

PRESIDENT CHAIN STORE CORP.

General shareholders' meeting 2010

Parliamentary Manual



June 15, 2010

PRESIDENT CHAIN STORE CORP.

General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2009

I. Agenda

Time: 9:00 a.m. on June 15, 2010 (Tuesday)

Place: Education & Training Center at 1F., No.301, Jhongheng Rd., Yongkang City, Tainan County

I. Parliamentary procedure:

(I) Opening Announcement (Report equity represented by attendance)

(II) Chairperson's speech (skipped)

(III) Report

1st motion

Cause of motion: Report on operation in 2009

2nd motion

Cause of motion : Supervisors' review report for the statement of final accounts in 2009.

3rd motion

Cause of Motion: Report of the Company's investment in Mainland China.

4th motion

Cause of Motion: Report on the Impairment of assets in 2009.

(IV) Ratification and Discussion

1st motion

Cause of Motion:. (Proposed by the Board)

1nd motion: Please ratify the statement of final accounts in 2009.

2nd motion: Please resolve the earning distribution in 2009.

3th motion: Please resolve amendment of the Company's Memorandum of Association.

4th motion: Please resolve amendment of secure and dispose of Assets.

(V) Preliminary motions

(VI) Dissolution

II. Report

1st motion

Cause of motion: Report on operation in 2008.

Content: Report on operation of the Company in 2009 is shown on page 10-11 (Appendix I).

2nd motion

Cause of motion : Supervisors' review report for the statement of final accounts in 2009.

Content: 1. The statement of final accounts of the Company in 2008 was audited by certified public accountants and reviewed by the supervisors with the issuance of supervisors' review report.

2. The supervisors' review report is shown on page 12~13 (Appendix II).

3rd motion

Cause of Motion: Report of the Company's investment in Mainland China.

Content: Investment by the Company in Mainland China as of December 31, 2009 is shown on page 14 (Appendix III).

4th motion

Cause of Motion: Report on the Impairment of assets in 2009.

Content: The Company recognized loss from impairment of assets amounted to NT\$1,450,437,454 in 2009 in accordance with Statement of Financial Accounting Standards (SFAS) No. 34.

III. Ratification and Discussion

1st motion

(Proposed by the Board)

Cause of Motion: Please ratify the statement of final accounts in 2009.

- Content: 1. The statement of final accounts in 2009, including reports on operation and financial statements. The financial statements have been audited by certified public accountants.
2. The aforementioned statements were passed by the Board and reviewed by the Supervisors.
3. Report on Operation in 2008 was shown on page 10-11 (Appendix I). Financial statements and notes to financial statements are displayed on page 15~28(Appendix V) and on Pages 60-96 and Pages 97–139 of the annual report.
4. The motion is proposed for decision.

Resolution:

2nd motion

(Proposed by the Board)

Cause of Motion: Please resolve the earning distribution in 2009.

- Content: 1. The table of earning distribution in 2009 was shown on page 34(Appendix VI).
2. Earning attributable to shareholders of the Company in 2009 amounted to NT\$3,7697.85 million and the Board plans to pay cash dividend of NT3.60 per share. The Board asks for a General Meeting to authorize for setting the ex-dividend day and the dividend payment day.
3. The impact of stock dividends for the company's operating performance, earning per shares and return on equity. Please refer to page 30(Appendix VII)
4. The motion is proposed for decision.

Resolution:

3th motion

(Proposed by the Board of Directors)

Cause of Motion: Please resolve amendment of the Company's Memorandum of Association.

- Explanation: 1. To facilitate further business development, we hereby propose to include the following business activities: "I103060 Management Consultation", "J304010 Publication".
2. In accordance with Article 7 regarding the government implementation of the policy to discontinue physical securities, it is added that "shares issued by the Company may be issued without physical certificate, provided that registration shall be carried out with the securities custodian institution."
 3. In accordance with Article 196 of the Company Law and practical business requirements of the Company, it is proposed that Article 23 providing that "the remuneration of directors and supervisors shall be paid in accordance with the common standard" be amended to read "the board of directors is authorized to determine remuneration based on the common standard among the industry."
 4. Add the memorandum amendment date under Article 33.
 5. For amendment comparisons, please refer to pages 31~34 (Appendix 7) of this manual.
 6. For your joint approval.

Resolution:

4th motion

(Proposed by the Board of Directors)

Cause of Motion: Please resolve amendment of the Company's procedures for secure and dispose of assets.

- Explanation: 1. To align with the latest "Regulations of Secure and Dispose of Aseets", we hereby propose to amend the Company's procedures for Secure and Dispose of Aseets.
2. For amendment comparisons, please refer to page 35-37 (Appendix 8) of this manual.
 3. For your joint approval.

Resolution:

Appendix 1

Business report 2009

Dear Shareholders,

Regardless of such economic hardship, the management team and all of President Chain Store Corporation have put forth ceaseless efforts to make innovation in its operation model and improvement to its product portfolio. Such effort has not been made in vain; overall profitability augmented. Gross profit rate and operating income was at 32.40% and 4.81%, respectively, a historic high. Corporate earnings of the Company amounted to NT\$40.59 billion or at the growth rate of 15.33% from the same period of 2008.

In the convenient store operation, 7-ELEVEN has launched a “New Economic Policy” event in 2009 in the wake of the change in consumption habits and the emergence of the people economy. “More quantity for less money” was offered in more than 200 items of high quality daily necessity. In addition, 7-ELEVEN has integrated the idea of the super store and turned itself into a new benchmark channel of the people economy. In the development of products carrying its own brand, the Company has offered different super value set meals and provide freshly bake breads and gourmet CITY CAFÉ for satisfying the diverse needs of consumers. Further, the affiliates of the United President Group and other external suppliers, including United Starbuck Café, Cold Stone ice cream, jointly participated in the credit points for free gifts promotion. This event has attracted a positive response from the consumers. Nonetheless, the Company also satisfied the needs of the consumers in all walks of lives through the innovation and improvement of the ibon convenient store service station in order to materialize the vision of 7-ELEVEN in turning into a community service center.

In the area of investment in China, President Chain Store Corporation officially started its operation in Shanghai in April 2009, and opened 13 stores there by the end of the year. With the clean and tidy shop image, and the innovative and differentiated product structure, consumers in Shanghai can experience the new mode of consumption and high quality service. The move has triggered a new wave of development in the convenient store industry of Shanghai. Over the last decade, President Chain Store Corporation has extended into the domains of food and beverages, supermarket, and super stores. In 2009, the Company further advanced into convenient store sector to make its business territory in retailing consumption complete.

Tropical storm Moroak hit southern Taiwan on August 8 2009. 7-ELEVEN made joint effort with 18 affiliates and other neighboring cultural and education foundations to launch a massive relief campaign in the disaster zone with a supply of foods and other daily items. In addition, 7-ELEVEN also provided logistic support so that the relief materials could quickly be delivered to the hands of the victims of the disasters. Alternatively, ibon has provided a warm-hearted platform and rally for donations to help the victims to get through the ordeal. Dedicated to the principle of earning from society and spending for society, 7-ELEVEN has made the best of its effort as a corporate citizen. Because of this, President Chain Store Corporation has earned the Top 10 Benchmark Enterprises Award of the Commonwealth Magazine in 2009, and has been the champion in the retailing industry for 15 consecutive years. The Company has also been conferred the Corporate Citizen Award by Commonwealth Magazine, and the Enterprise of Social Responsibility Award by Global View Magazine for recognition of its effort in social cause.

In 2010, 7-ELEVEN will provide a complete set of products for consumers through the installation of an integrated service platform consisting of virtual and actual service channels in convenient store operation. This will help to enhance the competitiveness of the stores and boost growth in revenue and profit. With the ibon convenient station channel, the Company will offer booking services and ticketing for the Taiwan High Speed Railway, government file service, auction and delivery, and leased telecommunication services on a monthly basis. It also works in conjunction with Easycard of Taipei by releasing a new icash Easy Card, which will be the first of its kind as an

integrated e-purse for shopping and fare for transportation. This will be a new era of cash-free consumption and will make 7-ELEVEn community service center with full-range service functions. In the future, President Chain Store Corporation will continue its corporate culture of honesty and trust in treasuring corporate governance. Through innovation and differentiation as the new mode of operation, 7-ELEVEn will provide the consumers more convenient lives. Such positioning will help to ensure profit for the store partners, bring about good lives and positive environment for its employees, and create corporate value for shareholders.

