929	-	26,905,500	269,055	(19,929,929) (Note4)	-	-	-	( 159,813)	26,905,500	109,242
	Uni-President Department Store Corp.	Note5	"	"	35,000,000	249,117	21,000,000	210,000	-	-	-	-	( 216,041)	56,000,000	243,076
	PCSC (China) Limited	"	"	"	20,722,000	481,140	15,727,140	518,457	-	-	-	-	( 126,475)	36,449,140	873,122
	Marks and Spender Taiwan Co., Ltd.	"	Preliminary subscription	"	-	-	12,826,412	128,264	-	-	-	-	( 66,213)	12,826,412	62,051

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

Note 2: Recognized under the account title of "Financial instruments carried at cost – noncurrent".

Note 3: Sold to Alliane SE which is not related party.

Note 4: Stock shares of capital reduction.

Note 5: Booked in the "Long-term investments (Equity method)" account

Note 6: Included investment income/loss, cumulative translation adjustment, and impairment loss valued with Equity Method.

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.  
 6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.  
 7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	
President Chain Store Corporation	Retail Support International Corp.	Investees of the Company under equity method	Purchase	\$ 40,396,485	57	O/A Settlement 10~80 days	Note	No significant difference	(\$ 3,031,910)	44
	Uni-President Cold-Chain Corp.	Subsidiary	"	16,014,350	23	O/A Settlement 15~30 days	"	"	( 1,174,557)	17
	Wisdom Distribution Service Corp.	"	"	8,254,575	12	O/A Settlement 20~40 days	"	"	( 1,524,247)	22
	Uni-President Enterprises Corp.	Parent	"	1,690,306	2	O/A Settlement 30~45 days	No significant difference	"	( 131,394)	2
	Q-ware Systems & services Corp.	Investees of the Company under equity method	"	220,920	-	O/A Settlement 30~40 days	"	"	( 43,075)	1
	President Transnet Corp.	Subsidiary	Cost of operation	638,906	1	O/A Settlement 15 days	The cost of home delivery, not applicable here	"	( 52,037)	1

Note: The cost of purchases from Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. is based on the negotiated price of commodity and goods with margin percentage added. Please refer to Note 5(2) for details.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: None.  
 9. Derivative trade: Note X (7)

(Blank hereunder)



(II) Information on Investees

I. Information on investees:

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value			
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investment company	\$ 1,586,018	\$ 1,520,766	48,405,458	100.00%	\$ 1,049,506	(\$ 20,367)	(\$ 20,759)	subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investment company	853,037	853,037	85,303,733	100.00%	721,748	( 137,810)	( 137,810)	"
	Mech-President Corp.	Tainan	Gas station and elevator installation engineering	451,767	364,683	48,698,536	63.47%	371,452	( 217,342)	( 138,309)	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods (low temperature) logistics	237,437	237,437	19,563,272	60.00%	340,996	146,720	83,849	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	36,575,500	100.00%	478,762	90,779	83,409	"
	President Yilan Art and Culture Corp.	Yilan	Art and culture exhibition	180,000	180,000	18,000,000	90.00%	137,326	39,691	33,760	"
	President Information Corp.	Taipei	Business management consulting services	93,348	93,348	16,744,310	56.00%	208,009	30,552	16,449	"
	President Transnet Corp.	Taipei county	Home delivery	711,576	711,576	70,000,000	70.00%	264,065	89,734	62,814	"
	Wisdom Distribution Service Corp.	Taipei	Magazines circulation	50,000	50,000	9,432,540	100.00%	194,356	76,989	74,639	"
	PCSC (China) Limited	BVI	Professional investment company	1,198,253	679,796	36,449,140	100.00%	873,122	( 153,668)	( 153,668)	"
	Uni-President Development Corp.	Taipei	Transportation hubs and auxiliary operation	200,000	200,000	20,000,000	20.00%	158,604	( 76,648)	( 15,330)	Note1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	124,444	40,455	20,785	"
	President Coffee Corp.	Taipei	Coffee chain store	59,400	59,400	9,313,920	30.00%	119,751	48,791	13,757	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	124,844	151,762	37,558	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	330,216	14,600,494	73.74%	348,987	54,786	40,228	subsidiary
	Uni-President Department Store Corp.	Kaohsiung City	Department stores	560,000	350,000	56,000,000	70.00%	243,076	( 309,374)	( 216,041)	"
	President Musashino Corp.	Taipei county	Foods industry	195,525	195,525	20,916,000	40.00%	219,877	19,662	7,850	Note1
	Duskin Serve Taiwan Co.	Taipei	Cleaning products and services	153,000	153,000	15,300,000	51.00%	113,415	37,109	18,925	subsidiary
	Books.com.Co., Ltd	Taipei	Online bookstore	100,400	100,400	10,000,000	50.03%	101,714	61,656	30,844	"
	Muji Taiwan Co., Ltd., etc.	skipped	skipped	1,139,587	1,011,323	Skipped	20.00%	534,148	Skipped	( 128,855)	Note2
						~100%	<u>\$ 6,728,202</u>		<u>(\$ 285,905)</u>		

Note 1: Investee of the Company under the equity method.

Note 2: The subsidiary of the company or the investee valued with the Equity Method

Investor name	Investees			Initial amount of investment		Holding at ending				Recognized return on (loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value	Income status of investees		
Retail Support International CarPet, etc.	President Logistics International Corp. etc.	skipped	skipped	\$ 766,028	\$ 754,828	skipped	6.00% ~ 100%	\$ 402,489	skipped	Not applicable	—
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investment company	USD 1,800,000	USD 1,800,000	1,800,000	30.00%	USD 4,881,000	USD 4,831,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investment company	USD 20,684,000	USD 20,684,000	20,684,321	100.00%	USD 11,008,000	USD 688,000	"	subsidiary of a subsidiary
	Presiclerc Limited	BVI	Professional investment company	USD 17,327,000	USD 12,212,000	17,326,874	48.87%	USD 3,578,000	(USD 2,455,000)	"	Note
	T&T Supermarket Inc. PCSC (Vietnam) Supermarket Ltd.	Canada Vietnam	Foods retails	CAD 12,000,000	CAD 12,000,000	200	20.00%	USD 7,189,000	CAD 10,020,000	"	"
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Foods and substances retails	USD 461,000	USD 461,000	6 74,220	51.00%	USD 613,000	VND 2,111,430,000	"	subsidiary of a subsidiary
	Philippine Seven Corp.	Philippines	Foods and substances retails	USD 20,656,000	USD 20,656,000	134,257,625	56.59%	USD 11,006,000	PHP 54,828,000	"	"
	Convenience Distribution Inc. etc.	Philippines	skipped	PHP 87,742,000	PHP 87,742,000	skipped	40.00% ~ 100.00%	PHP 87,742,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited, etc.	BVI	Professional investment company	USD 36,399,000	USD 20,672,000	skipped	100.00%	USD 27,033,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	China	Drugs and cosmetics, daily commodities retails	USD 3,932,000	USD 3,932,000	skipped	65.00%	USD 1,011,000	(RMB 14,594,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	China	Drugs retails	RMB 9,200,000	RMB 8,280,000	skipped	100.00%	(RMB 782,000)	(RMB 3,143,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesales and retails of daily commodities	USD 27,171,000	USD 16,668,000	skipped	55.00% ~ 100.00%	USD 22,405,000	skipped	"	"
PCSC (China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	China	Ice Cream sales	USD 5,155,000	-	skipped	100.00%	USD 3,474,000	(RMB 13,794,000)	"	"

Note: Investee of the Subsidiary under the equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Allowance for doubtful accounts	Collaterals		Limit of loans to particular borrower	Limit of total loans
										Name	Value		
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other accounts receivable	USD 200,000	\$ -	10%~10.95%	Note1	\$ -	Working capital	\$ -	-	\$ -	Note 2	Note 2
PCSC (CHENGDU) Hypermarket Limited	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"	RMB 3,000,000	RMB 3,000,000	7.13%	Note1	\$ -	Working capital	-	-	-	Note 3	Note 3

Note 1: Necessary for granting short-term loans.

Note 2: An enterprise that needs short-term loan is limited to PHP 10,000,000.

Note 3: The upper limit of loans to others is 40% of the net worth; an enterprise that needs short-term loan is limited to NT\$50,000,000.

(2) Act as guarantor in favor of a third party

Name of Guarantor	Name of Guarantee		Endorsement quota made for one enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
	Company Name	Affiliation						
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Note	\$ 2,000	\$ 2,000	\$ 2,000	0.55%	Note
Mech-President Corp.	Shanghai President Machine Corp.	Subsidiary of a subsidiary	Note	97,140	97,140	-	16.60%	Note

Note: Total endorsement amount of the company is 50% of the net worth; also, endorsement made for one enterprise is limited to 20% of the net worth.

## (3) Holding of marketable securities at ending:

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares at ending	Book value	Proportion of shareholding	Market price	Remarks
President Information Corp.	Cathay Bond Fund, etc.		Financial assets which change in fair values are recognized as gains or losses-current	skipped	\$ 117,434	-	\$ 117,434	
President Yilan Arts and Culture Corp.	Fuh-Hwa Fund, etc.	None		"	100,108	-	100,000	
Vision Distribution Service Corp.	Fuh-Hwa Fund, etc.	"		"	111,049	-	111,049	
Books.com, Co., Ltd.	Fuh-Hwa Fund, etc.	"		"	106,476	-	106,476	
Retail Support International Corp., etc.	Cathay Bond Fund, etc.	"		"	547,985	-	548,400	
President Jing Corp.	Ta Chong Bond Fund		Bond investment without active market trade – non current	"	1,000	-	1,000	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.		Financial assets carried at cost – noncurrent	62,800,000	558,292	1.49%	skipped	
Retail Support Taiwan Corp., etc.	President Logistics International Corp. etc.	skipped	"	skipped	27,144	-	"	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc, etc.	"	"	"	USD 2,974,000	-	skipped	
Retail Support International Corp.	Retail Support Taiwan Corp., etc.	"	Long-term investments (Equity method)	"	\$ 132,698	-	\$ 132,698	
Mech-President Corp., etc.	Mech-President Corp., etc.	"	"	"	255,942	-	255,942	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd., etc.	"	"	-	USD 27,268,000	-	USD 26,754,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD 11,006,000	56.59%	PHP 577,308,000	
Philippine Seven Corp.	Convenience Distribution Inc., etc.	skipped	"	-	PHP 87,742,000	-	PHP 71,353,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited, etc.	Subsidiary	"	-	USD 27,033,000	-	USD 27,033,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (ShenZhen) Co., Ltd.	"	"	-	USD 1,011,000	65.00%	USD 1,011,000	



President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	"	"	-	(RMB	782,000)	100.00%	(RMB	782,000)
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited, etc.	"	"	-	USD	22,405,000	-	USD	21,656,000
PCSC (China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	"	"	-	USD	3,474,000	100.00%	USD	3,474,000

(4) The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold				At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal	Other adjustments	Quantity of share	Amount
President Pharmaceutical Corp.	UPAMC JAMES BOND Fund	Note1	Not applicable	Not applicable	-	\$ -	28,695,674	\$ 446,500	26,132,501	\$ 406,813	\$ 406,394	\$ 419	\$ -	2,563,173	\$ 4 0,106
Uni-President Department Store Corp.	UPAMC JAMES BOND Fund	"	"	"	-	-	27,589,185	428,000	27,589,185	428,740	428,000	740	-	-	-
Mech-President Corp.	Dresdner Bond DAM Fund	"	"	"	-	-	16,274,034	190,000	16,274,034	190,070	190,000	70	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	48,629,048	565,000	48,629,048	565,226	565,000	226	-	-	-
	Union Bond Fund	"	"	"	-	-	10,195,798	125,000	10,195,798	125,048	125,000	48	-	-	-
	Polaris De Li Fund	"	"	"	-	-	21,028,186	320,000	21,028,186	320,138	320,000	138	-	-	-
	Fu Hua You Li Fund	"	"	"	-	-	18,219,802	228,650	18,219,802	228,731	228,650	81	-	-	-
	Polar Treasury Fund	"	"	"	-	-	16,036,080	180,000	16,036,080	180,085	180,000	85	-	-	-
	CIT Money Management II Fund	"	"	"	-	-	11,266,898	160,000	11,266,898	160,057	160,000	57	-	-	-
	NITC Taiwan Bond Fund	"	"	"	-	-	15,482,404	220,000	15,482,404	220,081	220,000	81	-	-	-
	Ta Chong Bond Fund	"	"	"	-	-	36,692,843	480,000	36,692,843	480,180	480,000	180	-	-	-
	Capital Income Fund	"	"	"	-	-	38,063,747	570,000	38,063,747	570,235	570,000	235	-	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	20,116,888	270,000	20,116,888	270,130	270,000	130	-	-	-
	UPAMC JAMES BOND Fund	"	"	"	-	-	11,036,675	172,000	11,036,675	172,072	172,000	72	-	-	-
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	854,169	13,162	11,311,236	175,745	9,304,307	144,500	144,192	308	-	2,861,098	44,714
	Fuh-Hwa Bond Fund	"	"	"	1,491,703	19,841	20,400,166	274,515	18,906,906	254,500	253,983	517	-	2,984,963	40,373

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold				At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal	Other adjustments	Quantity of share	Amount
President Coffee Corp.	Fu Hua You Li Fund	Note1	Not applicable	Not applicable	4,432,446	\$ 55,000	7,613,808	\$ 95,000	12,046,254	\$ 150,145	\$ 150,000	\$ 145	\$ -	-	\$ -
	Capital Income Fund	"	"	"	2,484,856	37,000	7,009,521	105,000	9,494,377	142,222	142,000	222	-	-	-
	JF Taiwan Bond Fund	"	"	"	1,311,716	20,000	8,123,054	125,000	9,434,771	145,131	145,000	131	-	-	-
	NITC Taiwan Bond Fund	"	"	"	-	-	7,037,926	100,000	5,989,583	85,080	85,000	80	-	1,048,343	15,000
Retail Support International Corp.	UPAMC JAMES BOND Fund	"	"	"	13,342,157	205,770	55,446,527	861,952	66,690,252	1,035,413	1,034,853	560	-	2,098,432	32,869
	NITC Bond Fund	"	"	"	1,181,591	194,311	4,212,898	698,202	5,324,452	881,249	880,814	435	-	7,037	11,700
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	"	"	"	830,488	12,806	16,089,458	250,030	15,705,611	244,107	243,818	288	-	1,214,335	19,018
President Logistics International Corp.	UPAMC JAMES BOND Fund	"	"	"	745,726	11,501	9,208,661	143,200	9,400,591	146,111	146,025	85	-	553,796	8,676
	IBT 5599 Bond Fund	"	"	"	1,062,423	11,905	12,322,610	138,900	11,988,783	134,973	134,905	68	-	1,396,251	15,900
	Prudential Well Poll Fund	"	"	"	-	-	8,016,818	101,500	7,502,423	95,006	94,958	49	-	514,395	6,542
Wisdom Distribution Service Corp.	Fuh-Hwa Bond Fund	"	"	"	-	-	140,246,740	1,889,000	138,547,748	1,867,156	1,866,000	1,156	-	1,698,992	23,000
	ING Bond Fund	"	"	"	4,051,365	61,000	70,630,348	1,072,000	71,855,539	1,091,007	1,090,000	1,007	-	2,826,174	43,000
Vision Distribution Service Corp.	Fuh-Hwa Bond Fund	"	"	"	2,091,855	41,000	18,457,088	248,000	19,478,553	261,717	261,000	717	-	1,070,390	28,000
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	"	1,022,620	166,860	1,107,437	183,757	1,911,511	316,779	314,085	2,694	-	218,546	36,532
Uni-President Oven Bakery Corp.	UPAMC JAMES BOND Fund	"	"	"	1,206,445	19,384	6,488,168	100,758	6,414,627	100,369	100,142	227	-	1,279,986	20,000

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
PCSC (China) Limited	PCSC (China) Supermarket Limited	Note2	Raise capital by issuing new shares	Not applicable	16,690,000	USD12,707,000	10,572,500	USD10,573,000	-	-	-	-	(USD 777,000)	27,262,500	USD22,503,000
	PCSC (China) Restaurant Limited	"	Preliminary stock subscription	"	-	-	5,154,640	USD 5,155,000	-	-	-	-	(USD1,681,000)	5,154,640	USD 3,474,000
PCSC (China) Supermarket Limited	PCSC (SICHUAN) Hypermarket Limited	"	Raise capital by issuing new shares	"	-	USD 1,818,000	-	USD 3,930,000	-	-	-	-	(USD1,051,000)	-	USD 4,697
	PCSC (CHENGDU) Hypermarket Limited	"	"	"	-	USD 6,445,000	-	USD 6,573,000	-	-	-	-	(USD1,431,000)	-	USD11,587,000
PCSC (China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	"	Preliminary stock subscription	"	-	-	5,154,640	USD 5,155,000	-	-	-	-	(USD1,681,000)	5,154,640	USD 3,474,000

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

Note 2: Booked in the "Long-term investment with Equity Method" account.

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.



(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Ultimate Parent company	Purchase	\$ 6,713,056	46%	O/A settlement 30-45 days	No significant difference	No significant difference	(\$ 833,118)	(45%)	
	President Musashino Corp.	Affiliate	"	1,176,488	8%	O/A settlement 30 days	"	"	(192,377)	(10%)	
	President Chain Store Corp.	Parent	sales	(16,214,323)	(99%)	O/A settlement 15-30 days	"	"	1,305,438	95%	
	Tung Ang Enterprise Corp.	Affiliate	Purchase	205,605	1%	O/A settlement 30 days	"	"	(15,580)	(1%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under equity method	"	217,699	1%	O/A settlement 30 days	"	"	(44,997)	(2%)	
	HiLife Co., Ltd.	Affiliate	sales	(204,563)	(1%)	O/A settlement 45 days	"	"	34,908	3%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method	sales	(41,080,957)	(91%)	O/A settlement 30 days	"	"	3,065,222	80%	
	Uni-President Enterprises Corp.	Parent	Purchase	1,376,659	3%	O/A settlement 30-90 days	"	"	(195,114)	(4%)	
	Lien Bo Enterprises	Affiliate	"	986,162	2%	O/A settlement 15-70 days	"	"	(111,931)	(2%)	
	Tung Ang Enterprise Corp.	"	"	1,961,765	4%	O/A settlement 30 days	"	"	(157,723)	(3%)	
	President Drugstore Business Corp.	"	sales	(3,320,064)	(7%)	O/A settlement 50 days	"	"	657,307	17%	
	President Pharmaceutical Corp.	"	Purchase	428,581	1%	O/A settlement 30-60 days	"	"	(90,298)	(2%)	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	sales	(366,099)	(1%)	O/A settlement 28 days	"	"	36,648	1%	
	President Packing Inc. Corp. (PPI)	Affiliate	Purchase	173,975	-	O/A settlement 15-45 days	"	"	(27,106)	(1%)	
	Uni-President Dream Parks Corp.	"	sales	(104,885)	-	O/A settlement 30 days	"	"	18,323	1%	
	President Information Corp.	President Chain Store Corp.	Parent	Service income	(577,992)	(81%)	O/A settlement 30 days	"	"	68,375	54%
President Transnet Corp.	President Chain Store Corp.	"	sales	(640,838)	(19%)	O/A settlement 15 days	"	"	52,689	12%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	"	"	(9,515,473)	(98%)	O/A settlement 39 days	"	"	1,529,732	97%	
	Vision Distribution Service Corp.	Subsidiary	Purchase	554,896	6%	O/A settlement 65 days	"	"	(131,495)	(7%)	
President Coffee Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	316,811	26%	O/A settlement 30 days	"	"	(30,274)	(20%)	
	Starbucks Corporation	Investor of this company under the equity method	"	331,941	27%	O/A settlement 30 days	"	"	(42,462)	(28%)	
	Tung Chang Enterprises Corp.	Affiliate	"	134,077	11%	O/A settlement 30 days	"	"	(16,025)	(10%)	
	President Chain Store Corp.	Investor of this company under the equity method	sales	(137,562)	(4%)	O/A settlement 30 days	"	"	16,062	17%	
President Pharmaceutical Corp.	Retail Support International Corp.	Affiliate	sales	(470,386)	(62%)	O/A settlement 30-60 days	"	"	101,380	59%	
President Drugstore Business Corp.	Retail Support International Corp.	"	Purchase	3,571,733	99%	O/A settlement 50 days	"	"	(631,936)	(94%)	

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent	sales	(\$ 549,187)	(52%)	O/A settlement 65 days	No significant difference	No significant difference	\$ 142,613	58%	
President Logistics International Corp.	Retail Support International Corp.	Parent	"	( 527,118)	(37%)	O/A settlement 20 days	"	"	45,626	28%	
	Uni-President Cold-Chain Corp.	Affiliate	"	( 491,324)	(35%)	O/A settlement 45 days	"	"	81,375	51%	
	Wisdom Distribution Service Corp.	"	"	( 162,824)	(12%)	O/A settlement 20 days	"	"	14,559	9%	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	"	( 229,735)	(98%)	O/A settlement 15~20 days	"	"	21,062	99%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	"	( 280,040)	(69%)	O/A settlement 65 days	"	"	45,372	69%	
Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Ultimate Parent company	Buyer	133,018	89%	O/A settlement 60 days	"	"	( 22,356)	( 81%)	
		Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	"	357,005	67%	O/A settlement 30 days	"	"	( 54,887)	( 66%)	
Muji Taiwan Co. Ltd.	Ryohin Keikaku Co., Ltd.		"	179,228	63%	O/A settlement 30 days	"	"	-	-	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counter parties	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Overdue Receivables with Related Parties		Receivables with Related Party	Allowance for doubtful accounts
					Amount	Processing by		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,305,438	10	\$ -	-	\$ 1,305,438	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	Affiliate	657,307	5	-	-	539,894	-
	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	3,065,222	12	-	-	1,553,984	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	1,529,732	7	-	-	2,192,116	-
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	"	142,613	5	-	-	142,613	-
President Pharmaceutical Corp.	Retail Support International Corp.	Affiliate	101,380	5	-	-	-	-

(9) Trading of Derivative Products:

Financial derivatives of President Pharmaceutical Corp.

A. The purpose of conducting forward foreign exchange trade is to avoid the risk of debt in foreign currency. As of December 31, 2007, there was not any outstanding forward foreign exchange agreement.

B. On January 1~December 31, 2007, the income from the trade of foreign exchange agreement amounted to \$361,472 and it was booked in the “Non-operating income” of Income Statement.

(III) Investment in Mainland China

1. Profiles of companies that invest in Mainland China

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Starbucks Coffee Corp.	Coffee and accessories trade	USD 5,960,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 1,301,000 (Note 6)	USD 4,497,000	-
Presiclerc (Shautou) Ltd. (Note 8)	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.78%	-		-
Presiclerc (Qingdao) Ltd.	Food processing, packing and sales	USD 6,400,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.87%	(USD 1,962,000) (Note 7)	(USD 3,267,000)	-
Presiclerc(Beijing) Ltd.	Food processing, packing and sales	RMB 50,000,000	Invested through the third region (Note 2)	-	-	-	-	36.90%	(USD 268,000) (Note 7)	(USD 323,000)	-
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 1,247,000) (Note 6)	USD 1,011,000	-
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 1,419,000 (Note 6)	USD 6,120,000	-
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 80,000,000	Invested through the third region (Note 4)	USD 6,200,000	USD 3,930,000	-	USD 10,130,000	100%	(USD 1,016,000) (Note 6)	USD 4,697,000	-
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB 100,000,000	Invested through the third region (Note 4)	USD 6,390,000	USD 6,573,000	-	USD 12,963,000	100%	(USD 2,059,000) (Note 6)	USD 11,587,000	-
Shanghai Gold Stone Ice Cream Corporation	Ice Cream sales	USD 5,155,000	Invested through the third region (Note 5)	-	USD 5,155,000	-	USD 5,155,000	100%	(USD 1,813,000) (Note 6)	USD 3,474,000	-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
USD 42,913,000	USD 51,890,000	NTD 4,750,896

Note 1: Invested in Mainland China through President Coffee Cayman that is the transfer investment of B.V.I.

Note 2: Invested in Mainland China through Presiclerc Limited that is the transfer investment of B.V.I.

Note 3: Invested in Mainland China through PCSC (China) Drugstore Limited that is the transfer investment of PCSC (China) Limited.

Note 4: Invested in Mainland China through PCSC Supermarket Limited that is the transfer investment of PCSC (China) Limited.

Note 5: Invested in Mainland China through PCSC(China) Restaurant Limited that is the transfer investment of PCSC (China) Limited.

Note 6: It is recognized in accordance with the financial statement of the investees that are audited by the CPAs of the parent company in Taiwan.

Note 7: It is recognized in accordance with the financial statement of the investees that are audited by the CPAs of international accounting firms which have corporation relationship with the accounting firms in Taiwan.

Note 8: The company had based on the baseline date of June 30, 2007 to complete the liquidation on July 10, 2007.



2. The major transactions of the investees that are invested by the company directly or indirectly in Mainland China including price, payment term, unrealized income/loss, and other information that helps understand the impact of the investment in Mainland China on financial statements:

(1) Purchase amount and ratio and relevant payable amount and ratio: None

(2) Sales amount and ratio and relevant receivable amount and ratio: None

(3) Property trade amount and the related income/loss: None

(4) Amount of note endorsement or collateral and the purpose: Please refer to 2(2) of Note 11(2) Transfer investment business.

(5) Maximum financing amount, year end amount, interest interval, and total interest of the year: Please refer to 2(1) of Note 11(2) for details.

(6) Other events that are influential to the net income or financial status of the year: None

(Blank hereunder)

## XII. Financial information by department

### (I) Classificaion of industry

The Company is primarily engaged in investment and operation of convenience chain stores, retailing and sale of foods and canned products, books, newspapers and magazines, and household items, which is a single-industry company. Therefore, it is not necessary to disclose the information by industry.

### (II) Classification of region

The company did not have international business division setup in 2007 and 2006; therefore, no regional information to be disclosed.

### (III) Exporting

The company did not have exporting income in 2007 and 2006; therefore, no exporting sales information to be disclosed.

### (IV) Major customers

The company did not have customers that had contributed over 10% income alone in 2007 and 2006; therefore, no major customer information to be disclosed.

