

Contents

I. A MESSAGE TO THE SHAREHOLDERS	14	V. OPERATIONAL HIGHLIGHTS	39	5. Long-Term Investments	055
II. CORPORATE OVERVIEW	16	1. Business Activities	039	6. Policies, Organizational Structure and Issues of Risk Management	055
III. CORPORATE GOVERNANCE	18	2. Market Analysis and Merchandise	042	7. Other Supplements	058
1. Organizational Chart	018	3. Human Resources	043	VIII. SPECIFIC NOTES	59
2. Information of Directors, Supervisors, and Management Team	019	4. Environmental Protection and Expenditures	044	1. Affiliates Information	059
3. Corporate Governance Mechanism	024	5. Labor-Capital Relations	046	2. Private Placement Securities	059
4. Auditors Information	031	6. Important Contracts	049	3. Balance of PCSC Securities Acquired, Disposed of and Held by Subsidiaries	059
5. Net Change in Shareholdings and in Shares Pledged by Directors, Supervisors, Management and Shareholders with Shareholding of 10% or More	032	VI. FINANCIAL INFORMATION	50	4. Other Necessary Supplements	059
6. Any of the Top 10 Major Shareholders Have Relationship Specified by the ROC Statement of Financial Accounting Standard No.6	033	1. Five Year Brief Balance Sheet and Income Statement	050	5. Clause Described in Part 2, Section 2, Article 36 of the Securities and Exchange Act	059
7. Ownership by PCSC's Directors, Supervisors, Managers, Directly or Indirectly of PCSC's Long-term Investments	034	2. Five Year Financial Analysis	051	IX. ADDITIONAL DISCLOSURES	60
IV. FUND RAISING	36	3. Supervisor's Report	052	1. Key Performance Indicators	060
1. Capital and Shares	036	4. Financial Report of Recent Years	052	2. Estimation Bases for the Valuation Allowance on the Balance Sheet	060
2. Status of Corporate Bonds, Preference Shares, Global Depository Receipts, Employee Stock Option Plan, Mergers, Acquisitions and Spin-offs	038	5. Audited Consolidated Financial Statements of Recent Years	052	3. Target and Methods for Hedge Accounting	061
3. Status of Capital Utilization Plan	038	6. Insolvency of the Company and its subsidiaries in the most recent year to the date this report was printed.	052	4. Certificates Issued by Competent Authorities to Personnel Relevant to Financial Information Transparency	061
		VII. FINANCIAL STATUS, OPERATING RESULTS & RISK MANAGEMENT	53		
		1. Financial Position	053		
		2. Operating Results	053		
		3. Cash Flow	054		
		4. Major Capital Expenditures & Their Impact to Financial Situations	054		

Decorate shops in a modern style for shopping comfort





Develop new brands to unleash the idea of no-frills spending



Take caution in selecting fresh items
for those with exotic tastes in gourmet food



Establish a virtual market
on the second floor to boost
online shopping business.



ibon
便利生活站

客服專線：0800-016-138 / 02-2659-9900

下載服務	繳費 統一超商電信月租費、信用卡、現金卡、保險費、代碼繳費、交通罰單、駕行照換發、停車費、有線電視、ETC、網路電話、活動報名、考試繳費、慈善捐款、會員繳費
文件掃描	紅利 統一超商電信購物金、OPEN講紅利、信用卡、證券保險、加油站會員、夢時代會員、網路及遊戲會員
好康抽獎	購票 高鐵購取票、年代、兩廳院、寬宏、博客來、運動票、活動票券、電影票、交通票、取票、其它票券
最新消息	旅遊 主題樂園、精品旅館、飯店訂房、熱門活動、每週特賣、觀光活動、溫泉泡湯、精選美食、好康特惠自由行
高鐵訂票 請點選此處 24hrs	列印 文件列印、圖片列印、海報分割列印、創意卡片列印
統一超商電信 月租門號申辦 由此進入	儲值 線上遊戲點數：GASH、MYCARD、通用卡、辣椒卡...等 電信點數：OPEN講、遠傳IF卡、中華電信如意卡、台灣大FUN心卡
臺北國際花博 TAIPEI INT'L FLORA EXPO 由此進入	申辦 統一超商電信3G月租型門號、OPEN講門號卡、政府服務、金融服務、電信服務、汽機車強制險、報紙與求職刊登、e通機服務、點燈服務
	生活 優惠券、命理、法律小幫手、城市導覽、託運服務、考生服務、健康小站、計程車叫車、交貨便、手機娛樂、門市查詢、找工作





Position the company as the cloud convenience store
to improve efficiency of business activities.





聖娜多堡



日本NO.1甜甜圈專賣店



酷聖石冰淇淋



Afternoon Tea



Royal Host





樂天
ICHIBA

博客來
books.com.tw

uni
mart
統一銀座

COSMED
康是美

Pet Plus®

Hankyu
統一阪急百貨

MUJI
無印良品

BĒING sport
伊士邦健身俱樂部

BĒING spa
舒壓、美容、纖體



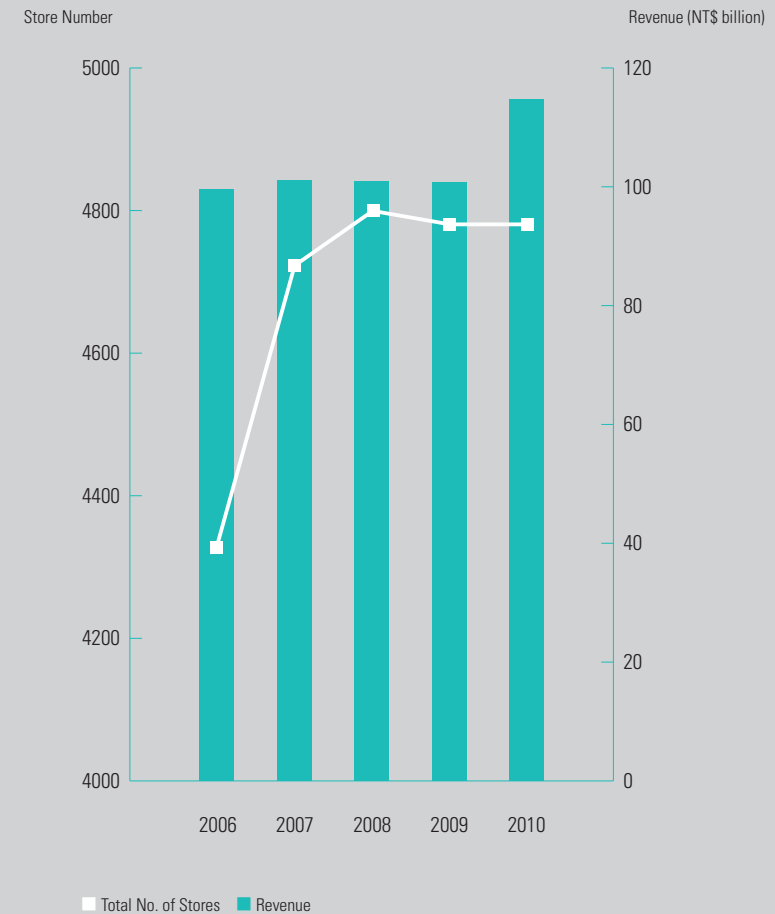
Overall Performance

Item / Year (NT\$1,000)	2010	2009	YOY %
Revenue	114,663,891	101,756,386	12.68%
Gross Profit	35,922,611	32,965,767	8.97%
Operating Profit	5,527,488	4,893,463	12.96%
Non-operating income	1,101,448	-249,993	—
Pre-tax Profit	6,628,936	4,643,740	42.75%
Net Profit	5,725,757	4,059,124	41.06%
EPS(NT\$)	5.51	3.9	—
Weighted Average Outstanding Shares	1,039,622,255	1,039,622,255	—

Financial Ratios	2010	2009
Gross Margin	31.33%	32.40%
Operating Expense Ratio	26.51%	27.59%
Operating Margin	4.82%	4.81%
Net Margin	5.78%	3.99%
ROA	11.78%	8.52%
ROE	29.26%	22.95%
Inventory Turnover	26.79 times	22.05 times
Fixed Asset Turnover	14.77 times	13.35 times

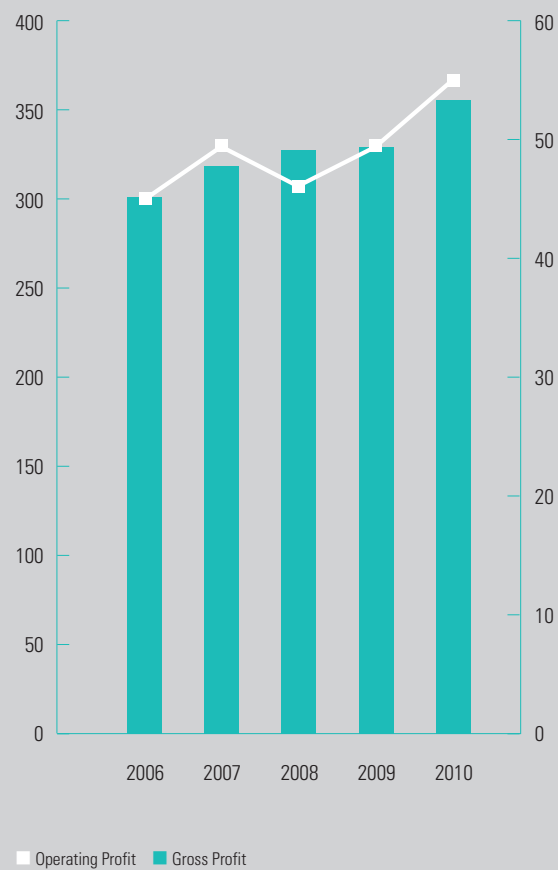
Total No. of Stores & Revenue

Store Number/ NT\$ billion

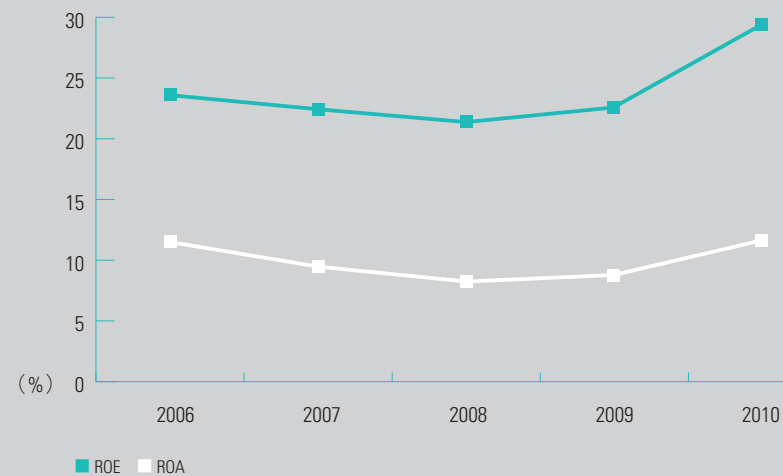


Gross Profit & Operating Profit

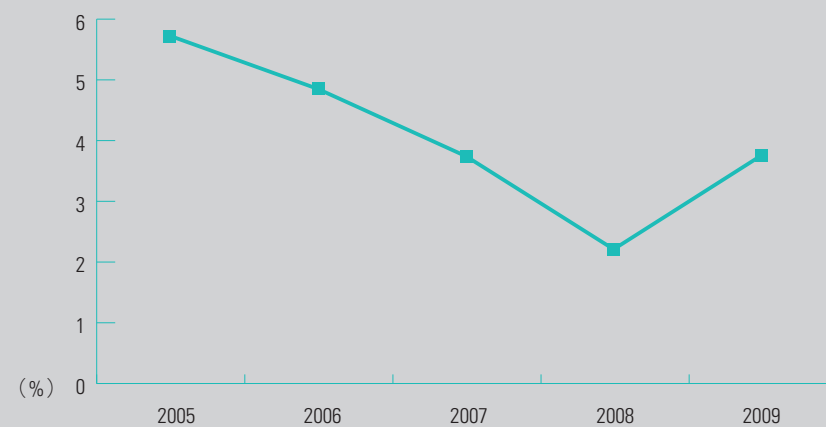
NT\$ billion



ROE & ROA



Cash Dividend Yield



I. Letter to the shareholders

Dear Ladies and Gentlemen, and Shareholders,

The global economic recovery furthered its momentum in 2010, to the extent that economic recovery in Taiwan was also quick. Demand in both the domestic and overseas markets grew in line with the recovery. Export and investment in the private sector enjoyed annual growth of 25.59% and 32.79%, respectively. The two forces of growth enabled Taiwan to achieve economic growth of 10.82% in the same year. The average unemployment rate also improved from 5.85% last year to 5.21% this year.

Financial Performance

In the wake of economic recovery, the management team of President Chain Store Corporation has taken proactive action in improving the quality of its stores through an innovative mode of operation. It was matched with integrated marketing events launched by subsidiaries. As such, the revenues and earnings after taxation in 2010 amounted to NT\$114.6billion and NT\$5.7 billion, respectively. Both were record highs.

Operation Performance

In product management, President Chain Store Corporation has made every effort to provide a variety of fresh foods and light meals to satisfy the needs of good taste and health. The Company has continued to serve its fresh brewed CITY CAFÉ for the fifth consecutive year. Revenue on this item enjoyed growth of 60% in 2010. Good quality of CITY CAFÉ attracts customers to become fans of CITY CAFÉ, which eventually enabled 7-ELEVEN to become the largest coffee network in Taiwan. Having a fresh cup of CITY CAFÉ every day has become an indispensable part of daily live for most people in Taiwan. This response has indeed echoed with the brand notion that “the whole city is our café”. Furthermore, spending on a budget has become a popular consumption trend. For this reason, the Company has proactively developed good quality merchandise to carry its own brands at a reasonable price and integrated the “7-SELECT” brand for better communication in order to create new consumption demand. For business opportunities development, the Company uses 7NET, the online shopping website as the second floor for 7-ELEVEN stores. This has brought about a breakthrough in the space limitation of the conventional stores and has provided consumers with a wider array of shopping choices. The virtual shop is supported by two advantages that the Company has, namely, the intensive network and the efficient logistics system. Consumers of 7NET can “order today and pickup tomorrow”. This quick response and fast delivery service granted 7NET an edge in online shopping. In addition, the Company also offers ticketing services for Taiwan High Speed Railway, C2C delivery, and telecommunication services through “ibon” so that the goal of serving the community is more easily achieved.

Kao, Chin Yen
Chairman






As to Subsidiaries, in order to satisfy the daily needs of the consumers, President Chain Store Corporation introduced SATO and Royal Host in Shanghai and Taiwan. to make its food and beverage business a full-range service business. In addition, Hankyu Department Store Taipei branch opened in October of 2010. It is positioned as the store for the beauties and provides new shopping experience for consumers. Yamato Transportation has recognized the achievements of President Transnet Corp in the last decade and officially authorized the brand of “iCat” to the Company on a perpetual basis. This is the second instance of permanent licensing to PCSC. In terms of overseas expansion, 7-ELEVEN in the Philippines opened its 500th store on July 30, 2010, which is a milestone in its operational history.

Social Responsibility

For a long time, President Chain Store Corporation has demonstrated its social responsibility in disaster rescue and recovery, alleviating social misfortune and enhancing environmental protection. The severe earthquake in Haiti on January 12, 2010 left behind a devastated country. 7-ELEVEN rallied a fund raising campaign with World Hope and Red Cross of the ROC shortly after the event. It was the first Taiwan enterprise engaged in the recovery and assistance in fundraising for Haiti and to help Haitians to get through the hardship. This year, the Company launched an environmental protection event for the first time - “Cash bonus for recycled items”, which has won the applause of the public. In less than eight months, more than 600 tons of recycled items have been collected and it has become as the biggest platform for recycling in Taiwan.

Based on the belief of giving back to society what we took from President Chain Store has fully demonstrated its corporate social responsibility. the Company once again won the Corporate Citizen Award and the Benchmark Enterprise Award from CommonWealth Magazine and the Environmental Protection Hero Award from Global Views Magazine in 2010.

Business Prospect

In 2011, President Chain Store Corporation will make further effort to improve operational performance based on its business philosophy of upright and good faith. On the one hand, the Company will decorate 7-ELEVEN stores with modern design accents and more space, better lighting and more comfortable seats for customers to shop, eat, and enjoy themselves. On the other hand, the Company will combine 7NET with ibon to amplify the effect virtual-real integration, and launch a wider variety of merchandise with innovative service. Through a complete service system, the Company will make 7-ELEVEN the most preferred community service center for consumers. The subsidiaries, with the integration of overseas resources and group synergy, will perform even better. The 7-ELEVEN stores in the Philippines will undergo rapid development and target of 1,000 stores in 2013. With the accumulation of resources and experiences, it has acquired over the years, Starbucks of Shanghai has become an important foundation for expansion of the food and beverage business in Shanghai. The Company will introduce more high quality food and beverage brands. As of the end of 2010, 7-ELEVEN of Shanghai has opened 54 stores. Besides further expansion, the Company will also seek to provide local customers with a wider variety of foods and services.

In the future, President Chain Store Corporation remains committed to becoming “the best retailer by providing the most convenient services of daily lives and do its best in terms of corporate social responsibility”, and will make the best of its efforts to provide the consumers, more convenient lives stable profits for franchisees, an environment that benefits the good life for employees, and create corporate value for shareholders.

Hsu, Chung Jen
President



II. CORPORATE OVERVIEW

1. Established on June 10th, 1987

2. Corporate Milestones

1987	Formally part of Uni-President, PCSC was established as an independent entity.	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.	2005	4000th store opened. 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.
1988	Gradual roll-out Electronic Order System (EOS) to enhance distribution efficiency and increase sales opportunities.	2002	Issued the first secured corporate bond in the amount of NT\$700 million. 3000th store opened. 7-ELEVEN lunch box is certified by the Chinese Frozen Food Institute to meet CAS standards and is Taiwan's first certified lunch box that can be stored at 18°C.	2006	Debut of ibon, the Multi Media Kiosk, offering ticketing payment and mobile office etc; to materialize the vision of 7-ELEVEN in turning into a community service center. Invested to establish the "UNI-PRESIDENT Department Store Corp.", "Cold Stone Ice Cream", Cold Stone (Shanghai) Corporation. Conferred the Excellence in Corporate Social Responsibility Award, Best Service Company award by Global View Magazine; conferred the Best Service Company award by Next Magazine; the 1st "Corporate Citizen Award" by CommonWealth Magazine; ranked the 4th place in the Top 10 Benchmark Enterprises by CommonWealth Magazine, and the champion of the industry for 12 consecutive years.
1989	300th store opened; PCSC became the third largest 7-ELEVEN chain in the world.	2003	President Chain Store Corporation opened its stores in superstores for the first time. With regard to the development of new outlets, 7-ELEVEN first time open stores in large composite markets. Issued the second secured corporate bond in the amount of NT\$1.5 billion. Established MUJI Taiwan Co., Ltd.	2007	In 7-ELEVEN Light Down Campaign promoted over 4,000 stores to shut off lamps from 1am to 5am every day during Summer Time, to fight against global warming. 7-ELEVEN CITY CAFE deployed over 1,000 coffee machines and became the largest coffee chain store in Taiwan. The second runner-up of the "Top 10 Benchmark Enterprises" by CommonWealth Magazine; winner of the Top Service Awards by NextMedia; winner of the 2007 Global Magazine Top 10 Service Enterprises in convenience chain store operation, the second time in two consecutive years.
1990	Established Retail Support International Corp. Started 7-ELEVEN franchise system in Taiwan.	2004	POS (Point-of-Sales) II implemented. Debut of 7-ELEVEN icash card. 7-ELEVEN lunch box was the first Taiwanese boxed meals to pass Customers' Foundation inspections and be attested as free from MSG, preservations and bleaching agents. Established President YiLan Art and Culture Corp., Mister Donut Taiwan Corp. and President Cosmed Chain Store (Shen Zhen) Co., Ltd.		
1991	100th franchise store opened.				
1994	Established Duskin Serve Taiwan Co.				
1995	1000th store opened. Established President Drugstore Business Corp. and President Direct Marketing Corp.				
1996	POS (Point-of-Sales) I implemented to fully understand customers' demands and market intelligence.				
1997	PCSC listed in Taiwan Stock Exchange. Established President Coffee Corp., 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.				