Chairman 高 清 亮 President 徐 重 仁 Chief Accountant

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Appendix 2

President Chain Store Corporation Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2009 Operation Report, Financial Statements, and proposal for appropriation of profit to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

To:
General Shareholders' Meeting in 2010

President Chain Store Corporation
Supervisor: Ying, Chien Li



March 22, 2010

President Chain Store Corporation

Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2008 Operation Report, Financial Statements, and proposal for appropriation of profit to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

To:

General Shareholders' Meeting in 2009

President Chain Store Corporation
Supervisor: Kao Chyuan Investment Co. Ltd.
Representative: Wu, Chung Pin



March 22, 2010

Appendix 3
PRESIDENT CHAIN STORE CORP.
Statistics on the Investment in Mainland China in 2009

Currency: in US

Name of investee in China	Amount of investment in 2009	Accumulated amount of investment	Proportion of indirect shareholding
Shanghai President Starbucks Coffee Corp.		2,000,000	30%
Presiclerc (Qingdao) Ltd.		3,185,000	48.87%
Presiclerc (Beijing) Ltd.		2,217,625	36.90%
President Chain Store (Shanghai) Ltd.	14,633,429	14,633,426	100%
Mister Donut Shanghai Co., Ltd.	3,562,187	3,562,187	50%
PCSC AFTERNOON TEA SHANGHAI LTD.	2,550,000	2,550,000	51%
President Cosmed Chain Store (Shen Zhen) Co.,Ltd	1,908,957	8,696,008	65%
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	4,215,000	4,215,000	100%
Shan Dong President Yinzuo Commercial Limited		4,078,354	55%
PCSC (SICHUAN) Hypermarket Limited		10,130,000	100%
PCSC (CHENGDU) Hypermarket Limited		13,012,500	100%
Shanghai Cold Stone Ice Cream Corporation		14,454,640	100%
Shanghai President Logistic Co., Ltd.	2,000,000	2,000,000	100%
Total	28,869,573	84,754,743	

Appendix 4

Independent Auditor's Report
(98) Tsai-Shen-Bao-Zhi No. 08003009

To: President Chain Store Corporation

We have audited the accompanying balance sheet of President Chain Store Corporation and subsidiaries as of December 31, 2009 and 2008 and the related statements of income, retained earnings, and cash flows for the period of January 1~ December 31, 2009 and 2008. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. President Chain Store Corporation had some long-term equity investments valued with Equity Method in 2009 and 2008 and with the investment gain/loss and the information of the invested company in Note XI disclosed in accordance with financial statements audited by their CPAs instead of by us. The net investment gain/loss amounted to NT\$21,354 thousand and NT\$122,025 thousand in 2009 and 2008, respectively. The aforementioned long-term investment amounted to NT\$497,064 thousand and NT\$756,049 thousand as of December 31, 2009 and 2008, respectively.

We have planned and conducted our audit in accordance with "Guidelines Governing the audit of financial statements by CPA" and generally accepted accounting principle of the R.O.C. to ensure the financial statements are presented without material errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the audit report issued by other CPAs, the financial statements of President Chain Store Corporation as of January 1~ December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with the

“Guidelines Governing the Preparation of Financial Reports by Securities Issuers,” “Business Accounting Law,” “Business Accounting Guidelines” and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation has adopted, Effective on January 1, 2008, the principles under Accounting Research and Development Foundation in Taiwan (96) Kee.mi.tzi No. 052 Letter “Accounting Process for Employee Bonus and Remuneration to Directors and Supervisors” to have the expected cost of bonus to employees and remuneration to directors and supervisors recognized as an expense and liability according to the law or obligation of assumption once the amount of cost can be reasonably estimated.

We have issued an unqualified opinion on the 2009 and 2008 consolidated financial statements of President Chain Store Corporation.

PRICEWATERHOUSECOOPERS

Chang Ming-Hui, CPA

CPA

Tsai Chin-pao, CPA

Former SEC, Ministry of Finance

Certificate No.: (81) Tai-chai-Jen (VI) No. 79059

(76) Tai-chai-Jen (I) No. 11412

March 19, 2010

President Chain Store Corp.
Income Statements
January 1 to June 30, 2010 and 2009

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

	January 1 ~ June 30, 2010		January 1 ~ June 30, 2009	
	Amount	%	Amount	%
Operating revenue				
4110 Sales revenue	\$ 53,204,767	9	\$ 48,249,701	9
4800 Other operating revenue (Note V)	1,761,865		1,671,594	
4000 Total operating revenue	54,966,632	100	49,921,295	100
Operating cost				
5110 Cost of goods sold (Note III, IV(III) and V)	(37,827,271)	(69)	(34,042,425)	(68)
5910 Gross profit	17,139,361	3	15,878,870	3
Operating expenses (Notes IV(XVIII) & V)				
6100 Selling expenses	(13,338,642)	(24)	(12,820,568)	(26)
6200 General & administrative expenses	(1,214,266)	(2)	(900,023)	(2)
6000 Total operating expenses	(14,552,908)	(26)	(13,720,591)	(28)
6900 Operating income	2,586,453		2,158,279	
Non-operating income				
7310 Gain on valuation of financial asset	2,851	—	140	—
7121 Investment loss (gain) recognized under equity method (Note IV(VI))	530,314	—	38,026	—
7122 Dividend income	11,642	—	11,817	—
7140 Gain on disposal of investments	208,061	—	3,372	—
7480 Other income (Note V)	369,593	—	405,628	—
7100 Total non-operating income	1,122,461	—	458,983	—
Non-operating expenses				
7510 Interest expenses	(17,465)	—	(24,779)	—
7530 Loss on disposal of fixed assets	(1,802)	—	(27,082)	—
7630 Impairment losses (Note IV (V))	(83,467)	—	(121,057)	—
7880 Other expenses	(23,312)	—	(25,323)	—
7500 Total non-operating expenses	(126,046)	—	(198,241)	—
7900 Income before tax	3,582,868	—	2,419,021	—
8110 Income Tax expenses (Note IV(XIV))	(406,149)	(1)	(469,235)	(1)
9600 Net Income:	\$ 3,176,719	—	\$ 1,949,786	—
	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Earnings per share (Note IV(XVII))				
Basic earnings per share				
9750 Net Income:	\$ 3.45	\$3.06	\$ 2.33	\$1.88
Diluted earnings per share				
9850 Net Income:	\$ 3.44	\$3.05	\$ 2.32	\$1.87

lease refer to the notes to financial statements and the audit report dated August 25, 2010 by CPA Chen Mei-Tzu and Tsai Ching-Pao of Pricewaterhouse Coopers.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp.
Statements of Changes in Shareholders' Equity
January 1 to June 30, 2010 and 2009