(Blank hereunder)

President Chain Store Corporation  
Statement of Cash & Cash Equivalent  
December 31, 2007

Currency expression: NTD 1,000

Item	Summary	Amount
Petty Cash for stores		\$ 453,818
Current account deposits and checking account deposits		2,864,438
Time deposit – New Taiwan Dollar	Due in over one year on 2009.2.3 ~2010.11.19 Interest rate is 1.425%~2.495%	44,142
Cash equivalence		
Short-term notes	Due in one month and interest rate is 1.95%	2,516,293
		\$ 5,878,691

(Blank hereunder)

President Chain Store Corporation  
Financial Assets with Fair Value Change Booked in Income Statement-Current  
January 1 ~ December 31, 2007

Currency expression: NTD 1,000

Financial Instrument	Summary	Unit	Par value (NT\$)	Total Amount	Interest rate	Cost	Unit Price (NT\$)	Total Amount	Remarks
Domestic open fund									
Polaris Profitable Fund		39,216,968	\$ 10	\$ 392,170	Not applicable	\$ 600,000	\$ 15.2995	\$ 600,000	
Capital Income Fund		33,051,296	10	330,513	"	500,000	15.1280	500,000	
Prudential Financial Bond Fund		33,680,013	10	336,800	"	500,000	14.8456	500,000	
UPAMC JAMES BOND Fund		31,902,811	10	319,028	"	500,000	15.6726	500,000	
Mega Diamond Bond Fund		38,485,551	10	384,855	"	450,000	11.6927	450,000	
Cathay Bond Fund		7,688,431	10	76,884	"	90,000	11.7059	90,000	
Fuh-Hwa Bond Fund		3,690,936	10	36,090	"	50,000	13.5467	50,000	
						<u>\$ 2,690,000</u>		<u>\$ 2,690,000</u>	



President Chain Store Corporation

Inventory List

December 31, 2007

Currency expression: NTD 1,000

Item	Summary	Amount		Remarks
		Costs	Market price	
Merchandises		\$ 2,993,210	\$ 3,351,669	Market value is the net cash value
Less: Allowance for inventory losses		( 462)		
		<u>\$ 2,992,748</u>		

(Blank hereunder)

President Chain Store Corporation  
Statement of changes in available-for-sale financial assets-non current  
December 31, 2007

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		Reclassification(Note1)		At ending		Facts of pledge or collateralization	Remarks
	Quantity of share	Book value	Quantity of share	Amount (Note3)	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Fair value		
Stock with public quotations												
President Securities Corp.	29,328,669	\$ 514,718	1,026,503	\$ 56,429	-	\$ -	-	\$ -	30,355,172	\$ 571,147	None	
			(Note 2)									
Duskin Co. Ltd.	-	-		43,649		-	300,000	125,072	300,000	168,721	"	
		<u>\$ 514,718</u>	-	<u>\$ 100,078</u>		<u>\$ -</u>		<u>\$ 125,072</u>		<u>\$ 739,868</u>		

Note 1: Duskin was listed in the "Financial assets valued at Cost" account; however, the stock of Duskin was traded in local stock market with market price available for reference; therefore, it is listed in this account accordingly

Note 2: Stock dividend

Note 3: Valuation adjustment

President Chain Store Corporation  
Statement of changes in financial instruments (assets) carried at cost  
December 31, 2007

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		Reclassification		At ending		Facts of pledge or collateralization
	Quantity of share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Book value	
Stocks listed in the emerging market											
Toppoly Optoelectronics Corp.	146,448,927	\$ 1,609,160	-	\$ -	-	\$ -	-	\$ -	146,448,927	\$ 1,609,160	None
Digital United Inc.	6,000,000	133,720	-	-	-	-	-	-	6,000,000	133,720	"
		<u>1,742,880</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>1,742,880</u>	
Stocks with no public quotation											
Presicarre Corp.	70,605,016	6,818,529	18,135,000	-	-	-	-	-	88,740,016	6,818,529	None
Tong-jeng Development Corp.	171,000,000	1,941,500	-	-	-	-	-	-	171,000,000	1,941,500	"
President International Development Corp.	50,000,000	500,000	-	-	-	-	-	-	50,000,000	500,000	"
New Century InfoComm Tech Co., Ltd.	42,400,000	424,000	-	-	( 6,694,748)	( 66,947)	-	-	35,705,252	357,053	"
Dayeh Takashimaya Taiwan Inc.	20,000,000	260,433	-	-	-	-	-	-	20,000,000	260,433	"
Allianz President Life Insurance Co., Ltd.	24,166,817	241,668	-	-	( 24,166,817)	( 241,668)	-	-	-	-	"
Kaohsiung Rapid Transit Corp.	20,000,000	203,714	-	-	-	-	-	-	20,000,000	203,714	"
Tong-Ho Development Corp.	19,929,929	179,091	26,905,500	269,055	( 19,928,476)	( 179,091)	-	-	26,906,953	269,055	"
President Investment Trust Corp., etc.	skipped	282,233	-	-	-	-	-	( 33,366)	skipped	248,867	"
		<u>10,851,168</u>		<u>269,055</u>		<u>( 487,706)</u>		<u>( 33,366)</u>		<u>10,599,151</u>	
Subtotal		12,594,048		269,055		( 487,706)		( 33,366)		12,342,031	
Accumulated impairment		( 212,777)		( 499,177)		179,091		-		( 532,863)	
		<u>\$ 12,381,271</u>		<u>(\$ 230,122)</u>		<u>(\$ 308,615)</u>		<u>(\$ 33,366)</u>		<u>\$ 11,809,168</u>	

President Chain Store Corporation  
Statement of changes in long-term investments under the equity method  
December 31, 2007

Currency expression: NTD 1,000

Name	Beginning Balance		Increase in current period		Decrease in current period		Balance at ending			Market price or net equity value		Facts of pledge or collateralization
	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Proportion of shareholding	Amount	unit price (NT\$)	Total	
President Chain Store (BVI) Holdings Ltd.	46,405,458	\$ 981,627	2,000,000	\$ 67,879	-	\$ -	48,405,458	100.00%	\$ 1,049,506	\$ 22.62	\$ 1,049,509	None
PCSC (China) Limited	20,722,000	481,140	15,727,140	518,457	-	( 126,475)	36,449,140	100.00%	873,122	60.96	873,122	"
Ren-Hui Investment Corp.	85,303,733	859,558	-	-	-	( 137,810)	85,303,733	100.00%	721,748	8.46	721,748	"
Mech-President Corp.	38,712,620	420,700	9,985,916	87,084	-	( 136,332)	48,698,536	63.47%	371,452	9.95	371,452	"
Uni-President Cold-Chain Corp.	19,563,272	349,094	-	-	-	( 8,098)	19,563,272	60.00%	340,996	16.99	332,336	"
President Drugstore Business Corp.	33,100,000	417,530	3,475,500	61,232	-	-	36,575,500	100.00%	478,762	16.62	478,762	"
President Yilan Art and Culture Corp.	18,000,000	103,566	-	33,760	-	-	18,000,000	90.00%	137,326	7.76	139,685	"
President Information Corp.	15,025,405	199,072	1,718,905	8,937	-	-	16,744,310	56.00%	208,009	15.90	204,381	"
President Transnet Corp.	70,000,000	201,252	-	62,813	-	-	70,000,000	70.00%	264,065	3.50	245,223	"
Retail Support International Corp.	5,000,000	119,786	-	5,058	-	-	5,000,000	25.00%	124,844	23.36	116,777	"
Wisdom Distribution Service Corp.	9,432,540	162,635	-	31,721	-	-	9,432,540	100.00%	194,356	20.84	196,594	"
Uni-President Development Corp.	20,000,000	173,934	-	-	-	( 15,330)	20,000,000	20.00%	158,604	7.93	158,604	"
President Coffee Corp.	9,313,920	130,210	-	-	-	( 10,459)	9,313,920	30.00%	119,751	12.86	119,751	"
Mister Donut Taiwan Corp.	10,000,000	126,249	-	-	-	( 1,805)	10,000,000	50.00%	124,444	12.44	124,444	"
Uni-President Department Store Corp.	35,000,000	249,117	21,000,000	210,000	-	( 216,041)	56,000,000	70.00%	243,076	4.34	243,076	"
President Pharmaceutical Corp.	14,600,494	324,820	-	24,167	-	-	14,600,494	73.74%	348,987	13.03	190,189	"
President Musashino Corp.	20,916,000	218,302	-	1,575	-	-	20,916,000	40.00%	219,877	10.50	219,719	"
Duskin Serve Taiwan Co.	15,300,000	94,551	-	18,864	-	-	15,300,000	51.00%	113,415	7.41	113,415	"
Books.com Co., Ltd.	10,000,000	70,870	-	30,844	-	-	10,000,000	50.03%	101,714	10.17	101,714	"
Muji Taiwan Co., Ltd. etc	-	668,496	-	157,856	-	( 292,204)	skipped	skipped	534,148	skipped	518,809	"
		<u>\$ 6,352,509</u>		<u>\$ 1,320,247</u>		<u>(\$ 944,554)</u>			<u>\$ 6,728,202</u>			



President Chain Store Corporation  
Statement of changes in costs of fixed assets  
January 1 – December 31, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Beginning Balance</u>	<u>Increase in current period</u>	<u>Decrease in current period</u>	<u>Reclassification</u>	<u>Balance at ending</u>	<u>Facts of pledge or collateralization</u>	<u>Remarks</u>
Lands	\$ 1,534,726	\$ -	\$ -	\$ -	\$ 1,534,726	None	
Building	930,971	218	-	-	931,189	"	
Machinery and equipment	8,486,401	1,692,802	( 436,298)	-	9,742,905	"	
Lease improvement	3,986,263	809,482	( 240,522)	54,539	4,609,762	"	
Other equipment	13,241	-	( 582)	-	12,659	"	
Prepayment for equipment	<u>1,578</u>	<u>52,961</u>	<u>-</u>	<u>( 54,539)</u>	<u>-</u>	"	
	<u>\$ 14,953,180</u>	<u>\$ 2,555,463</u>	<u>(\$ 677,402)</u>	<u>\$ -</u>	<u>\$ 16,831,241</u>		

President Chain Store Corporation  
Statement of changes in accumulated depreciations of fixed assets  
January 1 – December 31, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Beginning Balance</u>	<u>Increase in current period</u>	<u>Decrease in current period</u>	<u>Balance at ending</u>	<u>Remarks</u>
Building	\$ 139,435	\$ 17,669	\$ -	\$ 157,104	
Machinery and equipment	5,465,685	1,125,576	( 421,300)	6,169,961	
Lease improvement	2,484,527	569,489	( 206,337)	2,847,679	
Other equipment	<u>12,210</u>	<u>335</u>	<u>( 582)</u>	<u>11,963</u>	
	<u>\$ 8,101,857</u>	<u>\$ 1,713,069</u>	<u>(\$ 628,219)</u>	<u>\$ 9,186,707</u>	

(Blank hereunder)

President Chain Store Corporation  
Statement of Redeemable Bonds  
December 31, 2007

Currency expression: NTD 1,000

<u>Name of securities</u>	<u>Consignor</u>	<u>Date of issuance</u>	<u>Date of interest disbursement</u>	<u>Interest rate</u>	<u>Outstanding amount</u>	<u>Retired amount</u>	<u>Amount Balance at ending of period</u>	<u>Unamortized allowance</u>	<u>Book value</u>	<u>Method of retirement</u>	<u>Status of surety</u>	<u>Remarks</u>
2nd tranche of secured corporate bonds	Trust Department, Head Office, China Trust Commercial Bank	June 10,2003~ June 13, 2008	Note	Note	<u>\$ 1,500,000</u>	<u>(\$ 400,000)</u>	\$ 1,100,000	<u>\$ -</u>	<u>\$ 1,100,000</u>	Note	Note	—
Less: Current portion							<u>( 1,100,000)</u>					
							<u>\$ -</u>					

Note: Please refer to Note 4(12).

(Blank hereunder)

President Chain Store Corporation  
List of Operating Revenue  
January 1-December 31, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Store revenues	\$ 98,885,377	Merchandise sales.
Other operating incomes	3,478,464	Commissions revenue and marketing bonuses from suppliers.
	<u>\$ 102,363,841</u>	

(Blank hereunder)



President Chain Store Corporation  
List of Operating Cost  
January 1-December 31, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Inventory at beginning	\$ 2,890,681
Purchase current period	74,223,909
Purchase bonuses from suppliers	( 3,120,819)
Subsidizes for defected merchandizes	( 381,017)
Inventory at ending	( 2,993,210)
Cost of operation	<u>\$ 70,619,544</u>

(Blank hereunder)

President Chain Store Corporation  
Itemized bill of sale expenses  
January 1 – December 31, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Performance bonuses for franchised	\$ 10,601,025
Rental expenditures	4,848,822
Salary expenses	2,803,030
Depreciations	1,650,279
Utilities (expense)	1,456,690
Other expenses	3,085,928
	<u>\$ 24,445,774</u>

(Blank hereunder)

President Chain Store Corporation  
Consolidated Financial Statements &  
Independent Auditor's Report

2007 and 2006  
(Stock Code 2912)

Company address: 8F, No. 8, Dongxing Rd., Taipei

Telephone: (02) 2747-8711

President Chain Store Corp. & Subsidiaries

Declaration for Consolidated Financial Statements of Affiliated Companies

The companies to be included into the affiliated companies' consolidated financial statements we prepared for fiscal year 2007 (January 1 to December 31, 2007) in accordance with the "Criteria for the Preparation of Consolidated Reports on Operation, Consolidated Financial Statements, and Report on Affiliates and Subsidiaries" are the same as those to be included into the consolidated financial statement between parent companies and subsidiaries prepared in accordance with Statement of Financial Accounting Standard No. 7. The relevant information to be disclosed in the affiliated companies' consolidated financial statement has already been disclosed in the consolidated financial statement between the parent company and subsidiaries; therefore, no consolidated financial statements from the affiliated companies shall be necessary.

Sincerely yours,

President Chain Store Corporation



Chairman: Kao Ching-Yuan



March 11, 2008

## Auditor's Report

(97) Chai.Shen.Bao.Tzi No. 07003200

To: President Chain Store Corporation

We have audited the accompanying balance sheets of President Chain Store Corporation and subsidiaries as of December 31, 2007 and the related statements of income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of some of the subsidiaries were not audited by other CPAs instead of us; therefore, our opinion on the amounts listed in the consolidated financial statements are based on the audit of respective CPA, in which, the total assets amounted to \$1,453,044,000 and \$1,246,196,000 on December 31, 2007 and 2006, that represented 2.54% and 2.53% of the consolidated assets, respectively. The operating revenue of the afore mentioned subsidiaries audited by other CPA in the period of January 1 to December 31 amounted to \$3,642,000,000 and \$2,845,636,000 that represented 2.57% and 2.14% of the consolidated net income, respectively. The investment income of the Company and its subsidiaries from long-term investment under equity method and the relevant information about investees, as disclosed in Note XI to these financial statements, was valued and disclosed according to the financial statements audited and certificated by other CPAs appointed by the investees respectively covering the same period. We did not audit or certify those financial statements. The long-term equity investment amounted to \$244,349,000 and \$191,519,000 on December 31, 2007 and 2006, respectively. The investment profit recognized in accordance with the audit of other CPAs amounted to \$61,748,000 and \$53,508,000 in 2007 and 2006, respectively.

We conducted the audit in accordance with the standards on the "Audit of Financial Statements" and the accounting principles generally accepted in the Republic of China. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other CPAs' reports provide a reasonable basis for the opinion as stated.



In our opinion, which is based on our audit and the reports of other auditors, the financial statements in the first paragraph fairly present the financial position of President Chain Store Corporation and its subsidiaries as of December 31, 2007 and 2006. The financial statements additionally fairly present the results of their operations and their cash flows for the period of January 1 to December 31, 2007 and 2006, in conformity with “Guidelines Governing the Preparation of Financial Reports By Securities Issuers,” “Business Accounting Law,” “Business Accounting Guidelines,” and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation and its subsidiaries have adopted the principle under Finance Accounting Standards No. 34 on the “Financial Instruments: Recognition and Measurement” and No. 36 on the “Financial Instruments: Disclosure and Presentation” effective on January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Finance Accounting Standards No. 5 on “Long-term Investments under the Equity Method” whereby goodwill is subject to annual impairment instead of amortization.

PRICEWATERHOUSECOOPER

Tsai, Ching-Pao, CPA



Chen, Mei-Tzu, CPA



Approval Document issued by Securities and Futures Commission (now Securities and Futures Bureau) of Ministry of Finance (76) Tai.chai.chen (I) No. 11412  
(82) Tai.chai.chen (IV) No. 39230

March 11, 2008

President Chain Store Corp. & Subsidiaries  
Consolidated Balance Sheet  
At the end of Dec. 31, 2007 and 2006

Currency unit: NT\$1,000

	Dec. 31, 2007		Dec. 31, 2006			Dec. 31, 2007		Dec. 31, 2006			
	Amount	%	Amount	%		Amount	%	Amount	%		
<u>Assets</u>					<u>Liabilities and Shareholders' Equity</u>						
<b>Currents Assets</b>					<b>Current liabilities</b>						
1100	Cash and cash equivalence (Note IV (I))	\$ 8,770,296	15	\$ 6,095,851	12	2100	Short-Term debt	\$ 1,448,978	3	\$ 1,215,758	2
1310	Financial assets which change in fair values are recognized as gains or losses-current (Note IV(2))	3,650,678	6	1,421,770	3	2110	Short-term bills payable	509,456	1	502,333	1
1140	Net account receivables (Note V)	2,252,675	4	2,175,152	4	2200	Derivative financial liabilities for hedging-current (Note X)	5,070	-	-	-
1160	Other accounts receivable (Note V)	795,397	2	814,272	2	2120	Notes payable (Note V)	1,434,584	2	2,744,318	5
120X	Inventory (Note IV (3))	7,524,707	13	6,363,162	13	2140	Account payables	9,340,157	16	8,193,771	17
1260	Prepayments	1,240,005	2	1,034,180	2	2150	Accounts payable - related parties (Note V)	1,900,468	3	1,753,803	3
1280	Other current assets (Note IV (16))	423,424	1	393,472	1	2160	Income taxes payable (Note IV (16))	795,612	1	814,626	2
11XX	Total current assets	24,657,182	43	18,297,859	37	2170	Accrued expenses (Notes IV (11) and V)	3,807,818	7	3,639,426	7
<b>Funds and investments</b>					<b>Shareholders' Equity</b>						
1450	Financial assets available for sales-noncurrent (Note IV (4))	739,867	1	522,623	1	2210	Other accounts payable (Note IV (12))	6,684,334	12	5,395,771	11
1480	Financial assets measured at cost-non current (Note IV(5))	12,485,634	22	13,190,071	27	2260	Advance receipts	1,237,465	2	1,321,644	3
1421	Long-term investment under the Equity Method (Notes IV (6) & V)	852,795	1	768,977	2	2270	Current portion of long-term liabilities (Notes IV (13), (14) & V)	1,529,664	3	1,265,608	3
14XX	Total funds and investments	14,078,296	24	14,481,671	30	21XX	Total current liabilities	28,693,606	50	26,847,058	54
<b>Fixed assets (Notes IV (8), IV (10), V &amp; VI)</b>					<b>Long-term liability</b>						
<b>Cost</b>					<b>Derivative financial liabilities for hedging-non current (Note X)</b>						
1501	Lands	2,251,524	4	2,022,086	4	2410	Corporate bond (Note IV (13))	-	-	14,994	-
1521	Building	2,223,326	4	2,059,821	4	2420	Long-term debt (Note IV (14))	7,560,699	13	858,653	2
1551	Transportation vehicles	2,128,341	4	1,950,287	4	2450	Long-term notes and accounts payable - related parties (Note V)	79,721	-	116,532	-
1571	Machinery and equipment	12,779,434	22	11,338,839	23	24XX	Total long-term liabilities	7,640,420	13	2,090,179	4
1631	Improvement on lease	7,484,479	13	6,157,135	13	<b>Other liabilities</b>					
1681	Other equipments	2,746,014	5	1,687,160	3	2810	Accrued pension liabilities (Note 4(15))	520,924	1	511,364	1
15XY	Cost and revaluation	29,613,118	52	25,215,328	51	2820	Guarantee deposit received	1,986,894	4	1,772,856	4
15X9	Less: accumulated depreciations	( 15,107,170)	( 26)	( 12,911,638)	( 26)	2880	Other liabilities - others	28,606	-	-	-
1599	Less: cumulative impairment	( 3,033)	-	-	-	28XX	Total other liabilities	2,536,424	5	2,284,220	5
1670	Construction in process and prepayment for equipment	182,502	-	145,488	-	2XXX	Total liabilities	38,870,450	68	31,221,457	63
15XX	Net fixed assets	14,685,417	26	12,449,178	25	<b>Shareholders' equity</b>					
<b>Intangible assets</b>					<b>Stock capital (Note IV (17))</b>						
1750	Computer software cost	120,554	-	73,097	-	3110	Common shares	9,151,604	16	9,151,604	19
1760	Goodwill	266,645	1	276,597	1	<b>Retained earnings (Note X (18))</b>					
1780	Other intangibles	208,819	-	60,047	-	3310	statutory reserve	2,925,882	5	2,543,649	5
17XX	Total intangible assets	596,018	1	409,741	1	3320	special reserve	-	-	531	-
<b>Other assets</b>					<b>Unallotted retained earnings</b>						
1800	Assets leased to others (Notes IV (8) & VII)	1,008,617	2	1,061,352	2	3350	Shareholders' equity and other	3,649,236	6	3,921,243	8
1810	Idle Assets	-	-	321,931	1	3450	Unrealized revaluation gains (Notes III and X)	469,191	1	359,191	1
1820	Refundable deposit (Note VII)	1,726,223	3	1,632,947	3	3420	Cumulative translation adjustments	58,567	-	6,956	-
1880	Other assets - other (Note IV (6))	528,169	1	580,532	1	3610	Minority equity	2,154,992	4	2,030,580	4
18XX	Other total assets	3,263,009	6	3,596,762	7	3XXX	Total shareholders' Equity	18,409,472	32	18,013,754	37
1XXX	Total assets	57,279,922	100	49,235,211	100	<b>Undertakings or contingent liabilities (Notes V and VII)</b>					
					<b>Total liabilities and shareholders' equity</b>						
					\$ 57,279,922 100 \$ 49,235,211 100						

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants, Tsai Ching-Pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on March 11, 2008.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries  
Consolidated Income Statement  
For the period of January 1 to December 31, 2007 and 2006

Currency expression: NT\$1,000  
(EPS: NT\$)

	2007		2006	
	Amount	%	Amount	%
Operating revenue (Note V)				
4110	\$ 134,042,809	94	\$ 125,487,012	94
4800	<u>7,938,831</u>	<u>6</u>	<u>7,457,564</u>	<u>6</u>
4000	141,981,640	100	132,944,576	100
Cost of operation				
5110	( 98,323,983)	( 69)	( 93,041,700)	( 70)
5910	<u>43,657,657</u>	<u>31</u>	<u>39,902,876</u>	<u>30</u>
Operating expenses (Notes IV (20) and V)				
6100	( 31,571,469)	( 22)	( 28,083,109)	( 21)
6200	( 7,034,793)	( 5)	( 6,700,076)	( 5)
6000	<u>( 38,606,262)</u>	<u>( 27)</u>	<u>( 34,783,185)</u>	<u>( 26)</u>
6900	<u>5,051,395</u>	<u>4</u>	<u>5,119,691</u>	<u>4</u>
Non-operating income				
7110	59,598	-	31,775	-
7310	3,058	-	10,744	-
7122	51,572	-	191,994	-
7140	117,302	-	5,675	-
7210	93,556	-	83,482	-
7480	<u>1,108,392</u>	<u>1</u>	<u>788,823</u>	<u>1</u>
7100	<u>1,433,478</u>	<u>1</u>	<u>1,112,493</u>	<u>1</u>
Non-operating expenses				
7510	( 194,533)	-	( 164,284)	-
7521	( 104,310)	-	( 37,397)	-
(Note IV (6))	( 57,313)	-	( 40,493)	-
7530	( 62,258)	-	( 24,498)	-
7570	( 638,540)	( 1)	( 322,074)	( 1)
7630	( 128,554)	-	( 111,192)	-
7880	<u>( 1,185,508)</u>	<u>( 1)</u>	<u>( 699,938)</u>	<u>( 1)</u>
7500	<u>5,299,365</u>	<u>4</u>	<u>5,532,246</u>	<u>4</u>
7900	( 1,497,161)	( 1)	( 1,491,698)	( 1)
8110	3,802,204	3	4,040,548	3
8900	-	-	9,773	-
9300	-	-	-	-
9600XX	<u>\$ 3,802,204</u>	<u>3</u>	<u>\$ 4,050,321</u>	<u>3</u>
From:				
9601	\$ 3,622,413	3	\$ 3,822,328	3
9602	<u>179,791</u>	<u>-</u>	<u>227,993</u>	<u>-</u>
	<u>\$ 3,802,204</u>	<u>3</u>	<u>\$ 4,050,321</u>	<u>3</u>
	<u>Pre-tax</u>	<u>After-tax</u>	<u>Pre-tax</u>	<u>After-tax</u>
Basic EPS (Note IV (19))				
9710	\$ 5.79	\$ 4.16	\$ 6.05	\$ 4.43
9740AA	( 0.32)	( 0.20)	( 0.38)	( 0.25)
9750	<u>\$ 5.47</u>	<u>\$ 3.96</u>	<u>\$ 5.67</u>	<u>\$ 4.18</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants,  
Tsai Ching-Pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on March 11, 2008.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries  
Consolidated Statement of changes of shareholders' equity  
Jan. 1 to Dec. 31, 2007 and 2006

Currency expression: NT\$1,000

	Retained Earnings					Unrealized revaluation gains	Cumulative translation adjustments	Minority equity	Total
	Paid-in Capital	Legal reserve	special reserve	Unallotted retained earnings					
<u>2006</u>									
Balance at January 1, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 1,682,040	\$ 16,855,165	
Appropriation of earnings in 2005:									
Legal reserve	-	365,268	-	( 365,268)	-	-	-	-	
Reversion of special reserve	-	-	( 55,227)	55,227	-	-	-	-	
Employee bonuses	-	-	-	( 200,559)	-	-	-	( 200,559)	
Remuneration to Directors & Supervisors	-	-	-	( 66,853)	-	-	-	( 66,853)	
Cash dividends	-	-	-	( 3,111,545)	-	-	-	( 3,111,545)	
Total consolidated net income(loss) in 2006	-	-	-	3,822,328	-	-	227,993	4,050,321	
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	359,191	-	-	359,191	
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	-	7,487	
Statement of Minority Equity	-	-	-	-	-	-	120,547	120,547	
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 2,030,580</u>	<u>\$ 18,013,754</u>	
<u>2007</u>									
Balance at January 1, 2007	\$ 9,151,604	\$ 2,543,649	\$ 531	\$ 3,921,243	\$ 359,191	\$ 6,956	\$ 2,030,580	\$ 18,013,754	
Appropriation of earnings in 2006:									
Legal reserve	-	382,233	-	( 382,233)	-	-	-	-	
Reversion of special reserve	-	-	( 531)	531	-	-	-	-	
Employee bonuses	-	-	-	( 275,250)	-	-	-	( 275,250)	
Remuneration to Directors & Supervisors	-	-	-	( 34,406)	-	-	-	( 34,406)	
Cash dividends	-	-	-	( 3,203,062)	-	-	-	( 3,203,062)	
Total consolidated net income(loss) in 2007	-	-	-	3,622,413	-	-	179,791	3,802,204	
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	110,000	-	-	110,000	
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	51,611	-	51,611	
Statement of Minority Equity	-	-	-	-	-	-	( 55,379)	( 55,379)	
Balance at December 31, 2007	<u>\$ 9,151,604</u>	<u>\$ 2,925,882</u>	<u>\$ -</u>	<u>\$ 3,649,236</u>	<u>\$ 469,191</u>	<u>\$ 58,567</u>	<u>\$ 2,154,992</u>	<u>\$ 18,409,472</u>	

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants,  
Tsai Ching-Pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on March 11, 2008.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries  
Consolidated Statement of Cash Flow  
For the period of January 1 to December 31, 2007 and 2006

Currency expression: NT\$1,000

	2007	2006
<u>Cash flow from operating activities</u>		
Consolidated total net income (loss)	\$ 3,802,204	\$ 4,050,321
Adjustment items		
Loss (Gain) on valuation of financial assets	( 3,058)	( 10,744)
Allowance for reduction of inventory to market	62,258	24,498
Depreciations	3,135,196	2,889,646
Depreciation of leased assets	9,496	18,168
Amortizations	296,548	404,672
Proceeds from disposal of financial assets under cost method	( 119,747)	-
Financial assets measured at cost- impairment losses	630,922	173,552
Cash dividend from long-term investment under equity method	28,415	-
Investment loss under the equity method	104,310	37,397
Goodwill-impairment loss	-	148,522
Fixed assets and idling assets-impairment loss	7,617	-
Loss on disposal of fixed assets	57,313	40,493
Change in asset and liability		
Accounts receivable	( 77,523)	( 468,812)
Other receivables	18,875	11,299
Inventories	( 1,223,803)	( 528,742)
Prepayments	( 205,825)	( 62,819)
Deferred income tax assets	( 37,346)	( 22,111)
Other current assets	6,651	( 83,678)
Note payables	( 1,309,734)	1,145,206
Account payables	1,293,051	937,419
Income tax payables	( 19,014)	96,827
Accrued expenses	168,391	485,835
Other accounts payable	1,086,425	850,076
Advance receipts	( 84,179)	307,015
Accrued pension liabilities	9,560	1,438
Other liabilities - others	28,606	-
Net cash provided by operating activities	7,665,609	10,445,478
<u>Cash flow from investing activities</u>		
Increase in financial assets whose changes in fair value are recognized in earnings	( 2,225,850)	( 429,237)
Acquisition of long-term investment under equity method	( 307,492)	( 156,870)
Acquisition of financial assets measured at cost	( 269,055)	( 570,000)
Proceeds from disposal of financial assets measured at cost	361,415	7,697
Capital reduction for cost method investment	66,947	-
Purchase of fixed assets	( 4,895,148)	( 3,269,556)
Proceed from disposal of fixed assets	33,828	59,284
Increase in other intangible assets	( 283,692)	( 17,772)
Increase in refundable deposits	( 93,276)	( 76,405)
Increase in other assets	( 146,027)	( 406,260)
Net cash used for investing activities	( 7,758,350)	( 4,859,119)

(To be continued)



President Chain Store Corp. & Subsidiaries  
Consolidated Statement of Cash Flow  
For the period of January 1 to December 31, 2007 and 2006

Currency expression: NT\$1,000

	2007	2006
<u>Cash flow from financing</u>		
Increase in short-term debts	\$ 233,220	\$ 473,016
Increase (Decrease) in short-term notes and bills payable	7,123	( 186,670)
Increase (decrease) in long-term loans	6,729,291	( 1,091,980)
Payback of corporate bonds	( 900,000)	( 200,000)
Increase in guarantee deposits received	214,038	200,032
Payment of cash dividends	( 3,203,062)	( 3,111,545)
Payment of directors' remuneration & employees' bonus	( 309,656)	( 267,412)
Increase (Decrease) in minority interest	( 55,379)	120,547
Net cash inflows (outflows) from financing activities	2,715,575	( 4,064,012)
Cumulative translation adjustments	51,611	7,487
Net increase (decrease) in cash and cash equivalent	2,674,445	1,529,834
Beginning balance of cash and cash equivalence	6,095,851	4,566,017
Ended balance of cash and cash equivalence	\$ 8,770,296	\$ 6,095,851
<u>Supplementary disclosure of cash flow information</u>		
Interest paid	\$ 176,182	\$ 136,850
Income tax paid	\$ 1,462,550	\$ 1,350,447
<u>Investing and financing activities of partial payment on cash</u>		
Purchase of property, plant and equipment	\$ 5,097,287	\$ 3,357,557
Less: ended balance of account payable on equipment	( 713,199)	( 511,060)
Add: beginning balance of accounts payable on equipment	511,060	423,059
Cash purchase of property and equipment	\$ 4,895,148	\$ 3,269,556

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants, Tsai Ching-Pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on March 11, 2008.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries

Notes to Consolidated Financial Statements

Jan. 1 to Dec. 31, 2007 and 2006

Currency unit: NT\$1,000  
(Except otherwise specified)

I. Company History

(I) The Company - President Chain Store Corporation

1. President Chain Store Corporation was duly incorporated in the Republic of China on June 10, 1987 under the applicable legal rules. The principal business of the Company includes investment and operation of convenience stores, retailing and sale of foods and canned products, books, newspapers, and magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange. As of December 31, 2007, the Company had 30,500 employees (including part-time workers) on the payroll.
2. Uni-President Enterprises Corp. is the parent company and the ultimate parent company of the Company.