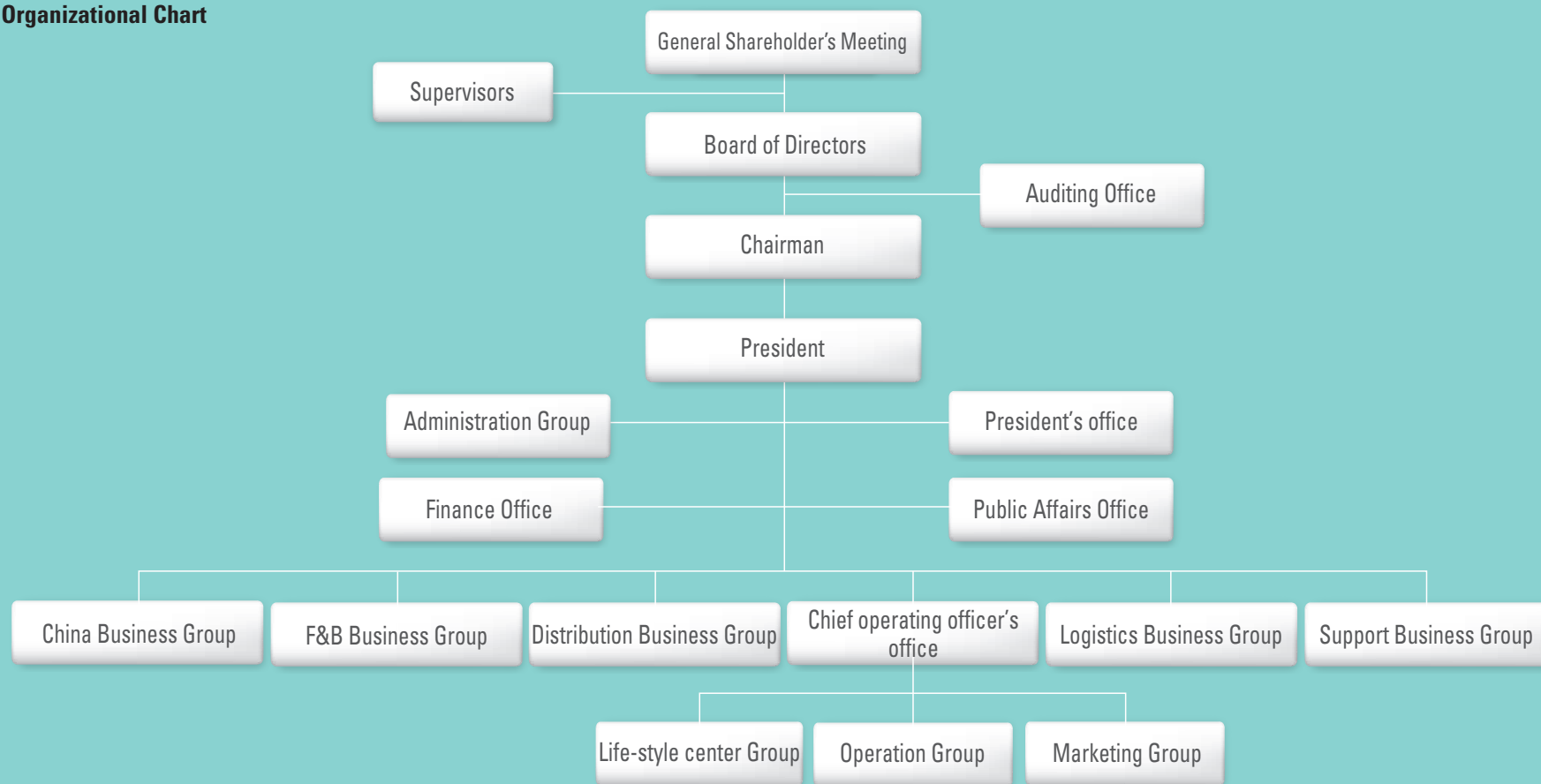
- 2008 Invested to establish "Taiwan Rakuten Corp.," "Afternoon Tea Taiwan Corp.," "Petplus"
- 7-ELEVEn entered mobile telecommunications market by launching "OPEN Talk" prepaid cards.
- PCSC won the 2008 Common Wealth Corporate Citizenship, with its efforts in social commitment, social participation and environmental protection highly recognized.
- Uni-President Chain Store Corporation was conferred with the "2008 CommonWealth Magazine Corporate Citizen Award" and the "Global View Magazine Corporate Social Responsibility Award"
- As part of its ongoing efforts to promote environmental protection and energy saving, PCSC instituted a new policy of keeping the lights outside all 7-ELEVEn stores in Taiwan switched off during the daytime.
- Integrated the function of convenience store and gasoline station, and opened the first "7-ELEVEn self-service gasoline station" at Lin Kou.
- 2009 Established President Chain Store (Shanghai) Corporation and entered into an authorization agreement with 7-ELEVEn (China) Business Corporation under which 7-ELEVEn chain stores was officially opened in Shanghai.
- Equity joint venture with DUSKIN of Japan to establish Mister Donut in Shanghai offering donuts in the city.
- Conferred with the "Most Admired Company in Taiwan" award for 15 consecutive years; conferred with the "Top Service Award" by NextMedia for 6 consecutive years; conferred with the 7th Global Views Magazine's "Outstanding Service Award" as the best convenience store, and the "2009 CommonWealth Magazine Corporate Citizen Award"; the "Outstanding Corporate Social Innovation Award" in solicitation for donation. These are recognition of the efforts of the Company in charitable activities.
- 2010 Jointly launched the service of "Easy Delivery" with outdoor auction stands, the first of its kind in the world and which has since become the biggest online auction center in Taiwan.
- The monthly rental service of "7Mobile" was officially launched. This product is aimed at customers looking for a minimum level of service and those looking for a second mobile number. This is a brand new economic policy in telecommunication service.
- Established the Royal Host restaurant operation in a joint venture with Royal Host of Japan, a famous restaurant chain for western cuisine in Japan.
- Established Sato Shanghai Co., Ltd. in a joint venture with Sato Restaurant Systems Co., Ltd. of Japan.
- 7-ELEVEn opened a store at Taoyuan International Airport, which provides services to some 20 million air travelers as well airport staff.
- 7-ELEVEn continues its policy of environmental protection and energy saving and was accredited as a green shop by the Environmental Protection Administration.
- The efforts of 7-ELEVEn in energy saving have been recognized, and were cited by the "Taipei Gold Energy Saving Awards", and it will continue its steps towards the goal of becoming a green enterprise.
- Uni-President Chain Store Corporation was conferred with the "2010 CommonWealth Magazine Corporate Citizen Award", and the "Most Admired Company in Taiwan" by CommonWealth magazine for 16 consecutive years.
- 2011 The 7-PREMIUM wine was unveiled through the 30,000 7-ELEVEn stores around the world, a result of global merchandising.
- Concerned about Japan's earthquake, 16 companies of PCSC raised a donation.

III. CORPORATE GOVERNANCE

I. Organizational Chart

1-1 Organizational Chart

Date : April 29, 2011



1-2 Function Description of Each Group

- China Business Group: Administering, deployment and management of operation in Mainland China
- F&B Business Group: Administering, deployment and management of F&B operation
- Distribution Business Group: Administering, deployment and management of distribution operation
- Logistics Business Group: Administering, deployment and management of logistics operation
- Support Business Group: Administering, deployment and management of support operation

- Chief operating officer's office: The operation and management of vertical direct investment of 7-ELEVEN in Taiwan
- Life-style center Group: Administering, deployment and management of store operation
- Operation Group: Operation and Planning of stores
- Marketing Group: Product development and marketing strategy planning
- Auditing Office: The management and enforcement of internal audits and internal control

- Administration Group: Integration, planning and operation of logistics support
- Finance Office: The Management and Planning of financial and accounting and investor relations.
- President's Office: Corporate management and strategic planning
- Public Affairs Office: The planning and execution of public affairs and CSR.

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

2-1 Directors and Supervisors

a. Information of Directors and Supervisors

April 29, 2011

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 3)	Positions at Other Companies	Other Officer, Director or Supervisor who is the spouse or a relative within the second degree of Consanguinity		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director Institutional Shareholders	Uni-President Enterprise Corp.	2009.06.10	3	1987.06.10	415,489,816	45.40%	471,996,430	45.40%	—	—	—	—	—	—	—	—	—
Chairman (Representative)	Kao Chin Yen (Note 1)	2009.06.10	3	1987.06.10	26,254	—	29,824	—	—	—	—	—	Honorary PhD, Lincoln University, USA Honorary PhD, Sun-Yat-Sen University, Honorary PhD, National Cheng Kung University,	(Note 5)	Director Director	Lo Chi-Hsien Kao Hsiu-Ling	Son-in-law daughter
Managing Director (Representative)	Lin Chang Sheng (Note 1)	2009.06.10	3	1987.06.10	27,148	—	30,840	—	—	—	—	—	Dept of Electrical Engineering Cheng Kung University	(Note 5)	—	—	—
Managing Director (Representative)	Hsu Chung Jen (Note 1)	2009.06.10	3	1987.06.10	20,499	—	23,286	—	—	—	—	—	MBA, Waseda University, Japan	President of the Company (Note 5)	—	—	—
Director (Representative)	Lin Lung Yi (Note 1)	2009.06.10	3	2000.06.15	16,514	—	18,759	—	25,139	—	—	—	Dept of Accounting and Statistics National Cheng Kung University	(Note 5)	—	—	—
Director (Representative)	Lo Chih Hsien (Note 1)	2009.06.10	3	2000.06.15	908,640	0.10%	1,032,215	0.10%	1,014,315	0.10%	—	—	MBA, UCLA, USA	(Note 5)	Chairman	Kao Chin-Yen	Father-in-law
Director (Representative)	Yang Wen Long (Note 1)	2009.06.10	3	2003.06.24	—	—	—	—	—	—	—	—	Dept of Sociology National Chung Hsing University	(Note 5)	Director	Kao Hsiu-Ling	Kao Hsiu-Ling
Director (Representative)	Su Tsung Ming (Note 1)	2009.06.10	3	2008.02.14	—	—	—	—	—	—	—	—	MBA, University of Iowa, USA	(Note 5)	—	—	—
Director (Representative)	Chang Jen Yun Huei (Note 1)	2009.06.10	3	2006.06.14	—	—	—	—	—	—	—	—	Dept of Chemistry, University of Chinese Culture	Senior Vice President of the Company (Note 5)	—	—	—
Director Institutional Shareholder	Kao Chyuan Investment Co., Ltd.	2009.06.10	3	2009.06.10	3,995,401	0.44%	4,538,775	0.44%	—	—	—	—	—	—	—	—	—
Director (Representative)	Kao Hsiu-Ling (Note 2)	2010.05.20	2.25	2010.05.20	—	—	1,014,315	0.10%	1,032,215	0.10%	—	—	Dept of Commerce University of Southern California	(Note 5)	Chairman Director	Kao Chin-Yen Lo Chi Hsien	Father Spouse
Supervisor (Natural Person)	Yin Chien Li	2006.06.14	3	2003.06.24	—	—	—	—	—	—	—	—	Dept of Accounting National Chung Hsing University	(Note 5)	—	—	—
Supervisor (Institutional shareholder)	Kai Yu Investment Corp.	2009.06.10	3	2009.06.10	3,700,000	0.40%	4,203,000	0.40%	—	—	—	—	—	—	—	—	—
Supervisor (Representative)	Wu Chung Pin (Note 3)	2009.06.10	3	2009.06.10	—	—	—	—	—	—	—	—	Dept of Accounting, Christian Chung Yuan University	(Note 5)	—	—	—

Note 1: Representative of Uni-President Enterprises Corp.

Note 2: Representative of Kao Chyuan Investment Co. Ltd.

Note 3: Representative of Kai Yu Investment Corp.

Note 4: For more information on the experience of directors and supervisors, please refer to the attached 2010 annual report disc.

Note 5: For more information on the positions held by directors and supervisors at PCSC and other companies, please refer to the attached 2010 annual report disc.

b. Independence and Professional Expertise of Board Members and Supervisors

Name	Item	With over 5 years of work experience and the following professional qualifications			Independence Ranking (Note)										Number of independent directorship in other public companies
		Lecturing at public or private colleges or universities in business, law, finance, accounting or company operations	Licenses and qualifications, obtained through national examinations, such as judges, district attorneys, lawyers, accountants, or other practices	Work experience in business, law, finance, accounting or company operations	1	2	3	4	5	6	7	8	9	10	
Kao Chin Yen															—
Lin Chang-Sheng															—
Hsu Chung Jen															—
Lin Lung Yi															—
Lo Chih Hsien															—
Yang Wen Long															—
Su Tsung Ming															—
Chang Jen Yun Huei															—
Kao Hsiu-Ling															—
Yin Chien Li															—
Wu Chung Pin															—

Note: "■" indicates that the board member(s) or supervisor(s) meet the following criteria:

(1) Not an employee of the Company or the Company's affiliate.

(2) Not a director or supervisor of the Company or the Company's affiliate.

(However, this does not apply to the independent directors of the Company, its parent company or any of the Company's subsidiaries which the Company holds directly and indirectly over 50% stake.)

(3) Not an individual shareholder who holds, or whose spouse or minor children hold, or who uses nominee accounts to hold, over 1% of the Company's issued shares or as one of the top 10 major shareholders.

(4) Neither a spouse, a relative within two degrees of consanguinity, nor lineal relative within five degrees of the person listed in the previous three items.

(5) Not a director, supervisor or employee of an juridical person shareholder that directly owns over 5% of the Company's issued shares or an institutional investors that is one of the top 5 major juridical person shareholder.

(6) Not a director, supervisor or manager of any company or organization that has business or financial relations with the Company or that owns over 5% of the Company's shares.

(7) Not an owner, partner, director, supervisor, manager or spouse of any of such individual whose sole proprietorship, partnership, company or institution provides services or consulting advise in business, law, finance and accounting to the Company or the Company's affiliates.

(8) Not a spouse or a relative within two degrees of consanguinity to any director.

(9) Not in a situation described in Article 30 of the Company Act.

(10) Not elected as a government agency, juridical person or their representative as stated in Article 27 of the Company Act.

c. In the cases where directors and supervisors are representatives of juridical person shareholders, the top ten major shareholders and their proportion of such juridical person shareholders are as follows:

December 31, 2010

Name of institutional shareholder	Dominant shareholders of the institutional shareholders
Uni-President Enterprise Corp.	Kao Chyuan Investment Co., Ltd. (4.29%), Hou Po-Ming (2.6%), Central Bank of Saudi Arabia special investment account in the custody of Chase Bank (2.72%), Hou Po-Yu (2.27%), BNP Private Bank Singapore Branch in the custody of HSBC (1.80%), Kao Hsiu-Ling (1.63%), Liu Hsiu-Ren (1.55%), Mitsubishi investment account in the custody of Standard Chartered Bank (1.54%), Royal Scotland FS Pacific Investment Account in the custody of Citibank (1.35%), iShares MSCI Newly Emerged Market ETF investment account in the custody of Standard Chartered Bank (1.19%).
Kao Chyuan Investment Co., Ltd.	Kao Hsiu-Ling (61.68%), Lo Chih-Hsien (20.19%), Kao Lai-Huan (13.47%), Lin Hang-Di (1.58%), Kao Chin-Yen (1.07%), Kao Tsu-Yi (1.05%), Lo Hsi-Ai (0.96%)
Kai Yu Investment Corp.	Uni-President Enterprise Corp (100%)

d. List of top ten major juridical person shareholders showed above and their respective major shareholders

December 31, 2010

Name of institutional shareholder	Dominant shareholders of the institutional shareholders
Kao Chyuan Investment Co., Ltd.	Kao Hsiu-Ling (61.68%), Lo Chih-Hsien (20.19%), Kao Lai-Huan (13.47%), Lin Hang-Di (1.58%), Kao Chin-Yen (1.07%), Kao Tsu-Yi (1.05%), Lo Hsi-Ai (0.96%)
Uni-President Enterprise Corp.	Kao Chyuan Investment Co., Ltd. (4.29%), Hou Po-Ming (2.6%), Central Bank of Saudi Arabia special investment account in the custody of Chase Bank (2.72%), Hou Po-Yu (2.27%), BNP Private Bank Singapore Branch in the custody of HSBC (1.80%), Kao Hsiu-Ling (1.63%), Liu Hsiu-Ren (1.55%), Mitsubishi investment account in the custody of Standard Chartered Bank (1.54%), Royal Scotland FS Pacific Investment Account in the custody of Citibank (1.35%), iShares MSCI Newly Emerged Market ETF investment account in the custody of Standard Chartered Bank (1.19%).

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

December 31, 2010

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	1987.07.01	23,286	—	—	—	—	—	MBA, Waseda University, Japan	Note 2	—	—	—
Senior Vice President	Chang Jen Yun-Huei	1999.01.01	—	—	—	—	—	—	BS, Dept of Chemistry, University of Chinese Culture	Note 2	—	—	—
Senior Vice President	Hsieh Chien-Nan	2000.09.01	9,053	—	2,506	—	—	—	BA, Dept of Business Administration, Christian Chung Yuan University	Note 2	—	—	—
Senior Vice President	Lai Nan-Bey	2008.06.13	—	—	—	—	—	—	BA, Dept of Business Administration, Tung Hai University	Note 2	—	—	—
Senior Vice President	Huang Chien-Li	2009.01.01	7,411	—	221	—	—	—	MBA, Marketing and Logistics, National Kaohsiung First University of Science and Technology	Note 2	—	—	—
Senior-Vice President	Chen Jui-Tang	2010.04.01	13,652	—	—	—	—	—	BA, Dept of Economics, National Taiwan University	Note 2	—	—	—
Senior-Vice President	Yang Yen-Sen	2010.04.01	895	—	—	—	—	—	MBA, The City University of New York	Note 2	—	—	—
Senior-Vice President	Tsai Tu-Chang	2010.04.01	260	—	—	—	—	—	BA, Business Administration, Tatung Institute of Technology	Note 2	—	—	—
Chief Auditor (Vice President)	Lin Wen-Ching	1999.01.01	287	—	—	—	—	—	National Tainan Commercial Vocational Senior high school	Note 2	—	—	—
Vice President	Wang Wen-Kui	2004.10.01	15,279	—	—	—	—	—	MBA, National Kaohsiung First University of Science and Technology	Note 2	—	—	—
Vice President	Lee Chi-Ming	2008.10.01	1,121	—	—	—	—	—	BA, Accounting, Suchow University	Note 2	—	—	—
Chief Finance Officer (vice president)	Wu Wen-Chi	2010.04.01	556	—	737	—	—	—	BA, Accounting, University of Missouri, USA	Note 2	—	—	—
Vice President	Hong Gin-Guu	2010.09.01	12,539	—	—	—	—	—	BA, Dept of Business Administration, Tung Hai University	Note 2	—	—	—
Accounting Division Manager	Lai Hsin-Ti	2001.04.01	—	—	919	—	—	—	BA, Economics, Tamkang University	Note 2	—	—	—

Note 1: For more information on the background of the management, please refer to the attached 2010 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 2010 annual disc "The List of Position Held by Management Team on Other Companies".