Currency unit: NT\$1,000

	Capital Stock			Retained earnings			Unrealized revaluation increments	Unrealized gain or loss on financial instrument	Cumulative translation adjustment	Net loss not recognized as pension cost	Total
	Capital-common stock	Stock dividends to be distributed	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings-unaappropriated					
<u>January 1 ~ June 30, 2009</u>											
Balance, January 1, 2009	\$ 9,151,604	\$ -	\$ -	\$ 3,288,123	\$ -	\$ 3,584,747	\$ 54,010	\$ 258,551	\$ 110,608	\$ -	\$ 16,447,643
Appropriation and distribution of retained earnings in 2008 (Note):											
Legal reserve	-	-	-	351,968	-	(351,968)	-	-	-	-	-
Stock dividend	-	1,244,618	-	-	-	(1,244,618)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,866,928)	-	-	-	-	(1,866,928)
Net income for the six months ended June 30, 2009	-	-	-	-	-	1,949,786	-	-	-	-	1,949,786
Unrealized revaluation increments of fixed assets	-	-	-	-	-	-	(682)	-	-	-	(682)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	-	234,185	-	-	234,185
Translation adjustments from foreign long-term investments	-	-	-	-	-	-	-	-	(33,346)	-	(33,346)
Balance, June 30, 2009	<u>\$ 9,151,604</u>	<u>\$ 1,244,618</u>	<u>\$ -</u>	<u>\$ 3,640,091</u>	<u>\$ -</u>	<u>\$ 2,071,019</u>	<u>\$ 53,328</u>	<u>\$ 492,736</u>	<u>\$ 77,262</u>	<u>\$ -</u>	<u>\$ 16,730,658</u>
<u>January 1 ~ June 30, 2010</u>											
Balance, January 1, 2010	\$ 10,396,222	\$ -	\$ 5,082	\$ 3,640,091	\$ -	\$ 4,180,357	\$ 52,646	\$ 595,033	\$ 56,081	(\$ 4,660)	\$ 18,920,852
Appropriation and distribution of retained earnings in 2009 (Note):											
Legal reserve	-	-	-	405,913	-	(405,913)	-	-	-	-	-
Provision of special reserve	-	-	-	-	4,660	(4,660)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,742,640)	-	-	-	-	(3,742,640)
Net income for the six months ended June 30, 2010	-	-	-	-	-	3,176,719	-	-	-	-	3,176,719
Unrealized revaluation increments of fixed assets	-	-	-	-	-	-	(682)	-	-	-	(682)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	-	(667,139)	-	-	(667,139)
Translation adjustments from foreign long-term investments	-	-	-	-	-	-	-	-	18,864	-	18,864
Balance June 30, 2010	<u>\$ 10,396,222</u>	<u>\$ -</u>	<u>\$ 5,082</u>	<u>\$ 4,046,004</u>	<u>\$ 4,660</u>	<u>\$ 3,203,863</u>	<u>\$ 51,964</u>	<u>(\$ 72,106)</u>	<u>\$ 74,945</u>	<u>(\$ 4,660)</u>	<u>\$ 17,705,974</u>

Note: For 2009 and 2008, bonus to employees amounted to \$218,913 and \$190,063, and remuneration to directors and supervisors amounted to \$36,486 and \$31,667, respectively, which were deducted from 2009 and 2008 Income Statements.

Please refer to the notes to financial statements and the audit report dated August 25, 2010 by CPA Chen Mei-Tzu and Tsai Ching-Pao of Pricewaterhouse Coopers.
Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp.
Statements of Cash Flows
January 1 to June 30, 2010 and 2009

Currency unit: NT\$1,000

	<u>January 1 ~ June 30, 2010</u>	<u>January 1 ~ June 30, 2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income:	\$ <u>3,176,719</u>	\$ <u>1,949,786</u>
Adjustments to reconcile net income to net cash provided by operating activities	<u> </u>	<u> </u>
Gain on valuation of financial asset	(<u>2,851</u>)	(<u>140</u>)
Decrease of allowance for uncollectible accounts	(<u>4,565</u>)	(<u>384</u>)
Depreciation	<u>851,678</u>	<u>871,868</u>
Accumulated depreciation - assets leased to other	<u>7,085</u>	<u>7,085</u>
Amortization	<u>69,160</u>	<u>46,011</u>
Financial assets measured at cost - impairment losses	<u>83,467</u>	<u>121,057</u>
Gain on disposal of financial assets measured at cost	(<u>205,764</u>)	<u> </u>
Investment loss (gain) recognized under equity method	(<u>530,314</u>)	(<u>38,026</u>)
Loss on disposal of fixed assets	<u>2,462</u>	<u>27,082</u>
Changes in assets and liabilities:		
Financial assets at fair value through income statement	(<u>1,990,000</u>)	(<u>329,973</u>)
Accounts receivable	<u>66,513</u>	<u>30,104</u>
Other receivables	(<u>184,120</u>)	<u>47,966</u>
Inventories	<u>221,490</u>	<u>397,132</u>
Prepayments	(<u>98,224</u>)	<u>38,057</u>
Deferred income tax assets (current)	<u>832</u>	(<u>5,398</u>)
Other current assets	<u>27,331</u>	(<u>25,880</u>)
Notes payable	<u>363,760</u>	(<u>56,605</u>)
Accounts payable	<u>1,196,596</u>	<u>164,773</u>
Income tax payable	<u>404,064</u>	<u>165,645</u>
Accrued expenses	<u>28,598</u>	(<u>55,689</u>)
Other accounts payable	<u>114,732</u>	<u>1,070,508</u>
Unearned receipts	<u>917</u>	(<u>1,425</u>)
Accrued pension liabilities	<u>309</u>	(<u>403</u>)
Other liabilities-other	<u>3,857</u>	<u> </u>
Net cash provided by operating activities	<u>3,603,732</u>	<u>4,423,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets measure at cost	<u> </u>	(<u>199,300</u>)
Proceeds from capital deduction of financial assets measured at cost	<u> </u>	<u>4,656</u>
Acquisition of long-term investments under equity method	(<u>313,779</u>)	(<u>1,411,351</u>)
Proceeds from capital reduction of long-term investment under equity method	<u>15,000</u>	<u>145,494</u>
Proceeds from liquidation of long-term investment under equity method	<u>7,355</u>	<u>19,200</u>
Purchase of computer software	(<u>7,590</u>)	(<u>16,496</u>)
Purchase of fixed assets	(<u>885,717</u>)	(<u>714,618</u>)
Proceeds from disposal of fixed assets	<u>18,720</u>	<u>5,753</u>
Increase in refundable deposits	(<u>29,365</u>)	(<u>356,317</u>)
(Increase) decrease in other assets- other	(<u>854</u>)	<u>2,733</u>
Net cash used by investing activities	(<u>1,196,230</u>)	(<u>2,520,246</u>)

(To be continued)

President Chain Store Corp.
Statements of Cash Flows
January 1 to June 30, 2010 and 2009

Currency unit: NT\$1,000

	<u>January 1 ~ June 30, 2010</u>	<u>January 1 ~ June 30, 2009</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in long-term debt payable	\$ <u>12,100,000</u>	\$ <u>25,400,000</u>
Repayment of long-term debt payable	(<u>12,100,000</u>)	(<u>25,300,000</u>)
Decrease in guarantee Deposit received	(<u>15,841</u>)	(<u>1,604</u>)
Net cash (used in) provided by financing activities	(<u>15,841</u>)	<u>98,396</u>
Net increase in cash and cash equivalents	<u>2,391,661</u>	<u>2,001,301</u>
Beginning balance of cash and cash equivalents	<u>5,303,500</u>	<u>5,511,944</u>
Ended balance of cash and cash equivalents	\$ <u>7,695,161</u>	\$ <u>7,513,245</u>
Supplement disclosures of cash flow information		
Interest paid	\$ <u>16,969</u>	\$ <u>25,365</u>
Income tax paid	\$ <u>2,917</u>	\$ <u>308,988</u>
Investing activities of partial payment on cash:		
Purchase of property, plant and equipment	\$ <u>626,314</u>	\$ <u>591,527</u>
Add: beginning balance of account payable on equipment	<u>432,846</u>	<u>370,732</u>
Less: ended balance of account payable on equipment	(<u>173,443</u>)	(<u>247,641</u>)
Cash purchase of property, plant and equipment	\$ <u>885,717</u>	\$ <u>714,618</u>
Financing and investing activities which do not impact cash flow	—	—
Declared but unpaid cash dividends	\$ <u>3,742,640</u>	\$ <u>1,866,928</u>
Cash dividends received	\$ <u>639,766</u>	\$ <u>319,740</u>
Less: Dividends receivable, end of the period (stated as "other receivables")	(<u>639,766</u>)	(<u>319,740</u>)
Dividends received in cash	\$ <u>-</u>	\$ <u>-</u>

Independent Auditor's Report
(98) FAR No. 08003754

To: President Chain Store Corporation

We have audited the accompanying balance sheet of President Chain Store Corporation and subsidiaries as of December 31, 2009 and 2008 and the related statements of income, retained earnings, and cash flows for the periods of January 1~ December 31, 2009 and 2008. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits.