(II) Subsidiaries in the consolidated financial statements

Investor Name	Name of the subsidiary	Nature of Business	Shareholding rate		Remarks
			Dec. 31, 2007	Dec. 31, 2006	
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Professional investment company	100.00%	100.00%	
	Wisdom Distribution Service Corp.	Magazines logistics	100.00%	100.00%	
	President Transnet Corp.	Delivery service	70.00%	70.00%	
	Mech-President Corp.	Gas station and elevator installation	63.47%	62.95%	
	Uni-President Cold-Chain Corp.	Frozen foods logistics	60.00%	60.00%	
	President Drugstore Business Corp.	Retailing of medicines and daily items	100.00%	100.00%	
	President Direct Marketing Corp.	Selling of household goods by catalogs	100.00%	100.00%	
	Ren-Hui Investment Corp.	Professional investment company	100.00%	100.00%	

Investor Name	Name of the subsidiary	Nature of Business	Shareholding rate		Remarks
			Dec. 31, 2007	Dec. 31, 2006	
President Chain Store Corp.	PCSC (China) Limited	Professional investment company	100.00%	100.00%	
	Capital Inventory Services Corp.	Business consulting	100.00%	100.00%	
	President FN Business Corp.	Retailing	100.00%	100.00%	
	President Yilan Art and Culture Corp.	Art and cultural exhibition	90.00%	90.00%	
	President Collect Services Co., Ltd.	Bill collect service	70.00%	70.00%	
	President Information Corp.	Business information management consulting services	56.00%	56.00%	
	President Pharmaceutical Corp.	Medicines & medical instrument retail and wholesale	73.74%	73.74%	
	Uni-President Department Store Corp.	Department stores	70.00%	70.00%	
	Uni-President Oven Bakery Corp.	Bread and pastry retailer	60.00%	60.00%	
	Bank Pro E-Service Technology Co., Ltd.	Business information management consulting services	53.33%	53.33%	
	Duskin Serve Taiwan Co.	Selling and renting of cleaning instruments	51.00%	51.00%	
	Books.com. Co., Ltd.	Online bookstore	50.03%	50.03%	
	Cold Stone Creamery Taiwan Ltd.	Ice cream stores	100.00%	100.00%	

Investor Name	Name of the subsidiary	Nature of Business	Shareholding rate		Remarks
			Dec. 31, 2007	Dec. 31, 2006	
President Chain Store Corp.	Muji Taiwan Co., Ltd.	Sundries retailing	41.00%	41.00%	Note 1
	Retail Support International Corp.	Room-temperature food logistics	25.00%	25.00%	Notes 1 & 2
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Lubuan) Holdings Ltd.	Professional investment company	100.00%	100.00%	
	PCSC (Vietnam) Supermarket Ltd.	Supermarket	51.00%	51.00%	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation and repair & maintenance	100.00%	100.00%	
	President Jing Corp.	Investment company	100.00%	100.00%	
	Mech-President (BVI) Corp.	Gas station and Others Automobile services	60.00%	60.00%	
Mech-President (BVI) Corp.	Shanghai President Machine Corp.	Elevator, mechanical garage, and car wash, etc.	100.00%	100.00%	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room-temperature food logistics	51.00%	51.00%	
	President Logistics International Corp.	Trucking	49.00%	49.00%	Note 2
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00%	20.00%	Note 2
	Vision Distribution Service Corp.	Publisher	60.00%	60.00%	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00%	25.00%	Note 2
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00%	6.00%	Note 2
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00%	100.00%	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holding Limited	Professional investment company	100.00%	100.00%	

Investor Name	Name of the subsidiary	Nature of Business	Shareholding rate		Remarks
			Dec. 31, 2007	Dec. 31, 2006	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Professional investment company	100.00%	100.00%	
	PCSC (China) Supermarket Limited	Professional investment company	100.00%	100.00%	
	PCSC (China) Restaurant Limited	Professional investment company	100.00%	—	Note 3
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Retailing of medicines and daily items	65.00%	65.00%	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Retailing of medicines and daily items	100.00%	90.00%	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	55.00%	55.00%	
PCSC (China) Restaurant Limited	PCSC (SICHUAN) Hypermarket Limited	Hypermarkets	100.00%	100.00%	
	PCSC (CHENGDU) Hypermarket Limited	Hypermarkets	100.00%	100.00%	
	Shanghai Cold Stone Ice Cream Corporation	Ice cream stores	100.00%	—	Note 3
Uni-President Oven Bakery Corp.	Uni-President Oven Bakery (BVI) Corp.	Professional investment company	100.00%	100.00%	
Uni-President Oven Bakery (BVI) Corp.	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Bread and pastry retailer	100.00%	100.00%	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Chained store business	56.59%	56.59%	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics & delivery	100.00%	100.00%	

1. President Chain Store Corporation may control the finance, business operation, and personnel management of Retail Support International Corp and Muji Taiwan



Co., Ltd.; therefore, they are deemed as being a subsidiary of the Company and are included in the consolidated financial statements in accordance with the Finance & Accounting Standards No. 7 on “Consolidated Financial Statements.”

2. Retail Support International Corp., Uni-President Cold-Chain Corp., Wisdom Distribution Service Corp., and Retail Support Taiwan Corp. together hold 100% of the stock shares of President Logistics International Corp.
3. It was invested and incorporated in 2007.
4. The said subsidiaries were included into these consolidated financial statements according to their financial statements audited by their CPAs respectively.

(III) Other subsidiaries in the consolidated financial statements

President Chain Store Corporation and the subsidiaries are a joint venture controller of a joint invested company as follows:

<u>Investor name</u>	<u>Names of the joint venture companies</u>	<u>Nature of Business</u>	<u>Shareholding rate</u>	
			<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
President Chain Store Corp.	Mister Donut Taiwan Corp.	Bread and pastry retailer	50.00%	50.00%
	President Coffee Corp.	Coffee chain store	30.00%	30.00%
	Uni-President Yellow Hat Corp.	Automobile stores	30.00%	30.00%
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Professional investment company	30.00%	30.00%
President Coffee (Cayman) Holdings Ltd.	Shanghai President Starbucks Coffee Corp.	Coffee chain store	100.00%	100.00%

The Company has the audited financial statements of the aforementioned subsidiaries combined into this consolidated financial statements in accordance with Finance Accounting Standards No. 31 on “Financial Instruments: Joint Investment.”

(IV) Subsidiaries that are excluded from the consolidated financial statements: None

(V) The adjustment and process of the subsidiaries that are with different fiscal year: None

(VI) Special operating risk of subsidiaries overseas: No significant special operating risk.

(VII) The restriction on the transfer of subsidiaries’ funds to the parent company: None

(VIII) The securities by the parent company held by the subsidiaries: None

(IX) The convertible corporate bond and stock issued by subsidiaries:

Please refer to Note XI (I) 4. and (II) 2.(4) for the stock issued by subsidiaries in the year.

## II. Summary of significant accounting policies

These consolidated financial statements were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China. The major accounting policies are explained as follows:

### (I) Criteria Governing the preparation of consolidated financial statements

Investees where the Company holds more than 50% of the voting shares or is in the dominant position should have their financial statements consolidated with the Company. President Chain Store Corp. has the income and expense of the subsidiaries that have become wholly owned subsidiaries of President Chain Store Corp. consolidated into the Income Statement upon occurrence. President Chain Store Corp. have the income and expense of the wholly owned subsidiaries that have become general subsidiaries of President Chain Store Corp. eliminated from the consolidated Income Statement upon occurrence and without having the consolidated financial statements of prior periods adjusted retroactively.

The major transactions between President Chain Store Corp. and the subsidiaries and the Balance Sheet accounts are written off.

### (II) Translation of subsidiary's financial statements composed in foreign currency

For the currency translation of the financial statements of subsidiaries, all assets and liabilities accounts are to be translated according to the exchange rate on the Balance Sheet date. In terms of Shareholders' Equity, except for the beginning retained earnings which are to be carried forward according to the translated ending balance from the prior period, it is to be translated according to the historical exchange rate. Dividend should be translated according to the exchange rate on the announcement date. Income Statement should be translated according to the weighted average exchange rate. Exchange difference is booked in the "Cumulative translation adjustment" account and is debited or credited to Shareholders' Equity.

### (III) Current and noncurrent assets and liabilities

The construction underwriting business of Mech-President Corp., the subsidiary of President Chain Store Corp., is usually for a business cycle over one year; therefore, the related assets and liabilities are classified into the category of current and noncurrent according to the business cycle while other accounts are classified according to the fiscal year.

1. Assets that are in conformity with the following terms are classified as current assets; assets other than current assets are classified as noncurrent assets:

(1) Assets from business operations that are expected to be cashed, depleted, or sold

in the business cycle.

- (2) It is held for trading purposes.
  - (3) It is expected to be sold within twelve months from the Balance Sheet date.
  - (4) Cash or cash equivalent, except for those used for trade, liquidating debt, or restricted after twelve months from the Balance Sheet date.
2. Liabilities that are in conformity with the following terms are classified as current liability; liabilities other than current liabilities are noncurrent liabilities:
- (1) Debts from business operations and that are expected to be liquidated in the business cycle.
  - (2) It is held for trading purposes.
  - (3) It is expected to be liquidated within twelve months from the Balance Sheet date.
  - (4) Debts that cannot be deferred in liquidation after twelve months from the Balance Sheet date unconditionally.

(IV) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that conforms with the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will not be affected by interest rate changes.

The Statement of Cash Flow of President Chain Store Corp. is prepared on the basis of cash and cash equivalent.

(V) Foreign currency exchanges

1. The accounts of the Company and subsidiaries in bookkeeping are expressed in NT Dollars or the functional currency. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping. Differences resulting from the exchange are recognized as current gains or losses.
2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate as of the balance sheet day. Differences resulting from the exchange are recognized as current gains or losses.
3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as current gains or losses. For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders' equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the

exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities estimated not on the basis of fair value, the historical exchange rate as of the transaction day is used for estimation.

(VI) Financial assets and liabilities in which changes in fair value are recognized as gains or losses

1. Bookkeeping shall be made as of the day of trade for equity assets or liabilities, and as of the delivery day for warrants and rights. Initial recognition of the financial instruments in bookkeeping estimation shall be made on the basis of fair value.
2. Financial assets and liabilities in which changes in fair value are recognized as gains or losses shall be estimated on the basis of fair value and in which changes are recognized as gains or losses. For stocks with public quotations in centralized markets, the fair value shall be the price at close in open market as of the balance sheet day. For open-ended funds, the fair value shall be the net asset value of the funds as of the balance sheet day.

(VII) Financial assets available for sales

1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.
2. Financial assets available for sale are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at the close of the open market as of the balance sheet day.
3. Recognize impairment loss upon occurrence with supporting evidence. Should there be decrease in the amount of subsequent impairment, recognize as adjustments to shareholders' equity for the decrease in impairment of equity items.

(VIII) Financial assets carried at cost

1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
2. Recognize as impairment loss upon occurrence with incriminating evidence. The amount of impairment loss cannot be reversed.

(IX) Derivatives

1. Derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trade other than options, state the fair value as zero on the day of trade. Estimation on derivatives trade shall be based on the fair value as of the balance sheet day, any change in fair value shall be recognized as assets or liabilities and current gains and losses.
2. Derivatives for hedges: if derivatives meet all the conditions for accounting of hedging instruments, the effect of any change in the fair value of the instruments and the

hedged objects after offsetting shall be recognized as follows in bookkeeping:

- (1) Hedge of fair value: Hedging instruments are estimated according to the fair value. Any gain or loss in the book value of the hedging instruments resulting from exchange rate fluctuation shall be recognized as current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value of the hedged objects and immediately recognized as current gain or loss.
- (2) Hedge of cash flows: Any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(X) Allowance for collectible accounts

Duly amortized based on the receivability of the notes, accounts and other accounts receivable at end of the term.

(XI) Inventories

President Chain Store Corporation, Philippine Seven Corporation, Uni-President Oven Fresh Bakery Co., Ltd., President Drugstore Business Corp., Uni-President Yellow Hat Corp., Muji Taiwan Co. Ltd., President Cosmed Chain Store (Shen Zhen) Co., Ltd., and ShenZhen Livzon Drugstore Chain Company Limited

Inventory is booked at the cost. Cost is based on the Retailing Method.

Other consolidated subsidiaries

Inventory is booked at cost. Retail Support International Corp. has the cost of inventory calculated on the First-in/First-out basis; also, Gold Stone Creamery and President FN Business Corporation have the cost of inventory calculated on the Moving Average Method while other subsidiaries adopted a Weighted Average Method for the said purpose. Inventory is valued at yearend in accordance with the Lower of Total Cost or Total Market Price Method; also, the market price of inventory is based on the net cash value or replacement cost. Inventory obsolete loss is recorded as the loss in the period.

(XII) Long-term investments under the Equity Method (including joint venture investment)

1. The Company adopts the Equity Method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. From 2006 onward, if the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to a yearly impairment test. As the spread is amortized in previous years, it cannot be adjusted retrospectively.
2. The investment loss of the invested company that is valued with the Equity Method and is influential but not wholly owned, is recognized to have the book value of the investment and advances of the invested company reduced to zero. However, if President Chain Store Corp. has an endorsement and guarantee made for the invested company or has intention to support the invested company continuously,



investment loss is to be recognized proportionally to shareholdings.

3. In making overseas investments accounted for under the Equity Method, the “cumulative translation adjustment” resulting from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders’ equity.
4. The joint venture investment of the Company and the subsidiaries are processed with the Equity Method and with semi-annual and annual consolidated financial statements composed accordingly.

(XIII) Fixed assets and non-operating assets

1. Fixed assets are booked at cost. The interest accrued from the acquisition of assets, to the point the assets can be available for use, may be capitalized.
2. Depreciation shall be made under the average method. With the exception of improvement in capital lease when term of lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets continued to be in service after the previous period of services, the residual value shall be subject to depreciation along the subsequent years of services. Buildings and construction have 5 to 55 years of service. Other assets have 1 to 25 years of services for depreciation purposes.
3. Spending on repairs and maintenance is recognized as expenses for the current period. Major additions or improvement shall be capitalized and depreciated. In disposing of assets, the cost and accumulated depreciations shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.
4. Fixed assets that are not used for business operation are booked in the other assets account according to the lower of net fair value or book value and with the price difference booked as of the losses in the then period and depreciation expense booked in the non-operating expense account.

(XIV) Intangible assets

1. Computer software is booked at cost and it is amortized in accordance with the estimated useful years, Straight Line Method, with a maximum of three to five years.
2. Intangible assets are mainly for the right-to-use and charter of land; therefore, they are booked at cost and are depreciated in accordance with the estimated useful years, Straight Line Method, and with a maximum of twenty to thirty years.

(XV) Impairment of non-financial assets

1. If the cash value of assets is below the book value due to the change of environment or the occurrence of a specific event, the Company is to have impairment loss recognized. Cash value of an asset refers to the higher of net fair value or value for use. Net fair value refers to the net proceeds to be received under fair trade of specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under discount value method.

2. An impairment loss in previous years could be reversed if there is a subsequent recovery after previous impairment loss was recognized and stated as current income. Recognized impairment of goodwill shall not be reversed.

(XVI) Pension Plan

1. Pension costs under defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in the current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of the remaining useful amortization years.
2. Under the defined contribution pension plan, pension fund contributions on the accrual basis shall be recognized as pension costs for the current period.

(XVII) Income Tax

1. The company adopts Financial Accounting Standards No. 22 “Accounting for Income Taxes” to compute income tax and recognize the deferred tax effect from temporary differences. The tax effect of taxable temporary difference is recognized as deferred income tax liabilities; while the tax effect of deductible temporary differences and income tax credit are recognized as deferred income tax assets. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and noncurrent items in accordance with the nature of the balance sheet account and the period of expected realization.
2. A levy of 10% income tax on unallocated retained earnings is recognized as income tax expenses incurred in the year of shareholders meeting resolution.
3. Tax credits on the acquisition of specific machinery and equipment, human resources training under the new Tax Code are accounted for as deductions for the current year as income tax expenses.
4. Adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVIII) Recognition of revenue and cost

Revenue shall be recognized in the process of gaining profits and recognized as realized or to be realized. Related costs are recognized with the corresponding items of revenue. Expenses are stated for the current period if the mean-end consequence is established.

(XIX) Earnings per share

The Company computes the earnings per share by the weighted-average method. Earnings for additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of circulation of such additional shares. Earnings for new shares shall be computed on the basis of the

outstanding period.

(XX) Delivery day accounting

The Company has adopted the principle of delivery day accounting where applicable. Changes in fair values of asset transactions between the transaction day and the delivery day carried at cost or cost after amortization will not be recognized. For assets whose change in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses. For assets available for disposal, such changes shall be recognized as adjustments to shareholders' equity.

(XXI) Accounting estimations

The Company prepared its financial statements in accordance with generally accepted accounting principles in the Republic of China, and has made necessary estimation, assessment and disclosures on the amount stated or contingencies, including certain assumptions and estimations. The actual results may vary from the assumptions and estimations, however.

III. The reasons for changes in accounting policies and the effect of such changes

(III) Financial instruments

1. Effective January 1, 2006, the company has adopted the principles under Financial Accounting Standards No. 34 on "Financial Instruments: Recognition and Measurement" and No. 36 on "Financial Instruments: Disclosure and Presentation" in its accounting policies.
2. Due to the changes in accounting policies, President Chain Store Corporation and subsidiaries credited the amount of \$359,191 (Booked in "Unrealized profit and loss of financial products") to the Shareholder's Equity on December 31, 2006 and with the consolidated net income increased by \$9,831 and earnings per share increased by \$0.01 in 2006.

(II) No amortization for goodwill

1. The Company and subsidiaries have adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. Due to the changes in accounting policies, the consolidated assets on December 31, 2006 and the consolidated net income in 2006 had gone up by \$145,718, respectively, and the Earnings per share was up by \$0.16.

IV. Summary on major account titles

(I) Cash and cash equivalent

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Cash on hand and working capital of stores	\$ 810,648	\$ 2,413,636
Current account deposits and checking account deposits	4,149,538	2,538,667
Time deposits	597,831	350,134
Cash equivalence		
Short term bills	<u>3,212,279</u>	<u>793,414</u>
	<u>\$ 8,770,296</u>	<u>\$ 6,095,851</u>

(II) Financial instruments with changes in fair values are recognized as gains or losses -current

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Financial instruments held for trading		
Stocks with public quotations	\$ 6,471	\$ 176,587
Open-ended funds	<u>3,643,600</u>	<u>1,243,878</u>
	3,650,071	1,420,465
Valuation Adjustment	<u>607</u>	<u>1,305</u>
	<u>\$ 3,650,678</u>	<u>\$ 1,421,770</u>

(III) Inventory

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Merchandise	\$ 7,410,093	\$ 6,302,216
Raw materials and physical materials and work-in-process goods	<u>211,346</u>	<u>121,301</u>
	7,621,439	6,423,517
Less: Allowance for inventory losses	<u>( 96,732)</u>	<u>( 60,355)</u>
	<u>\$ 7,524,707</u>	<u>\$ 6,363,162</u>

(IV) Available-for-sale financial assets — non current

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Stock with public quotations	\$ 265,606	\$ 141,959
Valuation Adjustment	<u>474,261</u>	<u>380,664</u>
	<u>\$ 739,867</u>	<u>\$ 522,623</u>

(V) Financial assets carried at cost—noncurrent

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Stocks listed in the emerging markets	\$ 2,432,917	\$ 2,432,917
Stocks with no public quotation	<u>10,761,445</u>	<u>11,014,266</u>
Subtotal	13,194,362	13,447,183
Less: cumulative impairment	( 708,728)	( 257,112)
Total	<u>\$ 12,485,634</u>	<u>\$ 13,190,071</u>

1. The instruments held by the Company and subsidiaries have no public quotations in open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.
2. The financial assets of the Company that are valued at the cost and with the occurrence of impairment evidenced and with limited possibility of recovery amounted to \$630,922 and \$173,552 in 2007 and 2006, respectively.

(VI) Long-term investments (Equity Method)

<u>Investees</u>	<u>Dec. 31, 2007</u>		<u>Dec. 31, 2006</u>	
	<u>Amount</u>	Proportion of shareholding (%)	<u>Amount</u>	Proportion of shareholding (%)
President Musashino Corp.	\$ 219,877	40.00	\$ 218,302	40.00
T&T Supermarket Inc.	233,149	20.00	191,519	20.00
Uni-President Development Corp.	158,604	20.00	173,934	20.00
Q-ware Systems & services Corp.	41,522	23.07	149,499	22.68
Presiclarc Limited	116,023	48.87	29,908	48.41
President Organics, Co. etc.	<u>83,620</u>	20.00~ 40.00	<u>5,815</u>	20.00~ 36.67
	<u>\$ 852,795</u>		<u>\$ 768,977</u>	

The long-term equity investment loss valued with equity method in 2007 and 2006 amounted to \$104,310 and \$37,397; in accordance with the financial statements certified by CPAs that were appointed by the invested companies.

(VII) Joint Venture investment

The total amount in each account of the joint venture that belongs to the Company is illustrated as follows. Please refer to Note I(3) for the investment objects of the joint venture company.



	<u>2007</u>	<u>2006</u>
Currents Assets	\$ 327,452	\$ 351,170
Noncurrent assets	\$ 513,080	\$ 370,545
Current liabilities	\$ 417,350	\$ 333,186
Income	\$ 2,081,161	\$ 1,640,856
Cost and expense	\$ 2,009,161	\$ 1,576,265

(VIII) Fixed assets

Dec. 31, 2007				
<u>Assets</u>	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>
Lands	\$ 2,251,524	\$ -	\$ -	\$ 2,251,524
Building	2,223,326	( 519,292)	-	1,704,034
Transportation vehicles	2,128,341	( 1,457,186)	-	671,155
Machinery and equipment	12,779,434	( 7,772,408)	( 987)	5,006,039
Improvements on lease	7,484,479	( 4,042,575)	( 2,046)	3,439,858
Other equipments	2,746,014	( 1,315,709)	-	1,430,305
Construction in progress and prepayment for equipment	182,502	-	-	182,502
	<u>\$ 29,795,620</u>	<u>(\$ 15,107,170)</u>	<u>(\$ 3,033)</u>	<u>\$ 14,685,417</u>

Dec. 31, 2006				
<u>Assets</u>	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>
Lands	\$ 2,022,086	\$ -	\$ -	\$ 2,022,086
Building	2,059,821	( 372,628)	-	1,687,193
Transportation vehicles	1,950,287	( 1,223,444)	-	726,843
Machinery and equipment	11,338,839	( 6,970,795)	-	4,368,044
Improvement on lease	6,157,135	( 3,485,451)	-	2,671,684
Other equipments	1,687,160	( 859,320)	-	827,840
Construction in progress and prepayment for equipment	145,488	-	-	145,488
	<u>\$ 25,360,816</u>	<u>(\$ 12,911,638)</u>	<u>\$ -</u>	<u>\$ 12,449,178</u>

(IX) Assets leased to others

	Dec. 31, 2007		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Lands	\$ 727,621	\$ -	\$ 727,621
Building	355,866	( 74,870)	280,996
	<u>\$ 1,083,487</u>	<u>(\$ 74,870)</u>	<u>\$ 1,008,617</u>

	Dec. 31, 2006		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Lands	\$ 730,097	\$ -	\$ 730,097
Building	396,629	( 65,374)	331,255
	<u>\$ 1,126,726</u>	<u>(\$ 65,374)</u>	<u>\$ 1,061,352</u>

(X) Impairment loss of non-financial assets

The Company has recognized impairment loss of non-financial assets for an amount of \$7,617 and \$148,522 on December 31, 2007 and 2006, respectively, as follows:

	2007	
	<u>Booked in Income Statement Amount</u>	<u>Booked in Shareholder's Equity Amount</u>
Impairment loss - fixed assets	\$ 3,033	\$ -
Impairment loss - idle assets	4,584	-
	<u>\$ 7,617</u>	<u>\$ -</u>

	2006	
	<u>Booked in Income Statement Amount</u>	<u>Booked in Shareholder's Equity Amount</u>
Impairment loss - goodwill	<u>\$ 148,522</u>	<u>\$ -</u>

(XI) Accrued expenses

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Payable salaries and bonuses	\$ 1,767,603	\$ 1,737,749
Payable incentives for franchisee	530,942	453,396
Payable fees for system development and maintenance	57,828	103,414
Others	1,451,445	1,344,867
	<u>\$ 3,807,818</u>	<u>\$ 3,639,426</u>

(XII) Other accounts payable

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Bill collected for others	\$ 4,954,753	\$ 4,012,625
Payable for acquisition of fixed assets	713,199	511,060
Collections	288,840	240,724
Others	<u>727,542</u>	<u>631,362</u>
	<u>\$ 6,684,334</u>	<u>\$ 5,395,771</u>

(XIII) Corporate bond payable

	<u>term</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
1 <sup>st</sup> tranche of secured bonds	January 16, 2002 ~ January 18, 2007	\$ -	\$ 700,000
2 <sup>nd</sup> tranche of secured bonds	June 10, 2003 ~ June 13, 2008	<u>1,100,000</u>	<u>1,300,000</u>
		1,100,000	2,000,000
Less: Current portion		( <u>1,100,000</u> )	( <u>900,000</u> )
		<u>\$ -</u>	<u>\$ 1,100,000</u>

2. The Company has pledged with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch for the issuance of its 2<sup>nd</sup> tranche of secured bonds under the following terms and conditions:

1. Issue A: Amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50% respectively at coupon rate of 1.4%. Simple interest payable once annually in accordance with the coupon rate from the date of issuance.
2. Issue B: Amounted to NT\$700 million at coupon rate of 4% less LIBOR rate for six months or 4% less promissory note rate for 180 days renewable semi-annually. Simple interest is payable once semi-annually.

(XIV) Long-term debt

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Syndicated loans	\$ 5,100,000	\$ -
Credit loan	2,316,860	613,280
Guaranteed loan	120,403	99,083
Other long-term loan	<u>354,000</u>	<u>386,210</u>
	7,891,263	1,098,573
Less: Current portion	( <u>330,564</u> )	( <u>239,920</u> )
	<u>\$ 7,560,699</u>	<u>\$ 858,653</u>
Annual Interest rate	<u>0% ~ 3.75%</u>	<u>0% ~ 3.75%</u>

1. The Company had applied to syndicate banks including Mega Bank for a loan not more than NT\$7 billion in September 2007 and with terms and conditions agreed upon as follows:
  - (1) The loan agreement was signed for three years and the funds must be applied for the first time within three months from the date the agreement was signed. The Company may have the loan fund applied in a revolving manner within 35 months from the date of the first funds application.
  - (2) The financial ratios of the Company's semi-annual and annual consolidated financial statements must be maintained as follows:
    - a. Financial debt ratio may not exceed 100%;
    - b. Tangible net worth may not less than NT\$15 billion;
    - c. Times interest earned ratios may not less than five.
2. The Company and subsidiaries borrow the said credit loan from Cathay Bank for 2~5 years and it can be used in a revolving manner within the credit loan quota.
3. The said other long-term loans are interest-free loans that China Petroleum Corporation lends to Mech-President Corp. as working capital and it is supported by a Letter of Warranty issued by banks.