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

December 31, 2010/ Unit: NT\$1,000

Title	Name	Remunerations to Directors								Summation of A, B, C and D as % of After-Tax Income		Compensation paid to directors who are also serving as company employees								Summation of A, B, C, D, E, F and G as % of After-Tax Income		Other Compensations from Affiliates other than Subsidiaries (Note 5)		
		Remunerations (A)		Pensions (B)		Earnings Distributions (C)		Execution Fees (D)				Salary, bonuses and special allowance (E)		Pensions (F)		Earnings Distribution to Employees (G)							Employee Stock Option Plan (H)	
		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	PCSC		All consolidated companies		PCSC	All consolidated companies		PCSC	All consolidated companies
Director, Juridical Person shareholder	Uni-President Enterprise Corp.																							
Director, Juridical Person shareholder	Kao Chyuan Investment Co., Ltd. (Note 1)																							
Chairman	Kao Chin-Yen (Note 2)																							
Managing Director	Lin Chang-Sheng (Note 2)																							
Managing Director/President	Hsu Chung-Jen (Note 2)	19,200	31,020	—	—	43,937	44,237	2,400	5,898	1.14%	1.27%	118,024 (Note 4)	118,024 (Note 4)	692	692	1,887 (Note 3)	—	1,887 (Note 3)	—	—	—	3.25%	3.17%	240
Director	Lin Lung-Yi (Note 2)																							
Director	Lo Chih-Hsien (Note 2)																							
Director	Yang Wen-Lung (Note 2)																							
Director	Su Tsung-Ming (Note 2)																							
Director/Vice President	Chang Jen Yun-Huei (Note 2)																							
Director	Kao Hsiu-Ling (Note 2)																							
Director	Hong Ho-I (Note 2)																							

(Note 1) Representative of Uni-President Enterprise Corp.

(Note 2) The representative of Representative of Kao Chyuan Investment Co., Ltd. the tenure of representative to institutional director, Hong Ho-I, expired on March 19 2010, and was succeeded by Kao Hsiu-Ling, whose tenure of office started on March 20 2010.

(Note 3) Earning Distribution for has not yet been approved by the General Meeting. The Figures are based on the proposal approved by Board Meeting.

(Note 4) Including car leasing expense for managers.

(Note 5) Compensation for acting as directors for the muestees that are not consolidated in the Financial statement.

Compensations to Directors		Names of Directors			
		A+B+C+D		A+B+C+D+E+F+G	
		PCSC	All consolidated companies	PCSC	All consolidated companies
NT\$0		—	—	—	—
NT\$1 (inc) ~ NT\$2,000,000		Lin Chang-Sheng, Hsu Chung-Jen, Lin Lung-Yi, Lo Chih-Hsien, Yang Wen-Long, Su Tsung-Ming, Chang Jen Yun-Huei, Hong Ho-I, Kao Hsiu-Ling	Lin Chang-Sheng, Lin Lung-Yi, Lo Chih-Hsien, Yang Wen-Long, Su Chung-Ming, Chang Jen Yun-Huei, Hong Ho-I, Kao Hsiu-Ling	Lin Chang-Sheng, Lin Lung-Yi, Lo Chi-Hsien, Yang Wen-Long, Su Tsung-Ming, Chang Chien Yun-Huei, Hong Ho-I, Kao Hsiu-Ling	Lin Chang-Sheng, Lin Lung-Yi, Lo Chih-Hsien, Yang Wen-Long, Su Tsung-Ming, Chang Jen Yun-Huei, Hong Ho-I, Kao Hsiu-Ling
NT\$2,000,000 (inc) ~ NT\$5,000,000		Kao Chyuan Investment Co, Ltd	Hsu Chung-Jen Kao Chyuan Investment Co., Ltd.	Kao Chyuan Investment Co., Ltd.	Kao Chyuan Investment 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		Kao Chin-Yen	Kao Chin-Yen	—	—
NT\$30,000,000 (inc) ~ NT\$50,000,000		Uni-President Enterprise Corp.	Uni-President Enterprise Corp.	Uni-President Enterprise Corp. Hsu Chung-Jen	Uni-President Enterprise Corp. Hsu Chung-Jen
NT\$50,000,000 (inc) ~ NT\$100,000,000		—	—	Kao Chin-Yen	Kao Chin-Yen
Over NT\$100,000,000		—	—	—	—
Total		12	12	12	12

b. Compensations to Supervisors

December 31, 2010/ Unit: NT\$1,000

Title	Name	Remunerations to Supervisors						Summation of A, B and C as % of After-Tax Income (Note 8)		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	Kai Yu Investment Corp. representative : Wu Chung Ping	—	—	3,821 (Note 1)	3,821	300	300	0.07%	0.06%	N/A
Supervisor (natural person)	Yin Chien-Li	—	—	3,821 (Note 1)	3,821	300	300	0.07%	0.06%	N/A

Note 1 : Earnings distribution for 2010 has not yet been approved by the shareholders' meeting : the figures are based on the proposal by the Board Meeting.

Compensations to Supervisors	Names of Supervisors	
	A+B+C+D	
	PCSC	All consolidated companies
0 元	—	—
NT\$1 (inc) ~ NT\$2,000,000	Wu Chung-Pin	Wu Chung-Pin
NT\$2,000,000 (inc) ~ NT\$5,000,000	Kai yu Investment Co., Ltd., Yin Chien-Li	Kai yu Investment Co., Ltd., Yin Chien-Li
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	2	2

c. Compensations to President and Senior Vice Presidents

December 31, 2010/ Unit: NT\$1,000

Title	Name	Salary (A)		Pensions (B)		Bonus and Special Allowance (C)		Earning Distributions to Employees(D)				Summation of A, B, C and D 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	本公司	All consolidated companies	
								Cash Dividends	Stock Bonuses	Cash Dividends	Stock Bonuses					
President	Hsu Chung-Jen	25,788	29,710	2,457	2,457	70,280 (Note 1)	71,483	5,679 (Note 2)	—	5,679 (Note 2)	—	1.82%	1.72%	—	—	N/A
Senior Vice President	Chang Jen Yun-Huei															
Senior Vice President	Hsieh Chien-Nan															
Senior Vice President	Lai Nan-Bey															
Senior Vice President	Huang Chien-Li															
Senior Vice President	Chen Rai-Tang															
Senior Vice President	Yang Yan-Sen															
Senior Vice President	Tsai Tu-Chang															

Note 1 : Including the car leasing expense for managers.

Note 2 : Earnings distribution for 2010 has not yet been approved by the Shareholders' Meeting; the figures are based on the proposal approved by the Board Meeting.

Compensations to President and Senior Vice Presidents	Names of President and Senior Vice Presidents	
	PCSC	All consolidated companies
NT\$0	—	—
NT\$1 (inc)~ NT\$2,000,000	—	—
NT\$2,000,000 (inc)~ NT\$5,000,000	—	—
NT\$5,000,000 (inc)~ NT\$10,000,000	Chang Jen Yun-Huei, Hsieh Chien-Nan, Lai Nan-Bey, Huang Chien-Li Chen Jui-Tang, Yang Yen-She, Tsai Tu-Chang	Chang Jen Yun-Huei, Hsieh Chien-Nan, Lai Nan-Bey Chen Jui-Tang, Yang Yen-She, Tsai Tu-Chang
NT\$10,000,000 (inc)~ NT\$15,000,000	—	Huang Chien-Li
NT\$15,000,000 (inc)~ NT\$30,000,000	—	—
NT\$30,000,000 (inc)~ NT\$50,000,000	Hsu Chung-Jen	Hsu Chung-Jen
NT\$50,000,000 (inc)~ NT\$100,000,000	—	—
Over NT\$100,000,000	—	—
Total	8	8

d. Distribution of Employee Bonuses to Management Team

December 31, 2010/ 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				
	Senior Vice President	Hsieh Chien-Nan				
	Senior Vice President	Lai Nan-Bey				
	Senior Vice President	Huang Chien-Li				
	Chief Auditor (Vice President)	Lin Wen-Ching				
	Senior Vice President	Chen Jui-Tang				
	Senior Vice President	Yang Yen-Sen				
	Vice President	Wang Wen-Kui				
	Vice President	Lee Chi-Ming				
	Senior Vice President	Tsai Tu-Chang				
	Chief Finance Officer (vice president)	Wu Wen-Chi				
	Vice President	Hong Gin-Guu				
	Accounting Division Manager	Lai Hsin-Ti				
			—	8,384	8,384	0.15%

Note: Earnings distribution for 2010 has not yet been approved by the Shareholders' Meeting ; the figures are based on the proposal approved by the Board Meeting.

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.

a. Compensation paid to Directors, Supervisors, President and Senior Vice Presidents over the past two years as a percentage of net profit after tax

Year	Position	Directors	Supervisors	President and Senior Vice Presidents
2010	PCSC (Note 1)	3.25%	0.14%	1.82%
	All consolidated companies (Note 2)	3.17%	0.13%	1.72%
2009	PCSC (Note 1)	1.49%	0.15%	0.63%
	All consolidated companies (Note 2)	1.59%	0.14%	0.62%

Note 1: PCSC's net profit after tax in 2010 was NT\$5,725,757 thousand; PCSC's net profit after tax in 2009 was NT\$4,059,124 thousand.

Note 2: Total net profit after tax in 2010 for all consolidated companies was NT\$6,368,415 thousand; total net profit after tax in 2009 for all consolidated companies was NT\$4,406,002 thousand.

b. Explanation of compensation policy, standards and arrangements, the procedures for setting compensation, and the relationship between compensation and company performance

- PCSC's compensation policy is based on the company's business strategy, human resources strategy and financial health. Every year, the company takes part in salary surveys undertake by specialist salary survey organizations; the company's compensation levels are then reviewed in light of the results of these surveys.
- Remunerations to the standards on which compensation for directors and supervisors is based are clearly specified in the company's Articles of Incorporation. (Please refer to page 38 – Employee's Bonuses and Directors and Supervisors.
- The compensation paid to PCSC's President and Senior Vice Presidents is set according to their individual performance and their contribution to the company's operations, in line with PCSC's compensation regulations and taking into consideration the typical compensation levels paid by other companies (using data compiled by specialist market research firms). The awarding of bonuses is based on PCSC's performance management regulations, taking into consideration the company's performance in the year in question and the performance of the individual concerned.

3. Corporate Governance Mechanism

3-1 Operations of Board Meetings

The Board has convened Five meetings (A) during the most recent year and by the end of the published date of annual report. Below is the attendance record of individual directors and supervisors.

Title	Name	Attendance in Person(B)	Attendance by Proxy	Attendance Rate (%)(A/B) (Note)	Remark
Chairman	Uni-President Enterprise Corp. Kao Chin Yen	4	1	80%	—
Managing Director	Uni-President Enterprise Corp. Lin Chang-Sheng	5	0	100%	—
Managing Director	Uni-President Enterprise Corp. Hsu Chung-Jen	5	0	100%	—
Director	Uni-President Enterprise Corp. Lin Lung-Yi	4	1	80%	—
Director	Uni-President Enterprise Corp. Lo Chih-Hsien	5	0	100%	—
Director	Uni-President Enterprise Corp. Yang Wen-Long	5	0	100%	—
Director	Uni-President Enterprise Corp. Su Tsung-Ming	5	0	100%	—
Director	Uni-President Enterprise Corp. Chang Jen Yun-Huei	5	0	100%	—
Director	Kao Chyuan Investment Co., Ltd. Hong Ho-I	1	0	100%	The term of previous director ended on March 19,2010
Director	Kao Chyuan Investment Co., Ltd. Kao Hsiu-Ling	4	0	100%	Assumed office as director on March 20,2010
Supervisor	Yin Chien-Li	5	0	100%	—
Supervisor	Kai Yu Investment Corp. Wu Chung-Pin	5	0	100%	—

Other issues to be noted:

- Issues specified in Article 14-3 of Securities Transaction Law and other issued opposed by independent directors or to which 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 directors and the responses to their opinions should be noted.

【Explanations】The Company has established its procedure for Board session in accordance with the Practice of Corporate Governance on March 8 2005, and reported to a regular session of the General Shareholders' Meeting on June 14 2005, and has made amendment to related procedure of the Board on the avoidance of conflict of interests on March 12 2008. Such move helped to vitalize the functions of the Board. In responding to organizational change and the regulation of Executive Yuan Financial Supervisory Commission, the Company amended the procedure for Board session again in a session held on March 19 2009. This amendment was approved by the General Shareholders' Meeting in a session dated June 10 200. The functions of Board became viable since then.

- 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.

Note: The actual attendance rate (expressed as a percentage) is obtained by comparing the number of board meetings held during the director's term of office with the number of meetings actually attended by that director.

3-2 Operations of Audit Committee: PCSC has not yet established an Audit Committee. Therefore, there is no information to be disclosed.

3-3 Participation by Supervisors in the Operations of the Board of Directors

During the most recent fiscal year and as of the date of publication of this report, a total of five board meetings were held (A). Attendance by supervisors at these board meetings was as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate(B/A)(%) (Note)	Remark
Supervisor	Yin Chien-Li	5	100%	—
Supervisor	Kai Yu Investment Corp. Wu Chung-Pin	5	100%	—

Other points noted:

- a. Responsibilities of the supervisors:

- (1) Communication between supervisors and the company's employees and shareholders: Supervisors are able to communicate with employees and shareholders through various types of reports and communication channels (including telephone, fax, e-mail, etc.)
- (2) Communication between supervisors and the internal auditors and accountants: The periodic reports compiled by the internal auditors keep the supervisors informed of the company's operational status and auditing status. The supervisors can also use telephone, mail, fax, conferences etc. to communicate with the accounting personnel, to keep themselves up-to-date with the company's financial and operational status.

Note: The actual attendance rate (expressed as a percentage) is obtained by comparing the number of board meetings held during the supervisor's term of office with the number of meetings actually attended by that supervisor.

3-4. Discrepancy and Reasons between Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and Company Practices

Item	Status	Deviation from Corporate Governance Best Practice for TSE/GTSM Listed Companies, and Reasons for Such Deviation
1. Shareholder structure and shareholder rights		
(1) The Company's policy in handling shareholders' suggestions and disputes	Besides appointing a common stock transfer agent to handle shareholder affairs, PCSC has also established a comprehensive spokesperson system and an investor relations team to deal with shareholder issues.	Undifferentiated
(2) Availability of a list of major shareholders and details of the ultimate owners of these shareholders	PCSC fully aware of its major shareholders through its common stock transfer agent. Changes in the shareholder structure are reported on a regular basis to the directors, supervisors and senior managers. With regard to the details of the ultimate owners of major shareholders, besides natural persons, because PCSC has an active relationship with its major shareholders, PCSC can obtain details of the ultimate ownership of major shareholders from these shareholders when necessary.	Undifferentiated
(3) Establishment of risk control mechanisms and firewalls with respect to affiliates	PCSC has formulated Procedures Governing the Monitoring of Subsidiaries in accordance with the Regulations for the Establishment of Internal Control Systems by Public Companies, so as to ensure effective risk control with respect to subsidiaries.	Undifferentiated
2. Structure and Responsibilities of the Board of Directors		"Regulations Governing Appointment of independent Directors and Compliance Matters for Public Companies"
(1) Appointment of independent directors	PCSC has not yet appointed any independent directors.	1. According to the Company planned to establish the seats of independent directors in 2012. 2. The director representatives in PCSC are all financial and business professionals who fulfill their duties in accordance with requirements of the law and with PCSC's Articles of Incorporation. In the future, PCSC will comply with all new regulatory requirements in this respect.

Item	Status	Deviation from Corporate Governance Best Practice for TSE/GTSM Listed Companies, and Reasons for Such Deviation
(2) Periodic assessment of the independence of the external auditors	On the basis of an internal evaluation of external auditors' independence, PCSC has concluded that the external auditors are independent, as they are not serving as directors or auditors, do not hold shares in the company, do not receive a salary from the company, and have no conflicting interests with the company.	Undifferentiated
3. Establishment of communication channels with stakeholders	1. PCSC deals with banks and other creditors in accordance with the principles of honesty and openness, providing all necessary sales and financial information to enable them to make informed decisions in light of PCSC's operational status. 2. PCSC encourages its employees to communicate directly with managers. In addition, a discussion forum has been set up to facilitate discussion among employees and enable them to express their views on the company's operations. 3. The Company has established an internal organization for showing its concern to employees. This body will take positive action to provide effective consultation and supervision to employees whenever required. 4. PCSC has established a joint service center to serve as a channel for communication between PCSC, its suppliers, employees, and customers. 5. Organized seminars and conferences for institutional investors, and participated in related seminars and conferences held by securities dealers and the TSEC for proactive communications with the investors.	Undifferentiated
4. Information disclosure		
(1) Establishment of a public website to disclose sales, financial and corporate governance information	PCSC has established a corporate website at www.7-11.com.tw, which is used to disclose sales, financial and corporate governance information.	Undifferentiated
(2) Other methods used for disclosure	1. PCSC has established a corporate website at www.7-11.com.tw, which also offers English version. There is a dedicated investor relations team, responsible for the collection and disclosure of corporate information and the updating of the website contents. 2. In accordance with legal requirements, PCSC has established a comprehensive spokesperson system, with PCSC President Hsu, Chung Jen serving as Spokesperson and Senior Vice President Hsieh, Chien Nan as Acting Spokesperson. 3. The information presented at the presentations for analysts and institutional investors that PCSC holds every year is posted on the company website and also on the Taiwan Stock Exchange Market Observation Post System at http://www.mops.tse.com.tw.	
5. Establishment of functional committees such as a nomination committee and compensation committee		
	PCSC has not yet established any functional committees such as a nomination committee or compensation committee.	According to the "Regulation Governing the Establishment of Salaries and Remunerations Committees of Companies Trading in TWSE/GTSM" , the Company planned to establish the Salaries and Remunerations Committee by the end of September 2011.
6. If the company observes the 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 system works and explain any variance from the Corporate Governance Best-Practice Principles for TGE/GTSM Listed Companies. PCSC has not defined a set of rules governing its corporate governance practices; however, PCSC complies with all relevant regulations and has been working steadily towards the implementation of best practice. PCSC has already formulated Rules Governing the Procedures for Shareholders Meetings, Procedures for selection of Directors and Supervisors, and Procedures for Board Meetings.		
7. Other important information that can contribute to a thorough understanding of the company's corporate governance: (1) There is no spousal relationship between PCSC's Chairman and President, and they are not relatives within one degree of consanguinity. (2) The Company has complied with the requirements of continuing education for the directors and supervisors of companies listed in TSE or GreTai and arranged Mr. Kao Ching-Yuan, the Chairman, to participate in the 3-hour course on "The Practice of Judicial Proceeding of Insider Transactions and Corporate Crimes" held by "Securities and Futures Institute" in 2010, Executive Director Lin Chang-Sheng, Directors Lin Lung-Yi, Luo Chi-Hsian, Yang Wen-Lung, and Supervisor Chen Chien-Li, to participate in the 3-hour "2010 Seminar on Compliance of Share Transfers by Insiders" held by "Securities and Futures Institute", Director Su Chung-Ming to participate in the 3-hour course on "Directors and Supervisors (including independent) advanced seminar on the practice of corporate governance: the obligations and responsibilities of the directors and supervisors and corporate crime" held by "Securities and Futures Institute", Supervisor Wu Chung-Pin to participate in the 3-hour course on "Legal liabilities of public companies in disclosure of vital information and related case study on violation" held by "Securities and Futures Institute". (3) With respect to proposals where there is a conflict of interest between a director and the company, the company seeks to ensure that such conflict of interest does not affect the voting results. (4) PCSC has purchased liability insurance for its directors, supervisors and key personnel. (5) PCSC discloses financial and business information pursuant to relevant laws and regulations, and is working on an ongoing basis to strengthen transparency. The company has also established an investor relations team to serve as a conduit for direct communication between PCSC and investors. (6) PCSC formulates strategies, procedures and indicators, and undertakes regular analysis and appraisal of changes in risk status, in accordance with relevant laws and regulations, policies, and market changes; the company also takes appropriate measures to reduce the overall level of latent risk. (7) With regard to other matters relating to corporate governance, PCSC will continue to comply with all relevant laws and regulations.		
8. Any corporate governance appraisal reports that the company compiles in-house or commissions an outside agency to compile on its behalf should note the appraisal results, any major shortcomings (or recommendations), and the steps should be taken. PCSC does not currently compile corporate governance appraisal reports or commission any external agency to do so on its behalf. However, PCSC intends to adopt a corporate governance self-appraisal system in the future.		