The financial statements of some subsidiaries in the consolidated financial statements are not audited by us but other CPAs; therefore, we have expressed an opinion on the accounts of the subsidiaries in accordance with the audit performed by other CPAs. The total assets amounted to NT\$ 2,417,538 thousand and NT\$ 2,173,618 thousand representing 3.62% and 3.41% of total consolidated assets as of December 31, 2009 and 2008, respectively. The net operating revenue amounted to NT\$ 4,983,765 thousand and NT\$ 4,393,695 thousand representing 3.36% and 3.01% of total consolidated operating revenue in 2009 and 2008, respectively. President Chain Store Corporation and subsidiaries had some long-term equity investments valued with Equity Method in 2008 and with the investment gain/loss and the information of the invested company in Note XI disclosed in accordance with financial statements audited by their CPAs instead of by us. The long-term investment amounted to NT\$ 245,298 thousand as of December 31, 2008. The investment gain for an amount of NT\$ 77,609 thousand was recognized in 2008 in accordance with the financial statements audited by other CPAs.

Our audit in accordance with "Guidelines Governing the audit of financial statements by CPA" and generally accepted auditing principle of the R.O.C. to ensure the financial statements are presented without material errors. We have planned and conducted An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the audit report issued by other CPAs, the financial statements of President Chain Store Corporation as of December 31, 2009 and 2008, and the results of its operation and its cash flows for the periods of January 1~ December 31, 2009 and 2008 in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation and subsidiaries have adopted, effective on January 1, 2008, the principles under Accounting Research and Development Foundation in Taiwan (96) Kee.mi.tzi No. 052 Letter “Accounting Process for Employee Bonus and Remuneration to Directors and Supervisors” to have the expected cost of bonus to employees and remuneration to directors and supervisors recognized as expense and liability according to the legal or constructive obligation once the amount of cost can be reasonably estimated

PRICEWATERHOUSECOOPERS

Chang Ming-Hui, CPA

CPA

Tsai Chin-Pao, CPA

Former SEC, Ministry of Finance

Certificate No.: (81) Tai-chai-Jen (VI) No. 79059

(76) Tai-chai-Jen (I) No. 11412

March 19, 2010

President Chain Store Corp. and Subsidiaries
Consolidated Balance Sheets
June 30, 2010 and 2009

Currency unit: NTS1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

		J u n e 3 0 , 2 0 1 0		J u n e 3 0 , 2 0 0 9				J u n e 3 0 , 2 0 1 0		J u n e 3 0 , 2 0 0 9						
		A	%	A	%			A	%	A	%					
<u>Assets</u>								<u>Liabilities and Shareholders' Equity</u>								
Current assets								Current liabilities								
1100	Cash and cash equivalents (Note IV (I))	\$	12,865,738	19	\$	11,150,292	17	2100	Short-term debt	\$	1,735.7	2	\$	2,275,104	4	
1310	Financial assets at fair value through income statement - current							2110	Short-term notes and bills payable				394.9	1	208,897	-
	(Note IV (II))	10,444,348		15	7,760,263		12	2120	Notes payable	1,107.5		2	1,145,268		2	
1320	Financial assets in available-for-sale - current	-		-	1,000		-	2140	Accounts payable	12,712.7		18	11,369,151		17	
1140	Net accounts receivable (Note V)	2,178,494		3	2,518,626		4	2150	Accounts payable-related parties (Note V)	2,224.3		3	2,250,214		3	
1160	Other receivables (Note V)	1,888,969		3	1,544,696		2	2160	Income taxes payable (Note IV(XIII))	640.5		1	684,405		1	
120X	Inventories (Note III & IV(III))	8,011,562		12	7,542,445		11	2170	Accrued expenses (Notes IV(X) & V)	4,690.9		7	4,126,155		6	
1260	Prepayments (Note VII)	902,269		1	1,668,601		2	2210	Other accounts payable (Note IV(XI))	11,471.7		17	9,754,183		15	
1280	Other current assets (Note IV (XIII))	674,501		1	533,200		1	2260	Unearned receipts	2,159.8		3	2,255,308		3	
11XX	Total current assets	36,965,881		54	32,719,123		49	2270	Long-term liabilities - current portion (Note IV (XII) and V)	151.9		-	298,108		1	
Funds and long-term investments								Total current liabilities								
1450	Financial assets in available-for-sale - non current (Note IV (IV))	1,550,034		2	759,959		1	21XX		37,290.3		54	34,366,793		52	
1480	Financial assets measured at cost —noncurrent (Note IV (IV) (V))	9,609,205		14	12,189,607		19	2420	Long-term liabilities							
1421	Long-term investments (Equity method) (Note IV (VI))	660,272		1	1,331,733		2	2450	Long-term debt payable (Note IV(XII))	7,519.0		11	10,265,023		15	
14XX	Total funds and long-term investments	11,819,511		17	14,281,299		22	24XX	Long-term notes and accounts payable-related parties (Note V)	129.9		-	98,279		-	
Fixed assets (Note IV (VIII), V, and VI)								Total long-term liabilities								
Costs								2810								
1501	Land	2,207,315		3	2,151,422		3	2820	Accrued pension liabilities (Note IV(XIV))	571.9		1	506,105		1	
1521	Building	2,706,059		4	2,551,515		4	2880	Guarantee Deposit received	2,100.0		3	2,098,427		3	
1551	Transportation equipment	2,623,697		4	2,350,879		3	28XX	Other liabilities-other	387.7		1	96,596		-	
1571	Operating equipment	16,458,740		24	14,883,550		22	2XXX	Total other liabilities	3,059.8		5	2,701,128		4	
1631	Lease improvement	9,214,346		13	8,473,390		13		Total liabilities	47,999.1		70	47,431,223		71	
1681	Other equipment	3,055,958		5	3,038,122		5	Shareholders' equity								
15X8	Revaluation increments	55,374		-	55,374		-	3110	Capital (Note IV(XV))							
15XY	Total costs and revaluation increments	36,321,489		53	33,504,252		50	3150	Capital-common stock	10,396.2		15	9,151,604		14	
15X9	Less: accumulated depreciation	(21,300,884)		(31)	(18,791,239)		(28)		Stock dividends to be distributed	-		-	1,244,618		2	
1599	Less: accumulated impairment	(11,063)		-	(14,812)		-	3260	Additional paid-in capital							
1670	Construction in progress and prepayments for equipment	309,476		-	181,240		-		Long-term investment	5.0		-	-		-	
15XX	Total net fixed assets	15,319,018		22	14,879,441		22	3310	Retained earnings (Note IV (XV) (XVI))							
Intangible assets								3320	Legal reserve	4,046.0		6	3,640,091		5	
1750	Cost of computer software	338,023		-	342,005		-	3350	Special reserve	4.6		-	-		-	
1760	Goodwill	384,086		1	368,672		1		Retained earnings-unappropriated	3,203.8		5	2,071,019		3	
1780	Other intangible assets	177,140		-	212,922		-	3460	Other adjustments in SH's equity							
17XX	Total intangible assets	899,249		1	923,599		1	3450	Unrealized revaluation increments	51.9		-	53,328		-	
Other assets								Unrealized gain or loss on financial instruments (Notes IV (IV) and X)								
1800	Assets leased to others (Notes IV(IX) & VII))	978,247		2	989,137		2	3420	Cumulative translation adjustment	72.1		-	492,736		1	
1810	Idle assets	172,101		-	331		-	3430	Net loss not recognized as pension cost	74.9		-	77,262		-	
1820	Refundable deposits (Note VII)	1,863,232		3	2,177,275		3			4.6		-	-		-	
1880	Other assets-other (Note IV(XV))	672,176		1	647,774		1	3610	Minority Interests	17,705.9		26	16,730,658		25	
18XX	Total other assets	3,685,756		6	3,814,517		6	3XXX	Total shareholders' equity	2,984.2		4	2,456,098		4	
Total Assets		68,680,415		100	66,617,070		100	1XXX	Total Liabilities and Shareholders' Equity	20,690.2		30	19,186,756		29	
								Commitment or contingency (Notes V & VII)								
								Materiality after the period (Notes IX)								
								Total Liabilities and Shareholders' Equity								