(XV) Pension fund

1. The company and domestic subsidiaries have instituted the regulations for defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, the day that the new "Labor Pension Act" came into full force, Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the "Labor Standard Law." Each employee shall be entitled to 2 basis points for each year of service if he or she has served the company for 15 years or less. One basis point will be added to each additional year of service beyond the said period of 15 years up to the maximum of 45 basis points. Pension will be payable on the basis of the average basic salaries of the employee within the last six months prior to retirement and the length of service. The company and its domestic subsidiaries contribute 2% to 8% of the total salaries of the employees to the special pension fund account with the Trust Department of the Bank of Taiwan (Central Trust of China was merged into the Bank of Taiwan on the baseline date of July 1, 2007 and the Bank of Taiwan is the continuing company) and supervised by the Employee Pension Fund Reserve Supervisory Committee. The Retirement Plan of the subsidiary, Philippine Seven Corporation, applies the correspondent contribution plan as its pension rules.

The information related to the Company's and subsidiaries' actuarial reports for retirement pension:

(1) The information related to the Company's actuarial report for retirement pension:

	<u>2007</u>	<u>2006</u>
Discount rate		
The Company and its domestic subsidiaries	2.75% ~ 3.75%	2.75% ~ 3.75%
Foreign subsidiaries	8.06% ~ 8.31%	8.13%
Increasing rate of future salary		
The Company and its domestic subsidiaries	2% ~ 4%	2% ~ 4%
Foreign subsidiaries	5%	5%
Anticipated rate of return on long-term investment in fund assets		
The Company and its domestic subsidiaries	2.75%	2.5% ~ 3.5%
Foreign subsidiaries	9% ~ 9.01%	10%

(2) Contribution of retirement pension:

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Benefit obligation :		
Vested benefit obligation	(\$ 227,028)	(\$ 179,536)
Non-vested benefit obligation	( 1,150,047)	( 986,995)
Cumulative benefit obligation	( 1,377,075)	( 1,166,531)
Effect of increase in future salary	( 954,030)	( 737,813)
Projected benefit obligation	( 2,331,105)	( 1,904,344)
Fair value of pension fund assets	<u>1,045,030</u>	<u>910,622</u>
Contribution	( 1,286,075)	( 993,722)
Unrecognized service cost for the previous period	3,900	551
Unrecognized transitional net benefit obligation	61,461	65,101
Unrecognized pension loss	717,644	435,815
Supplemented accrued pension liabilities	( 10,912)	( 8,125)
Accrued pension liabilities	<u>(\$ 513,982)</u>	<u>(\$ 500,380)</u>
Vested benefit	<u>\$ 207,784</u>	<u>\$ 226,355</u>



(3) Net pension cost:

	<u>2007</u>	<u>2006</u>
Service cost	\$ 68,927	\$ 69,753
Interest cost	74,114	71,384
Expected return of pension assets	( 25,627)	( 24,272)
Amortization :		
Unrecognized transitional net benefit obligation	723	543
Unrecognized pension loss	28,554	28,490
Others	567	64
Net pension cost:	<u>\$ 147,258</u>	<u>\$ 145,962</u>

2. Effective July 1, 2005, the Company and domestic subsidiaries shall have their pension appropriation plan defined in accordance with “Labor Standards Law” for the benefit of native employees. The Company and domestic subsidiaries shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau. Pension cost under the defined pension plan was recognized as \$357,093 and \$323,568 in 2007 and 2006, respectively.
3. The Company’s subsidiaries in Mainland China have pension reserve appropriated for a percentage of the monthly salary in accordance with local pension insurance plan. Pension reserve is managed and arranged by the local competent authorities; therefore, the employer’s only obligation is to have pension appropriation made on a monthly basis.

(XVI) Income tax

1. Income tax and Income taxes payable

	<u>2007</u>	<u>2006</u>
Income taxes payable	\$ 790,635	\$ 814,383
Deferred income tax assets - net	( 37,346)	22,111
Carried forward income tax liabilities	( 34,947)	16,770
[Income tax amount under the new taxation system]	14,064	3,244
Prepaid income tax	764,755	635,190
Income tax expenses	<u>\$ 1,497,161</u>	<u>\$ 1,491,698</u>
Net income tax payable:		
Tax refund (Booked in the “Other receivable”)	(\$ 4,976)	(\$ 243)
Income tax payable	<u>\$ 795,611</u>	<u>\$ 814,626</u>

Item of income tax expenses are shown as follows:

Income tax expenses	\$	1,496,024	\$	1,491,107
Additional 10% business profit tax levied on unappropriated retained earnings		<u>1,137</u>		<u>591</u>
	\$	<u>1,497,161</u>	\$	<u>1,491,698</u>

2. Item of deferred income tax assets are shown as follows:

	<u>Dec. 31, 2007</u>		<u>Dec. 31, 2006</u>	
	<u>Amount</u>	<u>Effect of income tax</u>	<u>Amount</u>	<u>Effect of income tax</u>
Current items				
Temporary difference				
Bad debts	\$ 101,331	\$ 25,333	\$ 36,717	\$ 9,180
Allowance for reduction of inventory to market	92,823	23,206	52,322	13,080
Unrealized expense	19,753	4,938	28,268	7,067
Others	59,897	14,974	31,056	7,764
Loss carry forwards	140,593	35,148	85,344	21,336
Investment credit		<u>5,000</u>		<u>4,400</u>
		108,599		62,827
Less: allowance for reevaluation losses		<u>( 22,350)</u>		<u>( 13,181)</u>
Deferred income tax assets - current				
(Booked in the "Other current assets")		<u>\$ 86,249</u>		<u>\$ 49,646</u>
Non-current items				
Temporary difference				
Losses from overseas investments	\$ 920,728	\$ 230,182	\$ 747,658	\$ 186,915
Finance and tax difference of pension	94,668	29,082	72,439	18,206
Others	51,641	31,391	101,268	25,317
Loss carryforwards	610,607	152,652	750,356	187,589
Investment credit		<u>49,232</u>		<u>49,731</u>
		492,539		467,758
Less: allowance for reevaluation losses		<u>( 384,275)</u>		<u>( 360,237)</u>
Deferred income tax assets — non-current		<u>\$ 108,264</u>		<u>\$ 107,521</u>
(booked in the other assets account)				

3. Taxation authorities up to tax year 2005 have approved income tax returns filed by the company.
4. The Company and subsidiaries have the following deductions under Statute for the Encouragement of Industrial in 2007:

<u>Deductible items</u>	<u>Total de ductible amount</u>	<u>Unconsumed deductible balance</u>	<u>Final deduction year</u>
Human resources training expenses	\$ 23,338	\$ 5,607	2008~2011
Automation equipment and technology	74,793	48,625	2008~2011
Investment in territories of poor resources or slow development, etc.	28,658	-	-

5. The subsidiary has tax credit available for loss for an amount of \$751,200 on December 31 2007 and it can be carried forward to the year of 2012.
6. Details of unallotted retained earnings are shown as follows:

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Unallotted retained earnings carried forward to 1997	\$ 26,823	\$ 31,142
Unallotted retained earnings carried forward from 1998	<u>3,622,413</u>	<u>3,890,101</u>
Total	<u>\$ 3,649,236</u>	<u>\$ 3,921,243</u>

7. Information on new taxation system

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Balance of shareholders deduction account	<u>\$ 649,071</u>	<u>\$ 560,845</u>

	<u>2007 (Estimated)</u>	<u>2006 (Actual amount)</u>
Tax credit rate of retained earnings distributed	<u>17.92%</u>	<u>33.44%</u>

The said "tax credit rate" in 2007 was derived from the "balance of shareholders deduction account" on December 31, 2007. The tax credit to be distributed to the Company's shareholders is based on the "balance of shareholders deduction account" on the dividend and bonus distribution date; therefore, for the distribution of "Unallotted retained earnings carried forward from 1998" to shareholders, the applicable "tax credit rate" is to be adjusted according to the tax credit available by Income Tax Law prior to the dividend and bonus distribution date.

(XVII) Capital stock

As of December 31, 2007 and 2006, the Company has a capital stock of \$9,600,000 authorized and 915,160,436 stock shares issued at \$10 par.

(XVIII) Retained earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as legal reserve and special reserve may also be allocated if there is debit to shareholders' equity. Upon the reverse of the debit to shareholder's equity, the reversed amount is to be converted to net income for distribution. The earnings net of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board and at the approval of the general shareholders meeting. Remunerations to directors and supervisors shall be at 1% of earnings and employee bonus shall be no less than 0.2% of the earnings. Dividend and bonus to shareholders shall be 80% to 100% of the income attributable to shareholders net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividend).
2. The legal reserve may be used only for offsetting losses carried forward and increasing capitalization. If the balance of legal reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. Under the resolutions of the general shareholder meeting, cash dividend paid out for the periods of 2007 and 2006, amounted to NT\$3.5/share and NT\$3.4/share, respectively.
4. The Board of Directors has not approved the Company's proposal for allocation of retained earnings in 2007 before March 11, 2008. The proposals approved by the Board of Directors and allocation of retained earnings resolved by the shareholders' meetings may be viewed at the "M.O.P.S." of TSEC.

The information about the Company's bonus allocated to employees and remuneration paid to directors/supervisors in 2006:

	<u>Allocation resolved by shareholders' meetings and Board of Directors</u>	
(1) Allocation		
Cash bonus to employees	\$	275,250
Remuneration to Directors & Supervisors		34,406
(2) Information about EPS:		
EPS		4.18
Imputation EPS		3.84

(XIX) Earnings per share

	2007				
	Amount		Ending quantity of outstanding shares	EPS (Unit: NT\$)	
	<u>Pre-tax</u>	<u>After-tax</u>		<u>Pre-tax</u>	<u>After-tax</u>
Basic EPS					
Consolidated total net income (loss)	<u>\$ 5,004,382</u>	<u>\$ 3,622,413</u>	<u>915,160,436</u>	<u>\$5.47</u>	<u>\$3.96</u>

	2006				
	Amount		Ending quantity of outstanding shares	EPS (Unit: NT\$)	
	<u>Pre-tax</u>	<u>After-tax</u>		<u>Pre-tax</u>	<u>After-tax</u>
Basic EPS					
Consolidated total net income (loss)	<u>\$ 5,187,608</u>	<u>\$ 3,822,328</u>	<u>915,160,436</u>	<u>\$5.67</u>	<u>\$4.18</u>

(XX) Human resources spending, depreciation, depletion and amortization

The Company's and its subsidiaries' human resources spending, depreciations, depletion and amortization are summarized by function as following:

	2007		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,536,945	\$ 7,619,289	\$ 9,156,234
Labor and health insurance	125,272	548,208	673,480
Pension fund	95,326	432,076	527,402
Other human resources expenses	<u>58,825</u>	<u>780,393</u>	<u>839,218</u>
	<u>\$ 1,816,368</u>	<u>\$ 9,379,966</u>	<u>\$ 11,196,334</u>
Depreciations	<u>\$ 476,630</u>	<u>\$ 2,658,566</u>	<u>\$ 3,135,196</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 18,873</u>	<u>\$ 277,675</u>	<u>\$ 296,548</u>



	2006		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,823,311	\$ 6,699,252	\$ 8,522,563
Labor and health insurance	154,388	525,128	679,516
Pension fund	109,511	366,479	475,990
Other human resources expenses	77,669	583,001	660,670
	<u>\$ 2,164,879</u>	<u>\$ 8,173,860</u>	<u>\$ 10,338,739</u>
Depreciations	<u>\$ 498,529</u>	<u>\$ 2,391,117</u>	<u>\$ 2,889,646</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 19,244</u>	<u>\$ 385,428</u>	<u>\$ 404,672</u>

#### V. Related Party Transactions

##### (I) Names of related parties and their relationship with the company

Name of related parties	Relationship with the company
Uni-President Enterprises Corp.	Parent
Presco Netmarketing Inc.	A subsidiary of Uni-President Enterprises Corp
Nanlien International Corp.	"
Uni-President Dream Parks Corp.	"
Tong-Ho Development Corp.	"
Tong-jeng Development Corp.	"
President Biotechnology Co., Ltd.	"
President Enterprise Co., Ltd.	"
President Tokyo Corp.	"
Tung Ang Enterprise Corp.	Secondary subsidiary of Uni-President Enterprises Corp.
Beingspa	"
Wuhan Uni-president Foods Limited	"
President Co., Ltd.	"
Tung Guan Enterprises Co., Ltd.	"
Tung Che Enterprises Corp.	"
Lien Bo Enterprises	"
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under the Equity Method
Kuang Chuan Dairy Co., Ltd.	"
Kong-Na-Son Enterprise Co., Ltd.	"

Name of related parties	Relationship with the company
President Technology Corp.	The Company is a direct of President Technology Corp.
Tung Chang Enterprises Corp.	Investees of Uni-President Enterprises Corp's subsidiary under equity method
Chi-Chyang Corp.	//
Kuan Chang Enterprises Corp.	//
Wine-Well International Corp.	//
Allianz President Life Insurance Co., Ltd.	President Chain Store Corporation is a Director of Allianz President Life Insurance Co., Ltd. (The relation was terminated in April 2007 while all stockholding was sold.)
Ryohin Keikaku Co., Ltd.	The investing company that has MUJI Co., Ltd. valued with the Equity Method.
Duskin Co., Ltd.	The investing company that has Mister Donut valued with the Equity Method.
Formosan Magazine Press, INC.	The investing company that has Vision Distribution Service Corp. valued with the Equity Method.
Financial Information Service Co., Ltd.	Director of Bank Pro E-Service Technology Co., Ltd.
President Organics, Co.	Investees of the Company under the Equity Method.
President Musashino Corp.	//
Marks and Spencer Taiwan Co., Ltd.	//
Q-ware Systems & services Corp.	//

Name of related parties	Relationship with the company
21 Century Enterprise Co., Ltd.	Investees of the Company under the Equity Method.
Uni-President Development Corp. HiLife Co., Ltd.	// The invested company valued with the Equity Method by Kuang Chuan Dairy Co., Ltd.
Taijung Marine Corp. Ltd.	The invested company valued with the Equity Method by Mech-President Corp.
Store Sites Holdings Inc.	The invested company valued with the Equity Method by Philippine Seven Corp.
Starbucks Coffee International (Starbucks)	The investing company that has President Coffee Corp. valued with the Equity Method.
Yamato Holding Co., Ltd.	The investing company that has President Collect Services Co., Ltd. valued with the Equity Method.
Yamato Collect Service Corporation Taiwan Traditional Art and Culture Foundation	Subsidiary of Yamato Holding Co., Ltd. Statutory body that received over one third of funds from President Yilan Art and Culture Corp.

(II) Major transactions with related parties

1. sales

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
HiLife Co., Ltd.	\$ 227,233	-	\$ 207,661	-
Uni-President Enterprises Corp.	161,577	-	75,037	-
Uni-President Dream Parks Corp.	107,256	-	44,308	-
Others	<u>172,132</u>	<u>-</u>	<u>134,867</u>	<u>-</u>
	<u>\$ 668,198</u>	<u>-</u>	<u>\$ 461,873</u>	<u>-</u>

The sales made to the related parties are processed in accordance with the general sales terms and conditions.

2. Other operating revenue

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Uni-President Enterprises Corp.	<u>\$ 397,630</u>	<u>5</u>	<u>\$ 334,954</u>	<u>4</u>

3. Purchase (net of the purchase incentives)

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Ratio to the total purchase amount (net) of President Chain Store Corp.</u>	<u>Amount</u>	<u>Ratio to the total purchase amount (net) of President Chain Store Corp.</u>
Uni-President Enterprises Corp.	\$ 10,003,868	10	\$ 9,890,739	11
Tung Ang Enterprise Corp.	2,167,415	2	2,117,553	2
President Musashino Corp.	1,176,488	1	1,216,284	1
Lien Bo Enterprises	986,162	1	980,694	1
Others	<u>1,826,791</u>	<u>2</u>	<u>1,571,564</u>	<u>2</u>
	<u>\$ 16,160,724</u>	<u>16</u>	<u>\$ 15,776,834</u>	<u>17</u>

The terms and conditions for the purchase from the related party of President Chain Store Corp. and subsidiaries are identical to the terms and conditions for general suppliers.

4. Compensation on defective merchandise (debited to cost of goods sold)

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Uni-President Enterprises Corp.	\$ 48,978	13	\$ 52,529	14

5. Operating expenses

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Rental expenditures</u>				
Uni-President Enterprises Corp.	\$ 85,553	2	\$ 83,058	2
President Tokyo Corp.	16,058	-	14,307	-
Others	12,924	-	4,155	-
	<u>\$ 114,535</u>	<u>2</u>	<u>\$ 101,520</u>	<u>2</u>
<u>Activity fee</u>				
Traditional Art Foundation	\$ 50,800	100	\$ -	-

6. Receivables (payables to) from related parties

	<u>Dec. 31, 2007</u>		<u>Dec. 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Accounts receivable</u>				
Uni-President Enterprises Corp.	\$ 66,323	3	\$ 77,791	4
Others	76,896	3	60,314	3
	<u>\$ 143,219</u>	<u>6</u>	<u>\$ 138,105</u>	<u>7</u>

	Dec. 31, 2007		Dec. 31, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Other receivables</u>				
Uni-President Enterprises Corp.	\$ 74,186	9	\$ 87,341	11
Others	8,293	1	15,886	2
	<u>\$ 82,479</u>	<u>10</u>	<u>\$ 103,227</u>	<u>13</u>
<u>Note and account payables</u>				
Uni-President Enterprises Corp.	\$ 1,196,019	9	1,270,754	10
Tung Ang Enterprise Corp.	172,327	1	185,595	1
Others	567,912	5	454,439	4
	<u>\$ 1,936,258</u>	<u>15</u>	<u>\$ 1,910,788</u>	<u>15</u>
<u>Accrued expenses</u>				
Uni-President Enterprises Corp.	\$ 17,119	-	\$ 33,744	1
Others	78,007	2	32,562	1
	<u>\$ 95,126</u>	<u>2</u>	<u>\$ 66,306</u>	<u>2</u>

## 7. Property trade

### (1) Acquisition of subsidiary's equity:

The Company's Board of Directors resolved in 2006 to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprises Corp. and the trade price was negotiated to be \$255,372 according to the opinions of security analysts and specialists.

### (2) Acquisition of fixed assets

Subsidiary acquired transportation equipment from the related party in 2007 and 2006 as follows:

	2007	2006
President Tokyo Corp.	<u>\$ 55,302</u>	<u>\$ 43,744</u>

The aforementioned transportation equipment for business is acquired with installment payment for three years. The related installment payment is payable up to December 31, 2007 and 2006:



	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
President Tokyo Corp.	\$ 191,617	\$ 261,304
Discount of installment payable	( 12,796)	( 19,084)
Net amount	178,821	242,220
Less: Current portion	( 99,100)	( 125,688)
	<u>\$ 79,721</u>	<u>\$ 116,532</u>

Long-term installment payables will be repaid before December 2010 accordingly

8. Financing - to related party (2007 - None)

President Chain Store Corp.

2006					
<u>Maximum balance</u>					
<u>Borrowers</u>	<u>Date of transaction</u>	<u>Amount</u>	<u>Balance at ending of period</u>	<u>Interest rate</u>	<u>Interest income</u>
21 Century Enterprise Co., Ltd.	2006 Jan. ~ 2006 Feb.	\$ 5,000	\$ -	2.51% ~2.52%	\$ 19

9. Financing - from related party (booked in the "Other accounts payable" account)

Convenience Distribution Inc.

2007					
<u>Maximum balance</u>					
<u>Borrowers</u>	<u>Date of transaction</u>	<u>Amount</u>	<u>Balance at ending of period</u>	<u>Interest rate</u>	<u>Interest expenses</u>
Store Sites Holding Inc.	2007 Jan. ~ 2007 June	USD 200,000	\$ -	10% ~ 10.95%	<u>PHP493,000</u> (USD11,000)

2006					
<u>Maximum balance</u>					
<u>Borrowers</u>	<u>Date of transaction</u>	<u>Amount</u>	<u>Balance at ending of period</u>	<u>Interest rate</u>	<u>Interest expenses</u>
Store Sites Holding Inc.	2006 Jan. ~ 2006 Dec.	PHP9,000,000	<u>PHP9,000,000</u>	10%	<u>PHP640,000</u>
		(USD170,000)	(USD170,000)		(USD12,000)

#### 10. Commitment

- (1) President Collect Services Co., Ltd. has a trademark and technological collaboration agreement signed with Yamato Collect Service Corporation in 2002 for merchandise delivery and payment collection for a period of ten years. According to the said agreement, President Collect Services Co., Ltd. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount on a monthly basis.
- (2) President Coffee Corp. has a collaboration agreement signed with Starbucks for business operation and management of “Starbucks Coffee Chain Store.” According to the said agreement, President Coffee Corp. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount on a monthly basis.
- (3) Muji Taiwan Co., Ltd. has an agreement of authorization signed with Ryohin Keikaku Co., Ltd. in September 2003 for the operation of “Muji Licensed Store” and the use of information and trade know-how in the designated area (Republic of China). According to the said agreement, Muji Taiwan Co., Ltd. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount.
- (4) Mister Donut Taiwan Corp. has an agreement of trademark and technological collaboration signed with Duskin Co., Ltd. in 2004 for the operation and management of “DUSKIN Mister Donut Franchise” for ten years. According to the agreement signed, Mister Donut Taiwan Corp. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount.
- (5) The Company and subsidiaries have leased business and office facilities from affiliates for a lease term of 5 years. The collection of rents is based on the terms and conditions specified in respective lease agreements. As of Dec. 31, 2007, the projected rental expenses are illustrated as follows:

<u>Lease term</u>	<u>Total rents</u>
2008	\$ 104,506
2009	104,543
2010	104,580
2011	104,617
2011 and beyond	<u>135,433</u>
	<u>\$ 553,679</u>

## VI. Pledged Assets:

The assets of the Company and subsidiaries used as collateral on December 31, 2007 and 2006:

<u>Assets</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>	<u>Collateral</u>
Lands	\$ 314,492	\$ 314,492	Long-term and short-term debt and endorsement
Building	410,632	214,483	Long-term and short-term debt and endorsement
Transportation vehicles	447,155	426,426	Long-term loan and long-term installment payable
Operating instrument and other equipment	20,518	27,437	Long-term debt
Mortgaged time deposit	50,868	45,715	Contract security deposit
	<u>\$ 1,243,665</u>	<u>\$ 1,028,553</u>	

## VII. Major undertaking and contingency

- (I) President Chain Store Corporation, Philippine Seven Corporation, and 7-ELEVEN Inc. (U.S.A.) have a long-term technological collaboration agreement signed. According to the agreement reached, President Chain Store Corporation and its subsidiaries are to have technological royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount on a monthly basis.
- (II) President Transnet Corp. has a trademark and technological collaboration agreement signed with YAMATO HOLDING CO., LTD. in January 2000 for the operation and management of "Delivery Business" for a period of ten years. According to the agreement signed, President Transnet Corp. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount on a monthly basis and for a minimum amount of ¥1,000,000.
- (III) President Yilan Art and Culture Corp. has the "National Traditional Art Center Consignment Agreement"(referred to as "Consignment Agreement" hereinafter) signed with National Traditional Art Center in 2004 with the terms and conditions agreed upon as follows:
  1. The subject of the consignment agreement is the architectural facilities of National Traditional Art Center Yilan Park. The scope of the consignment service includes the operational management and application and management of the subject to provide traditional art display, promotion, teaching activity, and product sales and business development.
  2. The consignment agreement is signed for a period of six years from the grand opening day. President Yilan Art and Culture Corp. is with the priority to have the consignment

agreement renewed on the due date for a period not longer than six years if it is in conformity with the terms and conditions of the agreement.

3. Royalty:
    - (1) Fixed royalty:

President Yilan Art and Culture Corp. shall pay the fixed royalty of NT\$5,000,000 per year.
    - (2) Operation royalty  
In the duration of operation, President Yilan Art and Culture Corp. shall pay 1% of the annual operation revenue as the operation royalty.
  4. President Yilan Art and Culture Corp. is to pay a performance bond for the amount of NT\$30,000,000 according to the agreement signed. The duration of the performance bond is until the termination of the consignment agreement and the assets returned and transferred by President Yilan Art and Culture Corp. for over six months.
  5. President Yilan Art and Culture Corp. must invest no less than NT \$50,000,000 (after tax) for the public service space and operating equipment of the project in one year from the day the consignment agreement signed; moreover, an investment in promoting traditional art activities for an amount no less than NT \$5,000,000 (after tax) from the first year of operation.
  6. President Yilan Art and Culture Corp. agrees to have the operating assets that are acquired throughout the contract period transferred to National Traditional Art Center unconditionally upon the termination or expiration of the agreement.
- (IV) The Company's subsidiary has an agreement of authorization signed with Cold Stone Creamery International LLC in 2006 to acquire the "COLD STONE CREAMERY" trademark in Taiwan and Mainland China for the sales of ice cream for a period of thirty years. According to the agreement signed, the subsidiary is to have fixed contract performance bond and business development fee paid; also, to have royalties paid for an amount equivalent to certain percentage of total sales amount.
- (V) President FN Business Corporation has an agreement of PLAZA authorization signed with PLAZASTYLE in January 2007 for the operation of "PLAZA" store and the use of information and trade know-how in the designated area (Republic of China) for a period of ten years. The agreement will be renewed automatically for a period of three years if neither of the two parties has the other party informed otherwise six months in advance and so forth. According to the said agreement, President FN Business Corporation is to have royalties paid every six-month throughout the contract period for an amount equivalent to certain percentage of total sales amount.

- (VI) Uni-President Department Store Corp. has an agreement of technological consulting service confirmation signed with Hankyu Department Stores, Inc. in April 2006. According to the said confirmation, Uni-President Department Store Corp. is to have “Technological Consulting Fee” paid before the grand opening, in addition to the said technological consulting fee to be paid annually after the grand opening, a “Fixed Technological Fee” is also to be paid regularly.
- (VII) PCSC (SICHUAN) Hypermarket Limited has an agreement of authorization signed with SAZABY LEAGUE in June 2007 to have the “Afternoon Tea” trademark applied for (registered) in Shanghai City and the peripheral area (Jiangsu Province and Zhejiang Province), and Beijing City for the authorization of restaurant service and retailing. According to the agreement signed, the Company is to have fixed royalty paid for an amount equivalent to certain percentage of total sales amount.
- (VIII) The Company has President International Building leased to the non-affiliates (Booked in the “Rental assets”):
1. Arcade: It is for a lease term of 18 years and 6.5 months from June 15, 2005 with rent paid for an amount equivalent to certain percentage of total sales amount.
  2. Office: It is for a lease term of five years from November 1, 2007 to October 31, 2012. The Company has the following projections in rental incomes for the various years:

<u>Lease term</u>	<u>Total rents</u>
2008	\$ 20,925
2009	20,925
2010	21,029
2011	21,552
Jan. 1 to Oct. 31, 2012	<u>17,960</u>
	<u>\$ 102,391</u>

- (IX) The lease agreement signed by the Company and subsidiaries with the non-affiliates for the stores and business facilities is for a periods of 3~12 years. As of December 31, 2007, the Company and subsidiaries have prepaid rent and securities deposit for an amount of \$789,815 and \$1,517,337, respectively and it was booked in the “Prepayment” and “Refundable deposit” accordingly. The Company and subsidiaries have the following projections in rent payable for the various years:

<u>Lease term</u>	<u>Total rents</u>
2008	\$ 6,477,353
2009	6,033,585
2010	5,369,934
2011	4,779,172
2012	4,259,767
2013 and thereafter (discount value \$5,473,437)	<u>6,225,876</u>
	<u>\$ 33,145,687</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the consolidated financial statements for the period of 2006 have been reclassified. They are compared with the financial statements for the period of 2007.