3-5 Performance of Corporate Social Responsibility:

Subject	Status of Implementation	Variation with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
<p>I. The implementation of corporate governance</p> <p>(I) The Company has established the policy or system of corporate social responsibility and reviewed the result of implementation.</p> <p>(II) The Company has appointed designated personnel to implement the policy of corporate social responsibility.</p> <p>(III) The Company has regularly held education programs for the Directors, Supervisors, and employees on corporate ethics and has integrated corporate an ethics code as a part of the performance evaluation system. There is a clearly defined reward and punishment system in effect.</p>	<p>(1) In 2010, the Public Affairs Office of the Company has established the CSR Project Team to rally for the formation of the 7-ELEVEN CSR Integrated Project and announced the official establishment of a President Chain Store CSR Committee and officially incorporated corporate governance into the CSR Corporate Reengineering Strategy. Currently, the focus of the strategy is – internally: establish consensus among all on CSR; externally: fully focus on the topics of environmental protection and community concerns.</p> <p>(2) The 7-ELEVEN CSR Committee is positioned at the corporate governance level with the mode of top-down management in effect. The COO of 7-ELEVEN acts as the Director General of the committee while the heads of the business groups act as the committee members. The head of the Public Affairs Office acts as the CEO of the committee.</p>	<p>In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>II. Create an environment of perpetual development:</p> <p>(I) The Company has made effort to enhance the efficient use of all resources and reuse recycled materials in order to mitigate the impact on the environment.</p> <p>(II) The Company has established an environmental management system relevant with its industry feature.</p> <p>(III) The Company has established an environmental management function or appointed designated personnel for such purpose to protect the environment.</p> <p>(IV) The Company has paid close attention to the effect of climatic change on its operation and established relevant policies to reduce the emission of carbon and greenhouse gases.</p>	<p>(1) President Chain Store has established a recycling system with cash compensation through its stores. Empty bottles, dumped voltage testers and batteries, and even abandoned mobile phones may be dropped off for recycling at the stores. The Company is the first enterprise in Taiwan that pursued the "Cash bonus for recycled items" and has become the biggest recycling platform in Taiwan.</p> <p>(2) Nearly 4800 stores of the Company have practiced energy saving, recycling, and the reduction of waste. Furthermore, the Company has made use of the capacity of its channels in promoting the concepts of environmental protection to the public. Indeed, 7-ELEVEN started to consume green energy long ago. It has set up a solar power generating system at the Tung Shan Rest Area on one of the national highways, and has incorporated the ideas of solar energy, wind energy and recycled energy into the design of the "7-ELEVEN" gasoline stations and fully demonstrated the spirit of LOHAS in its store architecture. Starting with environmental protection at the stores, the Company has used reverse logistics as the platform for the recycling of resources for more than 15 years. In 2010, the Company unveiled the "Love the World with OPEN chan" campaign and encouraged the public to deliver dumped batteries and CDs to the stores of 7-ELEVEN for recycling. This campaign has won vigorous support from the public. In addition, the Company also encouraged the public to bring their own cups to City Café for a NT\$3 discount for each cup of coffee. This policy has been pursued for one year and has won the support of about 2 million people/times in response.</p> <p>(3) 7-ELEVEN has designed a viable process for the recycling of waste. Exclusively designed sealable recycling bags were used for packing recycled dry cells and CDs to avoid a second contamination. Heavy-duty recycling bags were used for packing dumped voltage testers and mobile phones to avoid damage to the bags and ensure the bags will not be opened during the entire recycling process. Through reverse logistics, the Company delivered the recycled items to professional and licensed treatment plants for handling as a measure of environmental protection. In addition, 7-ELEVEN also reviewed its habit in energy consumption from inside out, and set the goal for energy saving by 3.5 million kW/hr in 2010 for better protection of the environment. 7-ELEVEN is the first and the only retailing enterprise that has adopted the green accounting system for the time being. Further to cash bonus for recycled items, the Company also rallied the support of the public and volunteers to clean up the environment, plant trees, introduce green label products. The Company has been recognized as a green store chain by the Environmental Protection Administration. We hope the public can work hand in hand with 7-ELEVEN to perform our duties as citizens of the earth to materialize environmental protection in our daily lives.</p>	<p>In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>

Subject	Status of Implementation	Variation with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
<p>III. Employee Welfare and Charitable Activities</p> <p>(I) The Company has complied with applicable laws governing labor affairs and protected the legal rights of the employees through the establishment of an appropriate management system and procedure.</p> <p>(II) The Company has provided its employees with a safe and healthy work environment and regularly provided education on safety and health.</p> <p>(III) The Company has established and publicized its policy for the protection of consumers, and has established an effective and transparent procedure for consumers filing complaints on services and products.</p> <p>(IV) The Company works in collaboration with the suppliers to jointly upgrade CSR.</p> <p>(V) The Company has participated in community development and charitable events through business activities, donation in kind, corporate volunteer service and other free of charge professional services.</p>	<p>(1) The Company has established its "call center" whereby supplies, consumers and employees of the Company can provide their opinions using a toll-free hotline-0800-008-711, or via e-mail at public@mail.7-11.com.tw.</p> <p>(2) The Company has provided good education and training programs, fringe benefit packages (e.g., assistance in physical examination, marriage, and others), and showed its concern for humanity and care about the mental and psychological health of the employees. The Company has worked in conjunction with the "Teacher Chang Foundation" to provide supervision and consultation services for employees for creating a warm, harmonious and safe work environment.</p> <p>(3) The Company has established the mechanism of its concern for the employees through the "Welfare Cooperative" of the Company. With the completed training of 24 volunteers selected from the Company, this body gives individual assistance to the employees.</p> <p>(4) In 2010, 7-ELEVEN launched the campaign of "Cash bonus for recycled items", which was the first in the industry. Further, the Company also rallied for the support of volunteers and the public in cleaning up the environment and planting trees. This pioneering effort and the size of the work team in service have won the applause of the public. The Company further launched 6 items of merchandise bearing a green label, including cleansers, bath gels, and detergents. The public can buy high quality green products anywhere at anytime.</p>	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
<p>IV. Disclosures</p> <p>(I) The method of disclosure of relevant and reliable information on CSR.</p> <p>(II) The Company has compiled the report on CSR for disclosure of its effort in CSR.</p>	The Company has published the CSR Report once every other year and will be disclosed at the official website, www.7-11.com.tw.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
<p>V. Specify if the Company has established CSR rules in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the status of implementation and variation: none.</p>		
<p>VI. Other Vital information for facilitating the understanding of CSR and its implementation (e.g., internal system and regulation on environmental protection, community involvement, social contribution, social service, charity work, consumer right, human right, safety and health, and other CSR activities, and the status of implementation).</p> <p>(1) President Chain Store has offered opportunities for the employment of the physically or mentally impaired, and has always encouraged franchise partners and subsidiaries to take part in the cause. Currently, there are 249 physically or mentally impaired people employed, who accounted for 3.2% of the total work force and exceeded the mandatory requirement by 3.2 times. The enterprise has provided opportunities for the physically and mentally impaired for employment and to become independent.</p> <p>(2) 7-ELEVEN has attracted visits by almost one-quarter of the total population of Taiwan daily in average, which makes it a platform of love. Further to the donation of change, charity DM posted at the store and the donation at ibon stations as well as the promotion of love gifts for Mother's Day at the stores conveyed the message to the public that we have assisted and encouraged the physically and mentally impaired to become independent. In the period of 2007-2010 7-ELEVEN has successfully raised the sum of more than NT\$210 million from donation of change at stores and this sum has been in turn donated to 177 social welfare organizations in Taiwan and helped more than 61,400 mentally and physically impaired persons and families. More than 405,000 persons/times have benefited from this program. Through the professional service websites of the groups and organizations, we take care of the public in different walks of lives.</p>		
<p>VII. Specify the standards, if any, of the products or CSR reports being accredited by related institutions: None.</p>		

3-6. The Company duly observe the principle of sincerity in operation and pursues the following:

1. The Company complies with applicable legal rules governing companies listed in the TSE or GreTai and business conduct as the prerequisite of trust and sincerity in business operation.
2. The Company has established an internal control system. The internal auditors have routinely conducted compliance tests with the system and prepared audit reports for presenting to the Board. In addition, the Company has also reviewed the design and the continued effectiveness of the implementation of the system once annually in order to establish viable corporate governance and risk control mechanisms.
3. The Company has kept the conduct of all personnel transparent through management of

the code of ethics. The Lead Auditor acts as the chief officer of the corporate ethics code and is responsible for launching "Ethics Management". By entering into a self-disciplinary agreement, the Company encourages good conduct in the employees. Further, citations will be given every quarter of the year to those who are ethically sound in order to make the ethics code the guideline of conduct and as the foundation of a positive corporate culture.

3-7. Procedure of processing material information of the Company:

The Company has instituted regulations governing the internal circulation of vital information as the standard procedure for the directors, supervisors, managers, and employees. These regulations are posted at the official website of the Company for all to comply with for avoiding violation of law and insider trading.

3-8. Implementation Status of Internal Control System

- a. Internal Control Declaration: Please refer to the attached 2010 annual report disc.
- b. If the company has commissioned external accountants to review the company's internal control system, the accountants' report should be disclosed: Not applicable.

3-9. During the most recent year and as of the date of publication 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.

3-10. During the most recent year and as of the date of publication of this report, important resolutions passed by Shareholders' Meeting and Board Meetings:

- a. Major resolutions approved by the Shareholders' Meeting (The following resolutions have been completed)

The Company held its general meeting of 2010 on June 15, 2010. The resolutions of the meeting are shown below:

- (1) Approval of the financial report for 2009: including business report financial statements, and Distribution of 2009 profits.

Resolved, that the 2009 business report and financial statements be and hereby were accepted as submitted.

- (2) Proposal for the distribution of 2009 profits: the Company had distributable income amounting to NT\$3,769,785,323 for fiscal year 2009 and proposed to pay cash dividend of NT\$3.60/pershare.

Resolved, that the above proposal be and hereby were approved as proposed.

- (3) Amendment to the Articles of Incorporation

Resolved, that the above proposal be and hereby were approved as proposed.

- (4) Amendment to the procedure of the acquisitions and disposal of assets

Resolved, that the above proposal be and hereby were approved as proposed.

- b. Major resolutions approved by the Board Meetings:

(The following motions have been resolved and executed, except the motion of raising capital for Presiclrc Limited, and the conversion of debts from Presiclrc Limited to Presiclrc (Beijing) Limited as new capital, the investment of Integrated Marketing Communications Co., Ltd. (tentative), and the investment of President Chain Store Corporation Insurance Brokers Co., Ltd. (tentative), which are still in process. The proposal for the distribution of incomes and dividends of the Company in 2010, the amendments to the regulations for the election of Directors and Supervisors of the Company, Procedure for Lending to Third Parties, Procedure for Guarantee and Endorsement, and the Articles of Incorporation shall be subject to the final approval of the shareholders' meeting in 2011).

During the 2010 calendar year, and through the publication date of annual report in 2011, five regular Board Meetings were convened.

Major resolutions approved at these meetings are summarized below:

- (1) The 5th meeting of the 9th Board (Date: March 19, 2010)

- a. Approving 2009 business report and financial statements.
- b. Approving 2009 asset impairment loss.
- c. Approving 2009 motion on income distribution and dividends of the Company
- d. Approving the motion on application for credit limits from financial institutions.
- e. Approving the amendment to the Articles of Incorporation.
- f. Approving the right of shareholders in proposal and related procedure.
- g. Approving the investment of President Sato Co., Ltd.(tentative)
- h. Approving the investment of Sato (Shanghai) Catering Mathematics Co., Ltd..
- i. Approving the results examined by internal control of the Company.
- j. Approving the amendment of 2009 "Internal Management and Control System"
- k. Approving the personal promotion for business needs.
- l. Approving the date and place of 2010 Annual Shareholders' Meeting and 6th meeting of the 9th Board.
- m. Approving the agenda of 2010 Annual Shareholders' Meeting.

- (2) The 6th meeting of the 9th Board (Date: June 15, 2010)

- a. Approving the alteration of Certified Public Accountant
- b. Approving the recognition of raising capital for Presiclrc Limited.
- c. Approving the recognition of raising capital for Uni-President Department Store Corporation.
- d. Approving the motion on raising capital for President International Development Corporation.
- e. Granting the power of determining the income distribution and the release of cash dividends to the Board Meeting in 2009.
- f. Approving the motion on switching to the central depository system for the issuing of shares and the date of conversion of share certificates to the registration of the central depository system.
- g. Approving the application for new credit and renewal of loan agreements with financial institutions.
- h. Approving the motion on joining Group Interest Concession Arrangement of Citibank Taiwan.
- i. Approving the motion on the remunerations to the Directors and Supervisors.
- j. Approving the motion on the renewal of professional liability insurance for the protection of the Directors, Supervisors, and Key personnel.



- k. Approving the amendment to the Lending Procedure to Third Parties in the Company.
- l. Approving the amendment to the Guarantee and Endorsement Procedure in the Company.
- m. Approving the date and place of 7th meeting of the 9th Board.

(3) The 7th meeting of the 9th Board (Date: August 27, 2010)

- a. Approving the financial statements in the first half of 2010.
- b. Approving the recognition of selling the equity of New Century InfoComm Tech Co., Ltd.
- c. Approving the motion on raising capital for PCSC(Shanghai) Co., Ltd..
- d. Approving the motion on raising capital for Uni-President Department Store Corporation.
- e. Approving the motion on raising capital for Presiclerc Limited, and the conversion of the debts of Presiclerc Limited to Presicler(Beijing) Ltd. Presiclerc(China) Ltd. as equity and part of the capital raising.
- f. Approving the investment of Integrated Marketing Communication Co., Ltd.(tentative)
- g. Approving the motion on raising capital of Afternoon Tea Taiwan Co., Ltd..
- h. Approving the removal of the limit of endorsement amount of NTD100 million to Mech Smile Inc.
- i. Approving the application for renewal of credit limits from financial institutions.
- j. Approving the personal promotion for business needs.
- k. Approving the date and place of 8th meeting of the 9th Board.

(4) The 8th meeting of the 9th Board (Date: December 10, 2010)

- a. Approving 2011 audit program.
- b. Approving the acquisition of purchasing the equity of President Musashino Corporation.
- c. Approving the assessment of ATM service operation.
- d. Approving the removal of limit of endorsement amount of NTD180 million to Uni-President Department Store Corporation.
- e. Approving the renewal of limit of endorsement amount of NTD 22.54 million to Q-ware Communications Co., Ltd.

- f. Approving the motion on the application for the renewal of credit limits from financial institutions.
- g. Approving the motion on the procedure of requirement the approval of the Board in donation exceeding NT\$50,000(inclusive).
- h. Approving the motion on the donation plan of the Company in 2011.
- i. Approving the motion on the date and place for the 9th session of the 9th Board of Directors.

(5) The 9th meeting of the 9th Board (Date: March 18, 2011)

- a. Approving 2010 business report and financial statements.
- b. Approving 2010 asset impairment loss.
- c. Approving 2010 motion on income distribution and dividends of the Company.
- d. Approving the motion on application for credit limits from financial institutions.
- e. Approving the removal of Guarantee and Endorsement amount of NTD 60 million to Retail Support International Corp.
- f. Approving the amendment of the Guidelines for the Directors and Supervisors election.
- g. Approving the amendment to the Articles of Incorporation.
- h. Approving the investment of President Chain Store Corporation Insurance Brokers Co., Ltd. (tentative)
- i. Approving the evaluation of strategic partner of Sichuan Uni-Mart.
- j. Approving the results examined by internal control of the Company.
- k. Approving the donation of NTD 155 thousand.
- l. Approving the personal promotion for business needs.
- m. Approving the rights of shareholders in proposal and related procedure.
- n. Approving the date and place of 2011 Shareholders' Meeting and 10th meeting of the 9th Board.
- o. Approving the agenda of 2011 Annual Shareholders' Meeting.

3-11. Different opinions in records or written statements from directors or supervisors regarding important resolutions made by the Board in the most recent year and as of the date of publication of the Annual Report: None.

3-12. Resignation or dismissal of personnel responsible for preparing financial statements:

During 2010 and up until to April 29, 2011, no personnel related to financial reports resigned or were dismissed.

4. Auditors Information

4-1 Auditor fees

Firm	Auditors		Audit period	Remark
PRICEWATERHOUSECOOPERS	Chang, Mei Tzu	Tsai, Ching Pao	2010	—

Note :

Currency : NTD 1,000

Public	Auditor fees	Non-auditor fees	Tota
spendingAmount scale			
Less than \$2,000	—	—	—
\$2,000 – \$4,000	—	—	—
\$4,000 – \$6,000	—	—	—
\$6,000 – \$8,000	—	—	—
\$8,000 – 10,000	8,830	—	—
More than \$10,000	—	11,828	20,658

Currency: NTD 1,000

Firm	Auditors	Auditor fees	Non-auditor fees					Audit period	Remarks
			System design	Business registration	Human Resources	Others	Total		
PRICEWATERHOUSECOOPERS	Chang, Mei Tzu	8,830	—	—	—	11,828	11,828	2010	The non-auditing fees are for the project of IFRS, tax in China and transfer pricing.
	Tsai, Ching Pao								

Note 1: If there is a change in the external auditor or the auditing firm in current year, specify the audit periods separately and explain in the "Remarks" field the reason for such change. In addition, disclose the auditing fees and non-auditing fees chronologically.

Note 2: Present the itemized non-auditing fees. In case the item(s) of non-auditing fees stated as "Others" accounts for 25% of the total non-auditing fees, specify the content of the services in the field provided.

4-2 Switching of auditors: The following shall be disclosed if the company changed its CPA firm in the past two year

a. About the previous auditors

Replacement Date	January 1, 2008
Reasons for replacement	Internal work adjustments at PRICEWATERHOUSECOOPERS
Details of why the previous auditor terminated or refused to accept the assignment	None
Reports with any opinion other than an unqualified opinion over the most recent two years, and the reasons	None
Opinions different from those of the company	None
Other disclosures(Article X- (V)-1- (4) of this standard shall be disclosed)	None

b. About the new auditors

Firm	PRICEWATERHOUSECOOPERS
Auditors	Chang, Mei Tzu
Appointment Date	January 1, 2010
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

c. Previous auditors' response to Item 1, Paragraph 5, Article 10 and Sub-item 3 of Item 2, Paragraph 5, Article 10 of these principles: None.