President Chain Store Corp. and Subsidiaries
Consolidated Income Statements
For six months ended June 30, 2010 and 2009

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

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	Operating revenue			
4110	Sales revenue	\$ 77,476,959	96	\$ 70,015,114 96
4800	Other operating revenue (Note V)	3,158,514	4	2,696,202 4
4000	Total operating revenue	<u>80,635,473</u>	<u>100</u>	<u>72,711,316</u> <u>100</u>
	Operating cost			
5110	Cost of goods sold (Note III, IV(III)(XVIII) and V)	(55,404,013)	(69)	(49,171,973) (68)
5910	Gross profit	<u>25,231,460</u>	<u>31</u>	<u>23,539,343</u> <u>32</u>
	Operating expenses (Notes IV(XVIII) & V)			
6100	Selling expenses	(17,549,969)	(22)	(17,070,142) (23)
6200	General & administrative expenses	(3,864,857)	(5)	(3,358,722) (5)
6000	Total operating expenses	<u>(21,414,826)</u>	<u>(27)</u>	<u>(20,428,864)</u> <u>(28)</u>
6900	Operating income	<u>3,816,634</u>	<u>4</u>	<u>3,110,479</u> <u>4</u>
	Non-operating income			
7110	Interest income	15,544	-	17,297 -
7310	Gain on valuation of financial asset	3,064	-	1,795 -
7122	Dividend income	11,641	-	11,817 -
7140	Gain on disposal of investments	291,905	-	5,257 -
7210	Rental Revenue (Note VII)	40,529	-	46,446 -
7480	Other income	333,572	1	58,683 -
7100	Total non-operating income	<u>696,255</u>	<u>1</u>	<u>141,295</u> <u>-</u>
	Non-operating expenses			
7510	Interest expenses (Note V)	(45,648)	-	(80,146) -
7521	Investment loss recognized under equity method (Note IV(VI))	(58,605)	-	(11,169) -
7530	Loss on disposal of fixed assets	(5,640)	-	(42,957) -
7630	Impairment losses (Note IV (V))	(85,836)	-	(121,057) -
7880	Other expenses	(99,357)	-	(140,193) -
7500	Total non-operating expenses	<u>(295,086)</u>	<u>-</u>	<u>(395,522)</u> <u>-</u>
7900	Income before tax	4,217,803	5	2,856,252 4
8110	Income Tax expenses (Note IV(XIII))	(703,002)	(1)	(735,251) (1)
9600X	Net income	<u>\$ 3,514,801</u>	<u>4</u>	<u>\$ 2,121,001</u> <u>3</u>
	Attributed to:			
9601	shareholders of the company	\$ 3,176,719	4	\$ 1,949,786 3
9602	Minority Interests	338,082	-	171,215 -
		<u>\$ 3,514,801</u>	<u>4</u>	<u>\$ 2,121,001</u> <u>3</u>
		<u>(pre-tax)</u>	<u>(after tax)</u>	<u>(pre-tax)</u> <u>(after tax)</u>
	Earnings per share (Note IV(XVII))			
	Basic earnings per share			
9710	Net Income After Tax	\$ 4.06	\$ 3.39	\$ 2.75 \$ 2.04
9740A	Minority Interests	(0.41)	(0.33)	(0.25) (0.16)
9750	Net Income	<u>\$ 3.65</u>	<u>\$ 3.06</u>	<u>\$ 2.50</u> <u>\$ 1.88</u>
	Diluted earnings per share			
9850	Net Income	<u>\$ 3.64</u>	<u>\$ 3.05</u>	<u>\$ 2.49</u> <u>\$ 1.87</u>

Please refer to the notes to consolidated financial statements and the audit report dated August 25, 2010 by CPA Chen Mei-Tzu and Tsai Ching-Pao of Pricewaterhouse Coopers.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For six months ended June 30, 2010 and 2009

Currency unit: NTS1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	<u>C a p i t a l S t o c k</u>			<u>R e t a i n e d e a r n i n g s</u>				<u>Unrealized gain</u>	<u>Cumulative</u>	<u>Net loss not</u>	<u>Minority Interests</u>	<u>T o t a l</u>
	<u>Capital-common</u>	<u>Stock dividends to</u>	<u>Additional</u>	<u>Legal reserve</u>	<u>Special</u>	<u>Retained</u>	<u>Unrealized</u>	<u>or loss on</u>	<u>translation</u>			
	<u>s t o c k</u>	<u>be distributed</u>	<u>paid-in capital</u>		<u>reserve</u>	<u>earnings-unappro</u>	<u>revaluation</u>	<u>financial</u>	<u>adjustment</u>	<u>pension cost</u>		
<u>January 1 ~ June 30, 2009</u>												
Balance January 1, 2009	\$ 9,151,604	\$ -	\$ -	\$ 3,288,123	\$ -	\$ 3,584,747	\$ 54,010	\$ 258,551	\$ 110,608	\$ -	\$ 2,337,787	\$ 18,785,430
Appropriation and distribution of retained earnings in 2008 (Note):												
Legal reserve	-	-	-	351,968	-	(351,968)	-	-	-	-	-	-
Stock dividend	-	1,244,618	-	-	-	(1,244,618)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,866,928)	-	-	-	-	-	(1,866,928)
Total consolidated profit and loss for six months ended June 30, 2009	-	-	-	-	-	1,949,786	-	-	-	-	171,215	2,121,001
Unrealized revaluation increments of fixed assets	-	-	-	-	-	-	(682)	-	-	-	-	(682)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	-	234,185	-	-	-	234,185
Translation adjustments from foreign long-term investments	-	-	-	-	-	-	-	-	(33,346)	-	-	(33,346)
Changes in Minority Equity	-	-	-	-	-	-	-	-	-	-	(52,904)	(52,904)
Balance June 30, 2009	<u>\$ 9,151,604</u>	<u>\$ 1,244,618</u>	<u>\$ -</u>	<u>\$ 3,640,091</u>	<u>\$ -</u>	<u>\$ 2,071,019</u>	<u>\$ 53,328</u>	<u>\$ 492,736</u>	<u>\$ 77,262</u>	<u>\$ -</u>	<u>\$ 2,456,098</u>	<u>\$ 19,186,756</u>
<u>January 1 ~ June 30, 2010</u>												
Balance January 1, 2010	\$ 10,396,222	\$ -	\$ 5,082	\$ 3,640,091	\$ -	\$ 4,180,357	\$ 52,646	\$ 595,033	\$ 56,081	(\$ 4,660)	\$ 2,872,934	\$ 21,793,786
Appropriation and distribution of retained earnings in 2009 (Note):												
Legal reserve	-	-	-	405,913	-	(405,913)	-	-	-	-	-	-
Provision of special reserve	-	-	-	-	4,660	(4,660)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,742,640)	-	-	-	-	-	(3,742,640)
Consolidated net income on January 1~June 30, 2010	-	-	-	-	-	3,176,719	-	-	-	-	338,082	3,514,801
Unrealized revaluation increments of fixed assets	-	-	-	-	-	-	(682)	-	-	-	-	(682)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	-	(667,139)	-	-	-	(667,139)
Translation adjustments from foreign long-term investments	-	-	-	-	-	-	-	-	18,864	-	-	18,864
Changes in Minority Equity	-	-	-	-	-	-	-	-	-	-	(226,760)	(226,760)
Balance June 30, 2010	<u>\$ 10,396,222</u>	<u>\$ -</u>	<u>\$ 5,082</u>	<u>\$ 4,046,004</u>	<u>\$ 4,660</u>	<u>\$ 3,203,863</u>	<u>\$ 51,964</u>	<u>(\$ 72,106)</u>	<u>\$ 74,945</u>	<u>(\$ 4,660)</u>	<u>\$ 2,984,256</u>	<u>\$ 20,690,230</u>

Note: For 2009 and 2008, bonus to employees amounted to \$218,913 and \$190,063, and remuneration to directors and supervisors amounted to \$36,486 and \$31,667, respectively, which were deducted from 2009 and 2008 Income Statements.