(II) Information on fair value

	<u>Dec. 31, 2007</u>		
		<u>Fair value</u>	
	<u>Amount</u>	<u>Amount estimated</u>	
	<u>determined by</u>	<u>by</u>	
	<u>open quotations</u>	<u>appraisal method</u>	
	<u>Book value</u>		
<u>Non-Derivatives</u>			
<u>Assets</u>			
Financial instruments whose book values are equal to fair value	\$ 11,818,368	\$ -	\$ 11,818,368
Financial instruments held for trading	3,650,678	3,650,678	-
Financial assets carried at cost	12,485,634	-	-
Financial instruments available for sales	739,867	739,867	-
Refundable deposits	1,726,223	-	1,426,913
<u>Liabilities</u>			
Financial liabilities whose book values are equal to fair values	\$25,921,407	\$ -	\$ 25,921,407
Corporate bond	1,100,000	-	1,100,000
Long-term debt	8,070,084	-	8,070,084
Guarantee deposit received	1,986,894	-	1,713,734
<u>Derivatives</u>			
<u>Liabilities</u>			
Interest rate SWAP	\$ 5,070	\$ -	\$ 5,070



	Dec. 31, 2006		
		Fair value	
	<u>Book value</u>	<u>Amount determined by open quotations</u>	<u>Amount estimated by appraisal method</u>
<u>Non-Derivatives</u>			
Assets			
Financial instruments whose book values are equal to fair value	\$ 9,085,275	\$ -	\$ 9,085,275
Financial instruments held for trading	1,421,770	1,421,770	-
Financial assets carried at cost	13,190,071	-	-
Financial assets available for sales	522,623	522,623	-
Refundable deposits	1,632,947	-	1,390,549
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 24,259,806	\$ -	\$ 24,259,806
Corporate bond	2,000,000	-	2,000,000
Long-term debt	1,340,793	-	1,340,793
Guarantee deposit received	1,772,856	-	1,559,268
<u>Derivatives</u>			
Liabilities			
Interest rate SWAP	\$ 14,994	\$ -	\$ 14,994

The Company and subsidiaries adopted the following methods and assumptions on the valuation of the fair value of financial instruments:

1. The carrying values of short-term financial instruments as stated in the balance sheet have been adopted as their fair value, as the discounted values of such instruments are insignificant. These are the amounts determined not by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and accounts receivable, other accounts receivable, note and account payables, income taxes payable, accrued expenses and other accounts payable.
2. The fair value of financial assets for sale, such as, in the listing market, is the market price.
3. The fair value of refundable deposit and guarantee deposits received are based on the discount value of the expected cash flow. The discount rate is based on the one-year time deposit rate of the Directorate General of the Postal Remittances & Savings Bank.
4. The discounted value of corporate bond and long-term debt are insignificant, and their

carrying values are adopted as fair value.

5. The fair value of derivatives is the amount to be received or paid by the Company and subsidiaries on the Balance Sheet date. Generally, this shall include the unrealized gain or loss from unsettled contracts in the current period.

(III) Significant profit and loss of financial products and equity information

The financial assets available for sales of the Company and subsidiaries in 2007 and 2006 were debited/credited to Shareholder's Equity directly for an amount of \$93,597 and \$380,664.

(IV) Interest risk position

The financial liabilities with fair value risk from interest rate fluctuation of the Company and subsidiaries on December 31, 2007 and 2006 amounted to \$9,667,387 and \$3,775,901, respectively. The financial liabilities with cash flow risk from interest rate fluctuation amounted to \$1,461,131 and \$1,282,983, respectively.

(V) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company and subsidiaries aims at hedging off operational risks. To this end, the Company and subsidiaries deal with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.
2. The Finance Department of the Company is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure resulting from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy in operations and the risks so assumed are within the toleration threshold of the company.

(VI) Information on primary financial risks

1. Market Risk

- (1) Financial instruments whose change in fair value are recognized as gains and losses and financial instruments available for sales invested by the Company and subsidiaries are an open-ended fund. Both open-ended funds and listed/OTC stocks are affected by the fluctuation of market price.
- (2) The loans of the Company and subsidiaries and some of the corporate bond payable are with interest accrual at a fixed rate; therefore, they are with interest rate risk. Long-term loans are usually applied in a revolving manner and corporate bond payable are usually due in one year; therefore, no significant

market risk from interest rate fluctuation is expected.

2. Credit Risk

- (1) Financial instruments which change in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company and subsidiaries are both traded in a stock market or traded with a reputable party; therefore, no breach of contract is expected.
- (2) The Company has undertaken IRS contracts with the international financial organizations with good credit rating. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The debtors of accounts receivable of the Company and subsidiaries are with good credit; therefore, no significant credit risk is expected. The maximum credit risk amount is the book value.
- (4) The Company and its subsidiaries act as third party guarantors for loans in accordance with the "Procedure for Guarantee and Endorsement," and only act in favor of subsidiaries and stakeholders with business transactions. Since the Company maintains proper information on their credit standing, no collateral is demanded. If a respective stakeholder is liable for breach of contract, the possible credit risk is the amount of guarantee and endorsement.

3. Liquidity Risk

- (1) Financial instruments whose change in fair value are recognized as gains and losses and financial instruments available for sales invested by the Company and subsidiaries have public quotations in the open market. As such, they are expected to be disposed of quickly at prices approximating to fair value in the market without difficulty.
- (2) Financial instruments carried at cost invested by the Company and subsidiaries have no open quotation in the centralized market. Therefore, there is anticipated liquidity risk.
- (3) Payables are due in 90 days from the Company and subsidiaries. Loans are with revolving quota; therefore, working capital is sufficient to support fund demand; therefore, a significant liquidity risk is not expected.
- (4) Payables or receivable interest of IRS contracts engaged in by the Company are based on the nominal principal multiplying by the difference in interest rate. The amount is not material, and there is no cash inflow or outflow when the contract is due, and the Company's working fund affords to cope with it. Therefore, there is no fund raising risk.

4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments invested by the Company and subsidiaries are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company bear floating rate; therefore, the bond effective rate will change along with market rate and that causes future cash flow to fluctuate. However, the Company has undertaken IRS contract for hedging off such risk deriving from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.
- (3) Some loans of the Company and subsidiaries bear floating rate; therefore, the loan effective rate will change along with market rate and that causes future cash flow to fluctuate. While market rate increases by 1%, the Company's cash outflow will increase by \$7,611.

(VII) Hedge of cash flows:

The payable corporate bonds issued by the Company bear a floating rate. Therefore, the future cash flow of the liability might fluctuate along with the market rate and cause risk. Upon assessment, the Company entered into IRS contracts separately for hedging:

<u>Designated hedging instruments</u>		<u>Fair value</u>			
<u>Hedged objects</u>	<u>Financial products designated to be hedging instruments</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>	<u>Period in which cash flow is anticipated to be generated</u>	<u>Time at which the relevant loss is anticipated to be recognized in the statement of income</u>
Corporate bond	Interest rate SWAP	(\$ 5,070)	(\$ 14,994)	June 2003~June 2008	2006~2008
<u>Item</u>		<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>		
Adjustments to shareholders' equity		\$ 9,924	(\$ 14,994)		
Reversal from shareholders' equity to current income and loss		\$ -	\$ -		
Reversal from shareholders' equity to non-financial assets (liabilities)		\$ -	\$ -		

(VIII) Deletion of transactions conducted between parent company and subsidiary and among subsidiaries

2007

<u>Trading counterparts</u>	<u>Transactions</u>		<u>Offset among credit and obligation titles</u>		<u>Offset of income titles</u>
	<u>Offset of long-term investment and shareholders' equity</u>	<u>Payable/ receivable accounts</u>	<u>Purchase/ sales transactions</u>	<u>Other income titles</u>	
President Chain Store Corp.	(\$ 6,235,780)	(\$ 5,977,897)	\$ 66,418,578	\$	953,020
President Drugstore Business Corp.	478,762	( 587,370)	3,200,076		23,673
President Direct Marketing Corp.	7,180	( 2,262)	( 26,793)		47,066
Capital Inventory Services Corp.	73,330	41,960	( 152,558)		6,669
Ren-Hui Investment Corp.	721,748	-	-		-
President Yilan Art and Culture Corp.	137,326	( 998)	12,779		2,772
President Information Corp.	208,008	111,262	( 642,767)		20,479
President Transnet Corp.	264,065	( 206,501)	( 473,161)		51,384
President Collect Services Co., Ltd.	27,016	223,700	64,421		-
Uni-President Cold-Chain Corp.	340,996	1,080,386	( 16,140,323)		500,591
Bank Pro E-Service Technology Co., Ltd.	84,580	4,986	( 30,280)		2,502
Duskin Serve Taiwan Co.	113,415	18,531	( 104,388)		8,319
Books.com. Co., Ltd.	101,714	34,529	59,191		192,752
Uni-President Yellow Hat Corp.	12,051	-	-		-
President Coffee Corp.	119,751	( 2,628)	30,095		27,643
Muji Taiwan Co., Ltd.	74,777	( 8,200)	-		37,851
Mister Donut Taiwan Corp.	124,444	( 1,308)	533		11,531
President FN Business Corp.	64,556	-	-		-
Cold Stone Creamery Taiwan Ltd.	38,842	-	-		-
President Pharmaceutical Corp.	348,987	77,024	( 463,992)		72,779
Uni-President Department Store Corp.	243,076	( 2,351)	-		11,376
Wisdom Distribution Service Corp.& its Subsidiaries	194,356	1,453,095	( 8,812,878)	(	76,525)
Mech-President Corp. & its Subsidiaries	371,452	-	-		10,648
Retail Support International Corp. & its Subsidiaries	124,844	3,742,912	( 45,664,438)		850,078
Uni-President Oven Bakery Corp. & its Subsidiaries	37,876	( 12,189)	( 28,703)		-
PCSC (China) Limited & its Subsidiaries	873,122	13,319	-		-
President Chain Store (BVI) Holdings Ltd. & its Subsidiaries	1,049,506	-	-		-

(Blank hereunder)

2006

Trading counterparts	Transactions			
	Offset of long-term investment and shareholders' equity	Offset among credit and obligation titles Payable/ receivable accounts	Offset of income titles Purchase/ sales transactions	Other income titles
President Chain Store Corp.	(\$ 5,952,051)	(\$ 6,377,297)	\$ 65,171,617	\$ 661,995
President Drugstore Business Corp.	417,530	( 524,871)	2,498,738	231,335
President Direct Marketing Corp.	16,842	( 6,443)	( 50,793)	30,993
Capital Inventory Services Corp.	73,850	16,004	( 145,492)	9,684
Ren-Hui Investment Corp.	859,558	-	-	-
President Yilan Art and Culture Corp.	103,566	2,852	3,248	2,751
President Information Corp.	199,072	105,061	( 622,829)	18,169
President Transnet Corp.	201,252	( 179,135)	( 487,115)	62,612
President Collect Services Co., Ltd.	23,813	193,559	( 1,599)	55,968
Uni-President Cold-Chain Corp.	349,094	1,567,686	( 15,745,826)	418,812
Bank Pro E-Service Technology Co., Ltd.	79,900	11,849	( 69,874)	-
Duskin Serve Taiwan Co.	94,551	10,276	( 84,232)	7,999
Books.com. Co., Ltd.	70,870	36,955	-	44,380
Uni-President Yellow Hat Corp.	21,298	( 9)	( 242)	( 46)
President Coffee Corp.	130,210	22,034	( 38,676)	65,463
Muji Taiwan Co., Ltd.	57,622	( 6,982)	-	40,253
Mister Donut Taiwan Corp.	126,249	( 2,259)	-	23,412
President FN Business Corp.	96,838	( 1,961)	-	-
Cold Stone Creamery Taiwan Ltd.	70,000	-	-	-
President Pharmaceutical Corp.	324,820	46,855	( 199,224)	( 2)
Uni-President Department Store Corp.	249,117	( 1,300)	-	-
Wisdom Distribution Service Corp. & its Subsidiaries	223,521	847,962	( 5,391,948)	203,197
Mech-President Corp. & its Subsidiaries	420,700	( 537)	3,562	321
Retail Support International Corp. & its Subsidiaries	205,990	4,230,476	( 46,689,557)	607
Uni-President Oven Bakery Corp. & S its subsidiaries	73,021	9,225	( 33,155)	5,494
PCSC (China) Limited & its Subsidiaries	481,140	-	-	-
President Chain Store (BVI) Holdings Ltd. & its Subsidiaries	981,627	-	-	-

(IX) Information is disclosed in accordance with “the Criteria for the Preparation of Consolidated Reports on Operation, Consolidated Financial Statements, and Report on Affiliates and Subsidiaries” No. 14 as follows:

1. Deletion of transactions conducted between the parent company and subsidiary: Please refer to Note X (8) for details.
2. Financing information: Please refer to Note V(2)VIII and IX and Note XI for details.
3. Endorsement and guarantee: Please refer to Note XI for details.
4. Derivatives Information: Please refer to Note X(VII) and Note XI(2)II(9) for details.
5. Materiality and contingent events: Please refer to Note XI for details.
6. Significant post events: None
7. Promissory notes and marketable securities: Please refer to Note IV(2), IV(4), IV(5), IV(6), and Note XI for details.



XI. Supplementary Disclosure

(I) Information on major trade

(For the information disclosure of the invested company, it is based on the financial statements audited by the CPA. The following transactions conducted with the subsidiaries are setoff and the disclosure is for reference only)

Disclosure on major transactions of the Company in the period of 2007 is specified as follows:

1. Loans to third parties: None.
2. Act as guarantor in favor of a third party

<u>Name of Guarantee</u>			Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
<u>Name of Guarantor</u>	<u>Company Name</u>	<u>Affiliation</u>						
President Chain Store Corporation	Retail Support International Corp.	business relation	\$ 3,250,896	\$ 600,000	\$ 600,000	None	3.69%	\$ 8,127,240
	Uni-President Department Store Corp.	Subsidiary	"	177,349	177,349	"	1.10%	
	Wisdom Distribution Service Corp.	"	"	50,000	50,000	"	0.31%	
	President Information Corp.	"	"	8,000	8,000	"	0.05%	
	President Yilan Art and Culture Corp.	"	"	65,000	15,000	"	0.09%	
	Mech-President Corp.	"	"	USD 3,000,000	USD 3,000,000	"	0.60%	
	Philippine Seven Corp.	subsidiary of a subsidiary	"	USD 7,883,000	USD 4,000,000	"	0.80%	
	Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	"	"	USD 3,500,000	USD 3,500,000	"	<u>0.70%</u>	
							<u>7.34%</u>	

Note: The upper limit of total guarantee undertaken by the Company is 50% of the net worth, and to particular enterprise is 20% of the net worth.

3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares / units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Polaris De-Li Bond Fund	None	Financial assets which change in fair values are recognized as gains or losses-current	39,216,968	\$ 600,000	-	\$ 600,000	
	Capital Income Fund	"	"	33,051,296	500,000	-	500,000	
	Prudential Financial Bond Fund	"	"	33,680,013	500,000	-	500,000	
	UPAMC JAMES BOND Fund	"	"	31,902,811	500,000	-	500,000	
	Mega Diamond Bond Fund	"	"	38,485,551	450,000	-	450,000	
	Cathay bond fund, etc.	"	"	skipped	140,000	-	140,000	
					<u>\$ 2,690,000</u>		<u>\$ 2,690,000</u>	
	President Chain Store (BVI) Holdings Ltd.	Subsidiary	Long-term investments (Equity method)	48,405,458	\$ 1,049,506	100.00%	\$1,049,506	
	Ren-Hui Investment Corp.	"	"	85,303,733	721,748	100.00%	721,748	
	Mech-President Corp.	"	"	48,698,536	371,452	63.47%	371,452	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	340,996	60.00%	332,336	
	President Drugstore Business Corp.	"	"	36,575,500	478,762	100.00%	478,762	
	President Yilan Art and Culture Corp.	"	"	18,000,000	137,326	90.00%	139,685	
	President Information Corp.	"	"	16,744,310	208,009	56.00%	204,381	
	President Transnet Corp.	"	"	70,000,000	264,065	70.00%	245,223	
	Wisdom Distribution Service Corp.	"	"	9,432,540	194,356	100.00%	196,594	
	PCSC (China) Limited	"	"	36,449,140	873,122	100.00%	873,122	
	Uni-President Development Corp.	"	"	20,000,000	158,604	20.00%	158,604	
	Mister Donut Taiwan Corp.	"	"	10,000,000	124,444	50.00%	124,444	
	President Coffee Corp.	"	"	9,313,920	119,751	30.00%	119,751	
	President Pharmaceutical Corp.	"	"	14,600,494	348,987	73.74%	190,189	
	Uni-President Department Store Corp.	"	"	56,000,000	243,076	70.00%	243,076	
	Duskin Serve Taiwan Co.	"	"	15,300,000	113,415	51.00%	113,415	
	Books.com. Co., Ltd.	"	"	10,000,000	101,714	50.03%	101,714	
	Retail Support International Corp.	Investees of the Company under Equity Method.	"	5,000,000	124,844	25.00%	116,777	
	President Musashino Corp.	"	"	20,916,000	219,877	40.00%	219,719	
	Muji Taiwan Co., Ltd., etc.	skipped	"	skipped	534,148	20.00%~100.00%	518,809	
					<u>\$ 6,728,202</u>		<u>\$ 6,519,307</u>	
	President Securities Corp.	Investees of Uni-President Enterprises Corp under Equity Method	Available-for-sale financial assets-non current	30,355,172	\$ 571,147	2.58%	\$ 571,147	
	Duskin Co., Ltd.	None	"	300,000	168,721	0.45%	168,721	
					<u>\$ 739,868</u>		<u>\$ 739,868</u>	

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares / units at ending	Book value	Proportion of shareholding	Market price	Remarks
	Presicarre Corp.	The Company is a director	Financial assets carried at cost - noncurrent	88,740,016	\$ 6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	None	"	146,448,927	1,301,931	3.47%	"	
	Tong-Jen Development Corp.	The Company is a director	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	"	"	50,000,000	500,000	3.33%	"	
	New Century Info Comm Co., Ltd.etc.	skipped	"	skipped	1,247,208	0.02% ~19.93%	"	
					<u>\$11,809,168</u>			

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments (Note 6)	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Chain Store Corporation	NITC Taiwan Bond Fund	Note 1	Not applicable	Not applicable	-	\$ -	54,889,484	\$780,000	54,889,484	\$ 781,051	\$ 780,000	\$ 1,051	\$ -	-	\$ -
	Yuanta Wan-tai Fund	"	"	"	-	-	187,164,435	2,640,000	187,164,435	2,641,977	2,640,000	1,977	-	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	15,602,815	200,000	15,602,815	200,070	200,000	70	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	495,556,916	5,760,000	457,071,365	5,313,162	5,310,000	3,162	-	38,485,551	450,000
	Prudential Financial Bond Fund	"	"	"	-	-	961,152,603	14,190,000	927,472,590	13,696,125	13,690,000	6,125	-	33,680,013	500,000
	UPAMC JAMES BOND Fund	"	"	"	-	-	365,492,373	5,690,000	333,589,562	5,193,819	5,190,000	3,819	-	31,902,811	500,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	167,025,744	2,240,000	163,334,808	2,190,810	2,190,000	810	-	3,690,936	50,000
	Capital Income Fund	"	"	"	-	-	79,374,492	1,198,000	46,323,196	698,365	698,000	365	-	33,051,296	500,000
	Polaris De-Li Bond Fund	"	"	"	-	-	249,058,352	3,800,000	209,841,384	3,202,823	3,200,000	2,823	-	39,216,968	600,000
	Cathay bond fund	"	"	"	-	-	22,283,933	260,000	14,595,502	170,097	170,000	97	-	7,688,431	90,000

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments (Note 6)	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
	JF Taiwan bond fund	"	"	"	-	-	18,909,508	290,000	18,909,508	290,259	290,000	259	-	-	-
	Allianz President Life Insurance Co., Ltd.	Note 2	Note 3	Note 3	24,166,817	241,668	-	-	24,166,817	361,415	241,668	119,747	-	-	-
	Tong-Ho Development Corp.	Note 2	Raise capital by issuing new shares	Not applicabl e	19,929,929	-	26,905,500	269,055	(19,929,929) (Note 4)	-	-	-	(159,813)	26,905,500	109,242
	Uni-President Department Store Corp.	Note 5	"	"	35,000,000	249,117	21,000,000	210,000	-	-	-	-	(216,041)	56,000,000	243,076
	PCSC (China) Limited	"	"	"	20,722,000	481,140	15,727,140	518,457	-	-	-	-	(126,475)	36,449,140	873,122
	Marks and Spencer Taiwan Co., Ltd.	"	New company , initial offering	"	-	-	12,826,412	128,264	-	-	-	-	(66,213)	12,826,412	62,051

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses - current".

Note 2: Recognized under the account title of "Financial instruments carried at cost - noncurrent".

Note 3: Sold to Allianz SE, not the affiliates of the Company.

Note 4: Quantity of shares under capital reduction.

Note 5: Booked in the "Long-term investments (Equity Method)" account

Note 6: It includes investment profit and loss under equity method, cumulative translation effect, and impairment loss.

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks	
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)		
President Chain Store Corporation	Retail Support International Corp.	Investees of the Company under Equity Method	Purchase	\$40,396,485	57	O/A settlement 10~80 days	Note	No significant difference	(\$3,031,910)	44		
	Uni-President Cold-Chain Corp.	Subsidiary	"	16,014,350	23	O/A settlement 15~30 days	"	"	( 1,174,557)	17		
	Wisdom Distribution Service Corp.	"	"	8,254,575	12	O/A settlement 20~40 days	"	"	( 1,524,247)	22		
	Uni-President Enterprises Corp.	Parent	"	1,690,306	2	O/A settlement 30~45 days	No significant difference	"	( 131,394)	2		
	Q-ware Systems & services Corp.	Investees of the Company under Equity Method	"	220,920	-	O/A settlement from 30~40 days	"	"	( 43,075)	1		
	President Transnet Corp.	Subsidiary	Cost of operation	"	638,906	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	( 52,037)	1	

Note: The cost of purchase from Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. is paid in accordance with the agreed upon rate for merchandise and supplies and mark-up. Please refer to Note V (2) for details.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: None

9. Derivative trade: Note X (VII)

(Blank hereunder)

(II) Information on direct investment

## 1. Information on Investees:

Investees		Initial amount of investment		Holding at ending		Income		Recognized gain (loss)			
<u>Investor name</u>	<u>Name</u>	<u>Location</u>	<u>Major business activities</u>	<u>End of current period</u>	<u>End of previous period</u>	<u>Quantity of share</u>	<u>Proportion</u>	<u>Book value</u>	<u>status of investees</u>	<u>Company</u>	<u>Remarks</u>
				\$	\$			\$	(\$)	(\$)	
President Chain Store Corporation	President Chain Store Corp. (B.V.I.)	BVI	Professional investment company	1,586,018	1,520,766	48,405,458	100.00%	1,049,506	20,367	20,759	Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investment company	853,037	853,037	85,303,733	100.00%	721,748	137,810	(137,810)	"
	Mech-President Corp.	Tainan	Gas station and elevator installation engineering	451,767	364,683	48,698,536	63.47%	371,452	217,342	(138,309)	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low temperature foods logistics	237,437	237,437	19,563,272	60.00%	340,996	146,720	83,849	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	36,575,500	100.00%	478,762	90,779	83,409	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition, etc.	180,000	180,000	18,000,000	90.00%	137,326	39,691	33,760	"
	President Information Corp.	Taipei	Business management consulting services	93,348	93,348	16,744,310	56.00%	208,009	30,552	16,449	"
	President Transnet Corp.	Taipei county	Home delivery	711,576	711,576	70,000,000	70.00%	264,065	89,734	62,814	"
	Wisdom Distribution Service Corp.	Taipei	Logistics of Magazines	50,000	50,000	9,432,540	100.00%	194,356	76,989	74,639	"
	PCSC (China) Limited	BVI	Professional investment company	1,198,253	679,796	36,449,140	100.00%	873,122	153,668	(153,668)	"
	Uni-President Development Corp.	Taipei	Terminal and auxiliary facilities operation	200,000	200,000	20,000,000	20.00%	158,604	76,648	(15,330)	Note 1:
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	124,444	40,455	20,785	"
	President Coffee Corp.	Taipei	Coffee chain store	59,400	59,400	9,313,920	30.00%	119,751	48,791	13,757	"
	Retail Support	Chungli	Room-temperature	91,414	91,414	5,000,000	25.00%	124,844	151,762	37,558	"



International Corp.			food logistics	Initial amount of investment		Holding at ending				Recognized gain (loss) by the Company	Remarks
Investor name	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value	Income status of investees		
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	330,216	14,600,494	73.74%	348,987	54,786	40,228	Subsidiary
	Uni-President Department Store Corp.	Kaohsiung City	Department stores	560,000	350,000	56,000,000	70.00%	243,076	( 309,374)	( 216,041)	"
	President Musashino Corp.	Taipei county	Food industry	195,525	195,525	20,916,000	40.00%	219,877	19,662	7,850	Note 1:
	Duskin Serve Taiwan Co.	Taipei	Detergents trade and cleaning service	153,000	153,000	15,300,000	51.00%	113,415	37,109	18,925	Subsidiary
	Books.com Co., Ltd.	Taipei	Online bookstore	100,400	100,400	10,000,000	50.03%	101,714	61,656	30,844	"
	Muji Taiwan Co., Ltd., etc.	skipped	skipped	1,139,587	1,011,323	skipped	20.00% ~100%	534,148	skipped	( 128,855)	Note 2
								<u>\$ 6,728,202</u>		<u>( \$285,905)</u>	

Note 1: Investee of the Company under equity method.

Note 2: The Company's subsidiaries and the Investee under equity method.

Investees			Initial amount of investment		Holding at ending				Recognized return on (loss from) investment by company	Remarks	
Investor name	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value	Income status of investees		
Retail Support International Corp.etc.	President Logistics International Corp., etc.	skipped	skipped	\$ 766,028	\$ 754,828	skipped	6.00% ~100%	\$ 402,489	skipped	Not applicable	
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investment company	USD 1,800,000	USD 1,800,000	1,800,000	30.00%	USD 4,881,000	USD 4,831,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investment company	USD 20,684,000	USD 20,684,000	20,684,321	100.00%	USD 11,008,000	USD 688,000	"	subsidiary of a subsidiary
	Presiclerc Limited	BVI	Professional investment	USD 17,327,000	USD 12,212,000	17,326,874	48.87%	USD 3,578,000	(USD 2,455,000)	"	Note

company

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value			
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20.00%	USD 7,189,000	CAD 10,020,000	"	"
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	674,220	51.00%	USD 613,000	VND2,111,430,000	"	subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd. Philippine Seven Corp.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD 20,656,000	USD 20,656,000	134,257,625	56.59%	USD 11,006,000	PHP 54,828,000	"	"
	Convenience Distribution Inc., etc.	Philippines	skipped	PHP 87,742,000	PHP 87,742,000	skipped	40.00% ~100.00%	PHP 87,742,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited, etc.	BVI	Professional investment company	USD 36,399,000	USD 20,672,000	skipped	100.00%	USD 27,033,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	China	Household goods retailing	USD 3,932,000	USD 3,932,000	skipped	65.00%	USD 1,011,000	(RMB 14,594,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	China	Medicine retailing	RMB 9,200,000	RMB 8,280,000	skipped	100.00%	(RMB 782,000)	(RMB 3,143,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited, etc.	China	Merchandise wholesale and retailing	USD 27,171,000	USD 16,668,000	skipped	55.00% ~100.00%	USD 22,405,000	skipped	"	"
PCSC (China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	China	Sale of ice cream	USD 5,155,000	-	skipped	100.00%	USD 3,474,000	(RMB 13,794,000)	"	"

Note: Investee of the Subsidiary under equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties:

<u>Lenders</u>	<u>Borrowers</u>	<u>Account titles</u>	<u>Maximum balance in current period</u>	<u>Balance at ending of period</u>	<u>Interest interval</u>	<u>Nature of loans</u>	<u>Amount of Business transactions</u>	<u>Reasons necessary for offering short-term loans</u>	<u>Collaterals</u>		<u>Limit of loans to particular borrower</u>	<u>Limit of total loans</u>	
									<u>Allowance for doubtful accounts</u>	<u>Name</u>			<u>Value</u>
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other receivables	USD 200 ,000	\$ -	10%~10.95%	Note 1:	\$ -	Working capital	\$ -	-	\$ -	Note 2	Note 2
PCSC (CHENGDU) Hypermarket Limited	Wuhan Uni-Presidentm Oven Fresh Bakery Co., Ltd.	"	RMB 3,000 ,000	RMB3,000 ,000	7.13%	Note 1:	\$ -	Working capital	-	-	-	Note 3	Note 3

Note 1: Necessary for granting short-term loans.