4-3 If 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 more than 10%.

5-1 Status of changes:

Unit: Shares, % / As of December 31, 2009

Title	Name	2010		As of April 29, 2011	
		Net Change in Shareholdings	Net Changes in Shares Pledged	Net Change in Shareholdings	Net Changes in Shares Pledged
Director; juridical person shareholder; major shareholder	Uni-President Enterprise Corp	—	—	—	—
Supervisor; juridical person shareholder	Kao Chyuan Investment Co. Ltd.	—	—	—	—
Supervisor; juridical person shareholder	Kai Yu Investment Corp.	—	4,200,000	—	—
Chairman	Kao, Chin Yen	—	—	—	—
Managing director	Lin, Chang Sheng	—	—	—	—
Managing director / President	Hsu, Chung Jen	—	—	—	—
Director	Lin, Lung Yi	—	—	—	—
Director	Lo, Chih Hsien	—	—	—	—
Director	Yang, Wen Long	(10,000)	—	—	—
Director	Su, Tsung Ming	—	—	—	—
Director / Senior Vice President	Chang Jen, Yun Huei	—	—	—	—
Director	Kao Hsiu-Ling	—	—	—	—
Supervisor	Ying, Chien Li	—	—	—	—
Supervisor	Wu Tsung-Pin	—	—	—	—
Senior Vice President	Hsieh, Chien Nan	(1,000)	—	(7,000)	—
Senior Vice President	Lai, Nan Bey	—	—	—	—
Senior Vice President	Huang, Chien Li	—	—	—	—
Vice President	Chen, Jui Tang	—	—	—	—
Vice President	Yang, Yen Sen	(1,000)	—	—	—
Vice President	Tsai, Tu Chang	—	—	—	—
Lead Auditor (Asst VP)	Lin Wen-Ching	—	—	—	—
Asst VP	Wang Wen-Kui	—	—	—	—
Vice President	Lee, Chi Ming	—	—	—	—
Finance Office Manager	Wu, Wen Chi	—	—	—	—
Vice President	Hong, Gin-Guu	—	—	—	—
Accounting Division Manager	Lai, Hsin Ti	—	—	—	—

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:

Name	Shareholding		Spouse' s and Minor Children's Shareholding		Shareholding by Nominee Arrangements		The names and relations of top 10 shareholders are under SFAS No. 6 , as stakeholder or spouse, kindred within the 2nd tier under the civil code.		Remark
	Shares	%	Shares	%	Shares	%	Shares	%	
Uni-President Enterprise Corp. Chairman: Kao Chin Yen	471,996,430	45.40%	0	0	0	0	None	None	
Representative to Uni-President Enterprise: Kao Chin-Yen	29,824	0.00%	0	0	0	0			
							Representative of Uni-President Enterprise Corp. Lo Chih Hsien	Son in law	
Representative to Uni-President Enterprise: Lin Chang-Sheng	30,840	0.00%	0	0	0	0	None	None	
Representative to Uni-President Enterprise:Hsu Chung-Jen	23,286	0.00%	0	0	0	0	None	None	
Representative to Uni-President Enterprise:Lo Lung-Yi	18,759	0.00%	25,139	0.00%	0	0	None	None	
Representative to Uni-President Enterprise:Lo Chi-Hsian	1,032,215	0.10%	1,014,315	0.10%	0	0	Representative of Uni-President Enterprise Corp. Kao Chin Yen	Father in law	
Representative to Uni-President Enterprise:Yang Wen-Lung	-	-	0	0	0	0	None	None	
Representative to Uni-President Enterprise:Su Chung-Ming	-	-	0	0	0	0	None	None	
Representative to Uni-President Enterprise:Chang Chien Yun-Huei	-	-	0	0	0	0	None	None	
First State Asia Pacific Leaders Fund account in custody of Deutsche Bank.	28,390,208	2.73%	0	0	0	0	None	None	
Government of Singapore Fund in custody of Citigroup (Taiwan)	20,091,445	1.93%	0	0	0	0	None	None	
Matthews International Capital Management Account in the custody of HSBC Taiwan	19,439,608	1.87%	0	0	0	0	None	None	
PCSC Employees Benefits Trust account in custody of Chinatrust Commercial Bank	17,001,162	1.64%	0	0	0	0	None	None	
J.P.Morgan as trustee for Saudi Arabian Monetary Agency investment account.	13,260,456	1.28%	0	0	0	0	None	None	
Templeton Developing Markets Trust account in custody of JPMorgan Chase Bank N.A. Taipei Branch	12,314,114	1.18%	0	0	0	0	None	None	
FS Global Newly Emerged Market Leader account in the custody of Deutsche Bank at the appointment of Royal Bank	9,013,776	0.87%	0	0	0	0	None	None	
JP Morgan Chase Bank N.A. Taipei Branch in Custody for Templeton China World Fund., Inc.	8,965,662	0.86%	0	0	0	0	None	None	
Special account of Van Gardner Emerging Markets Equity Index Fund in the custody of Standard Chartered Bank	8,357,547	0.80%	0	0	0	0	None	None	



7. Ownership by PCSC's Directors, Supervisors, Managers, directly or indirectly, of PCSC's long-term investments:

Long-Term Investments	Ownership by PCSC		Direct/Indirect Ownership by Directors, Supervisors and Management Team		Total Ownership	
	Shares	%	Shares	%	Shares	%
PCSC (BVI) Holdings Ltd.	77,052,958	100.00%	—	0.00%	77,052,958	100.00%
PCSC (China) Holdings Co., Ltd.	50,513,148	100.00%	—	0.00%	50,513,148	100.00%
President Enterprise Co., Ltd.	40,000,000	100.00%	—	0.00%	40,000,000	100.00%
21 Century Enterprise Co., Ltd.	13,000,000	100.00%	—	0.00%	13,000,000	100.00%
Ren-Hui Investment Corp.	53,194,997	100.00%	—	0.00%	53,194,997	100.00%
Capital Inventory Services Corp.	2,500,000	100.00%	—	0.00%	2,500,000	100.00%
Wisdom Distribution Service Corp.	10,847,421	100.00%	—	0.00%	10,847,421	100.00%
Uni-President Oven Bakery Corp.	6,511,963	100.00%	—	0.00%	6,511,963	100.00%
President Being Corp.	3,000,000	100.00%	—	0.00%	3,000,000	100.00%
Uni-President Yi-Lan Art and Culture Corp.	15,000,000	100.00%	—	0.00%	15,000,000	100.00%
President FN Business Corp.	400,000	100.00%	—	0.00%	400,000	100.00%
Cold Stone Creamery Taiwan Ltd.	10,465,291	100.00%	—	0.00%	10,465,291	100.00%
President Chain Store Tokyo Marketing Corp.	3,564,750	100.00%	—	0.00%	3,564,750	100.00%
President Musashino Corp.	47,061,000	90.00%	—	0.00%	47,061,000	90.00%
Q-Ware Systems & Services	24,382,922	86.76%	—	0.00%	24,382,922	86.76%
President Sato Co., Ltd.	4,860,000	81.00%	—	0.00%	4,860,000	81.00%
Mech-President Corp.	53,504,613	80.87%	12,496,51	18.89%	66,001,124	99.76%
President Pharmaceutical Corp.	17,520,594	73.74%	—	0.00%	17,520,594	73.74%
President Transnet Corp.	70,000,000	70.00%	20,000,000	20.00%	90,000,000	90.00%
President Collect Services Co., Ltd.	1,050,000	70.00%	—	0.00%	1,050,000	70.00%
Uni-President Department Store Corp.	112,000,000	70.00%	48,000,000	30.00%	160,000,000	100.00%
Pet Plus Co., Ltd.	7,000,000	70.00%	—	0.00%	7,000,000	70.00%
President Collect Services Co., Ltd.	19,563,272	60.00%	6,521,090	20.00%	26,084,362	80.00%
President Information Corp.	16,744,310	56.00%	8,970,166	30.00%	25,714,476	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.	10,200,000	51.00%	—	0.00%	10,200,000	51.00%

Long-Term Investments	Ownership by PCSC		Direct/Indirect Ownership by Directors, Supervisors and Management Team		Total Ownership	
	Shares	%	Shares	%	Shares	%
Afternoon Tea Taiwan Co., Ltd	8,670,000	51.00%	–	0.00%	8,670,000	51.00%
Books.com Co.,Ltd	10,000,000	50.03%	–	0.00%	10,000,000	50.03%
Mister Donut Taiwan Corp.	8,791,268	50.00%	–	0.00%	8,791,268	50.00%
Rakuten Taiwan Co., Ltd.	22,246,000	49.00%	–	0.00%	22,246,000	49.00%
Muji (Taiwan) Co., Ltd.	5,096,300	41.00%	1,243,000	10.00%	6,339,300	51.00%
President Organic Corp.	1,833,333	36.67%	2,833,333	56.67%	4,666,666	93.34%
President Coffee Corp.	10,691,337	30.00%	7,127,558	20.00%	17,818,895	50.00%
Uni-President Yellow Hat Corp.	2,100,000	30.00%	–	0.00%	2,100,000	30.00%
Retail Support International Corp.	6,430,000	25.00%	5,144,000	20.00%	11,574,000	45.00%
Uni-President Development Corp.	72,000,000	20.00%	108,000,000	30.00%	180,000,000	50.00%
Tong-Ho Development Corp.	19,930,000	19.93%	72,120,000	72.12%	92,050,000	92.05%
Carrefour Taiwan	122,611,122	19.50%	128,901,798	20.50%	251,512,920	40.00%
Tong-Jeng Development Corp.	209,000,000	19.00%	445,500,000	40.50%	654,500,000	59.50%
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67%	–	0.00%	20,000,000	16.67%
President Technology Corp.	750,000	15.00%	–	0.00%	750,000	15.00%
Q-ware Communications Co., Ltd.	8,059,091	11.27%	9,875,569	13.81%	17,934,660	25.09%
President Yamako Co., Ltd.	650,000	10.00%	–	0.00%	650,000	10.00%
President Investment Trust Corp.	2,667,600	7.60%	561,600	1.60%	2,667,600	9.20%
PK Venture Capital Corp.	10,000,000	6.67%	10,000,000	6.67%	20,000,000	13.34%
Career Inpek Co.	837,753	5.37%	–	0.00%	837,753	5.37%
President International Development Corp.	50,000,000	3.33%	1,020,515,000	68.03%	1,098,515,000	71.36%
Uni-OAO Travel Service Corp.	60,000	2.86%	–	0.00%	60,000	2.86%
President Securities Corp.	32,611,167	2.65%	335,872,479	27.29%	368,483,646	29.94%
Kaohsiung Rapid Transit Corp.	20,000,000	2.00%	20,000,000	2.00%	40,000,000	4.00%
Duskin Co., Ltd.	300,000	0.45%	–	0.00%	300,000	0.45%
Chi Mei Electronics	18,556,967	0.25%	7,957,569	0.11%	26,514,536	0.36%
Grand Bills Corp.	108,160	0.02%	89,633,646	16.57%	89,741,806	16.59%



IV. FUND RAISING

I. Capital and Shares

1-1 Source of Capital:

a. Shares Issued:

Unit: NT\$, Shares / As of April 23, 2011

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Source of Capital	Capital Expansion by Assets other	Remark
		Shares	Amount	Shares	Shares			
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 (1) No. 0910140565
July/2003	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of profit	None	July 07, 2003 (92) Tai-Tsai-Cheng (1) No. 092013222
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
August/2009	10	1,050,000,000	10,500,000,000	1,039,622,255	10,396,222,550	Capitalization of profit	None	July 16, 2009 Approval Letter Chin-Kuan-Cheng-He-Fa No. 0980035714 on file

Note: the stated capital of the Company at its initial operation in June 1987 amounted to NT\$ 100,000,000, and the paid-in capital as of April 23, 2011, after capitalization of retained earnings for several times, amounted to NT\$10,396,222,550.

b. Capital and Shares:

Unit: Shares

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Non-Issued	Total	
Common Stock, Inscribed	1,039,622,255	10,377,745	1,050,000,000	Publicly Traded

1-2 Shareholder Structure:

Unit: Shares / As of April 29, 2010

Quantity \ Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	1	0	179	19,842	622	20,644
Shareholding	5	0	531,510,909	46,700,833	461,410,508	1,039,622,255
Holding Percentage	0.00%	0.00%	51.13%	4.49%	44.38%	100%

1-3 Distribution Profile of Shareholder Ownership:

Par Value NT\$10 / As of April 29, 2011

Tiers of Shareholding (Unit: Shares)	No. of Shareholders	Total Shareholding (Unit: Shares)	Holding Percentage
1 ~ 999	10,291	2,359,840	0.23%
1,000 ~ 5,000	8,149	15,591,136	1.50%
5,001 ~ 10,000	862	6,238,312	0.60%
10,001 ~ 15,000	321	3,910,548	0.38%
15,001 ~ 20,000	143	2,580,940	0.25%
20,001 ~ 30,000	156	3,875,460	0.37%
30,001 ~ 50,000	143	5,502,213	0.53%
50,001 ~ 100,000	142	10,269,575	0.99%
100,001 ~ 200,000	133	19,205,244	1.85%
200,001 ~ 400,000	103	28,566,581	2.75%
400,001 ~ 600,000	41	19,813,238	1.91%
600,001 ~ 800,000	32	21,689,096	2.09%
800,001 ~ 1,000,000	18	16,031,017	1.54%
Over 1,000,001	110	883,989,055	85.03%
Total	20,644	1,039,622,255	100%

1-4 Major Shareholders:

As of April 29, 2011

Shareholders	Shareholding (Shares)	Holding Percentage (%)
Uni-President Enterprise Corp.	471,996,430	45.40%
Royal Scotland FS Pacific Leader under the custody of Deutsche Bank	28,390,208	2.73%
Government of Singapore Fund in custody of Citigroup (Taiwan)	20,091,445	1.93%
Matthews International Capital Management investment account under the custody of HSBC Taiwan	19,439,608	1.87%
PCSC Employees Benefits Trust account in custody of Chinatrust Commercial Bank	17,001,162	1.64%
J.P.Morgan as trustee for Saudi Arabian Monetary Agency investment account.	13,260,456	1.28%
Templeton Developing Markets Trust account in custody of JPMorgan Chase Bank N.A. Taipei Branch	12,314,114	1.18%
FS Global Newly Emerged Market Leaders under the custody of Deutsche Bank at the appointment of Royal Bank	9,013,776	0.87%
China Special Baofeng Fund special investment account under the custody of Chase Bank	8,965,662	0.86%
Special account of Van Gardner Emerging Markets Equity Index Fund under the Custody of Standard Chartered Bank	8,357,547	0.80%

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

Unit: NT\$

Item		Year	2009	2010	As of April 29, 2011
Market Price per Share	Highest		89.80	138	160
	Lowest		68.90	71.9	119.5
	Average		78.65	101.75	132.20
Net Value per Share	Before Distribution		18.20	19.44	20.80
	After Distribution		14.35	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Shares (Shares)		1,039,622,255	1,039,622,255	1,039,622,255
	Earnings per Share (Undiluted)		3.90	5.51	1.67 (Note 2)
	Earnings per Share (Diluted)		3.90	(Note 1)	—
Dividend per Share	Cash Dividends		3.60	4.90	—
	Stock Dividends		0	(Note 1)	—
	Dividends from Retained Earnings		0	(Note 1)	—
	Dividend from Capital Surplus		0	(Note 1)	—
	Accumulated Undistributed Dividends		0	(Note 1)	—
Return on Investment	Price/Earning Ratio		20.17	18.47	—
	Price/Dividend Ratio		21.85	(Note 1)	—
	Cash Dividend Yield Rate		4.58%	(Note 1)	—

Note 1: the earnings distribution of 2010 has not been approved by the General Shareholders' Meeting.

Note 2: the EPS in Q1 of 2011 was NT\$1.67.

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 for the distribution of earnings for fiscal year 2011 in the General Shareholders' Meeting of 2010 has been resolved by the Board meeting dated March 18 2011: the Board moved to allocate the amount of NT\$5,094,149,049 from accumulated retained earnings as cash dividends at NT\$4.9 per share pending on the approval of the General Meeting and authorization to the Board for setting the ex-dividend day.

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 2011 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. 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 resolved to allocate retained earnings in 2010 as employee bonuses, remuneration for the directors and supervisors specified as follows:
- (1) The Board moved to allocate the amount of NT\$309,470,486 as employee bonuses, and the amount of NT\$51,578,414 as remuneration for the directors and supervisors.
 - (2) The proportion of employee stock dividends to capitalization of retained earnings into new shares: all employee bonuses of the Company will be paid in cash.

	Actual amount resolved by the Board	
Distribution: (currency unit: NTD 1,000)		
Employee Bonuses	\$	309,470
Remunerations to Directors and supervisors	\$	51,578
EPS: (currency, in NTD)		
EPS after bonuses and remunerations	\$	5.51

- c. Allocation of employee bonuses and Directors' and Supervisors' remuneration from 2009 retained earnings:
PCSC's distribution of employee bonuses and Directors' and Supervisors' remuneration from 2009 retained earnings was as follows:

	Allocations Determined by the Shareholders' Meeting and the Board of Directors	
Distribution (Unit: NT\$1,000)		
Employees' Bonuses	\$	218,913
Directors' and Supervisors' Remunerations	\$	36,486

- d. The estimate of employee bonuses and remuneration for the directors and the supervisors is made by multiplying the percentage as stated in the Articles of Incorporation by corporate earnings as of the end of the accounting period. In case of any discrepancy between the actual amount paid out and the estimate, a reconciliation will be made by the accounting method as recognized as profit or loss of the next period.
- e. The actual payout of employee bonuses and remuneration for the directors and supervisors of the previous year (including the quantity of shares, amount and stock price) and the recognized amount of such were congruent.
- f. The names of the top 10 employees entitled to bonus and the distribution in 2009.

	Title	Name	Amount of stock dividend	Amount of cash dividend	Total
Management	President	Hsu Chung-Jen		4,661	4,661
	Senior Vice President	Chang Chien Yun-Huei			
	Senior Vice President	Hsieh Chien-Nan			
	Senior Vice President	Lai Nan-Pei			
	Senior Vice President	Huang Chien-Li			
	Head of Auditor (Vice President)	Lin Wen-Ching			
	Vice President	Chen Rai-Tang			
	Vice President	Yang Yen-Shen			
	Vice President	Wang Wen-Kuei			
	Vice President	Lee Chi-Ming			
	Vice President	Tsai Tu-Chang			
	CFO	Wu Wen-Chi			
	CAO	Lai Shin-Ti			

1-9 Share Buyback: None

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

2-1 Issuing of Corporate Bonds: None

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:

Any incomplete share issuance or private placement or any completed share issuance or private placement within the past three years from which benefits have not yet been reported, as of March 31, 2011: None.