Please refer to the notes to consolidated financial statements and the audit report dated August 25, 2010 by CPA Chen Mei-Tzu and Tsai Ching-Pao of Pricewaterhouse Coopers.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Consolidated Statements of Cash Flow
For six months ended June 30, 2010 and 2009

Currency unit: NT\$1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	<u>January 1 ~ June 30,</u> <u>2 0 1 0</u>	<u>January 1 ~ June 30,</u> <u>2 0 0 9</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 3,514,801	\$ 2,121,001
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial asset	(3,064)	(1,795)
Uncollectible account	-	1,908
Decrease of allowance for uncollectible accounts	(6,086)	-
Loss on market decline of inventory (Gain from price recovery of inventory)	14,722	(8,251)
Depreciation	1,670,034	1,524,540
Amortization	200,760	192,375
Financial assets measured at cost - impairment losses	83,467	121,057
Gain on disposal of financial assets measured at cost	(294,001)	-
investment loss recognized under equity method	58,605	11,169
Loss on disposal of fixed assets	5,640	42,957
Impairment loss on other intangible assets	2,369	-
Changes in assets and liabilities:		
Financial assets at fair value through income statement	(2,142,486)	(876,617)
Accounts receivable	61,626	(212,657)
Other receivables	1,001,901	140,443
Inventories	(77,729)	832,682
Prepayments	(1,346)	(766,883)
Other current assets	(140,374)	(157,143)
Deferred income tax	(9,140)	(8,702)
Notes payable	80,299	(517,668)
Accounts payable	810,675	(799,067)
Income tax payable	338,104	217,583
Accrued expenses	395,556	319,459
Other accounts payable	265,030	1,264,666
Unearned receipts	(487,116)	280,403
Accrued pension liabilities	39,687	10,680
Other liabilities-other	(21,227)	-
Net cash provided by operating activities	<u>5,360,707</u>	<u>3,732,140</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of financial assets measure at cost	-	(199,300)
Proceeds from capital deduction of financial assets measured at cost	-	4,656
Acquisition of long-term investments under equity method	(7,070)	(161,315)
Proceeds from liquidation of long-term investment under equity method	7,355	19,200
Purchase of fixed assets	(1,817,998)	(973,880)
Proceeds from disposal of fixed assets	25,243	23,726
Increase in intangible assets	(18,510)	(37,153)
Increase in refundable deposits	(37,230)	(388,433)
Increase in other assets- other	(37,294)	(243,244)
Net cash used by investing activities	<u>(1,885,504)</u>	<u>(1,955,743)</u>

President Chain Store Corp. and Subsidiaries
Consolidated Statements of Cash Flow
For six months ended June 30, 2010 and 2009

Currency unit: NT\$1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term loans	(\$ 1,222,587)	\$ 291,270
Increase (decrease) in short-term notes and bills payable	82,195	(130,733)
Increase (decrease) in long-term debt payable	12,226,667	170,980
Repayment of long-term debt payable	(12,353,124)	-
Increase (decrease) in guarantee deposits received	8,329	(5,073)
Decrease in minority equity	(226,760)	(52,904)
Net cash (used in) provided by financing activities	(1,485,280)	273,540
Cumulative translation adjustment	18,864	(33,345)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,008,787	2,016,592
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	10,856,951	9,133,700
ENDED BALANCE OF CASH AND CASH EQUIVALENTS	<u>\$ 12,865,738</u>	<u>\$ 11,150,292</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 43,387</u>	<u>\$ 75,200</u>
Income tax paid	<u>\$ 356,719</u>	<u>\$ 415,805</u>
<u>Investing activities of partial payment on cash</u>		
Purchase of property, plant and equipment	\$ 1,501,770	\$ 992,088
Add: beginning balance of accounts payable on equipment	717,074	410,001
Less: ended balance of accounts payable on equipment	(400,846)	(428,209)
Cash purchase of property, plant and equipment	<u>\$ 1,817,998</u>	<u>\$ 973,880</u>
<u>Financing activities which do not impact cash flow</u>		
Declared but unpaid cash dividends	<u>\$ 3,742,640</u>	<u>\$ 1,866,928</u>
Long-term liabilities - current portion	<u>\$ 151,906</u>	<u>\$ 298,108</u>

Please refer to the notes to consolidated financial statements and the audit report dated August 25, 2010 by CPA Chen Mei-Tzu and Tsai Ching-Pao of Pricewaterhouse Coopers.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

Appendix 5

President Chain Store Corp. Allocation of earnings for 2009

Unit: NTD

Title	Amount
Income after tax 2009	4,059,124,421
Less: Legal reserve fund	(405,912,442)
Special reserve fund	(4,659,789)
Distributable earnings	3,648,552,190
Add: Unallocated earnings for the previous year	121,233,133
Cumulative distributable earnings	<u>3,769,785,323</u>
Less: Proposed allocation 2009	
Cash dividends of \$3,600 per 1000 shares	3,742,640,118
Unallocated earnings - end	<u><u>27,145,205</u></u>

- Note: 1. The earnings distribution plan will first distribute 2009 earnings; any shortfalls will be reimbursed by previous undistributed earnings.
2. Cash dividends are distributed to individual shareholders to the nearest dollar.
3. Distribution of shares less than \$1 will be transferred to the Employee Benefits Committee.
4. Distribution of employees' cash bonus is planned at NTD218,913,131, while directors' remuneration is planned at NTD36,485,522.

Appendix 6

Impacts of the upcoming stock dividends toward the Company's business performance, earnings per share, and return on shareholders' equity:

According to the regulations announced by The Securities and Futures Bureau in Notice (89) TAI CAI ZHENG 1 ZI DI 00371 dated 1 February 2000, the Company did not produce and publish its 2009 financial projections, hence is not required to disclose such information.

Information relating to the disbursement of employee bonus and directors' remuneration approved by the Company's Board of Directors

In compliance with the regulations announced by The Financial Supervisory Commission in Motice JIN GUAN ZHENG ZI DI 6-0960013218 dated 30 Mar 2007, earnings distributions approved by The Board of Directors are disclosed below:

1. Proposed to distribute employee cash bonus totaling NTD 218,913,131 and directors' remuneration totaling NTD 36,485,522. Employee cash bonus shall be disbursed entirely in cash.
2. Employee bonus for the year 2008 is estimated at NTD 218,913,131 while directors' remuneration amounts to NTD 36,485,522. The proposed disbursement of employee bonus and directors' remuneration have no difference from the estimated disbursement of employee bonus and directors' remuneration.

Appendix 7

President Chain Store Corp.