Note 2: "Limit of total loans" may not exceed 40% of the net worth and "Limit of short-term loans to particular borrower" may not exceed PHP10,000 ,000.

Note 3: "Limit of total loans" may not exceed 40% of the net worth and "Limit of short-term loans to particular borrower" may not exceed NT\$50,000 ,000.

(2) Act as guarantor in favor of a third party

<u>Name of Guarantor</u>	<u>Company Name</u>	<u>Affiliation</u>	<u>Name of Guarantee</u>		<u>Limit of guarantee to particular enterprise (Note)</u>	<u>Maximum Balance in current period</u>	<u>Balance at ending</u>	<u>Guarantee with Collateral</u>	<u>Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period</u>	<u>Upper limit for guarantee (note)</u>
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.			Note	\$ 2,000	\$ 2,000	\$ 2,000	0.55%	Note
Mech-President Corp.	Shanghai President Machine Corp.	subsidiary of a subsidiary			Note	97,140	97,140	-	16.60%	Note

Note: "Total endorsement & guarantee amount" may not exceed 50% of the net worth and "Endorsement and guarantee to particular business" may not exceed 20% of the net worth.

## (3) Holding of marketable securities at ending

<u>Holder of securities</u>	<u>Types and names of securities</u>	<u>Affiliation with security issuers</u>	<u>Account titles</u>	<u>Quantity of shares at ending</u>	<u>Book value</u>	<u>Proportion of shareholding</u>	<u>Market price</u>	<u>Remarks</u>
President Information Corp.	UPAMC JAMES BOND Fund, etc.	None	Financial assets which change in fair values are recognized as gains or losses - current	skipped	\$ 117,434	-	\$ 117,434	
President Yilan Art and Culture Corp.	Fuh-Hwa Fund, etc.	"	"	"	100,108	-	100,000	
Vision Distribution Service Corp.	Fuh-Hwa Fund, etc.	"	"	"	111,049	-	111,049	
Books.com. Co., Ltd.	Fuh-Hwa Fund, etc.	"	"	"	106,476	-	106,476	
Retail Support International Corp.etc.	UPAMC JAMES BOND Funds, etc.	"	"	"	547,985	-	548,400	
President Jing Corp.	Ta Chong Bond Fund	"	Investments in bonds with no public quotations - current	"	1,000	-	1,000	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	None	Financial assets carried at cost - noncurrent	62,800,000	558,292	1.49%	skipped	
Retail Support Taiwan Corp. etc.	President Logistics International Corp.etc.	skipped	"	skipped	27,144	-	"	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc. etc.	"	"	"	USD 2,974 ,000	-	skipped	
Retail Support International Corp.	Retail Support Taiwan Corp.etc.	"	Long-term investments (Equity Method)	"	\$ 132,698	-	\$ 132,698	
Mech-President Corp., etc.	President Jim Corp. etc.	"	"	"	255,942	-	255,942	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	-	USD27,268 ,000	-	USD 26,754 ,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD11,006 ,000	56.59%	PHP 577,308 ,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	skipped	"	-	PHP87,742 ,000	-	PHP 71,353 ,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Subsidiary	"	-	USD27,033 ,000	-	USD 27,033 ,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	"	"	-	USD 1,011 ,000	65.00%	USD 1,011 ,000	
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Cosmed Livzon Chain Store (Shen Zhen) Co., Ltd.	"	"	-	(RMB 782 ,000)	100.00%	(RMB 782 ,000)	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited, etc.	"	"	-	USD22,405 ,000	-	USD 21,656 ,000	
PCSC(China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	"	"	-	USD 3,474 ,000	100.00%	USD 3,474 ,000	

(4) The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles Note1	Counter parties Not applicable	Affiliation Not applicable	At beginning		Bought		Sold				At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal	Other adjustments	Quantity of share	Amount
President Pharmaceutical Corp.	JAMES BOND Fund				-	\$ -	28,695,674	\$ 446,500	26,132,501	\$ 406,813	\$ 406,394	\$ 419	\$ -	2,563,173	\$ 40,106
Uni-President Department Store Corp.	JAMES BOND Fund	"	"	"	-	-	27,589,185	428,000	27,589,185	428,740	428,000	740	-	-	-
Mech-President Corp.	Dresdner Bond DAM Fund	"	"	"	-	-	16,274,034	190,000	16,274,034	190,070	190,000	70	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	48,629,048	565,000	48,629,048	565,226	565,000	226	-	-	-
	Union Bond Fund	"	"	"	-	-	10,195,798	125,000	10,195,798	125,048	125,000	48	-	-	-
	Polaris De-Li Bond Fund	"	"	"	-	-	21,028,186	320,000	21,028,186	320,138	320,000	138	-	-	-
	Fu Hua You Li Fund	"	"	"	-	-	18,219,802	228,650	18,219,802	228,731	228,650	81	-	-	-
	Polar Treasury Fund	"	"	"	-	-	16,036,080	180,000	16,036,080	180,085	180,000	85	-	-	-
	CIT Money Management II Fund	"	"	"	-	-	11,266,898	160,000	11,266,898	160,057	160,000	57	-	-	-
	NITC Taiwan Bond Fund	"	"	"	-	-	15,482,404	220,000	15,482,404	220,081	220,000	81	-	-	-
	Ta Chong Bond Fund	"	"	"	-	-	36,692,843	480,000	36,692,843	480,180	480,000	180	-	-	-
	Capital Income Fund	"	"	"	-	-	38,063,747	570,000	38,063,747	570,235	570,000	235	-	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	20,116,888	270,000	20,116,888	270,130	270,000	130	-	-	-
	UPAMC JAMES BOND Fund	"	"	"	-	-	11,036,675	172,000	11,036,675	172,072	172,000	72	-	-	-
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	854,169	13,162	11,311,236	175,745	9,304,307	144,500	144,192	308	-	2,861,098	44,714
	Fuh-Hwa Bond Fund	"	"	"	1,491,703	19,841	20,400,166	274,515	18,906,906	254,500	253,983	517	-	2,984,963	40,373

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Coffee Corp.	Fu Hua	Note 1:	Not applicable	Not applicable	4,432,446	\$ 55,000	7,613,808	\$ 95,000	12,046,254	\$ 150,145	\$ 150,000	\$145	\$ -	-	\$ -
	You Li Fund														
	Capital Income Fund	"	"	"	2,484,856	37,000	7,009,521	105,000	9,494,377	142,222	142,000	222	-	-	-
	JF Taiwan Bond Fund	"	"	"	1,311,716	20,000	8,123,054	125,000	9,434,771	145,131	145,000	131	-	-	-
	NITC Taiwan Bond Fund	"	"	"	-	-	7,037,926	100,000	5,989,583	85,080	85,000	80	-	1,048,343	15,000
Retail Support International Corp.	UPAMC JAMES BOND Fund	"	"	"	13,342,157	205,770	55,446,527	861,952	66,690,252	1,035,413	1,034,853	560	-	2,098,432	32,869
	NITC Bond Fund	"	"	"	1,181,591	194,311	4,212,898	698,202	5,324,452	881,249	880,814	435	-	70,037	11,700
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	"	"	"	830,488	12,806	16,089,458	250,030	15,705,611	244,107	243,818	288	-	1,214,335	19,018
President Logistics International Corp.	UPAMC JAMES BOND Fund	"	"	"	745,726	11,501	9,208,661	143,200	9,400,591	146,111	146,025	85	-	553,796	8,676
	IBT 5599 Bond Fund	"	"	"	1,062,423	11,905	12,322,610	138,900	11,988,783	134,973	134,905	68	-	1,396,251	15,900
	Prudential Well Poll Fund	"	"	"	-	-	8,016,818	101,500	7,502,423	95,006	94,958	49	-	514,395	6,542
Wisdom Distribution Service Corp.	Fuh-Hwa Bond Fund	"	"	"	-	-	140,246,740	1,889,000	138,547,748	1,867,156	1,866,000	1,156	-	1,698,992	23,000
	ING Taiwan Bond Fund	"	"	"	4,051,365	61,000	70,630,348	1,072,000	71,855,539	1,091,007	1,090,000	1,007	-	2,826,174	43,000
Vision Distribution Service Corp.	Fuh-Hwa Bond Fund	"	"	"	2,091,855	41,000	18,457,088	248,000	19,478,553	261,717	261,000	717	-	1,070,390	28,000



Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold		Carrying cost	Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount				Quantity of share	Amount
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	"	1,022,620	166,860	1,107,437	183,757	1,911,511	316,779	314,085	2,694	-	218,546	36,532
Uni-President Oven Bakery Corp.	UPAMC JAMES BOND Fund	"	"	"	1,206,445	19,384	6,488,168	100,758	6,414,627	100,369	100,142	227	-	1,279,986	20,000
PCSC (China) Limited	PCSC (China) Supermarket Limited	Note 2	Raise capital by issuing new shares	Not applicable	16,690,000	USD12,707,000	10,572,500	USD10,573,000	-	-	-	-	(USD 777,000)	27,262,500	USD22,503,000
	PCSC (China) Restaurant Limited	"	New company, initial offering	"	-	-	5,154,640	USD 5,155,000	-	-	-	-	(USD1,681,000)	5,154,640	USD 3,474,000
PCSC (China) Supermarket Limited	PCSC (SICHUAN) Supermarket Limited	"	Raise capital by issuing new shares	"	-	USD 1,818,000	-	USD 3,930,000	-	-	-	-	(USD1,051,000)	-	USD 4,697,000
	PCSC (CHENGDU) Supermarket Limited	"	"	"	-	USD 6,445,000	-	USD 6,573,000	-	-	-	-	(USD1,431,000)	-	USD11,587,000
PCSC (China) Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	"	New company, initial offering	"	-	-	5,154,640	USD 5,155,000	-	-	-	-	(USD1,681,000)	5,154,640	USD 3,474,000

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses - current".

Note 2: Recognized as "long-term equity investment under Equity Method".

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons			Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Ultimate Parent company	Purchase	\$ 6,713,056	46%	O/A settlement from 30~45 days	No significant difference	No significant difference	(\$ 833,118)	( 45%)	
	President Musashino Corp.	Affiliate	"	1,176,488	8%	O/A settlement 30 days	"	"	( 192,377)	( 10%)	
	President Chain Store Corp.	Parent company	sales	( 16,214,323)	(99%)	O/A settlement from 15~30 days	"	"	1,305,438	95%	
	Tung Ang Enterprise Corp.	Affiliate	Purchase	205,605	1%	O/A settlement 30 days	"	"	( 15,580)	( 1%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under Equity Method	"	217,699	1%	O/A settlement 30 days	"	"	( 44,997)	( 2%)	
	HiLife Co., Ltd.	Affiliate	sales	( 204,563)	( 1%)	O/A settlement 45 days	"	"	34,908	3%	
	President Chain Store Corp.	Investor of this company under the Equity Method.	sales	( 41,080,957)	(91%)	O/A settlement 30 days	"	"	3,065,222	80%	
Retail Support International Corp.	Uni-President Enterprises Corp.	Parent company	Purchase	1,376,659	3%	O/A settlement from 30~90 days	"	"	( 195,114)	( 4%)	
	Lien Bo Enterprises	Affiliate	"	986,162	2%	O/A settlement from 15~70 days	"	"	( 111,931)	( 2%)	
	Tung Ang Enterprise Corp.	"	"	1,961,765	4%	O/A settlement 30 days	"	"	( 157,723)	( 3%)	
	President Drugstore Business Corp.	"	sales	( 3,320,064)	(7%)	O/A settlement 50 days	"	"	657,307	17%	
	President Pharmaceutical Corp.	"	Purchase	428,581	1%	O/A settlement from 30~60 days	"	"	( 90,298)	( 2%)	
	President Coffee Corp.	Investees of President Chain Store Corp. under the Equity Method	sales	( 366,099)	( 1%)	O/A settlement 28 days	"	"	36,648	1%	
	President Packing Inc. Corp. (PPI).	Affiliate	Purchase	173,975	-	O/A settlement from 15~45 days	"	"	( 27,106)	( 1%)	
Uni-President Dream Parks Corp.	"	sales	( 104,885)	-	O/A settlement 30 days	"	"	18,323	1%		

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
President Information Corp.	President Chain Store Corp.	Parent	Services	( 577,992)	(81%)	O/A settlement 30 days	"	"	68,375	54%	
President Transnet Corp.	President Chain Store Corp.	"	sales	( 640,838)	(19%)	O/A settlement 15 days	"	"	52,689	12%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	"	"	( 9,515,473)	(98%)	O/A settlement 39 days	"	"	1,529,732	97%	
	Vision Distribution Service Corp.	Subsidiary	Purchase	554,896	6%	O/A settlement 65 days	"	"	( 131,495)	( 7%)	
President Coffee Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under the Equity Method	Purchase	316,811	26%	O/A settlement 30 days	"	"	( 30,274)	( 20%)	
	Starbucks Corporation	Investing company value the company with the Equity Method Affiliate	"	331,941	27%	O/A settlement 30 days	"	"	( 42,462)	( 28%)	
	Tung Chang Enterprises Corp.	Affiliate	"	134,077	11%	O/A settlement 30 days	"	"	( 16,025)	( 10%)	
	President Chain Store Corp.	Investing company value the company with the Equity Method Affiliate	sales	( 137,562)	(4%)	O/A settlement 30 days	"	"	16,062	17%	
President Pharmaceutical Corp.	Retail Support International Corp.	Affiliate	sales	( 470,386)	(62%)	O/A settlement from 30~60 days	"	"	101,380	59%	
President Drugstore Business Corp.	Retail Support International Corp.	"	Purchase	3,571,733	99%	O/A settlement 50 days	"	"	( 631,936)	( 94%)	

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons			Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent		(\$ 549,187)	(52%)	O/A settlement 65 days	No significant difference	No significant difference	\$ 142,613	58%	
President Logistics International Corp.	Retail Support International Corp.	Parent	"	( 527,118)	(37%)	O/A settlement 20 days	"	"	45,626	28%	
	Uni-President Cold-Chain Corp.	Affiliate	"	( 491,324)	(35%)	O/A settlement 45 days	"	"	81,375	51%	
	Wisdom Distribution Service Corp.	"	"	( 162,824)	(12%)	O/A settlement 20 days	"	"	14,559	9%	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	"	( 229,735)	(98%)	O/A settlement from 15~20 days	"	"	21,062	99%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	"	( 280,040)	(69%)	O/A settlement 65 days	"	"	45,372	69%	
Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchase	133,018	89%	O/A settlement 60 days	"	"	( 22,356)	( 81%)	
Muji Taiwan Co., Ltd.	Ryohun Keikaku Co., Ltd.	Investing company value the company with the Equity Method	"	357,005	67%	O/A settlement 30 days	"	"	( 54,887)	( 66%)	
Mister Donut Taiwan Corp.	Duskin Co Ltd.	"	"	179,228	63%	O/A settlement 30 days	"	"	-	-	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counter parties	Affiliation	Overdue Receivables with Related Parties					Allowance for doubtful accounts
			Receivable from related party	Turnover Rate	Amount	Processing by	Receivables with Related Party After Period Collection	
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	1,305,438	10	-	-	1,305,438	-
Retail Support International Corp.	President Drugstore Business Corp.	Affiliate	657,307	5	-	-	539,894	-
	President Chain Store Corp.	Investor of this company under Equity Method	3,065,222	12	-	-	1,553,984	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	1,529,732	7	-	-	2,192,116	-
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	"	142,613	5	-	-	142,613	-
President Pharmaceutical Corp.	Retail Support International Corp.	Affiliate	101,380	5	-	-	-	-

(9) Trading of Derivative Products:

Derivatives trade of President Pharmaceutical Corp.

A. Forward exchange trade is for hedging the risk from exchange rate fluctuation. There was zero outstanding forward exchange balance on December 31, 2007.

B. A gain of \$361 from forward exchange in 2007 was booked in the "Non-operating Income" of Income Statement.

(Blank hereunder)

## (III) Information on investment in Mainland China

## 1. Basic information on direct investments in China

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company' s Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Starbucks Coffee Corp.	Coffee and accessories	USD 5,960 ,000	Invested through the third region (Note 1)	USD2,000 ,000	-	-	USD 2,000 ,000	30%	USD 1,301 ,000 (Note 6)	USD 4,497 ,000	-
Presiclerc(Shautou) Ltd. (Note 8)	Food processing, packing and sales	USD 5,200 ,000	Invested through the third region (Note 2)	USD2,470 ,000	-	-	USD 2,470 ,000	48.78%	-	-	-
Presiclerc(Qingdao) Ltd.	Food processing, packing and sales	USD 6,400 ,000	Invested through the third region (Note 2)	USD2,185 ,000	-	-	USD 2,185 ,000	48.87%	(USD1,962 ,000) (Note 7)	(USD 3,267 ,000)	-
Presiclerc(Beijing) Ltd.	Food processing, packing and sales	RMB 50,000 ,000	Invested through the third region (Note 2)	-	-	-	-	36.90%	(USD 268 ,000) (Note 7)	(USD 323 ,000)	-
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Household goods retailing	RMB 50,000 ,000	Invested through the third region (Note 3)	USD3,932 ,000	-	-	USD 3,932 ,000	65%	(USD1,247 ,000) (Note 6)	USD 1,011 ,000	-
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000 ,000	Invested through the third region (Note 4)	USD4,078 ,000	-	-	USD 4,078 ,000	55%	USD1,419 ,000 (Note 6)	USD 6,120 ,000	-
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 80,000 ,000	Invested through the third region (Note 4)	USD6,200 ,000	USD3,930 ,000	-	USD10,130 ,000	100%	(USD1,016 ,000) (Note 6)	USD 4,697 ,000	-
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB100,000 ,000	Invested through the third region (Note 4)	USD6,390 ,000	USD6,573 ,000	-	USD12,963 ,000	100%	(USD2,059 ,000) (Note 6)	USD11,587 ,000	-
Shanghai Cold Stone Ice Cream Corporation	Sale of ice cream	USD 5,155 ,000	Invested through the third region (Note 5)	-	USD5,155 ,000	-	USD 5,155 ,000	100%	(USD1,813 ,000) (Note 6)	USD 3,474 ,000	-



Accumulated amount , remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
USD 42,913,000	USD 51,890,000	NTD 4,750,896

Note 1: Invested through President Coffee (Cayman) Holdings Ltd., the investee of President Chain Store (BVI) Holdings Ltd.

Note 2: Invested through Presiclere Limited, the investee of President Chain Store (BVI) Holdings Ltd.

Note 3: Invested through PCSC (China) Drugstore Ltd., the subsidiary of PCSC (China) Ltd.

Note 4: Invested through PCSC (China) Supermarket Ltd., the subsidiary of PCSC (China) Ltd.

Note 5: Invested through PCSC (China) Restaurant Ltd., the subsidiary of PCSC (China) Ltd.

Note 6: Recognized in accordance with the financial statement of the subsidiaries that are audited by the CPAs of the parent company in Taiwan.

Note 7: Recognized in accordance with the financial statement of the subsidiaries that are audited by the international CPAs firm that cooperates with the CPAs firm in Taiwan.

Note 8: The company has made the baseline date on June 30, 2007 and completed liquidation on July 10, 2007.

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.

(1) Amount and percentage of purchase made and the balances of related payables at the ending of period and percentage: None.

(2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.

(3) Amount of asset trade and the resulting gains and losses: None.

(4) Ending balance of note endorsement & guarantee or collateral and the purpose of holding: Please refer to Note XI (2). II(2) "Investees" for details.

(5) Maximum loan balance, ending balance, interest interval, and total interest of the year: Please refer to Note XI(2).II.(1) "Investees" for details.

(6) Other gains and losses or significant financial issues in current period: None.

(Blank hereunder)

(IV) Business relationship between the parent company and subsidiaries and among subsidiaries and the major business transaction and amount2007

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account title	Account	Trade terms and conditions	
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Cost of goods sold	\$ 40,846,212	O/A settlement 30 days	29%
		"	Account payables	3,028,473		5%
		"	Accrued expenses	33,312		0%
	Uni-President Cold-Chain Corp.	"	Cost of goods sold	16,189,729	O/A settlement from 15~30 days	11%
		"	Other receivables	13,219		0%
		"	Account payables	1,174,557		2%
	Wisdom Distribution Service Corp.	"	Cost of goods sold	8,583,579	O/A settlement 39 days	6%
		"	Note payables	761,831		1%
		"	Account payables	762,417		1%
		"	Selling expense	32,163		0%
		"	Miscellaneous income	68,181		0%
		"	Other operating revenue	37,989		0%
		"	Prepayment for purchase	64,520		0%
	President Transnet Corp.	"	Cost of goods sold	638,906	O/A settlement 15 days	0%
		"	Account payables	52,037		0%
		"	Miscellaneous income	16,070		0%
	President Information Corp.	"	Information system process and maintenance expense	607,982	O/A settlement 30 days	0%
		"	Miscellaneous income	18,861		0%
		"	Other payables	44,735		0%
		"	Accrued expenses	66,636		0%
	Capital Inventory Services Corp.	"	Inventory count expense	152,558	O/A settlement 30 days	0%
		"	Accrued expenses	41,960		0%
	President Coffee Corp.	"	Cost of goods sold	41,269	O/A settlement 30 days	0%
		"	Miscellaneous income	19,150		0%
	Books.com. Co., Ltd.	"	Other operating revenue	55,273	O/A settlement 30 days	0%
		"	Accrued expenses	52,216		0%
		"	Miscellaneous income	28,946		0%
	Duskin Serve Taiwan Co.	"	Cleaning fees	92,543	O/A settlement 30 days	0%
		"	Accrued expenses	15,488		0%
	President Direct Marketing Corp.	"	Cost of goods sold	42,408	O/A settlement 30 days	0%
	Bank Pro E-Service Technology Co., Ltd.	"	Net Sales	21,146	O/A settlement 30 days	0%
		"	Service charge	16,566		0%

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions		Trade terms and conditions	Ratio to consolidated total income or total assets
			Account title	Account		
	President Drugstore Business Corp.	"	Miscellaneous income	29,340	O/A settlement 30 days	0%
		"	Selling expense	10,209		0%
		"	Cost of goods sold	111,449		0%
	Uni-President Department Store Corp.	"	Miscellaneous income	11,376	O/A settlement 30 days	0%
	President Yilan Art and Culture Corp.	"	Net Sales	12,779	O/A settlement 30 days	0%
Retail Support International Corp.	President Drugstore Business Corp.	Subsidiary vs. subsidiary	Net Sales	\$ 3,318,942	O/A settlement 50 days	2%
		"	Accounts receivable	657,307		1%
		"	Other accounts payable	45,219		0%
	Mister Donut Taiwan Corp.	"	Other operating revenue	11,546	O/A settlement 30 days	0%
	President Coffee Corp.	"	Net Sales	316,811	O/A settlement 28 days	0%
		"	Accounts receivable	36,638		0%
		"	Other operating revenue	28,311		0%
		"	Net Sales	101,333		0%
	Wisdom Distribution Service Corp.	"	Net Sales	19,626	O/A settlement 30 days	0%
	Muji Taiwan Co., Ltd.	"	Other operating revenue	37,851	O/A settlement 40 days	0%
	Duskin Serve Taiwan Co.	"	Cost of goods sold	10,369	O/A settlement 30 days	0%
	President Pharmaceutical Corp.	"	Cost of goods sold	428,581	O/A settlement from 30~60 days	0%
		"	Account payables	89,620		0%
		"	Other operating revenue	27,007		0%
	President Logistics International Corp.	"	Selling expense	532,979	O/A settlement 20 days	0%
		"	Other payables	46,383		0%
	Retail Support Taiwan Corp.	"	Other payables	20,995	O/A settlement from 15~20 days	0%
		"	Other operating revenue	10,630		0%
		"	Selling expense	225,551		0%
Uni-President Cold-Chain Corp.	President Coffee Corp.	"	Cost of goods sold	29,969	O/A settlement 30 days	0%
	President Logistics International Corp.	"	Freight charge	492,531	O/A settlement 45 days	0%
		"	Accrued expenses	82,859		0%
	Uni-President Oven Bakery Corp.	"	Net Sales	28,703	O/A settlement 45 days	0%
President Information Corp.	President Transnet Corp.	"	Services	33,167	O/A settlement 60 days	0%

			Business transactions			
Name of trade party	Corresponding trade party	Relation with the trade party	Account title	Account	Trade terms and conditions	Ratio to consolidated total income or total assets
Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	"	Net Sales	59,191	O/A settlement 40 days	0%
		"	Other operating revenue	84,587		0%
	President Logistics International Corp.	"	Accrued expenses	14,559	O/A settlement 30 days	0%
		"	Freight charge	162,824		0%
	Bank Pro E-Service Technology Co., Ltd.	"	Cost of goods sold	22,484	O/A settlement 30 days	0%
	President Direct Marketing Corp.	"	Other operating revenue	26,702	O/A settlement 30 days	0%
	Vision Distribution Service Corp.	"	Account payables	142,613	O/A settlement 65 days	0%
	Vision Distribution Service Corp.	"	Cost of goods sold	554,896		0%
	Vision Distribution Service Corp.	"	Other operating revenue	40,043		0%
President Transnet Corp.	President Direct Marketing Corp.	"	Services income	25,360	O/A settlement 40 days	0%
		"	Accounts receivable	11,206		0%
	President Collect Services Co., Ltd.	"	Operating revenue	64,421	O/A settlement 45 days	0%
		"	Other payables	239,504		0%
		"	Accounts receivable	11,792		0%
President Transnet Corp.	Books.com. Co., Ltd.	Subsidiary vs. subsidiary	Services income	\$ 23,946	O/A settlement 30 days	0%
	Wisdom Distribution Service Corp.	"	Services income	11,584	O/A settlement 30 days	0%
	Chieh-Shuen Logistics International Corp.	"	Cost of goods sold	280,056	O/A settlement from 40~65 days	0%
		"	Accrued expenses	45,369		0%
Retail Support Taiwan Corp.	President Transnet Corp.	"	Miscellaneous income	12,898	O/A settlement 30 days	0%
President Drugstore Business Corp.	President Pharmaceutical Corp.	"	Cost of goods sold	11,061	O/A settlement 60 days	0%
		"	Accounts receivable	11,556		0%
President Logistics International Corp.	Vision Distribution Service Corp.	"	Operating revenue	32,929	O/A settlement 20 days	0%
	Chieh-Shuen Logistics International Corp.	"	Cost of goods sold	106,544	O/A settlement from 10~15 days	0%
		"	Operating revenue	33,293		0%
		"	Accrued expenses	19,572		0%
		"	Other operating revenue	11,574		0%
	Retail Support Taiwan Corp.	"	Operating revenue	73,386	O/A settlement 20 days	0%
Cosmed Livzon Chain Store (Shen Zhen) Co., Ltd.	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"	Other payables	25,414		0%
Uni-President Oven Bakery Corp.	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"	Other receivables	10,948		0%

2006

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account title	Account	Trade terms and conditions	
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Purchase	\$ 43,120,484	O/A settlement 32 days	32%
			Other operating revenue	238,957		0%
			Purchase discount	90,722		0%
			Packaging expense	198,762		0%
			Miscellaneous income	203,831		0%
			Prepayment for purchase			
			Note payables	388,711		1%
			Account payables	3,120,517		6%
			Accrued expenses	92,182		0%
	Uni-President Cold-Chain Corp.		Purchase	15,828,128	O/A settlement from 15~31 days	12%
			Purchase discount	241,408		0%
			Miscellaneous income	105,230		0%
			Other operating revenue	38,163		0%
			Note payables	492,831		1%
			Account payables	1,151,012		2%
			Accrued expenses	10,396		0%
	Wisdom Distribution Service Corp.		Purchase	5,508,850	O/A settlement 35 days	4%
			Note payables	384,853		1%
			Account payables	491,063		1%
	President Transnet Corp.		Purchase	660,907	O/A settlement 15 days	0%
			Account payables	54,620		0%
	President Information Corp.		Information system process and maintenance expense	530,548	O/A settlement 30 days	0%
			Accrued expenses	99,038		0%
	Capital Inventory Services Corp.		Inventory count expense	141,237	O/A settlement 15 days	0%
			Accrued expenses	27,950		0%
	President Coffee Corp.		Accrued expenses	18,127	O/A settlement 30 days	0%
			Miscellaneous income	61,285		0%
	Books. com. Co., Ltd.		Other payables	43,333	O/A settlement 30 days	0%
			Miscellaneous income	21,256		0%
	Duskin Serve Taiwan Co.		Cleaning fees	68,065	O/A settlement 30 days	0%
	President Direct Marketing Corp.		Cost of goods sold	44,015	O/A settlement 30 days	0%