3-2 Status of Implementations:

Individual analysis of the purpose of each capital investment project, and comparison of implementation with the originally anticipated benefits, as of March 31, 2011: None

V. OPERATIONAL HIGHLIGHTS

1. Business Activities

1-1 Business Scope

a. Officially Registered Business Items

- | | | |
|--|---|---|
| (1) F203020 Tobacco & alcohol retails | (18) A102060 Retails of staple food | (35) F399010 Convenience stores |
| (2) F206020 Retails of daily products | (19) F213010 Retails of home appliances | (36) F501030 Beverage stores |
| (3) F203010 Retails of food, groceries and beverages | (20) F208031 Retails of medical equipment | (37) F501060 Restaurants |
| (4) F208040 Retails of cosmetics | (21) F205040 Retail of furniture, beds, kitchenware, decorative items | (38) G902011 Type II telecommunications business |
| (5) F399990 Other retails | (22) F207030 Retails of cleaning products | (39) I301010 IT & software Services |
| (6) IZ01010 Photocopying | (23) F401010 International trading | (40) I301030 Provision of electronic information and services |
| (7) F201070 Retails of flowers | (24) JA01010 Automotive repair services | (41) F206010 Hardware retailing |
| (8) F209060 Retails of educational, musical and entertainment products | (25) F214030 Retails of automobile and motorcycle accessories and merchandise | (42) F212011 Gas station operation |
| (9) JE01010 Leasing | (26) G202010 Parking lot operations | (43) F212050 Petroleum products retailing |
| (10) IE01010 Distribution of telecommunications subscriptions | (27) IZ14011 Public welfare lottery | (44) JA01990 Other automobile-related services |
| (11) I401010 Advertising services | (28) JZ99050 Agency services | (45) I101090 Food Consulting |
| (12) F207050 Retails of fertilizers | (29) IZ99990 Other services (agent for school enrollments, applications, ticket sales, receiving goods on behalf of customers and bill collections on behalf of other businesses) | (46) IZ09010 Management System Accreditation |
| (13) F210010 Retails of watches and clocks | (30) F401161 Importing of tobacco | (47) J701020 Amusement Parks |
| (14) F210020 Retails of glasses | (31) F401171 Importing of alcohol | (48) F102040 Wholesale of Nonalcoholic Beverages |
| (15) F216010 Retails of photo and film equipment | (32) Any business activities unless otherwise restricted by law | (49) F102170 Grocery wholesaling |
| (16) JZ99030 Photography | (33) F301010 Department stores | (50) F106020 Wholesale of Articles for Daily Use |
| (17) F204110 Retails of cloth, clothes, shoes, hats, umbrellas and accessories | (34) F301020 Supermarkets | (51) I103060 Management Consulting. |
| | | (52) J304010 Book Publication |



b. Sales Breakdown by Category in Year 2009 and 2010

Unit: NT\$1,000

Product Category	Sales & Percentages			
	2009		2010	
	Amount	%	Amount	%
Food Services	14,664,708	14.90%	18,254,698	16.42%
Publications	13,542,710	13.76%	16,378,903	14.74%
Beverages	36,258,243	36.84%	40,258,322	36.23%
Non-Food	22,863,165	23.23%	24,679,474	22.21%
Ordinary Food	10,895,189	11.07%	11,234,105	10.11%
Others	196,842	0.20%	322,246	0.29%
Gross Sales	98,420,856	100.00%	111,118,748	100%
Sales Discount	-39,004		-44,442	
Net Sales	98,381,852		111,074,306	
Other Operating Revenue	3,374,534		3,589,587	
Total Operating Revenue	101,756,386		114,663,893	

c. Present and Future Products and Services

“Low calorie, low fat, and low sugar” has become the vital concern of people for a healthy diet. In response, the Company makes available a wide array of choices for healthy foods and beverages, including low-calorie dairy for the summer, health enhancement foods for the winter, and low calorie bread. Further to the offering of these new products, the Company has also used a large quantity of Taiwan agricultural products to support the local agricultural industry and as a resource of convenient fresh food for the enjoyment of consumers.

The Company has upgraded its services to consumers through the upgrade of the ibon platform, which introduced the ticketing for Taiwan High Speed Railway and Uni Air, launching the “Easy Delivery” in cooperation with on-line shopping websites payment in small sums through the Easy Card icash channel (combination of Easy Card and icash Card), and the establishment of a number of virtual locations for adding cash value to cards. These activities have brought about a new trend of living and enabled 7-ELEVEN to emerge as a diversified convenient service platform.

The Internet has significantly changed the daily lives of consumers. Therefore, 7-ELEVEN has taken a step in launching integrated services through the Apple App Store. Further, the population of FACEBOOK fans has exceeded 1 million people/times and was recognized. The Company won two gold medals from the “Click Award”. In the second half of the year, the Company launched the 7nET online shopping service. Consumers can pick-up their merchandise the day after ordering. The joint venture with Chung Hwa Telecom in setting up wireless locations at branches of CHt was another breakthrough, one that provides the most convenience for consumers.

Simple home cooking with gourmet taste is another new offer. With the use of frozen food technology, the Company has launched the 7-SELECT microwave ready-to-serve frozen food series to satisfy the needs of consumers. This will be another new consumption trend. The Company has won the “2010 MCEI Marketing Excellence Bronze Award”.

The Company will further its development of fresh food products and the diversity of products carrying its own brand in 2011 so that consumers can have better taste and convenience in food. At the same time, the Company will also pursue bulk purchases and step into the domain of overseas OEM for importing products directly from their places of origin. By then, the people in Taiwan can enjoy unbeatable low prices with high quality products from different countries. The Company aims to become a community service center for consumers by providing various service platforms and innovative services.

1-2 Macroeconomy and Industry Overview

a. Macroeconomy

The people in Taiwan are more and more optimistic about the economic situation, particularly since the global economy has recovered, the agreement of ECFA, and the rising number of tourists from Mainland China. The consumer confidence index rose from 65.98% in January of 2010 to 83.16% in December of the same year. The continued propensity to consume contributed to the annual growth of almost 7% in retail sales, of which the turnover of convenience stores emerged as the leader of the composite retailing industry and was the highest in the last three years.

b. Industry Overview

The revenues from overall retail sales in 2010 amounted to NT\$3,496,900 million or an increase of 6.56% from the same period in 2009. The revenue of composite retailing amounted to NT\$916,800 million, which increased 7.10% compared to the same period in 2009. The overall revenues of all convenience stores amounted to NT\$230,400 million, which increased 8.66% compared to the same period in 2009.

Despite the economic recovery, the international oil price and raw material prices remained high and tended to rise further; the unusual climate conditions also resulted in a reduction in supply, which significantly affected the prices in Taiwan. In 2010, the CPI of Taiwan rose by 0.96% from the same period of the previous year. Until real income increases, a no-frills economy is still the order of the day. Most marketing channels adopted the low-price strategy and developed super-value packages of commodities, bulk sales of daily items, and products carrying their own brands, which are all price-oriented items. At the same time, they also put additional value on the products and seek product differentiation to allow consumers to experience super-value consumption.

The store numbers of convenience store chains in Taiwan by the end of 2010 are as follows:

	7-ELEVEN	Family Mart	Hi-Life	OK	Total
Total	4,750	2,593	1,254	850	9,447

c. The association of the upper, middle and lower courses of industries

With the viable logistics system of the group, the Company can integrate suppliers and provide professional fast delivery service so that all 7-ELEVEN stores are able to supply consumers with the products and services they need. In the supply of fresh food, the Company remains committed to high value product quality and is engaged in a mode of supply-retail cooperation by exercising quality control from the origin of supply, to production, materials procurement, processing, packing and finishing into fresh foods. The entire supply chain and production technologies were kept under proper control, which served as an edge in differentiating channels.

The Company also makes use of the advantage of the high density of store locations to integrate information and the logistic basic structure to establish an intensive and extensive service network. This is “the last mile” convenience of service for consumers.

d. The trend of product development and competition

(1) The trend of product development

The people in Taiwan have transformed into a group of evolutionary consumers – adaptive to an adverse environment, relentless in their quest for a stable life, pragmatic consumers, but who resort to external resources through the use of IT tools and the community to make decisions about consumption. All industries also started to follow this new trend of development for more business opportunities. Examples include, virtual shopping channels, the business opportunity from the diet of senior citizens, healthy food “low calorie, low fat, and low sugar”, and the concept of green living, which entail high potential for growth.

(2) Competition

■ **Beverages:** the domestic beverage market is oriented towards the launch of new products, including ready-to-serve tea, which is the satisfaction to the needs of

consumers in chasing for beauty. First to the market will be the critical factor for success, as it gives people a fresh taste of a new product. In addition, offering products carrying their own brands and forming alliances with the manufacturers can also create opportunities for a win-win situation.

■ **Virtual Retailing Channels:** The media and the internet have substantially and significantly changed the mode of lives of consumers. The channel of virtual retail shops has been developing much faster and has created a huge market for new, surprise, diversified, design-oriented, and popular items or for group purchase.

■ **Economic situation in Q3 2010** remained stable, which contributed to a higher propensity of consumers to spend. The mobile medium (mobile phones, mobile network devices) is a marketing channel with high potential. Indeed, mobile network devices have gained a sizable proportion of online marketing share and still have the potential for further growth.

■ **Daily items:** Consumers have regained their confidence under sustained economic recovery. However, the consumers of Taiwan will still spend cautiously, irrespective of the economic recovery. They tend to save their money and buy low-price items. As such, all channels unveiled new economic policies and events and dressing to give an impression of no-frills spending to consumers for rapid growth.

1-3 Technologies and the status of research and development

In 2010, Taiwan was characterized by stable economic recovery and major breakthrough in legislation. Under such a situation, 7-ELEVEN launched a number of innovative services:

1. The upgrade of the ibon stations

The ibon stations were installed in 4800 stores across Taiwan. With the easy to manage touch screen device, the public can enjoy convenient and instantaneous services. Ticketing of the Taiwan High Speed Railway and Uni Air were also included in the service package in 2010.

2. Information

The virtual value storage point system has been successfully installed for more varieties of real-time services for customers.

3. icash with Easy Card

The cooperation between icash and the Easy Card allows the user to make payments in small amounts with the card. In October, online payment with the 7net will be launched. By then, the public can have more varieties of services.

4. Collection of payments

People can pay their tuition fees and miscellaneous school fees, community management fees, and association fees. The public can manage their payments (parking receipts, national annuities) and enjoy a convenient life.

5. 7WiFi across the province

The Company has launched 7WiFi, a wireless service of its own brand covering more than 4,000 7-ELEVEN stores across Taiwan and the offshore islands. Consumers can link to the web with note books and mobile phones while they are shopping

1-4 Long and short-term business development plan



- a. Short-term business development plan
 - (1) Continue the integration of trade circle and establish a competitive niche with giant stores.
 - (2) Strengthen the autonomy of individual stores for advantages through innovation and differentiation.
 - (3) Broaden the scope of integration between virtual and reality in operation for more business opportunities through the virtual world.
- b. Long-term business development plan
 - (1) Upgrade the operation efficiency of individual stores.
 - (2) Establish an ongoing development model of franchising.
 - (3) Integrate group resources for stable profits.
 - (4) Speed up the training of full-seasoned corporate managers.

2. Market Analysis and Merchandise:

2-1 Market Analysis:

- a. The geographic area of the sales (supply) of merchandise and services:
Oriented towards the goal of “the most convenient and joyful community service center for the peace of mind of customers” , Uni-President Chain Store proactively supplies merchandise with high-value and continues to develop innovative services as it responds to rapid changes in consumption patterns and to satisfy the needs of consumers.
Uni-President Chain Store provides service all across Taiwan, Penghu, Kinmen, Matsu, and Green Island. These stores form a densely populated service network. With the notion of where there are customers, there is a 7-ELEVEN store, the Company tackles all problems to deliver merchandise to even rural areas for customer satisfaction, and hope the people in all 365 township and villages of Taiwan enjoy a high quality and convenient way of life.
- b. Supply and Demand and Growth of the market in the future:
As of the end of 2010, Uni-President Chain Store gained 51.28% of the market in terms of the number of stores, which made it the champion in the industry and the number one brand in the minds of consumers. Over the years, the Company has made ceaseless effort to strengthen the operational capacity of individual stores, which helped to bring about simultaneous growth of the stores and the Company.
In the future, the operation environment for all sectors will be even more acute and the stores will face more severe challenges. The changeable market reinforced the mentality of consumers in the quest for change. As long as the stores can keep track of the business opportunities deriving from the challenges, the convenience store business in Taiwan will still have the potential for growth.
- c. Competitive Edge:
The convenience store business in Taiwan is highly competitive. With the best use of its advantages and keeping track of the needs of customers, excellence in operation can be achieved. The major competitive advantages of the Company are:
 - (1) Positive corporate image and good brand reputation.
 - (2) Large scale of channels favorable for product development, bargaining, and sales.

- (3) Strong IT system platform and infrastructure with high potential for further development to meet the needs of consumers. More business opportunities can be created.
 - (4) Development of innovative products and services in line with the change in the mode of consumption and the innovative integration of marketing resources and capabilities.
- d. Factors favorable and unfavorable for development and responses:
- (1) Favorable factors:
 - Aging society emerging, late marriage and no children, business opportunities from seniors and singles rising.
 - Full transparency of information, smart consumption is on the rise.
 - Green environment continues its momentum, which triggered off LOHAS business opportunities.
 - The population of smart phone users continues to grow rapidly, which has brought about business opportunities in integrating communication and web services.
 - Tourists from Mainland China are permitted to travel individually in Taiwan and there will be more travelers from the mainland.
 - (2) Unfavorable factors:
 - The market of convenience stores becomes saturated. With the blurred industry boundary, competition becomes highly acute.
 - Skyrocketing raw material prices and the service charges of public utilities push up the cost of operation.
 - Inflation and the decline of real income compels consumers to be conservative in spending.
 - The rise of low-price superstores, which outcompete items at regular prices.
 - (3) Responses:
In responding to rapid change in the consumer market and the new consumption trends, Uni-President Chain Store takes continued effort in innovation and launching differentiated products and services to satisfy the needs of consumers in order to stay ahead of competitors. With the business philosophy of “Diversity of products, superior quality, health guarantee, and hearty service”, the Company properly controls product quality and offers good quality customer service.

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

- a. Utilization: Daily necessities.
- b. Production: None.

2-3 Supply of major raw materials: None.

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

Item	2009				2010				2011 to March 31			
	Name	Amount	Percentage of annual net purchase (%)	Affiliation to the issuer	Name	Amount	Percentage of annual net purchase (%)	Affiliation to the issuer	Name	Amount	Percentage of annual net purchase (%)	Affiliation to the issuer
1	Retail Support International	37,146,595	54	Subsidiary	Retail Support International	40,365,498	51	Subsidiary	Retail Support International	10,404,251	54	Subsidiary
2	Uni-President Cold-Chain Corp	17,257,051	25	Subsidiary	Uni-President Cold-Chain Corp	20,584,012	26	Subsidiary	Uni-President Cold-Chain Corp	4,792,345	25	Subsidiary
3	Wisdom Distribution Service Corporation	8,230,169	12	Subsidiary	Wisdom Distribution Service Corporation	10,989,223	14	Subsidiary	Wisdom Distribution Service Corporation	2,635,514	14	Subsidiary
4	Others	6,132,068	9		Others	7,116,618	9		Others	1,490,641	7	
	Net purchase	68,765,883	100		Net purchase	79,055,351	100		Net purchase	19,322,751	100	

(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: None.**2-6 Sales over the past two years.**

Unit: NT\$1,000

Year	2009	2010
Sales Value	Domestic Sales	Domestic Sales
Main Product Categories	Sales Value	Sales Value
Food services	14,664,708	18,245,698
Publications	13,542,710	16,378,903
Beverages	36,258,243	40,258,322
Non-food	22,863,165	24,679,474
Ordinary food	10,895,189	11,234,105
Others	196,842	322,246
Sales allowance	-39,004	-44,442
Total sales revenue	98,381,852	111,074,306

Note: All product sales are domestic sales; all sales figures are expressed as sales value

3. Human Resources**3-1 Personnel Information**

Year	2009	2010	As of April 29, 2011
No. of Employees	Store Employees	2,258	2,094
	Headquarters	1,773	1,852
	Part-time	2,172	3,579
	Total	6,203	7,525
Average Age	30	29	29
Average Years of Service	7 years	6 years	6 years
Education Level (%)	PhD	—	—
	Master	4.7	3.2
	Bachelor	50.7	48.2
	High School	43.0	47.0
	Others	1.6	1.6



3-2 Training and Development

7-ELEVEN provides a full-range learning environment and training programs so that all employees can have their career development planning. 7-ELEVEN makes every effort to assist employees in personal learning and growth.

a. Individual development planning

President Chain Store Corporation has a tailor-made “Personal Development Plan” made between each employee and his/her immediate superior officer on the basis of the education, experience, work requirement, performance evaluation result, and career development needs to help employees design the best training programs at different stages of learning. This helps all employees to learn and grow with a goal, proper planning, and in discipline so that they can acquire different professional knowledge and skills.

b. Training plan

Provide training programs for a full-range of skills. Further to internal training, the Company also introduces good external training programs to upgrade the quality and competitive power of employees. The programs will be carried out in diversity. In addition to lectures, events, group studies or discussion will be organized depending on the attribution of the programs so that learning will be more alive, vivid, and effective. The online e-Learning programs allow employees to learn effectively at their convenience.

Training hours of the Company in 2010 are shown in the table below.

Tier of internal training in logistics	Person/times of internal training in logistics	Hours of internal training in logistics	Expenses incurred from internal training in logistics	Persons/times in external training	Hours of external trainings	Expenses incurred from external training
245 classes	15,794 persons	148,806 hours	\$35,070,000	200 times	2,378 hours	\$614,000

c. Continuing education channels

In 7-ELEVEN, employees can nurture their learning at any time through the diverse learning channels, including: supervision by supervisors and peers, knowledge management system, external training programs, internal training programs, lectures and seminars, online learning, on-site operation drills, continuing education, library facilities, and digital library.

d. Career development

(1) Opportunities for multiple-channel career development

President Chain Store Corporation has made efforts in the training and development of its employees to its entirety. We fully support employees learning new knowledge and upgrading work skills. Through training programs, online resources and tutorship system, the Company enhances the personal development plan and assists employees to map out their career development plan and the diversity of opportunities for personal growth.

(2) Job Rotation

We encourage our employees to learn a wide array of functions, and learn in different functional departments in order to broaden their horizon and competence in professionalism.

(3) Overseas appointment

While President Chain Store Corporation is seeking for global expansion, it also provides employees the opportunity to assume positions overseas. This unique opportunity allows employees to demonstrate their experience and show their strengths. They may understand the breadth of the world and enhance the competitive power of both the individual and the Company.

4. Environmental Protection and Expenditures

4-1 Environmental (Green) Accounting

Uni-President Chain Store Corporation continues its effort in the promotion of the concepts of environmental protection and LOHAS, and persists in its contribution to corporate social responsibility (CSR). Through the green accounting system, the Company presented related information through financial data, which were compiled into a spending sheet on environmental protection (see the table below). In 2010, the Company had spent NT\$1,057,894,053 in environmental protection, including new investments and expenses in : (1) NT\$270 million spent on environmentally friendly packing materials and inspection; (2) NT\$230 million spent on the introduction of energy efficient and carbon reduction and cooling systems at the stores; (3) NT\$220 million on cleaning up the environment of the stores, creating green belts and treatment of waste; (4) NT\$100 million spent on environmental protection equipment and extending life span of equipment; (5) NT\$130 million spent on green purchase and paper recycling; and (6) NT\$2.42 million spent on holding and participation in social charities. The Company persist its effort in the following: no additives in food, paperless environment, and energy saving at the stores.