Contrast table for amendments to the Company's articles of incorporation

Provision	Amended provisions	Existing provisions	Contents
Article II	<p>The Company's business lines include:</p> <p>I. F203020 Tobacco and alcohol retail.</p> <p>II. F206020 Daily supplies retail.</p> <p>III. F203010 Foods and beverage retail.</p> <p>IV. F208040 Cosmetics retail.</p> <p>V. F399990 Other retails.</p> <p>VI. IZ01010 Photocopy.</p> <p>VII. F201070 Flowers and plants retail.</p> <p>VIII.F209060 Education, musical instruments and entertainment appliances retail.</p> <p>IX. JE01010 Lease.</p> <p>X. IE01010 Agent of telecommunication subscribers' numbers.</p> <p>XI. I401010 General advertising service.</p> <p>XII. F207050 Fertilizer retail.</p> <p>XIII.F210010 Timepiece retail.</p> <p>XIV. F210020 Eyeglasses retail.</p> <p>XV. F216010 Photographic equipment retail.</p> <p>XVI. JZ99030 Photography.</p> <p>XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel.</p> <p>XVIII. A102060 Food supply.</p> <p>XIX. F213010 Electric appliances retail.</p> <p>XX. F208031 Medical facilities retail.</p> <p>XXI. F205040 Furniture, bedding, kitchenware and</p>	<p>The Company's business lines include:</p> <p>I. F203020 Tobacco and alcohol retail.</p> <p>II. F206020 Daily supplies retail.</p> <p>III. F203010 Foods and beverage retail.</p> <p>IV. F208040 Cosmetics retail.</p> <p>V. F399990 Other retails.</p> <p>VI. IZ01010 Photocopy.</p> <p>VII. F201070 Flowers and plants retail.</p> <p>VIII.F209060 Education, musical instruments and entertainment appliances retail.</p> <p>IX. JE01010 Lease.</p> <p>X. IE01010 Agent of telecommunication subscribers' numbers.</p> <p>XI. I401010 General advertising service.</p> <p>XII. F207050 Fertilizer retail.</p> <p>XIII.F210010 Timepiece retail.</p> <p>XIV. F210020 Eyeglasses retail.</p> <p>XV. F216010 Photographic equipment retail.</p> <p>XVI. JZ99030 Photography.</p> <p>XVII.F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel.</p> <p>XVIII.A102060 Food supply.</p> <p>XIX.F213010 Electric appliances retail.</p> <p>XX. F208031 Medical facilities retail.</p> <p>XXI. F205040 Furniture, bedding, kitchenware and</p>	<p>Add business lines to meet the Company's need in business</p>

Provision	Amended provisions	Existing provisions	Contents
	<p>fixtures retail.</p> <p>XXII. F207030 Sanitary appliances retail.</p> <p>XXIII. F401010 International trade.</p> <p>XXIV. JA01010 Motor repair service.</p> <p>XXV. F214030 Auto and motorcycle spare parts and outfit retail.</p> <p>XXVI. G202010 Parking lot management</p> <p>XXVII. IZ14011 Public welfare lottery agency.</p> <p>XXVIII. JZ99050 Intermediary service</p> <p>XXIX. IZ99990 Other industrial and commercial service</p> <p>XXX. F401161 Cigarette products importer.</p> <p>XXXI. F401171 Alcohol drinks importer.</p> <p>XXXII. Any business not prohibited or restricted by laws and regulations other than the business requiring special approval.</p> <p>XXXIII. F301010 Department store.</p> <p>XXXIV. F301020 Supermarket.</p> <p>XXXV. F399010 Convenience store.</p> <p>XXXVI. F501030 Beverage shop.</p> <p>XXXVII. F501060 Restaurant.</p> <p>XXXVIII. G902011 2nd class telecommunication business.</p> <p>XXXIX. I301010 Information software service.</p> <p>XL. I301030 Electronic information supply service.</p> <p>XLI. F206010 Hardware retailer store</p> <p>XLII. F212011 Petroleum stations.</p> <p>XLIII. 212050 Petroleum products retailing</p> <p>XLIV. JA01990 Other automobile services.</p> <p>XLV. F212061 Natural gas stations</p>	<p>fixtures retail.</p> <p>XXII. F207030 Sanitary appliances retail.</p> <p>XXIII. F401010 International trade.</p> <p>XXIV. JA01010 Motor repair service.</p> <p>XXV. F214030 Auto and motorcycle spare parts and outfit retail.</p> <p>XXVI. G202010 Parking lot management</p> <p>XXVII. IZ14011 Public welfare lottery agency.</p> <p>XXVIII. JZ99050 Intermediary service</p> <p>XXIX. IZ99990 Other industrial and commercial service</p> <p>XXX. F401161 Cigarette products importer.</p> <p>XXXI. F401171 Alcohol drinks importer.</p> <p>XXXII. Any business not prohibited or restricted by laws and regulations other than the business requiring special approval.</p> <p>XXXIII. F301010 Department store.</p> <p>XXXIV. F301020 Supermarket.</p> <p>XXXV. F399010 Convenience store.</p> <p>XXXVI. F501030 Beverage shop.</p> <p>XXXVII. F501060 Restaurant.</p> <p>XXXVIII. G902011 2nd class telecommunication business.</p> <p>XXXIX. I301010 Information software service.</p> <p>XL. I301030 Electronic information supply service.</p> <p>XLI. F206010 Hardware retailing</p> <p>XLII. F212011 Filling station operation</p> <p>XLIII. F212050 Petroleum products retailing</p> <p>XLIV. JA01990 Other automobile-related service</p> <p>XLV. F212061 Natural gas stations</p> <p>XLVI. I101090 Food Consultation.</p> <p>XLVII. IZ09010 Management System Certification</p> <p>XLVIII. J701020 Amusement Park.</p>	

Provision	Amended provisions	Existing provisions	Contents
		XLIX. F102040 Wholesale of Beverages. L. F102170 Wholesale of Sundry Foods. LI. F106020 Wholesale of Daily Necessities. LII. IZ09010 Management System Certification LIII. J701020 Amusement Park. LIV. F102040 Wholesale of Beverages. LV. F102170 Wholesale of Sundry Foods. LVI. F106020 Wholesale of Daily Necessities. LVII. I101090 Management Consultation. LVIII. J304010 Publication	
Article 7	<p>The Company has registered shares. The shares should be assigned numbers and signed or affixed with seals by at least three directors. Shares should be issued after certification by the governing authority or any issuance registration institution approved by the governing authority. The Company may be released from printing of share certificates in accordance with Article 162-2 of the Company Law.</p>	<p>The Company has registered shares. The shares should be assigned numbers and signed or affixed with seals by at least three directors. Shares should be issued after certification by the governing authority or any issuance registration institution approved by the governing authority. <u>The company may issue shares without physical certificates, provided that registration shall be done with the securities custodian institution.</u></p>	Capital of additions
Article XXXIII	<p>These Articles were enacted subject to agreement of all incorporators on June 4, 1987, and enforced as of the date when the competent authority approved them.</p> <p>1st amendment was made on June 26, 1990. 2nd amendment was made on June 28, 1991. 3rd amendment was made on May 29, 1992. 4th amendment was made on August 21, 1992. 5th amendment was made on May 26, 1993. 6th amendment was made on May 20, 1994. 7th amendment was made on Dec. 27, 1994. 8th amendment was made on May. 16, 1996.</p>	<p><u>Addition to the original provision: 22th amendment to the Company's articles of incorporation was made on June 15, 2010.</u></p>	Dates of additions and amendments

Provision	Amended provisions	Existing provisions	Contents
	9 th amendment was made on May 20, 1997. 10 th amendment was made on May 21, 1998. 11 th amendment was made on June 10, 1999. 12 th amendment was made on June 15, 2000. 13 th amendment was made on June 12, 2001. 14 th amendment was made on June 25, 2002. 15 th amendment was made on June 24, 2003. 16 th amendment was made on June 29, 2004. 17 th amendment was made on June 14, 2005. 18 th amendment was made on June 14, 2006. 19 th amendment was made on June 15, 2007. 20 th amendment was made on June 30, 2008. 21 th amendment was made on June 10, 2009.		