2006

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions		Trade terms and conditions	Ratio to consolidated total income or total assets
			Account title	Account		
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Purchase	\$ 43,120,484	O/A settlement 32 days	32%
Retail Support International Corp.	President Drugstore Business Corp.	Subsidiary vs. subsidiary	Net Sales	3,217,880	O/A settlement 50 days	2%
			Sales discount	658,479		0%
			Other operating revenue	18,682		0%
			Accounts receivable	559,730		1%
			Other accounts payable	24,297		0%
	President Coffee Corp.		Net Sales	\$ 83,274	O/A settlement 30 days	0%
			Accounts receivable	12,013		0%
	Wisdom Distribution Service Corp.		Net Sales	152,244	O/A settlement 30 days	0%
			Sales discount	13,466		0%
			Accounts receivable	31,581		0%
	Bank Pro E-Service Technology Co., Ltd.		Cost of goods sold	60,092	O/A settlement 30 days	0%
	Retail Support Taiwan Corp.		Storage & delivery expense	213,470	O/A settlement from 15~20 days	0%
			Other accounts payable	21,811		0%
			Miscellaneous income	15,292		0%
	President Logistics International Corp.		Freight charge	473,939	O/A settlement from 15~20 days	0%
			Other accounts payable	49,623		0%
	President Pharmaceutical Corp.		Cost of goods sold	75,080	O/A settlement 25 days	0%
			Account payables	48,238		0%
Uni-President Cold-Chain Corp.	President Coffee Corp.		Cost of goods sold	36,322	O/A settlement from 30~45 days	0%
	President Logistics International Corp.		Freight charge	401,097	O/A settlement 45 days	0%
			Accrued expenses	71,421		0%
	President Pharmaceutical Corp.		Accrued expenses	16,791	O/A settlement 30 days	0%
President Information Corp.	President Transnet Corp.		Services income	31,894	O/A settlement 60 days	0%



<u>Name of trade party</u>	<u>Corresponding trade party</u>	<u>Relation with the trade party</u>	<u>Business transactions</u>			<u>Ratio to consolidated total income or total assets</u>
			<u>Account title</u>	<u>Account</u>	<u>Trade terms and conditions</u>	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.		Cost of goods sold	339,381	O/A settlement 40 days	0%
			Account payables	33,403		0%
			Note payables	20,748		0%
			Freight charge	152,522	O/A settlement from 20~30 days	0%
President Transnet Corp.	President Direct Marketing Corp.		Accrued expenses	13,851		0%
			Operating revenue	21,666	O/A settlement 90 days	0%
Retail Support Taiwan Corp.	President Collect Services Co., Ltd.		Operating revenue	52,594	O/A settlement 90 days	0%
			Other payables	207,624		0%
			Cost of goods sold	275,990	O/A settlement from 40~65 days	0%
			Accrued expenses	45,645		0%
	Chieh-Shuen Logistics International Corp.		Freight charge	72,889	O/A settlement 20 days	0%

(Blank hereunder)

## XII. Financial Information on Departments

### (I) By industry

The financial information of the Company and its subsidiaries by industry in 2007 and 2006 is specified as following:

#### 2007

	<u>Retailing Franchise</u>	<u>Logistics &amp; delivery</u>	<u>Others</u>	<u>Adjustment and offset</u>	<u>Total</u>
Revenue from customers other than the Company	\$ 119,233,059	\$ 2,560,627	\$ 20,187,954	\$ -	\$ 141,981,640
Revenue from the Company and other departments	<u>475,639</u>	<u>70,276,741</u>	<u>2,526,546</u>	<u>( 73,278,926)</u>	<u>-</u>
Total revenue	<u>\$ 119,708,698</u>	<u>\$ 72,837,368</u>	<u>\$ 22,714,500</u>	<u>(\$ 73,278,926)</u>	<u>\$ 141,981,640</u>
Department income	<u>\$ 4,284,100</u>	<u>\$ 455,217</u>	<u>\$ 38,741</u>		\$ 4,778,058
Investment loss under the Equity Method					( 104,310)
Interest expense					( 194,533)
General revenue					1,588,722
General expenses					<u>( 768,572)</u>
Income before tax					<u>\$ 5,299,365</u>
Recognizable assets	<u>\$ 42,126,279</u>	<u>\$ 5,458,621</u>	<u>\$ 7,511,228</u>		\$ 55,096,128
Long-term investments (Equity Method)					852,795
General assets					<u>1,330,999</u>
Total Assets					<u>\$ 57,279,922</u>
Depreciations	<u>\$ 2,220,155</u>	<u>\$ 394,337</u>	<u>\$ 520,704</u>		<u>\$ 3,135,196</u>
Amortizations	<u>\$ 209,590</u>	<u>\$ 44,853</u>	<u>\$ 42,105</u>		<u>\$ 296,548</u>
Capital expenditure	<u>\$ 4,252,601</u>	<u>\$ 469,199</u>	<u>\$ 375,487</u>		<u>\$ 5,097,287</u>

2006

	<u>Retailing Franchise</u>	<u>Logistics &amp; delivery</u>	<u>Others</u>	<u>Adjustment and offset</u>	<u>Total</u>
Revenue from customers other than the Company	\$ 111,178,730	\$ 2,636,103	\$ 19,129,743	\$ -	\$ 132,944,576
Revenue from the Company and other departments	<u>322,940</u>	<u>69,132,710</u>	<u>2,052,818</u>	<u>( 71,508,468)</u>	<u>-</u>
Total revenue	<u>\$ 111,501,670</u>	<u>\$ 71,768,813</u>	<u>\$ 21,182,561</u>	<u>(\$ 71,508,468)</u>	<u>\$ 132,944,576</u>
Department income	<u>\$ 4,274,228</u>	<u>\$ 477,347</u>	<u>\$ 229,199</u>		\$ 4,980,774
Investment loss under the Equity Method					( 37,397)
Interest expense					( 164,284)
General revenue					1,295,482
General expenses					<u>( 542,329)</u>
Income before tax					<u>\$ 5,532,246</u>
Recognizable assets	<u>\$ 34,347,443</u>	<u>\$ 5,568,551</u>	<u>\$ 7,166,957</u>		\$ 47,082,951
Long-term investments (Equity method)					768,977
General assets					<u>1,383,283</u>
Total Assets					<u>\$ 49,235,211</u>
Depreciations	<u>\$ 1,998,631</u>	<u>\$ 399,615</u>	<u>\$ 491,400</u>		<u>\$ 2,889,646</u>
Amortizations	<u>\$ 332,012</u>	<u>\$ 40,510</u>	<u>\$ 32,150</u>		<u>\$ 404,672</u>
Capital expenditure	<u>\$ 2,486,579</u>	<u>\$ 318,404</u>	<u>\$ 552,574</u>		<u>\$ 3,357,557</u>

(Blank hereunder)

The Company and its Subsidiaries are primarily engaged in the investment and operation of convenience chain stores, retailing and sale of coffee and foods and households items, logistics & delivery; also, home delivery, gas stations, and elevator manufacturing and sales. The department revenue listed in the said table means the sales revenue of departments from customers other than the enterprise and sale and appropriation revenues of other departments in the enterprise. The sale and appropriation revenues among departments and purchase among departments shall be calculated at the rate agreed in the contract for transportation of commodities and articles and retailing location collection contract, provided that the department revenue does not include the following:

1. General revenues irrelevant to the department
2. Investment income recognized by equity investment valued under the Equity Method

Department income means the balance after department revenue less department cost and expenses. Department cost and expense means the cost and expense related to the revenue of the department incurring it. Department cost and expense do not include the following:

1. General expenses irrelevant to the department;
2. Interest expenses
3. Investment loss recognized by equity investment valued under the Equity Method

Recognizable assets mean the tangible and intangible assets directly recognized to be vested in the department, provided that they do not include the following:

1. Assets other than those held for any specific department's operation
2. External equity investment valued under the Equity Method

(II) By district

The income and assets generated from customers by the International Business Department of the Company and its Subsidiaries in 2007 and 2006 was not over 10% of the consolidated revenue and consolidated assets.

(III) By export sales

The exporting sales revenue of the Company and its Subsidiaries in 2007 and 2006 was not over 10% of the consolidated income.

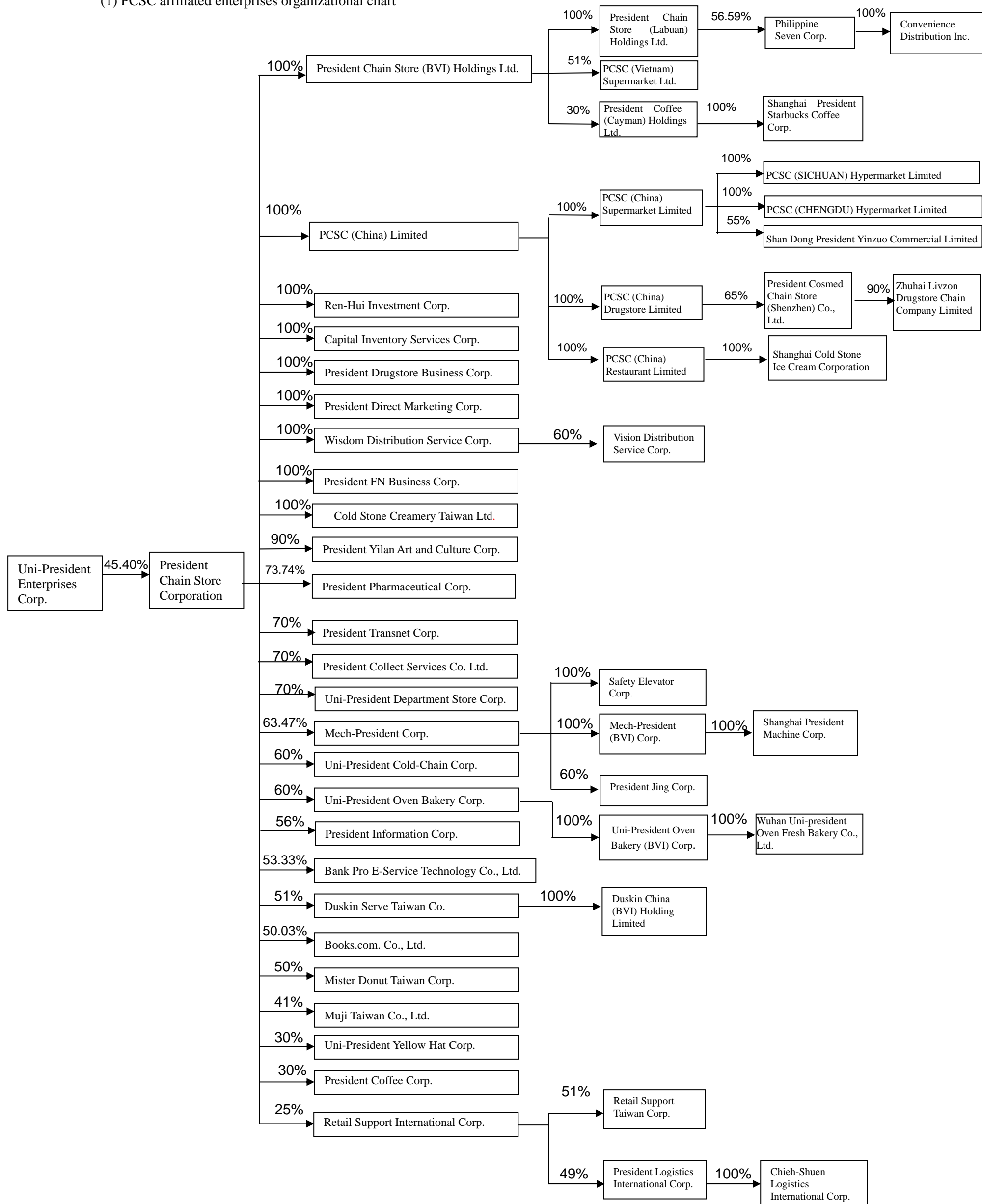
(IV) Information on major customers

None of the customer of the Company and the subsidiaries was with a sale revenue for an amount over 10% of the total revenue in the consolidated Income Statement.

President Chain Store Corporation  
Consolidated Business Report of Affiliated Enterprises for year 2007

I. Affiliates Information

(1) PCSC affiliated enterprises organizational chart



(II) President Chain Store Corp. has a direct or indirect control over the management of the personnel, financial or business operation of the following companies, and is considered to be the controlling company under Article 369-2 of the Company Law.

Affiliated Enterprises	Relationship
Uni-President Yellow Hat Corp.	The appointee of President Chain Store Corp. is voted as the vice chairman of the affiliated enterprise.
Retail Support International Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Muji Taiwan Co., Ltd.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Mister Donut Taiwan Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
President Coffee Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
President Coffee (Cayman) Holdings Ltd.	The appointee of Uni-President Group is voted as the chairman of the affiliated enterprise.
President Logistics International Corp.	The appointee of Retail Support International Corp. is voted as the chairman of the affiliated enterprise.

(III) Information of PCSC affiliated enterprises

Company	Date of incorporation	Address	Unit: NT'000	
			Paid-in Capital (Note)	Major Business / Production Items
President Chain Store (BVI) Holdings Ltd.	July 09,1998	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 48,405,000	Professional investments
PCSC (China) Limited	Nov. 05,2002	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 36,449,000	Professional investments
Ren-Hui Investment Corp.	Dec. 20,1996	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	853,037	Professional investments
Capital Inventory Services Corp.	Apr. 13,1998	1F, No.35, Lane 245, Sec. 4, Bade Rd., Taipei, Taiwan	45,494	Inventory consulting
President Drugstore Business Corp.	July 27,1995	7F, No.8, Tung Hsing Rd., Taipei, Taiwan	365,755	Selling of drugs and cosmetics
President Direct Marketing Corp.	Sep. 18,1995	G building,	70,000	Selling of household goods by catalogs

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Wisdom Distribution Service Corp.	Jan. 11,1999	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	94,325	Magazine delivery
President FN Business Corp.	Oct. 05,2006	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	100,000	Cosmetics, foods, beverages, daily utensils and other comprehensive retailing
Cold Stone Creamery Taiwan, Ltd.	Dec. 26,2006	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	70,000	Manufacturing, wholesaling and retailing of foods and beverages
President Yilan Art and Culture Corp.	June 07,2004	No.201, Sec. 2, Wubin Rd., Wujie Township, Yilan County, Taiwan	200,000	Art and cultural exhibition
President Pharmaceutical Corp.	Sep. 03,1993	7F, No.8, Tung Hsing Rd., Taipei, Taiwan	198,000	Trade of the various medicines, medical apparatus, foods and beverages
President Transnet Corp.	Jan. 24,2000	6F, No. 137, Cheng Kung Rd., Sanchung City, Taipei County, Taiwan	1,000,000	Delivering and selling of food and merchandise
President Collect Services Co., Ltd.	June 24,2002	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	15,000	Bill collect service
Uni-President Department Store Corp.	Feb. 24,2006	No.789, Jhonghua 5th Rd., Cianjhen District, Kaohsiung City 806, Taiwan	800,000	Department stores
Mech-President Corp.	Dec. 09,1991	No. 67, Huan Gong Rd., Yung Kang City, Tainan County, Taiwan	767,226	Gas station, design & maintenance of elevators
Uni-President Cold-Chain Corp.	Jan. 22, 1999	No.340, Tzu Chiang Rd., Yung Kang City, Tainan County, Taiwan	326,055	Delivery of cold or frozen food
Uni-President Oven Bakery Corp.	Nov.20, 2000	12F, No.8, Tung Hsing Rd., Taipei, Taiwan	290,000	Bread and pastry retailer
President Information Corp.	Aug.27,1997	6F, No. 246, Yang Guang St., Taipei, Taiwan	299,006	Information consulting services
Bank Pro E-Service Technology Co., Ltd.	Oct.25, 2000	7F, No. 261, Sec. 3, Nanjing E. Rd., Taipei, Taiwan	135,000	Professional e-commerce software services
Duskin Serve Taiwan Co.	Oct.28, 1994	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	300,000	Selling and renting of cleaning instruments
Books.com. Co., Ltd.	Dec.27, 1995	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	199,900	Internet bookstore



Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Mister Donut Taiwan Corp.	Sep.07, 2004	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	200,000	Selling of donuts and beverage
Muji Taiwan Co., Ltd.	Sep.15, 2003	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	100,000	Comprehensive Retailing
Uni-President Yellow Hat Corp.	Jan. 03, 2001	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	290,000	Wholesaling and retailing of automotive accessories
President Coffee Corp.	Nov.03, 1997	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	310,464	Selling of coffee, beverage, and food
Retail Support International Corp.	Aug.11, 1990	7F, No.560, Sec.4, Chung Hsiao E. Rd., Taipei, Taiwan	200,000	Delivery of room-temperature foods and goods
President Chain Store (Labuan) Holdings Ltd.	Oct.24, 2000	Level 7(E), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	USD 20,684,000	Professional investments
Philippine Seven Corp.	Nov.24, 1982	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Metro Manila, Philippine	PHP 237,938,000	Food and household goods retailing
Convenience Distribution Inc.	Sep.17, 1998	No. 8, Mercury Ave Libis, Quezon City, Metro Manila, Philippine	PHP 45,000,000	Delivery and storage
PCSC (Vietnam) Supermarket Limited	Mar.07, 1998	No. 8, Pham Ngoc Thace Street, Dong Da Dist, Hanoi, Vietnam	VND 18,365,228,000	Wholesaling and retailing of goods
President Coffee (Cayman) Holdings Ltd.	Nov.16, 1999	Huntlaw Building P.O. Box 2804, Georgetown, Grand Cayman, Cayman Islands	USD 6,000,000	Professional investments
Shanghai President Starbucks Coffee Corp.	Mar. 02,2000	1 – 2F,937 Middle HuaiHai Road, Shanghai, China	USD 5,960,000	Selling of coffee, beverage, and food
PCSC (China) Supermarket Limited	Sep.05, 2003	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola British Virgin Islands	USD 27,263,000	Professional investments
PCSC (SICHUAN) Hypermarket Limited	Oct.14, 2005	-1 Floor, No.75 Wenhualu Road, Nanchong City, Sichuan, China	RMB 80,000,000	Wholesaling and retailing of goods
PCSC (CHENGDU) Hypermarket Limited	Oct.12, 2006	No32, 4th Section of First Ring Road, Chengdu, China	RMB 100,000,000	Wholesaling and retailing of goods

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Shandong President Yinzuo Commercial Limited	July 11,2005	66 Luoyuan Street, Jinan City, Shangdong, China	RMB 60,000,000	Wholesaling and retailing of goods
PCSC (China) Drugstore Limited	Feb.16, 2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 3,982,000	Professional investments
President Cosmed Chain Store (Shenzhen) Co., Ltd.	Dec.13, 2004	Room1508 , International Entrustment Building , No.1010 Hongling Road,Luohu district Shenzhen City, Guangdong Province, China	RMB 50,000,000	Household goods retailing
Zhuhai Livzon Drugstore Chain Company Limited	Jan.28, 2000	5F, North, Block 813, Sugang Depot, Baoan Road North, Luohu distric, Shenzhen, Guangdong Province, China	RMB 20,000,000	Retailing of drugs and cosmetics
Vision Distribution Service Corp.	June 27,2005	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	100,000	Distributor of magazine
Safety Elevator Corp.	Oct.29, 1998	No.69, Alley 727, Jhonghua Rd., Yongkang City, Tainan County, Taiwan	5,000	Installment of elevators and machine
Mech-President (BVI) Corp.	July24, 1997	P.O. Box 957,Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	USD 3,500,000	Professional investments
Shanghai President Machine Corp.	Nov.09, 2001	No. 409, Xinqiu Rd., Qingfu Industry Park, Shanghai City, China	USD 2,500,000	Production of elevators
President Jing Corp.	July 04,2003	No. 138, Huan Dao N. Rd., Lin 37, Hsin Men Li, Ching Cheng Township, Kinmen County, Taiwan	26,750	Wholesaling of gasoline products
Uni-President Oven Bakery (BVI) Corp.	Jan.13, 2005	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 3,500,000	Professional investments
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Sep.23, 2004	Suite DEF, 17F, Liangyou Building, No. 316, Xinhua Rd., Jiangnan District, Wuhan City, Hubei Province, China	RMB 25,000,000	Bread and pastry retailer
Duskin China (BVI) Holding Limited	June 30,2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 700,000	Professional investments
Retail Support Taiwan Corp.	Apr.16, 1997	No.63-1, Jijin 3rd Rd., Anle District, Keelung City, Taiwan	56,300	Delivery of room-temperature foods and goods

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
President Logistics International Corp.	Feb. 11,1998	1F, No.244, Minzu Rd., Jhongli City, Taoyuan County, Taiwan	150,000	Trucking
Chieh-Shuen Logistics International Corp.	Aug.01,2003	2F, No. 244, Sec. 2, Mintsu Rd., Jhongli City, Taoyuan County, Taiwan	60,000	Trucking
PCSC (China) Restaurant Limited	Dec. 28,2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola British Virgin Islands	USD 5,155,000	Professional investments
Shanghai Cold Stone Ice Cream Corporation	May 28,2007	Room K13&K14 B1F, No. 268 Xizangzhong Road, Raffles city Plaza, Shanghai City, China	USD 5,155,000	Ice Cream selling

Note: The exchange rates as of Dec. 31, 2007 were USD : NT=1 : 32.43, PHP : NT=1 : 0.73, VND : NT=1 : 0.002 and RMB : NT=1 : 4.43.

(III) The information of companies presumed to have a relationship of control and subordination: None.

(IV) Business scope of PCSC and its affiliated enterprises:

The business scope of President Chain Store Corp. and its affiliated enterprises includes: retailing, investment services, distribution, freight and manufacture, etc. The mutual dealings and division of work among each affiliate are as follows:

Company	Division of Work
Capital Inventory Service Corp.	The company provides President Chain Store Corp. with store inventory audit services and staff training programs, etc.
Wisdom Distribution Service Corp.	The company sells and distributes magazine and software merchandise to President Chain Store Corp.
President Information Corp.	The company provides President Chain Store Corp. and its affiliated enterprises with information system services.
Retail Support International Corp.	The company is the merchandise supplier and distributor of President Chain Store Corp.
Uni-President Cold-Chain Corp.	The company is the merchandise supplier and distributor of President Chain Store Corp.
Bank Pro E-Service Technology Co., Ltd.	The company provides President Chain Store Corp. and its affiliated enterprises with information system services.

## (V) Rosters of the directors, supervisors, and presidents of PCSC affiliated enterprises

Unit : shares / %

Company	Title	Name or Representative	Shareholding	
			Shares	%
President Chain Store (BVI) Holdings Ltd.	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	48,405,437	100.00
	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	48,405,437	100.00
PCSC (China) Limited	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	36,449,140	100.00
	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	36,449,140	100.00
Ren-Hui Investment Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	85,303,733	100.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Wu, Kuo Hsuan	85,303,733	100.00
	Supervisor	Representative of President Chain Store Corp.: Huang, Chien Li	85,303,733	100.00
	President	Hsu, Chung Jen	—	—
Capital Inventory Services Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,549,380	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Chung, Mao Chia; Wang, Wen Kue	4,549,380	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	4,549,380	100.00
	President	Lin, Wen Ching	—	—
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	36,575,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Lung Yi; Tsai, Du Chuan; Hsieh, Chien Nan	36,575,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	36,575,000	100.00
	President	Tsai, Du Chuan	—	—
President Direct Marketing Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Chang Sheng; Chen, Jui Tang; Victor Lai	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	President	Victor Lai	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Wisdom Distribution Service Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	9,432,540	100.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Po Chung; Chen, Jui Tang	9,432,540	100.00
	Supervisor	Representative of President Chain Store Corp.: Hsieh, Chien Nan	9,432,540	100.00
	President	Hsieh, Po Chung	—	—
President FN Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Wang, Wen Shin	10,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	100.00
	President	Wu, Kuo Hsuan	—	—
Cold Stone Creamery Taiwan, Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Hsieh, Chien Nan	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	President	Hsieh, Chien Nan	—	—
President Yilan Art and Culture Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	18,000,000	90.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Hsieh, Po Chung; Wang, Wen Kui	18,000,000	90.00
	Director	Representative of Lan-Yang Cultural and Educational Foundation : Lin, Song Po	2,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	18,000,000	90.00
	Supervisor	Representative of Lan-Yang Cultural and Educational Foundation : Yang, Chien	2,000,000	10.00
	President	Paul, Wang	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Pharmaceutical Corp.	Chairman	Representative of President Chain Store Corp.: Lin, Chang Sheng	14,600,494	73.74
	Director	Representatives of President Chain Store Corp.: Lee, Hua Yang; Kuo, Ming Hang; Hsu, Chung Jen; Tsai, Du Chuan	14,600,494	73.74
	Director	Representative of Taipo Investment Corp.: Wu, Ping Chih	1,980,000	10.00
	Director	Representatives of Tung-Ren Investment Corp.: Lin, Tian Mao; Wu, Chung Ho	382,199	1.93
	Supervisor	Representative of President Chain Store Corp.: Hsieh, Chien Nan	14,600,494	73.74
	President	Kuo, Ming Hang	—	—
President Transnet Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	20,000,000	20.00
	Director	Representative of Uni-President Enterprises Corp.: Lin, Lung Yi	20,000,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Huang, Chien Li; Hsieh, Chien Nan	70,000,000	70.00
	Director	Representative of Yamato Holdings Co., Ltd.: Aritomi Keiji	10,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	70,000,000	70.00
	President	Huang, Chien Li	—	—
President Collect Services Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Lin, Chang Sheng	1,050,000	70.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Huang, Chien Li; Hsieh, Chien Nan; Hung, Jin Gu	1,050,000	70.00
	Director	Representatives of Yamato Holdings Co., Ltd.: Aritomi Keiji; Shibasaki Kenichi	450,000	30.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Lung Yi	1,050,000	70.00
	Supervisor	Representative of Yamato Holdings Co., Ltd: Mori Hideo	450,000	30.00
	President	Huang, Chien Li	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Uni-President Department Store Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	24,000,000	30.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Paul Chang; Hsieh, Chien Nan; Hung, Jin Gu	56,000,000	70.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	56,000,000	70.00
	President	Hung Jin Gu	—	—
Mech-President Corp.	Chairman	Fang, Yi Liang	14,848	0.02
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Liu, Ming Jao; Hsieh, Chien Nan; Wu, Kuo Hsuan	48,698,536	63.47
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Lin, Lung Yi	15,549,287	20.27
	Supervisor	Representative of Da Ya Cable Corp.: Shen, Sung Yi	5,327,164	6.94
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	48,698,536	63.47
	President	Wu, Kuo Hsuan	—	—
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	6,521,090	20.00
	Director	Representative of Uni-President Enterprises Corp.: Huang, Jui Tien; Lo Chih Hsien	6,521,090	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Chen, Jui Tang; Hsieh, Chien Nan; Chen, Dong Ho	19,563,272	60.00
	Director	Representative of Nanlien International Corp.: Tu, Ju Ken	6,521,090	20.00
	Supervisor	Representative of President Chain Store Corp.: Chung, Mao Chia	19,563,272	60.00
	President	Chen, Dong Ho	—	—
Uni-President Oven Bakery Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	17,400,000	60.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi; Lee, Hua Yang	11,600,000	40.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Huang, Shu Chieh; Chang Jen, Yun Huei	17,400,000	60.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	17,400,000	60.00



Company	Title	Representative	Shareholding	
			Shares	%
	Vice President	Lee, Yen Sheng	—	—
President Information Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	16,744,310	56.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Chien Nan; Chang, Jia Hua	16,744,310	56.00
	Director	Representatives of Uni-President Enterprises Corp.: Chen, Jing Xing; Fang, Mu Xing	8,970,166	30.00
	Director	Representative of Nomura Research Institute Ltd.:Fukami Yasuo	4,186,074	14.00
	Supervisor	Representative of President Chain Store Corp.: Chung, Mao Chia	16,744,310	56.00
	President	Hsieh, Chien Nan	—	—
Bank Pro E-Service Technology Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,200,000	53.33
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Chen, Chang Zheng	7,200,000	53.33
	Director	Representative of Uni-President Enterprises Corp.: Fang, Mu Xing	675,000	5.00
	Director	Representative of Financial Information Service Co., Ltd. : Chen, Ze Li	1,800,000	13.33
	Director	Representative of Bank Of Taiwan : Song, Xiao Hsuan	450,000	3.33
	Director	Representative of E.SUN Financial Holding Co., Ltd. : Chen, Jia Zhong	450,000	3.33
	Supervisor	Representative of President Chain Store Corp.: Chang, Jia Hua	7,200,000	53.33
	Supervisor	Representative of Financial Information Service Co., Ltd.: Mao, Jing Da	1,800,000	13.33
	President	Chen, Chang Zheng	220,000	1.60
Duskin Serve Taiwan Co.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	15,300,000	51.00
	Director	Representatives of President Chain Store Corp.: Wang, Wen Kui; Huang, Chien Li; Yang, Yen Sen	15,300,000	51.00
	Vice Chairman	Representative of Duskin Co., Ltd.: Komai Teruo	14,700,000	49.00
	Director	Representatives of Duskin Co., Ltd.: Okai Kazuo; Shmimoto Kazushi; Miyajima Kenichi	14,700,000	49.00
	Supervisor	Representative of Duskin Co., Ltd.: Ishimi Michinobu	14,700,000	49.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	15,300,000	51.00