4-2 Environmental related expenditures:

a. Table of environmental related expenditures

Unit: NTS

2010	Item	Content	Effect and the efficient use of resources/reduced emission of green house gas	Investment (NTD)	Expense (NTD)	Total
Merchandise	Take into account the safety and effect on the environment of merchandise sales and switched to environmentally friendly materials; use no additives, no artificial flavor to fresh food.	Purchase paper-made lunch box, conduct environmental and general inspection, fresh food inspection.	Protect the health of people		270,469,639	270,469,639
Stores	Pursue energy saving policy	Acquisition of 4,000 units of energy saving appliances, 3,100 units of VF air-conditioners, cooling system for frozen/freezer to 650 stores, and introduction of energy saving lamps to 434 stores.	Energy saving	221,780,000	8,921,105	230,701,105
	Cleaning, handling waste, and resources recycling	Handling waste – worn out uniforms, cleaning up the environment, green belts at the stores, tidy up and removal of kitchen leftovers.	Keep a clean environment, recycling of resources	455,672	220,230,223	220,685,895
	Extend the life span of equipment and building materials.	Introduced steel made cabinets and counters to 604 stores.	Save the chopping of 3,020 trees	6,910,000	695,516	109,722,372
		Other environmental protection equipment (e.g.: renovation and reuse of equipment/rebuilt units of refrigerators) 7,564 units.	Recycled the equipment, rebuilt, and reuse to reduced waste.	26,641,329	75,475,527	
	Purchase green products	Additional 15% of recycling rate of invoices reduced 140 tons of paper. The use of stone papers at the stores to reduce the emission of carbon dioxide up to 940 kg.	Reduced the chopping of trees, reduced the emission volume of carbon dioxide		127,868,880	127,868,880
Social charity	Hold or participate in social charity events	Plantation of trees and road signs for the plantation walkways, promote the idea of Light Down and LOHAS.	Promotion of the concepts of environmental protection and LOHAS		6,511,913	24,196,887
		Organize 7-11 in-depth cleaning up event, and clean up the world, and CSR, and other charity events.	Social charities		17,684,974	
Delivery	Pursue reverse logistics for recycling (recycling business), enhance the efficiency of delivery service and reduce the emission of carbon dioxide.	The input of human resources for the reverse logistic operation at the stores, and the purchase of environmentally friendly coolants.	Reduce carbon emission, the environmentally friendly coolants are 20% more energy efficient than the traditional coolants.		10,926,350	10,926,350
	Handle waste, recycle resources and protect the environment	Environmental inspection, handling waste (spreadsheets, cleanup the environment)	Keep the environment clean		52,995,876	52,995,876
Internal training and promotion in environmental protection	Advocacy and education on environmental protection	Educate and promote different aspects of environmental protection, pursue the paperless policy and organize the cleanup institution.	Promote the idea of environmental protection.		10,327,049	10,327,049
Total				255,787,001	802,107,052	1,057,894,053

b. In 2010, some stores were received noise pollution and waste disposal fines from government environmental agencies totaling NT\$243,988 respectively. Remedial measures: PCSC has instructed all stores to improve and will step up the efforts to ensure that all stores are fully aware of relevant regulations and requirements.

4-3 Benefits of Investments in Environmental Protection:

a. The effect of energy saving for major environmental protection equipment:

(1) Installation of ventilation fans to the air-conditioning systems of stores in 2010

Ventilation fans were added to 1,612 stores alongside the existing air-conditioning systems with investment amounting to NT\$6.448 million and which helped to save electricity at 409,400 kW/h/month and 4,912,800 kW/year.



(2) Introduction of energy saving appliances in 2010

These appliances were introduced to 84 stores at the cost of NT\$5.88 million, which helped to save electricity of 113,400 kW/h/month and 1,360,800 kW/h/year.

(3) Introduction of steel cabinets and counters in 2010

Introduced 604 sets of such equipment at the cost of NT\$48.32 million, which helped to reduce the cutting of 3,020 trees. Previously, wood cabinets and counters were used. Wood made equipment required the cutting of a large number of trees and the life span of this equipment is short and the equipment cannot be recycled and reused. Steel cabinets and counters have much longer life spans and can be recycled and reused.

(4) Introduction of VFD to refrigerators without such function in 2010

Installation of VFD to 1,000 stores at the cost of NT\$ 35 million, which helped to save electricity of 682,000 kW/h/month and 8,184,000 kW/h/year.

(5) Keep the hanging lamps and lighting for the arcade off during daytime and reduced the lighting at the arcade and the sign boards in 2010

A total of 4,100 participated in this campaign with investment of NT\$24.6 million in the period of 2008-2009, which helped to save electricity of 27,060,000 kW/h/year.

(6) Introduction of 32 W sunlight bulbs to the stores and the lighting system of the arcade in 2010

These facilities were introduced to 1,295 stores, which helped to save electricity of 595,700 kW/h/month and 7,148,400 kW/h/year.

(7) Switch all tungsten light bulbs to energy saving bulbs/all coffee light boxes were lit by LED lights

A total of 4,500/4,000 stores participated in the change, which helped to save electricity of 419,300 kW/h/month and 5,031,600 kW/h/year.

(8) Discontinuation/dormant of Slurpee machine in low season of 2010

A total of 1,331 stores participated in the event, which helped to save electricity of 487,100 kW/h/month and 5,845,200 kW/h/year.

b. Protect the consumers in food safety:

For the peace of minds of consumers in eating, and protecting their health, each item of fresh food is subject to strict inspection for additive-free, microorganism-free and safe packing materials before launching to market. In 2010, we spent NT\$ 11.35 million in inspection for 300 items of additive-free food.

4-4 Corrective Action:

The Company has demanded all stores to take corrective action and commit further effort in education of related rules and regulations.

4-5 Information on RoHS of EU:

The Company and its subsidiaries do not sell directly or indirectly to Europe, and is not involved in any way of RoHS.

5. Labor-Capital Relations

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

(1)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 of labor and capital. 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 offers benefits such as self-select benefit program, overseas trips for senior employees, health examination, employee stock ownership plans, club subsidies, library centers, discount purchasing, 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. (2)For assisting employees in effective and efficient management of their work, living, and health, and enable all employees to be physically and mentally healthy and positive interpersonal relation, the Company started to commission the Teacher Chang Foundation in 2009 to provide consultation service and organizing psychological health colloquium for employees. (3)In 2010, we hope to care for our colleagues more enthusiastically. Therefore, we established the "Happy Cooperation Club" in May of 2010, gathered 24 volunteers, and accomplished 227 caring cases.

- c. 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,
- d. Safe and harmonious workplace
PCSC provides its employees with a safe and harmonious workplace that encourages positive interactions between male and female employees, and a set of related crisis management policies have been defined.
In addition, President Chain Store Corporation will duly comply with the “Labor Safety and Health Law” in materializing its self-motivated management:
 - (1) Establish the safety and health organization:
Establish the Safety and Health Committee and the Labor Safety Office to study and implement labor safety and health issues.
 - (2) Enforcement of safety and health regulation:
The Company will institute related system in accordance with the Labor Safety and Health Law for the compliance of employees:
 - (3) Provide education, training, and drill on labor safety and health:
Provide education and training for the new recruits and employees, and hold “response to emergency” exercise drill regularly so that all employees learn the skills of escape from disasters.
 - (4) Conduct safety and health inspection:
 - a. Check to detect any unsafe facility and make improvement.
 - b. Inspect and test the indoor air quality, water quality, lighting, and conduct disinfection regularly.
 - (5) Health Care:
Effective the day of reporting to duties, each employee will be covered by group accident insurance, life insurance, and medical insurance. In addition, assistance for physical examination will be provided.
 - (6) Events for safety and health:
The Company prepares “cases of education on occupational hazards” regularly to remind employees of labor safety and health.
- e. 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 every 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-Capital 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 an on-line discussion forum 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 behaviors.

- (1) Employees cannot embezzle public funds 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 managers or treat managers for meals; however, managers 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-Capital 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 29, 2011

Contract Type	Contracting Party	Term of Agreement	Summary	Restrictive Clauses
regional licensing agreement	7-ELEVEN, Inc..	July 20, 2000 ~ Perpetuity	1. During the term of the agreement, PCSC is authorized by 7-ELEVEN Inc. to operate its convenience store chain business in the licensed areas, and has the right to use the 7-ELEVEN franchise system, logos, business know-how, trademarks and service marks. 2. PCSC is required to pay royalties 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 to continue with the operation of its convenience store business during the period of one year after the termination of the contract.
Long-term loan agreement	Far Eastern International Commercial Bank	Feb 08, 2010 ~ May 08, 2011	Credit line of NT\$20 million	None
Long-term loan agreement	Bank of Nova Scotia	Spe 21, 2009 ~ Spe 21, 2011	Credit Line of NT\$1 billion	None
Long-term loan agreement	Mega International Commercial Bank	Jan 26, 2010 ~ Jan 25, 2012	Credit line of NT\$900 million	None
Long-term loan agreement	Mega International Commercial Bank	Jan 26, 2010 ~ Jan 25, 2012	Credit Line of NT\$1 billion	None
Long-term loan agreement	Chang Hwa Bank	Jan 01, 2010 ~ Feb 28, 2012	Credit line of NT\$500 million	None
Long-term loan agreement	Bank of Taiwan	Apr 20, 2010 ~ Apr 20, 2012	Credit Line of NT\$1 billion	None
Long-term loan agreement	Bank of Taiwan	Apr 20, 2010 ~ Apr 20, 2012	Credit Line of NT\$300 billion	None
Long-term loan agreement	Hwa Nan Commercial Bank	Jun 11, 2010 ~ Jun 11, 2012	Credit Line of NT\$1.5 billion	None
Long-term loan agreement	First Bank	Jun 18, 2010 ~ June 18, 2012	Credit Line of NT\$1.5 billion	None
Long-term loan agreement	Bank SinoPac	Jun 30, 2010 ~ Jun 30, 2012	Credit Line of NT\$1.5 billion	None
Long-term loan agreement	HSBC	July 01, 2010 ~ Jun 30, 2013	Credit Line of USD 7 million	None
Long-term loan agreement	The Agricultural Bank of Taiwan	Aug 31, 2009 ~ Aug 31, 2012	Credit line of NT\$500 million	None
Long-term loan agreement	E.SUN Bank	Sep 08, 2010 ~ Sep 08, 2012	Credit line of NT\$300 million	None
Long-term loan agreement	Taipei Fubon Bank	Oct 15, 2010 ~ Oct 15, 2012	Credit Line of NT\$1.4 billion	None
Long-term loan agreement	Mizuho Corporate Bank	Oct 27, 2010 ~ Oct 27, 2012	Credit line of NT\$500 million	None
Long-term loan agreement	Cathay Commercial Bank	Oct 29, 2009 ~ Oct 29, 2012	Credit line of NT\$600 million	None
Long-term loan agreement	China Trust Commercial Bank	Sep 01, 2010 ~ Jan 04, 2013	Credit line of NT\$1.6 billion	None
Long-term loan agreement	Bank of Tokyo-Mitsubishi UFJ	July 02, 2010 ~ July 15, 2013	Credit line of NT\$690 million	None
Long-term loan agreement	Mizuho Corporate Bank	Spe 28, 2010 ~ Spe 28, 2013	Credit Line of NT\$1 billion	None
Long-term loan agreement	Tai Shin International Commercial Bank	Dec 31, 2010 ~ Dec 31, 2013	Credit line of NT\$500 million	None

VI. FINANCIAL INFORMATION

1. Five Year Brief Balance Sheet and Income Statement

1-1 Brief Balance Sheet

Unit: NT\$1,000

Year \ Item		Five Year Balance Sheet Summary (Note 1)					As of March 31, 2011 (Note 1)
		2006	2007	2008	2009	2010 (Note 2)	
Current Assets		7,884,320	13,351,641	16,919,915	16,917,006	18,319,352	19,649,317
Funds & Long-Term Investments		19,248,498	19,277,238	19,847,572	21,280,468	20,750,019	20,684,172
Fixed Assets		6,851,322	7,644,534	7,803,868	7,619,825	7,764,809	7,834,973
Intangible Assets		73,097	90,380	273,206	282,820	171,030	134,907
Other Assets		2,261,529	2,273,719	2,286,031	2,260,643	2,266,648	2,279,101
Total Assets		36,318,766	42,637,512	47,130,592	48,360,762	49,271,858	50,582,470
Current Liabilities	Before Distribution	17,293,024	17,550,683	19,242,516	19,746,529	21,492,215	22,892,352
	After Distribution	20,805,742	20,772,612	22,575,801	23,744,568	Not yet distributed	Not yet distributed
Long-Term Liability		1,114,994	6,700,000	9,100,000	7,100,000	5,000,000	3,500,000
Other Liabilities		1,927,574	2,132,349	2,340,433	2,593,381	2,567,442	2,565,128
Total Liabilities	Before Distribution	20,335,592	26,383,032	30,682,949	29,439,910	29,059,657	28,957,480
	After Distribution	23,848,310	29,604,961	34,016,234	33,927,682	Not yet distributed	Not yet distributed
Capital		9,151,604	9,151,604	9,151,604	10,396,223	10,396,223	10,396,223
Capital Reserve		—	—	—	5,082	5,082	5,082
Retained Earnings	Before Distribution	6,465,423	6,575,118	6,872,870	7,820,448	9,803,565	11,542,928
	After Distribution	2,952,705	3,353,189	3,539,585	3,822,409	Not yet distributed	Not yet distributed
Unrealized Revaluation Increments		359,191	469,191	54,010	52,646	51,281	50,940
Unrealized Gains (Loss) from Financial Products				258,551	595,033	234,124	-78,014
Accumulated Translation Adjustments		6,956	58,567	110,608	56,081	-222,559	-236,654
Net Loss Not Recognized as Pension Cost		—	—	—	-4,660	-55,514	-55,515
Shareholders' Equity	Before Distribution	15,983,174	16,254,480	16,447,643	18,920,852	20,212,201	21,624,990
	After Distribution	12,470,456	13,032,551	13,114,358	14,922,813	Not yet distributed	Not yet distributed

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2011 is reviewed by external auditors.

(Note 2) As of the publication date of the Annual Report, the Annual Shareholders' Meeting has not yet decided on the earnings distribution of 2010.

1-2 Brief Income Statement

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

Year \ Item		Five Year Income Statement Summary (Note 1)					As of March 31, 2011 (Note 1)
		2006	2007	2008	2009	2010	
Revenue		\$99,979,618	\$102,363,841	\$102,191,258	\$101,756,386	\$114,663,893	28,284,073
Gross Profit		30,242,681	31,744,297	32,734,914	32,965,767	35,922,611	8,963,896
Operating Profit		4,514,001	4,853,533	4,606,927	4,893,463	5,527,488	1,505,245
Non-Operating Income		903,954	907,093	1,049,786	1,363,859	1,931,706	587,271
Non-Operating Expenses		360,367	950,560	1,274,969	1,613,582	830,258	53,807

Item \ Year	Five Year Income Statement Summary (Note 1)					As of March 31, 2011 (Note 1)
	2006	2007	2008	2009	2010	
Pre-tax Income from Continuing Operation	5,057,588	4,810,066	4,381,744	4,643,740	6,628,936	2,038,709
After-tax Income from Continuing Operation	3,821,955	3,622,413	3,519,681	4,059,124	5,725,757	1,739,362
Profit/loss of discontinued operation	—	—	—	—	—	—
Contingent profits/loss	—	—	—	—	—	—
Accumulated Adjustments due to Changes of Accounting Principles	373	—	—	—	—	—
Net Income	3,822,328	3,622,413	3,519,681	4,059,124	5,725,757	1,739,362
Earnings per Share (NT\$)	4.18	3.96	3.85	3.90	5.51	1.67

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2011 is reviewed by external auditors.

(Note 2) As of the publication date of the Annual Report, the Annual Shareholders' Meeting has not yet decided on the earnings distribution of 2010.

1-3 Auditors' Opinions in Recent Five Years

Year	Audit Firm	Name of CPAs		Name of CPAs
2006	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Modified Unqualified
2007	PRICEWATERHOUSECOOPERS	Tsai Chin-Pao	Chen, Mei Tzu	Modified Unqualified
2008	PRICEWATERHOUSECOOPERS	Chang Ming-Huei	Tsai, Chin Pao	Tsai, Chin Pao
2009	PRICEWATERHOUSECOOPERS	Chang Ming-Huei	Tsai, Chin Pao	Tsai, Chin Pao
2010	PRICEWATERHOUSECOOPERS	Chen, Mei Tzu	Tsai, Chin Pao	Modified Unqualified
2010 Q1	PRICEWATERHOUSECOOPERS	Chen, Mei Tzu	Tsai, Chin Pao	Opinion Reserve

Note: The financial report for the first quarter of 2011 is reviewed by auditors. However, the profits and losses for the long-term 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 Report Reserve

1-4 Changes of External Auditors in the Past Five Years:

Due to the internal job rotation of PRICEWATERHOUSECOOPERS, Taiwan, Mr. Tsai Chi-Pao and Miss Chen Mei-Chi, CPAs, were the external auditors of the Company since July 1, 2007. In 2008, Mr. Chang Ming-Hui and Mr. Tsai Chin-Pao, CPAs, were the external auditors of the Company. From 2010 onward, the external financial auditors of the Company are Miss Chen Mei-Chi and Mr. Tsai Chin-Pao, CPAs.

2. Five Year Financial Analysis

Item \ Year	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2011 (Note 1)
	2006	2007	2008	2009	2010	
Financial Structure	Debt to Assets (%)	55.99	61.88	65.10	60.88	57.25
	Long-Term Capital to Fixed Asset (%)	249.56	300.27	327.37	341.49	324.70
Liquidity	Current Ratio (%)	45.59	76.07	87.93	85.67	85.24
	Quick Ratio (%)	23.82	54.22	66.98	67.42	70.91
	Interest Coverage	74.54	56.18	29.41	112.91	195.94
Operating Performance	Accounts Receivable Turnover (times) (Note 2)	—	—	—	—	—
	Average Collection Days (Note 2)	—	—	—	—	—
	Inventory Turnover (times)	24.42	24.00	22.09	22.05	26.79
	Accounts Payable Turnover (times)	10.20	9.62	7.91	6.06	7.84
	Average Inventory Turnover Days	15.00	15.00	17.00	17.00	14.00
	Fixed Assets Turnover (times)	14.59	13.39	13.09	13.35	14.77
	Total Assets Turnover (times)	2.75	2.40	2.17	2.08	2.33



Item			Year	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2011 (Note 1)
				2006	2007	2008	2009	2010	
Profitability	ROA (%)			11.08	9.34	8.10	8.57	11.78	3.51
	ROE (%)			24.54	22.47	21.53	22.95	29.26	8.29
	Ratio to Paid-in Capital (%)	Operating Income		49.32	53.03	50.34	47.07	53.17	13.76
		Pre-tax Profit		55.26	52.56	47.88	44.67	63.76	18.64
	Net Margin (%)			3.82	3.54	3.44	3.99	4.99	6.15
Cash Flow	EPS (NT\$)			4.18	3.96	3.85	3.90	5.51	1.67
	Cash Flow Ratio (%)			52.59	34.67	28.49	37.70	34.72	33.38
	Cash Flow Adequacy (%)			99.63	103.09	89.68	101.03	108.83	128.60
	Cash Flow Reinvestment Ratio (%)			22.05	8.43	6.68	13.97	21.59	19.10
Leverage	Operating Leverage			2.07	1.86	1.93	1.78	1.81	1.75
	Financial Leverage			1.02	1.02	1.03	1.01	1.01	1.01

Please explain the reason for changes of financial ratios over the past two years.