Company	Title	Representative	Shareholding	
			Shares	%
	President	Hung, Yau Shin	—	—
Books.com. Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsieh, Chien Nan	10,000,000	50.03
	Director	Representatives of President Chain Store Corp.: Hsieh, Po Chung; Chang Chia-Hua; Chen, Jui Tang	10,000,000	50.03
	Director	Representative of Clever Investment Co., Ltd.: Chang, Shou Huei	363,000	1.82
	Director	Lin, Pi Jung	2,081,000	10.41
	Director	Terry Chang	1,579,000	7.90
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.03
	Supervisor	Representative of Clever Investment Co., Ltd.: Lin, Li Ching	363,000	1.82
	Vice President	Tien, Tien Shen(Power of attorney of President)	—	—
Mister Donut Taiwan Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Sheu, Jinn Bin; Guang Yu John Hsu	10,000,000	50.00
	Director	Representatives of Duskin Co., Ltd.: Kitami Tadashi; Nishimura Haruo ; Komai Teruo; Narahara Junichi	10,000,000	50.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.00
	Supervisor	Representative of Duskin Co., Ltd.: Ishimi Michinobu	10,000,000	50.00
	President	Kitami Tadashi	—	—
Muji Taiwan Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,100,000	41.00
	Director	Representatives of President Chain Store Corp.: Wang, Wen Shin; Sheu, Jinn Bin	4,100,000	41.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chih Hsien	1,000,000	10.00
	Director	Representatives of Ryohin Keikaku Co.,Ltd.: Huruda Masanobu; Satoru Matsusaki	3,900,000	39.00
	Director	Representative of Mitsubishi Corp.: Keiichiro Ogata	1,000,000	10.00

Company	Title	Representative	Shareholding	
			Shares	%
	Supervisor	Representative of President Chain Store Corp.: Hsieh, Chien Nan	4,100,000	41.00
	Supervisor	Representative of Ryohin Keikak Co., Ltd.: Masayuki Kitajima	3,900,000	39.00
	President	Wang, Wen Shin	—	—
Uni-President Yellow Hat Corp.	Chairman	Representative of Yellow Hat : Taniguchi Naoi	14,500,000	50.00
	Vice Chairman	Representative of President Chain Store Corp.: Hsieh, Chien Nan	8,700,000	30.00
	Director	Representatives of President Chain Store Corp.: Wang, Wen Kui	8,700,000	30.00
	Director	Representative of Nanlien International Corp.: Feng, Chin Ming	5,800,000	20.00
	Director	Representative of Yellow Hat : Yokomura Kenji; Shimizu Katsutaro	14,500,000	50.00
	Supervisor	Representative of Yellow Hat : Okada Koji	14,500,000	50.00
	Supervisor	Representative of Nanlien International Corp: Tsai, Jing Ming	5,800,000	20.00
	Vice President	Wu Chen Shih	—	—
President Coffee Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	6,209,280	20.00
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen	9,313,920	30.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chih Hsien	6,209,280	20.00
	Director	Representatives of Starbucks Coffee International Inc.: Wang, Jin Long; Charles Jemley; Mark Wesley	15,523,200	50.00
	Supervisor	Representative of Starbucks Coffee International Inc.: Martin Ehrich	15,523,200	50.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Tu, Te Cheng	6,209,280	20.00
	President	Guang Yu John Hsu	—	—
Retail Support International Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,000,000	25.00
	Director	Representative of President Chain Store Corp.: Hsieh, Chien Nan	5,000,000	25.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi; Lo, Chih Hsien	4,000,000	20.00
	Director	Representatives of Mitsubishi Corp.: Narita Koichi; Fukuoka Kunihide	3,000,000	15.00

Company	Title	Representative	Shareholding	
			Shares	%
	Director	Representative of RYOSHOKU Ltd.: Onoda Rokuro	2,000,000	10.00
	Director	Representative of Nanlien International Corp.: Tu, Ju Ken	4,000,000	20.00

	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	5,000,000	25.00
	Supervisor	Representative of Mitsubishi Corp. (Taiwan) Ltd: Chen, Juin-Yie	2,000,000	10.00
	President	Sheu, Jinn Bin	—	—
President Chain Store (Labuan) Holdings Ltd.	Chairman	Representative of President Chain Store (BVI) Holdings Ltd.: Kao, Chin Yen	20,684,321	100.00
	Director	Representative of President Chain Store (BVI) Holdings Ltd.: Lin, Chang Sheng	20,684,321	100.00
Philippine Seven Corp.	Chairman	Vicente T. Paterno	5,540,746	2.34
	Director	Representatives of President Chain Store (Labuan) Holdings Ltd.: Hsu, Chung Jen; Lin, Wen Ching; Hsieh, Chien Nan; Yang, Yen Sen; Chen, Fu Tang; Jose Victor P. Paterno	134,257,625	56.59
	Director	Representative of Asian Holdings Corp.: Diana P. Aguilar	29,208,750	12.31
	Director	Representative of Progressive Development Corp.: Jorge L. Araneta	20,163,080	8.50
	Independent Director	Representative of Anglo Philippine Holdings Corp.: Alfredo C. Ramos	4,333,380	1.83
	Independent Director	Michael B. Zalamea	1	—
	President	Jose Victor P. Paterno	—	—
Convenience Distribution Inc.	Chairman	Representative of Philippine Seven Corp.: Jose Victor P. Paterno	45,000,000	100.00
	Director	Representatives of Philippine Seven Corp.: Eduardo P. Bataclan; Wang Ping-Yun; Alex Lin; Liwayway T. Fernandez	45,000,000	100.00
PCSC (Vietnam) Supermarket Limited	Chairman	Representative of President Chain Store (BVI) Holdings Ltd.: Hsien, Chien Nan	Paid in Capital VND 18,365,228,000	51.00
	Director	Representatives of Hanoi Foodstuff Company: Thai, Quang Dung; Fan, Ui Xing	—	35.00

Company	Title	Representative	Shareholding	
			Shares	%
	Director	Representative of Mitsubishi Corp.: Toshio Kochi	—	14.00
	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Hsieh Chih Peng; Lee, Chih Ming	—	51.00
	President	Lee, Chih Ming	—	—
President Coffee (Cayman) Holdings Ltd.	Chairman	Representative of Kai Yu (BVI) Investment Co., Ltd.: Lin, Chang Sheng	1,200,000	20.00
	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Hsu, Chung Jen; Guang Yu John Hsu	1,800,000	30.00
	Director	Representatives of Starbucks Coffee International Inc.: Wang, Jin Long; Mark Wesley; Charles Jemley	3,000,000	50.00
Shanghai President Starbucks Coffee Corp.	Chairman	Representative of President Coffee (Cayman) Holdings Ltd.: Lin, Chang Sheng	Paid in Capital USD 5,960,000	100.00
	Director	Representatives of President Coffee (Cayman) Holdings Ltd.: Hsu, Chung Jen; Guang Yu John Hsu; Zhong, Jia Su; Wang, Jin Long; Mark Wesley; Charles Jemley	—	100.00
	President	Guang Yu John Hsu	—	—
PCSC (China) Supermarket Limited	Chairman	Representative of PCSC (China) Limited: Kao, Chin Yen	27,262,500	100.00
	Director	Representative of PCSC (China) Limited: Lin, Chang Sheng	27,262,500	100.00
PCSC (SICHUAN) Hypermarket Limited	Chairman	Representative of PCSC (China) Supermarket Limited: Hsu, Chung Jen	Paid in Capital RMB 80,000,000	100.00
	Director	Representatives of PCSC (China) Supermarket Limited: Chang Jen, Yun Huei; Hsieh, Chien Nan; Lin, Wen Ching; Lin, Chang, Hua Chung; Yeh, Yung Hsiang; Sheu, Jinn Bin	—	100.00
	Supervisor	Representative of PCSC (China) Supermarket Limited: Chuang, Tung-Yueh	—	100.00
	President	Chang Jen, Yun Huei	—	—

Company	Title	Representative	Shareholding	
			Shares	%
PCSC (CHENGDU) Hypermarket Limited	Chairman	Representative of PCSC (China) Supermarket Limited: Hsu, Chung Jen	Paid in Capital RMB100,000,000	100.00
	Director	Representatives of PCSC (China) Supermarket Limited: Hsieh, Chien Nan; Chang Jen, Yun Huei; Sheu, Jinn Bin; Lin, Wen Ching	—	100.00
	Supervisor	Representative of PCSC (China) Supermarket Limited: Chang, Hua Chung	—	100.00
	President	Chang Jen, Yun Huei	—	—
Shandong President Yinzuo Commercial Limited	Chairman	Representative of Shandong Silver Plaza Co., Ltd.; Ji, Siang Ci	Paid in Capital RMB 60,000,000	45.00
	Director	Representatives of PCSC (China) Supermarket Limited: Hsu, Chung Jen; Hsieh, Chien Nan; Chang Jen, Yun Huei	—	55.00
	Director	Representative of Shandong Silver Plaza Co., Ltd.: Liu, Xi Ju	—	45.00
	President	Yeh, Yung Hsiang	—	—
PCSC (China) Drugstore Limited	Chairman	Representative of PCSC (China) Limited: Kao, Chin Yen	3,982,000	100.00
	Director	Representative of PCSC (China) Limited: Lin, Chang Sheng	3,982,000	100.00
President Cosmed Chain Store (Shenzhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited: Hsu, Chung Jen	Paid in Capital RMB 50,000,000	65.00
	Director	Representative of Livzon Pharmaceutical Group Inc. : An Ning; Lu, Wen Qi	—	35.00
	Director	Representative of PCSC (China) Drugstore Limited : Lin, Lung Yi; Hsieh, Chien Nan; Tsai, Du Chuan; Chang Jen, Yun Huei	—	65.00
	President	Tsai, Du Chuan	—	—



Company	Title	Representative	Shareholding	
			Shares	%
Zhuhai Livzon Drugstore Chain Company Limited	Chairman	Representative of President Cosmed Chain Store (Shenzhen) Co.,Ltd.: Hsu, Chung Jen	Paid in Capital RMB 20,000,000	90.00
	Director	Representatives of President Cosmed Chain Store (Shenzhen) Co.,Ltd.: Hsieh, Chien Nan; Chang Jen, Yun Huei	—	90.00
	President	Tsai, Du Chuan	—	—
Vision Distribution Service Corp.	Chairman	Representative of Formosan Magazine Press, Inc.: Chen, Chia Nan	4,000,000	40.00
	Director	Representative of Formosan Magazine Press, Inc.: Chen, Te Jen	4,000,000	40.00
	Director	Representatives of Wisdom Distribution Service Corp.: Hsieh, Po Chung; Yang, Chung Chin; Chen, Chin Cheng	6,000,000	60.00
	Supervisor	Representative of Wisdom Distribution Service Corp.: Jackie Su	6,000,000	60.00
	Supervisor	Representative of Formosan Magazine Press, Inc.: Chen, Yu Jen	4,000,000	40.00
	President	Hsieh, Po Chung	—	—
Safety Elevator Corp.	Chairman	Representative of Mech-President Corp.: Wong, Chang Ming	500,000	100.00
	Director	Representatives of Mech-President Corp.: Liu, Ming Jao; Wang, Yin Yu; Huang, Long Tsai ; Chen, Cheng Nan	500,000	100.00
	Supervisor	Representative of Mech-President Corp.: Cheng, Juin-Yie	500,000	100.00
	President	Wong, Chang Ming	—	—
Mech-President (BVI) Corp.	Chairman	Representative of Mech-President Corp.: Liu, Ming Jao	Paid in Capital USD 3,500,000	100.00
Shanghai President Machine Corp.	Chairman	Representative of Mech-President (BVI) Corp.: Liu, Ming Jao	Paid in Capital USD 2,500,000	100.00
	Director	Representatives of Mech-President (BVI) Corp.: Cheng, Juin- Yie; Huang, Long Tsai	—	100.00
	President	Liu, Ming Jao	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Jing Corp.	Chairman	Representative of Mech-President Corp.: Fang, Yi Liang	1,605,000	60.00
	Director	Representatives of Mech-President Corp.: Chen, Ming Cong; Liu, Ming Jao; Chen, Cheng Nan	1,605,000	60.00
	Director	S. C. Tsai	—	—
	Director	Lin, Shui Qian	401,250	15.00
	Supervisor	Representative of Mech-President Corp.: Cheng, Juin Yie	1,605,000	60.00
	President	Tsai, Ting Song	—	—
Uni-President Oven Bakery (BVI) Corp.	Chairman	Representative of Uni-President Oven Bakery Corp.: Lin, Chang Sheng	Paid in Capital USD 3,500,000	100.00
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	Chairman	Representative of Uni-President Oven Bakery (BVI) Corp.: Hsu, Chung Jen	Paid in Capital RMB25,000,000	100.00
	Director	Representatives of Uni-President Oven Bakery (BVI) Corp.: Huang, Shu Chieh; Chang Jen, Yun Huei; Lee, Hua Yang; Hsiao, Fong Shih; Cheng, Jen Shao	—	100.00
	President	Cheng, Jen Shao	—	—
Duskin China (BVI) Holding Limited	Director	Representative of Duskin Serve Taiwan Co.: Hsu, Chung Jen	7,000	100.00
Retail Support Taiwan Corp.	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	2,871,300	51.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Chen, Chieh Shan	2,871,300	51.00
	Director	Representative of FSG Co.: Lin, Ming Fang	1,655,220	29.40
	Director	Representative of Grand Fountain Co., Ltd.: Huang, Wei Yu	1,103,480	19.60
	Supervisor	Representative of Grand Fountain Co., Ltd.: Cheng, Yueh Kuei	1,103,480	19.60
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	2,871,300	51.00
	President	Lin, Ming Fang	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Logistics International Corp.	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	7,350,000	49.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan	7,350,000	49.00
	Director	Representatives of Uni-President Cold-Chain Corp: Chen, Dong Ho; Zeng, Qing Ren	3,750,000	25.00
	Director	Representatives of Wisdom Distribution Service Corp: Hsieh, Po Chung; Peng, Chien Chia	3,000,000	20.00
	Director	Representative of Retail Support Taiwan Corp.: Lin, Ming Fang	900,000	6.00
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	7,350,000	49.00
	Supervisor	Representative of Uni-President Cold-Chain Corp: Tsai, Guang Wen	3,750,000	25.00
	President	Perng, Shyan Show	—	—
Chieh-Shuen Logistics International Corp.	Chairman	Representative of President Logistics International Corp.: Hsieh, Chien Nan	6,000,000	100.00
	Director	Representatives of President Logistics International Corp.: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan; Chen, Dong Ho; Zeng, Qing Ren Hsieh, Po Chung; Peng, Chien Chia; Lin, Ming Fang	6,000,000	100.00
	Supervisor	Representatives of President Logistics International Corp.: Tsai, Qing Wen; Lu, Chieh Wei	6,000,000	100.00
	President	Perng, Shyan Show	—	—
PCSC (China) Restaurant Limited	Chairman	Representatives of PCSC (China) Supermarket Limited: Kao, Chin Yen	5,154,640	100.00
	Director	Representatives of PCSC (China) Supermarket Limited: Lin, Chang Sheng	5,154,640	100.00
Shanghai Cold Stone Ice Cream Corporation	Chairman	Representatives of PCSC (China) Restaurant Limited: Hsu, Chung Jen	Paid in Capital USD 5,155,000	100.00
	Director	Representatives of PCSC (China) Restaurant Limited: Chang Jen, Yun Huei; Hsieh, Chien Nan; Wu, Kuo Hsuan; Hsieh, Kuo Huei	—	100.00
	Supervisor	Representatives of PCSC (China) Restaurant Limited: Chen, Fu Tang	—	100.00
	President	Chang Jen, Yun Huei	—	—

## II. Operation of Affiliated Enterprises

Unit: NT\$'000, except EPS(\$)

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Chain Store (BVI) Holdings Ltd. (Note 1)	1,569,788	1,090,156	40,650	1,049,506	-	( 80,116)	( 20,367)	(0.42)
PCSC (China) Limited (Note 1)	1,182,046	877,941	4,819	873,122	-	( 141)	( 153,668)	(4.22)
Ren-Hui Investment Corp.	853,037	721,870	122	721,748	1,978	( 137,393)	( 137,810)	(1.62)
Capital Inventory Services Corp.	45,494	101,496	28,166	73,330	159,858	23,339	18,720	4.11
President Drugstore Business Corp.	365,755	1,704,369	1,225,607	478,762	5,169,640	70,421	90,779	2.48
President Direct Marketing Corp.	70,000	143,529	136,348	7,181	538,946	( 23,377)	( 9,661)	(1.38)
Wisdom Distribution Service Corp.	94,325	2,314,936	2,118,341	196,595	9,346,881	86,500	76,989	8.16
President FN Business Corp.	100,000	85,153	20,597	64,556	72,967	( 31,283)	( 32,282)	(3.23)
Cold Stone Creamery Taiwan Ltd.	70,000	99,461	60,620	38,841	35,517	25,690	( 31,160)	(4.45)
President Yilan Art and Culture Corp.	200,000	227,278	72,072	155,206	445,425	19,362	39,691	1.98
President Pharmaceutical Corp.	198,000	468,458	210,539	257,919	764,019	63,095	54,786	2.77
President Transnet Corp.	1,000,000	1,579,396	1,229,078	350,318	3,307,926	116,825	89,734	0.90
President Collect Services Co., Ltd.	15,000	365,689	327,095	38,594	128,549	25,254	19,730	13.15
Uni-President Department Store Corp.	800,000	937,185	589,933	347,252	1,304,378	( 379,230)	( 309,374)	(3.87)
Mech-President Corp.	767,226	2,569,571	1,984,332	585,239	13,546,207	(198,404)	(217,342)	(3.15)
Uni-President Cold-Chain Corp.	326,055	2,779,648	2,225,754	553,894	16,757,037	170,119	146,720	4.50
Uni-President Oven Bakery Corp.	290,000	169,018	105,891	63,127	311,978	( 11,076)	( 57,103)	(1.97)
President Information Corp.	299,006	556,944	191,977	364,967	770,787	26,760	30,552	1.02
Bank Pro E-Service Technology Co., Ltd.	135,000	170,576	27,091	143,485	164,152	8,238	7,239	0.54
Duskin Serve Taiwan Co.	300,000	275,795	53,412	222,383	475,049	48,529	37,109	1.24
Books.com. Co., Ltd.	199,900	531,506	328,180	203,326	1,930,127	85,481	61,656	3.08
Mister Donut Taiwan Corp.	200,000	460,057	211,169	248,888	856,106	48,585	40,455	2.02
Muji Taiwan Co., Ltd.	100,000	373,780	191,397	182,383	954,926	113,051	71,911	7.19
Retail Support International Corp.	200,000	6,218,205	5,751,097	467,108	45,172,629	157,324	151,762	7.59
Uni-President Yellow Hat Corp.	290,000	148,406	108,235	40,171	276,123	( 30,410)	( 30,823)	(1.06)
President Coffee Corp.	310,464	1,004,997	605,828	399,169	3,159,784	78,632	48,791	1.57

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
PCSC (China) Supermarket Limited (Note 1)	884,123	729,770	-	729,770	-	( 77)	( 54,454)	-
PCSC (SICHUAN) Hypermarket Limited (Note 1)	355,397	317,042	154,180	162,862	638,856	( 32,275)	( 33,348)	-
PCSC (CHENGDU) Hypermarket Limited (Note 1)	444,247	410,720	34,733	375,987	24,426	( 69,900)	( 66,729)	-
Shandong President Yinzuo Commercial Limited (Note 1)	266,548	739,971	442,054	297,917	2,870,251	109,286	84,714	-
President Chain Store (Labuan) Holdings Ltd. (Note 1)	670,793	356,985	-	356,985	-	155	22,616	1.09
Philippine Seven Corp. (Note 1)	167,455	1,304,382	841,544	462,838	3,530,254	892,720	36,810	0.15
Convenience Distribution Inc. (Note 1)	31,670	63,145	26,067	37,078	120,345	17,952	3,420	0.76
PCSC (Vietnam) Supermarket Limited. (Note 1)	36,926	56,768	17,561	39,207	108,722	5,703	4,300	-
President Coffee (Cayman) Holdings Ltd. (Note 1)	194,580	885,805	354,020	531,785	1,987,972	211,037	158,686	26.45
Shanghai President Starbucks Coffee Corp. (Note 1)	215,824	862,898	343,396	519,502	1,987,214	218,703	142,424	-
PCSC (China) Drugstore Limited (Note 1)	129,136	34,236	-	34,236	-	( 75)	( 41,038)	(10.31)
President Cosmed Chain Store (Shenzhen) Co., Ltd. (Note 1)	222,123	98,404	47,914	50,490	52,051	( 46,793)	( 62,999)	-
Zhuhai Livzon Drugstore Chain Company Limited (Note 1)	88,849	51,964	55,440	( 3,476)	52,953	( 12,873)	( 13,568)	-
Vision Distribution Service Corp.	100,000	429,309	327,586	101,723	1,066,716	( 670)	1,426	0.14
Safety Elevator Corp.	5,000	4,797	6,470	( 1,672)	2,064	( 1,543)	( 1,542)	(3.08)
Mech-President (BVI) Corp. (Note 1)	113,505	201,094	164,308	36,786	144,515	( 19,557)	( 25,132)	-
Shanghai President Machine Corp. (Note 1)	127,460	201,218	163,952	37,266	144,412	( 19,513)	( 25,085)	-
President Jing Corp.	26,750	61,539	23,090	38,449	276,360	11,253	9,873	3.69
Uni-President Oven Bakery (BVI) Corp. (Note 1)	100,224	16,708	65,303	( 48,595)	-	( 45)	( 40,639)	-
Wuhan Uni-President Oven Fresh Bakery Co., Ltd. (Note 1)	111,062	95,424	143,907	( 48,483)	70,748	( 33,493)	( 40,482)	-
Duskin China (BVI) Holding Limited (Note 1)	22,701	22,730	-	22,730	0	0	( 28)	-
Retail Support Taiwan Corp.	56,300	231,521	160,179	71,342	234,097	8,924	6,311	1.12

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Logistics International Corp.	150,000	645,681	449,121	196,560	1,406,501	24,989	33,379	2.23
Chieh-Shuen Logistics International Corp.	60,000	168,892	92,943	75,949	408,028	12,024	12,984	2.16
PCSC (China) Restaurant Limited	167,165	112,662	-	112,662	-	-	(59,565)	(11.56)
Shanghai Cold Stone Ice Cream Corporation	174,003	172,959	60,234	112,725	21,967	( 59,236)	( 59,543)	-

Note 1: In the case of foreign companies, the currencies other than USD shall be transferred into USD first, and then transferred into NTD based on the exchange rate USD:NTD. The figures relevant to the balance sheet shall be expressed in NTD based on the exchange rate as of December 31, 2007 (Note 2). The figures relevant to the income statement shall be expressed in NTD based on the average exchange rate of year 2007 (Note 3).

Note 2: The exchange rate as of Dec. 31, 2007:

USD : NTD = 1 : 32.43      USD : RMB = 1 : 7.30      USD : PHP = 1 : 46.08  
 USD : VND = 1 : 16,129

Note 3: Average exchange rate of year 2007:

USD : NTD = 1 : 32.85      USD : RMB = 1 : 7.61      USD : PHP = 1 : 46.08  
 USD : VND = 1 : 16,129

President Chain Store Corporation

Affiliation Report and Declaration

Tsai-Shen-Pao-Tze No. 07003734

The Company's affiliation report for 2007 (from Jan. 1, 2007 to Dec. 31, 2007) was prepared in accordance with the "Criteria Governing Preparation of Affiliated Report, Consolidated Business Reports and Affiliated Enterprises Consolidated Financial Statements of Affiliated Enterprises", and the information disclosed in the report is free from material misstatement or differences from that disclosed in the financial statement covering the same period.

Company: President Chain Store Corporation



Chairman: Kao Chin Yen



March 11, 2008



President Chain Store Corporation

Auditor's report on affiliation report

To: President Chain Store Corporation

The Company's affiliation report for 2007 has been declared by the Company to be prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the information disclosed in the report is free from material misstatement or difference from that disclosed in the financial statement covering the same period.

We have compared the affiliation report for 2007 prepared by the Company with the notes to the Company's financial statement for 2007 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", but have not yet found any material misstatement in the said declaration.

PRICEWATERHOUSECOOPERS

CPA:

J. P. Tsai, CPA

Chen Mei-Tzu, CPA

Approval Document (76) Tai-Tsai-Cheng (VI) No. 11412  
issued by Securities and  
Futures Commission  
(now Securities and Futures Bureau) of  
Ministry of Finance: (82) Tai-Tsai-Cheng (VI) No. 39230

March 11, 2008

President Chain Store Corporation

Affiliation report for 2007

**I. Relationship between the subordinate company and the controlling company**

The Company is a subordinate company of Uni-President Enterprise Corp. The information thereof is as following:

Unit: share; %

Controlling company	Reason for control	Details of shareholding and pledges			Any directors or supervisors appointed by the controlling company, or controlling company appointees engaged as managerial officers	
		Shares held	Proportion of shareholding	Pledged shares	Job title	Name
Uni-President Enterprise Corp.	Acquisition of a majority of director seats in President Chain Store Corp.	415,489,816	45.40%	—	Managing director	Lin Chang Sheng
					Managing director (President)	Hsu, Chung Jen
					Director	Lin, Long Yi
					Director	Lo, Chih Hsien
					Director	Yang, Wen Long
					Director	Tu, Te Cheng (Note)
					Director	Wu, Kuo Hsuan
Director	Chang Jen, Yun Huei					

Note: The term of director and representative Tu, Te Cheng, expired on February 13, 2008. The new director and representative, Sue Chung Ming, took over the position on February 14, 2008,

**II. Business transactions between subordinate company and controlling company**

The business transaction between the Company and Uni-President Enterprise Corp. in 2007:

(I) Purchase/sale transactions:

Currency expression: NTD 1,000

Name of (presumed) controlling company	Business transactions with controlling company				Transaction terms and conditions with (presumed) controlling company		General transaction terms and conditions		Cause of difference	Accounts/notes receivable (payable)		Overdue accounts receivable		
	Purchase (sale) of goods	Amount	Percentage in total purchase (sale)	Gross profit on sales	Unit price (NT\$)	Term of credit extension	Unit price (NT\$)	Term of credit extension		Balance	Percentage in total accounts/notes receivable (payable)	Amount	Processing by	Allowance for bad debt
Uni-President Enterprise Corp.	Purchase	1,690,306	2%	—	Note	O/A settlement from 30~45 days	Note	Note	No significant difference	(131,394)	( 2%)	—	—	—

Note: No significant difference.

- (II) Property trade: None.
- (III) Financing: None.
- (IV) Lease of assets: None.
- (V) Other important transactions:

Currency expression: NTD 1,000

Name of controlling company	Business transactions with controlling company			Transaction terms and conditions with (presumed) controlling company		General terms and conditions		Cause of difference	Remarks
	Account	Amount	Percentage of the amount under the same account title	unit price	Credit term	unit price	Credit term		
Uni-President Enterprise Corp.	Other operating incomes	40,794	2%	Note 1	30~45 days	Note 1	Note 3	No significant difference	—
Uni-President Enterprise Corp.	Non-operating income	11,428	3%	Note 2	30~45 days	Note 2	Note 3	No significant difference	—
Uni-President Enterprise Corp.	Reimbursement for deterioration of goods	48,978	12%	Note 2	30~45 days	Note 2	Note 3	No significant difference	—

Note 1: which is marketing premium; therefore, it is not applicable.

Note 2: which is collected based on the agreed proportion subject to the purchase; therefore, it is not applicable.

Note 3: No significant difference.

**III. Endorsement/guarantee between subordinate company and controlling company: None.**

**IV. Other matters with a significant effect on its finances and business: None.**



President Chain Store Corporation



Chairman: Kao Chin Yen

April 25, 2008