- Interest Converge: the main reason was the partial retirement of long-term bank loans, in 2010 which helped cut down interest expense .
- Inventory turnover (times); mainly because of the increase in revenue that pushed up the cost of sales.
- ROA (%): mainly because of the growth of profit in this year.
- ROE (%): mainly because of the growth of profit in this year.
- Earning before tax/paid-in stock (%): mainly because of the growth of profit in this year.
- Net profit rate (%): mainly because of the growth of profit in this year.
- Earnings per share (\$): mainly because of the growth of profit in this year.

- Cash flow reinvestment ratio (%): mainly because of the cash flow from operation in 2010 grew substantially from the same period of the previous year.

(Note 1) All the annual financial information is audited by external auditors. Information regarding the first quarter of 2011 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 Assets = 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

■ Operating Performance

- (1) Average Accounts Receivable Turnover (including accounts receivable and notes receivable due to business activities) = net sales / average accounts receivable (including accounts receivable and notes receivable due to business activities)
- (2) Average Collection Days= 365 / average accounts receivable turnover
- (3) Inventory Turnover = cost of goods sold / average inventory
- (4) Average Accounts Payable Turnover (including accounts payable and notes payable due to business activities) = cost of goods sold / average accounts payable (including accounts payable and notes payable due to 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 after tax + interest expense × (1 – effective tax rate)] / average total assets
- (2) Return on Equity = net income after tax / average shareholders' equity
- (3) Net Margin = net income after tax / net sales
- (4) Earnings per Share = (net income after tax – 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 2010 annual report disc for supervisor's report of the most recent year.

4. Financial Report of Recent Years:

Please refer to attached 2010 annual report disc for financial report of the most recent year.

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

Please refer to attached 2010 annual report disc for consolidated financial statements and independent auditor's report of the most recent year.

6. Any financial difficulties during the most recent year and as of March, 31, 2011 for the Company and its affiliates:

None.

VII. FINANCIAL STATUS, OPERATING RESULTS & RISK MANAGEMENT

1. Financial Position:

Unit: NT\$1,000

Item	Year	2009	2010	Variance	
				Difference	%
Current Assets		16,917,006	18,319,352	1,402,346	8.29%
Long-Term Investments		21,280,468	20,750,019	(530,449)	-2.49%
Fixed Assets		7,619,825	7,764,809	144,984	1.90%
Intangible Assets		282,820	171,030	(111,790)	-39.53%
Other Assets		2,260,643	2,266,648	6,005	0.27%
Total Assets		48,360,762	49,271,858	911,096	1.88%
Current Liabilities		19,746,529	21,492,215	1,745,686	8.84%
Long-Term Liabilities		7,100,000	5,000,000	(2,100,000)	-29.58%
Other Liabilities		2,593,381	2,567,442	(25,939)	-1.00%
Total Liabilities		29,439,910	29,059,657	(380,253)	-1.29%
Capital		10,396,222	10,396,222	—	—
Capital Reserves		5,082	5,082	—	—
Retained Earnings		7,820,448	9,803,565	1,983,117	25.36%
Total Shareholders' Equity		18,920,852	20,212,201	1,291,349	6.83%

1-1. Variance analysis for deviations over the last two years

- The decrease in intangible assets: due to the less software cost.
- The decrease in long-term liabilities: primarily due to the partial retirement of long-term loans.
- The increase in retained earnings: primarily due to the growth of profitability in 2010.

1-2. Effect of the changes in financial position in the last 2 years: the aforesaid changes did not affect the Company significantly.

1-3. Future strategy: the working capital generated from operation and part of the capital financed by financial institutions is sufficient to support the needs of the Company in operations.

2. Operating Result:

Unit: NT\$1,000

Item	Year	2009	2010	Variance	
				Difference	%
Revenue		101,756,386	114,663,893	12,907,507	12.68%
Gross Profit		32,965,767	35,922,611	2,956,844	8.97%
Operating Expenses		28,072,304	30,395,123	2,322,819	8.27%
Operating Profits		4,893,463	5,527,488	634,025	12.96%
Non-Operating Income		1,363,859	1,931,706	567,847	41.64%
Non-Operating Expenses		1,613,582	830,258	(783,324)	-48.55%
Pre-tax Income of Continuing Operations		4,643,740	6,628,936	1,985,196	42.75%
Income Tax		584,616	903,179	318,563	54.49%
Net Income		4,059,124	5,725,757	1,666,633	41.06%

2-1. Explanation for Variance

- Increase in operating income: mainly because of the supply of new products and services by the Company helped to increase the gross profit and effective control over the cost of operation.
- Increase in non-operating incomes and profits: primarily because of the growth of profitability due to the long-term investments.
- Increase in non-operating expenses and loss: SFAS No. 34 requires the recognition of impairment loss in book on investments decreased.
- Increase in net profit: mainly because of the growth of profitability due to the main business and long-term investments.

2-2. The projection of sales volume in the next year and the reference, and the possible effect on the financial positions and operation of the Company, and the counteraction plan: the Company adopts different innovative and differentiated products and services to maintain sustained growth in operation.



3. Cash Flow

3-1 Cash Flow Analysis for This Year:

Unit: NT\$1,000

Cash Balance at Beginning of Year 2010	Net Cash Inflow from Operating Activities	Net Cash Outflows Throughout the Year	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
5,303,500	7,461,739	(8,139,231)	4,626,008	—	—

1. Operating Activities: net cash inflow from operation amounted to NT\$ 7.462 billion mainly because the Company had stable profit and therefore stable stream of cash from operation.
2. Investing Activities: net cash outflow to investments amounted to NT\$ 2.263 billion mainly because of the increase in long-term equity investments and the procurement of fixed assets for business operation.
3. Financing Activities: net cash outflow to financing amounted to NT\$ 5.876 billion mainly because of the partial retirement of long-term bank loans and payment of cash dividends.

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

3-3 Cash Flow Analysis for the Coming Year:

Unit: NT\$1,000

Cash Balance at Beginning of Year 2011	Projected Cash Inflow from Operating Activities Throughout the Year	Projected Net Cash Outflow Throughout the Year	Anticipated Cash Surplus (Shortage)	Remedies for Cash Shortfall	
				Investment Plans	Financing Plans
4,626,008	6,504,371	(6,443,873)	4,686,506	—	—

- a. From operation: stable revenue is expected in 2011, which can bring in net cash inflow.
- b. From investment: mainly for the payment of the purchase of fixed assets and the increase in long-term equity investments.
- c. From financing: mainly expected payments of cash dividends.

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				
				2008	2009	2010	2011	2012
Investments in New Stores	Working capital and loans	Annual	5,509,282	662,490	466,142	951,886	2,000,935	1,427,829
P.O.S. (Point-of-Sale) Equipment	Working capital and loans	Annual	234,945	48,230	25,800	26,104	74,895	59,916
Remodeling of Existing Stores	Working capital and loans	Annual	1,443,004	125,880	192,866	475,597	360,367	288,294
Equipment Purchases/Replacement for Stores	Working capital and loans	Annual	2,563,096	734,310	275,689	753,153	444,413	355,531

4-2 Estimated Benefits

a. Anticipated Increase in Sales and Gross Profits

Unit: NT\$1,000

Year	Item	Sales	Gross Profit
2011	New Store Investments	3,136,408	969,558
2012	New Store Investments	3,173,668	987,106
2013	New Store Investments	3,189,887	989,504
2014	New Store Investments	3,192,071	990,711
2015	New Store Investments	3,203,612	1,006,293

b. Other Potential Benefits

Capital expenditure in this year was mainly for upgrading the store format with the expectation of the following benefits:

- (1) Increase more seats to provide more comfortable living space for customers.
- (2) Provide more shopping areas in stores and a higher diversity of services so that customers can have a new consuming experience in convenience stores.

5. Long-Term Investments:

5-1 Long-Term Investment Policies and Plans:

(1) Direct Investment Policy and Plan:

Uni-President Chain Store Corporation invests in a wide array of businesses, including convenience stores, food and beverages, cosmetics and pharmacies, department stores, superstores, and online shopping networks, and in a number of regions, namely, Taiwan, Mainland China, the Philippines, and Vietnam. The Company continues to introduce good quality business in order to give consumers a wealth of experience in their daily lives. In 2010, Uni-President Chain Store Corporation introduced the brands of SATO and Royal Host of Shanghai to make its portfolio of investment in food and beverages complete. Further, the Uni-Hankyu Department Store opened its Taipei store in October 2010. Positioned as the department store for the beauties, the opening of this store will give consumers a brand new shopping experience.

5-2 Main reasons for profit or loss of direct investments:

Major long-term investment of the Company in 2010:

Currency unit: in 1,000 NTD

Item	Year	Amount invested in 2010	Main reason for profit/loss
Uni-President Department Store		560,000	At the initial stage of operation and the mode of operation for profit is yet to be developed. The operation still suffers loss.
President International Development Corporation		120,000	At the initial stage of operation and the mode of operation for profit is yet to be developed. The operation still suffers loss.
Sato Restaurant Systems Co., Ltd.		48,600	At the initial stage of operation and the mode of operation for profit is yet to be developed. The operation still suffers loss.
Sato Restaurant Systems Management (Shanghai) Co., Ltd.		16,950 (note)	At the initial stage of operation and the mode of operation for profit is yet to be developed. The operation still suffers loss.
Royal Host Shanghai		32,280 (note)	At the initial stage of operation and the mode of operation for profit is yet to be developed. The operation still suffers loss.

(Note) President Chain Store (BVI) Holdings Ltd. 100% owned by the Company invested Sato Restaurant Systems Management (Shanghai) Co, Ltd. and Royal Host Shanghai in 2010.

5-3 Improvement plan for the direct investments and the investment plan in the next year

The Company will adjust its mode of operation in the direct investments which are still not making profits, including the improvement of product portfolio, effective cost control, and upgrade of operation efficiency.

The planned long-term investments in 2011 are shown in the table below:

Company	Notes	Planned investment amount in 2011
President Chain Store Corporation (Shanghai)		\$ 384 million
Mister Donuts Shanghai		\$ 56 million
PCSC Afternoon Tea Shanghai		\$ 31million

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 investments and operational decisions. President's office 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 managers, 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 / Deflation; Proposed Responding Measures:

- (1) Interest rate fluctuation:

Global economic recovery helped to boost overseas demand. The Directorate-General of Budget, Accounting and Statics of the Executive Yuan announced economic growth of 10.82% in 2010, and projected growth at 5.04% in 2011. The situation of the labor market also improved in the wake of economic recovery. The continued rising cost of imported materials started to be reflected in the prices of related retailing items in the country. As such, the Central Bank started to raise the interest rate in June 2010. In response, the Company will pay close attention to the trend of the interest rate, further negotiate with financial institutions on the cost of capital and make use of other capital markets as channels for financing, and make every effort to control the cost of financing using the lowest rates in the market.

- (2) Exchange rate fluctuation: most sales and purchases of the Company are settled in NT dollars. Imports accounted for just a marginal portion of its total sales. As such, exchange rate fluctuation did not cause significant influence to the income status of the Company.

- (3) Inflation:

The CPI in 2010 was 0.96%. The Directorate-General of Budget, Accounting and Statistics projected the CPI of 2011 at 2.18% due to the recent surge of the cost of materials imported and further rises in consumer prices are expected.

Response: The Company has made effort to adjust the product portfolio and improve the gross margin and pursued a diversified marketing strategy to reduce the rising cost due to inflation and mitigate the effect on the operation of the Company.

- 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:

■ Loans to others: None

■ 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 of Endorsement	Relations	Outstanding Balance of Endorsement in 2010		Outstanding Balance of Endorsement as of March 31, 2011	
Retail Support International	Business transactions	NT\$	600,000,000	NT\$	0,000
Uni-President Department store	Subsidiary	NT\$	1,034,000	NT\$	2,148,000
Wisdom Distribution Service Corporation	Subsidiary	NT\$	50,000,000	NT\$	50,000,000
21 century	Subsidiary	NT\$	60,000,000	NT\$	60,000,000
Q-Ware Systems and Services Corp.	Mutual investee	USD\$	22,540,000	NT\$	22,540,000

Note: This company limits its endorsements and guarantees to 50% of its net worth, with endorsements and guarantees granted to a single business limited to 20% of its net worth.

■ Derivatives: The Company is not engaged in any derivative trade

(3) Proposed Responding Measures:

- a. The Company adopts the risk control and hedging policy aiming at the aversion of operation risk. For this end, the Company establishes the hedging position in the conduct of derivative trade and selects products for purpose of hedging the risks deriving from the interest expenses incurred from the operation, assets or liabilities.
 - b. The treasury function of the Company is responsible for monitoring and managing the position of derivative trade and conducts routine market evaluation. If there is any unusual situation of trading or income position, the Company will take the necessary action and report to the Board immediately. In addition, the Company also conducts routine evaluation on the performance of derivative trade to ensure it follows the operation strategy and that the risks are controlled within the toleration threshold.
- c. R&D in the future and projected budget for R&D:
- (1) Easy Card icash bonus point system: For earning the loyalty of customers, the Company seeks to expand the scope of the Easy Card icash bonus points. This can be integrated with relevant marketing plans to strengthen the competitive power of the stores and bring in profit.
 - (2) Buttress the ibon system: The Company plans to upgrade ibon to become the core of community service in daily lives through integration with virtual and reality settings, and strengthen the application of online web services and mobile phones.
 - (3) Digital marketing platform: The Company will track down the latest technology and use the rapid growth of social media to develop and promote the ePop and Mobile APP. At the same time, the Company will speed up the integration of the functions among these systems and links to the traditional media.
 - (4) Gift cards: Create better business opportunities for making merchandise for cards. This form of gift card will be used as a personal gift or as a marketing tool.
 - (5) In 2011, R&D expenses are estimated at NT\$166 million.
- d. Changes in major policies and laws in the country and overseas, and the effect on the financial position and operation of the Company, and the counteraction plan:
- (1) The Company has properly responded to recent changes in the policies and the legal environment of the country and abroad. All these changes did not significantly affect the financial position and operation of the Company
 - (2) In preparing for the introduction of the IFRS standards in 2013 to companies listed in TSE/GreTai, the Company has established a cross-function team in 2009. This team shall be responsible for mapping out relevant plans for different enterprises of the group in line with the changes. The Company also established a cross-function legal identification team to keep track of the latest changes in the legal environment.



- (3) In response to the promulgation of the "Regulations for the Establishment and the Authority of the Salaries and Remunerations Committee of Companies Trading in the TSE or GreTai Market" and the "The Scope of Application of Public Companies in the Establishment of Independent Directors" , the Company has already started planning and working on the establishment of the salaries and remunerations committee and the introduction of independent directors.
- e. The effect of technological and industrial changes on the financial position and operation of the Company, and the counteraction plan:
The Company has paid close attention to the changes in the e-business, the development of telecommunications, and consumer banking and related technologies. The changes in previous years did not cause significant influence to the financial position and operation of the Company.
- f. The Company is dedicated to offering reliable, convenient and top quality products and services to the public at a standard beyond national requirements for protecting the rights and privileges of consumers. Uni-President Chain Store proactively participates in social charities and environmental protection in performing its responsibilities as a corporate citizen in good standing and moving toward the goal of constant growth. In both 2005 and 2006, the Company won the 1st "Corporate Social Responsibility" Award by Global Views Magazine. In 2007, the Company was conferred the "Corporate Citizen Award" by CommonWealth Magazine among 1100 other enterprises, and was the only company in the general line wholesale sale & retail industry that won such award. In October of the same year, Uni-President Chain Store won third place in the "Top 10 Benchmark Enterprises of Taiwan" by CommonWealth Magazine, behind only TSMC and Honhai. One could say the Company is the most outstanding enterprise in the service sector. In 2008, the Company was once again conferred the "Corporate Citizen Award" by CommonWealth Magazine and the "Corporate Social Responsibility Award" by Global Views Magazine in recognition of its efforts in corporate commitment, social participation, and environmental protection .
- g. Expected result and possible risks of mergers, and the counteraction plan: not applicable.
- h. Expected result and possible risks of capacity expansion, and counteraction plan: not applicable.
- i. The risks derived from buying and selling to particular enterprise: not applicable.
- j. The effect and risks derived from the massive transfer of shares by or replacement of directors, supervisors, or shareholders holding more than 10% of the shares of the Company, and counteraction plan: not applicable.
- k. The effect and risks derived from the change in the management of the Company, and counteraction plan: not applicable.
- l. For law suits or non-litigation matters, specify the directors, supervisors, presidents, the deputy agent, shareholders holding more than 10% of the shares of the Company, and subsidiaries involving in sentenced or pending cases of litigation, non-litigation matters or administrative contentions, and those that may cause significant influence on shareholders' equity or stock prices. Disclosure of the facts of the contention, the amount concerned, the date of legal proceeding, major parties involved, and the status as of the date this report was printed: Not applicable.
- m. Other major risks and counteraction plan: none.

7. Other Supplements: None

VIII. SPECIFIC NOTES

1. Affiliates Information:

1-1 Consolidated Business Report of Affiliates, 2010: Please refer to the attached 2010 annual report disc.

1-2 Affiliation Report, 2010: Please refer to the attached 2010 annual report disc.

2. Private Placement Securities:

None (in the most recent year and up to the published date of this Annual Report)

3. Balance of PCSC Securities Acquired, Disposed of and Held by Subsidiaries :

None (in the most recent year and up to the published date of this Annual Report)

4. Other Necessary Supplements: None

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

In the most recent year and up to the published date of this Annual Report, PCSC has not experienced any events 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

	2009	2010
Net operating margin (%)	4.81%	4.82%
Net profit margin (%)	3.99%	4.99%
EPS (NT\$)	3.90	5.51
ROE (%)	22.95%	29.26%
Inventory turnover (times)	22.05	26.79

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

2-1 Provisions for doubtful accounts and devaluation of inventory and bad debts

Assets and liabilities subject to revaluation	Reference for revaluation	Basis for evaluation
Provision for doubtful accounts	Aging analysis method.	Account receivables overdue for more than one year and are difficult to recover are recognized as doubtful accounts (100%)
Provisions for devaluation of inventory and bad debts	Lower of cost and market method (replacement cost or net realizable value)	The method of purchase cost and retailing price estimation is based on SFAS No. 10.

2-2 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 gains or losses of the period. The fair values of listed shares are measured by the closing prices in open market on the balance sheet date. The fair values of open-end funds are measured by the net asset value 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) Impairment losses are recognized when there is objective evidence of impairment. When the amount of the impairment decreases afterwards, the decrease in impairments of equity product are recognized as adjustments to shareholders' equities.

c. 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) Impairment losses are recognized when there is objective evidence of impairment. The amount of impairment is irreversible.

d. 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 valued 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. Amortization of impairment loss on goodwill during the previous year is not allowed to adjust. For the investees that the Company owns over 50% of the voting rights or have control power, they should be valued under the equity method and be included in the consolidated statements for the interim and annual consolidated financial reports. Starting from January 1, 2009, quarterly consolidated financial statements have also been compiled in the first and third quarter of each year.
- (2) For the long-term Investments in which the Company exercises significant influence but has no control power, the recognition of investment losses has the upper limit of the book value of investments in the investees and the advanced amounts to the investees reaching 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 shareholding.
- (3) For offshore investments valued under the equity method, cumulative translation adjustment resulting from translating the offshore investee's financial statement is recognized as adjustment to shareholder's equity of PCSC.

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 gains (losses) of the period. 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 gains (losses) of the period.

b. Cash Flow Hedging:

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

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): 1

Enterprise Internal Control Basic Ability Exam: 7

Certified public accountants (CPA): 1

Project Management Professional (PMP): 1

4-2 Professional training of employees:

Accounting managers: Publicly Traded Company Finance and Accounting Administrator

Professional Certificate Course (12 hours)