Appendix 8

Table of Comparison before and after Amendment of Provisions under “President Chain Store Corp Procedure for Acquisition or Disposition of Assets”

Provision after Amendment	Provision before Amendment	Remarks
I. Legal Basis This procedure is established in accordance with Article 36-1 of the Securities Transaction Act and the “Procedure for Acquisition or Disposal of Assets”.	I. Legal Basis This procedure is established in accordance with Article 36-1 of the Securities Transaction Act	The legal basis of the rule is amended.
II. Scope of Asset 2. Real property and other fixed assets.	II. Scope of Asset 2. Real property (including construction industry inventory) and other fixed assets.	Amendment made pursuant to the actual operational situation of the company.
Deleted	5. Debt to financial institutions (including accounts receivable, factoring, lending and collection amounts).	Amendment made pursuant to actual operational situation of the company.
5. Derivative products.	6. Derivative products.	Amendment to clause numbering.
6. Assets acquired or disposed of pursuant to legal merger, de-merger, acquisition or share transfer.	7. Assets acquired or disposed of pursuant to legal merger, de-merger, acquisition or share transfer.	Amendment to clause numbering.
7. Other important assets.	8. Other important assets.	Amendment to clause numbering.
III. Terms hereunder are defined as follows: 7. <u>Investment in the Mainland Area: means investment made in the Mainland Area in accordance with the Rules for Approval of Investment or Technical Cooperation in Mainland Area by the Investment Commission of the Ministry of Economic Affairs.</u>	None	Amendment in accordance with “Rules for Acquisition or Disposal of Assets by Publicly Traded Companies”.
IV. Appraisal and Procedure: 1. Purchase and Sale of Fixed Assets: In addition to the appraisal to be performed in accordance with section IV-9 hereunder, the purchase and sale of fixed assets shall be subject to prior approval by the president based on the appraisal result and following tender, price comparison or price negotiation by the development and general affairs division for real property. <u>For other fixed assets, the process shall be carried out by the management division in accordance with the authorization rules and</u>	IV. Appraisal and Procedure: 1. Purchase and Sale of Fixed Assets: In addition to the appraisal to be performed in accordance with section IV-9 hereunder, the purchase and sale of fixed assets shall be subject to prior approval by the president based on the appraisal result and following tender, price comparison or price negotiation by the development division for real property or by the management division for other fixed assets. For the purchase and sale of any real property that is not to	Amendment in accordance with company authorization rules.

<p><u>approved by the relevant supervisor with authority.</u> For the purchase and sale of any real property that is not to be used by the stores, recognition (ratification) by the board of directors shall be required. If the amount exceeds five hundred million dollars, it shall be submitted to the shareholders meeting for reference.</p>	<p>be used by the stores, recognition (ratification) by the board of directors shall be required. If the amount exceeds five hundred million dollars, it shall be submitted to the shareholders meeting for reference.</p>	
<p>3. For any security that is not traded on an exchange or securities dealer's office (unless there is a public market price), the finance <u>division</u> shall perform price negotiation and submit the transaction to the president's approval in accordance with the procedure under section IV-9, for further submission to the board of directors for recognition (ratification).</p>	<p>3. For any security that is not traded on an exchange or securities dealer's office (unless there is a public market price), the finance <u>team</u> shall perform price negotiation and submit the transaction to the president's approval in accordance with the procedure under section IV-9, for further submission to the board of directors for recognition (ratification).</p>	<p>Amendment pursuant to change of organization title and current situation.</p>
<p>4. The purchase and sale of any security traded on an exchange or a securities dealer's office shall be carried out in accordance with the procedure under section IV-9 hereunder and submitted in writing for approval by the supervisor of the finance <u>division</u>.</p>	<p>4. The purchase and sale of any security traded on an exchange or a securities dealer's office shall be carried out in accordance with the procedure under section IV-9 hereunder and submitted in writing for approval by the supervisor of the finance team.</p>	<p>Amendment pursuant to change of organization title and current situation.</p>
<p>5. For transaction of derivative products, the finance <u>division</u> shall make consideration about the company's business requirements, in reference to the marketing trading situation, confirm the trading target and position, perform analysis and judgment about relevant market intelligence, prepare hedging proposals and submit a relevant evaluation report for <u>approval by the board of directors</u> before the transaction. The relevant procedure and monitoring items shall be in accordance with Chapter III hereunder.</p>	<p>5. For transaction of derivative products, the finance department shall make consideration about the company's business requirements, in reference to the marketing trading situation, confirm the trading target and position, perform analysis and judgment about relevant market intelligence, prepare hedging proposals and submit a relevant evaluation report for approval by the president before the transaction. The relevant procedure and monitoring items shall be in accordance with Chapter III hereunder.</p>	<p>Amendment pursuant to change of organization title and current situation.</p>
<p>9. Other Matters regarding Evaluation and Procedure: (1) Before the Company acquires or disposes of any security, the latest financial statements audited or certified by the accountant of the target company shall first be obtained to serve as a reference to evaluate the transaction price. In addition, if the transaction amount exceeds 20% of the Company's paid-in capital or NTD300 Million, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price, unless the</p>	<p>9. Other Matters regarding Evaluation and Procedure: (1) Before the Company acquires or disposes of any security, the latest financial statements audited or certified by the accountant of the target company shall first be obtained to serve as a reference to evaluate the transaction price. <u>If the Company has any of the following events and if the transaction amount exceeds 20% of the Company's paid-in capital or NTD300 Million, an</u></p>	<p>Amendment to wording.</p>

<p>public price quote in an active market is available for the security or otherwise provided by the Financial Supervisory Commission of the Executive Yuan (hereinafter the “FSC”).</p>	<p><u>accountant shall be engaged to provide an opinion about the reasonableness of the transaction price. In addition,</u> if the transaction amount exceeds 20% of the Company’s paid-in capital or NTD300 Million, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price, unless the public price quote in an active market is available for the security or otherwise provided by the Financial Supervisory Commission of the Executive Yuan (hereinafter the “FSC”).</p>	
<p>Chapter III Monitoring of Derivative Product Transactions XI. Evaluation of Reasonableness of Transaction Conditions: 5. Total contract amount allowed for derivative product transactions and maximum loss amount for all transactions and individual contract; <u>if the loss exceeds the pre-fixed stop-loss point, a report with corresponding measures shall be filed immediately with the president or a supervisor authorized by the president for decision.</u></p> <p>(1) Hedging Transaction: <u>(i) Total Transaction Amount: The combined foreign exchange or indebtedness net positions under asset and debt (including forecasted future net positions) shall serve as the hedging limit.</u> <u>(ii) Loss Limit: Forecasted loss under individual contract for consecutive 2 months exceeds 20% of the transaction contract amount, or total forecasted contract loss for consecutive 2 months exceeds 10% of the total contract amount.</u></p>	<p>Chapter III Monitoring of Derivative Product Transactions XI. Evaluation of Reasonableness of Transaction Conditions: 5. Total contract amount allowed for derivative product transactions and maximum loss amount for all transactions and individual contract: (1) Hedging Transaction: Hedging transactions are performed based on the Company’s actual requirements and the risk exposure is already included in prior evaluation and control. Thus there is no issue for loss limit amount.</p>	<p>Amendment in accordance with “Rules for Acquisition or Disposal of Assets by Publicly Traded Companies”.</p>
<p>XIII Risk Management Measures: I. Procedure Consideration: 1. The staff authorized by the Company to perform derivative product transactions shall first be approved by the <u>supervisor of the finance division.</u> The financial institution dealing with the company shall be informed. No person other than the above shall be allowed to perform any transaction.</p>	<p>XIII Risk Management Measures: I. Procedure Consideration: 1. The staff authorized by the Company to perform derivative product transactions shall first be approved by the chief financial officer. The financial institution dealing with the company shall be informed. No person other than the above shall be allowed to perform any transaction.</p>	<p>Amendment pursuant to change of organization title and the current situation.</p>

Appendix 9

Table for shareholding by directors/supervisors

1. According to Article 26 of the Securities and Exchange Act, the total shares of registered stock held by all directors of the Company shall be no less than 4% of the Company's total issued shares (36,606,417 shares), and the total shares of registered stock held by all supervisors shall be no less than 4/1000 of the Company's total issued shares (3,660,642 shares).
2. The shares held by individuals and all directors and supervisors recorded in the roster of shareholders until the suspension of transfer registration by the shareholders' meeting:

Job title	Name	Shares held
Chairman	Representative of Kao Chuan Inv. Co. Kao, Chin-Yuan	471,996,430
Managing director	Representative of Uni-President Enterprises Corp. Lin, Chang-Sheng	471,996,430
Managing director	Representative of Uni-President Enterprises Corp. Hsu, Chung-Jen	471,996,430
Director	Representative of Uni-President Enterprises Corp. Lin, Lung-Yi	471,996,430
Director	Representative of Uni-President Enterprises Corp. Lo Chih-Hsien	471,996,430
Director	Representative of Uni-President Enterprises Corp. Yang, Wen-Long	471,996,430
Director	Representative of Uni-President Enterprises Corp. Su, Tsung-Ming	471,996,430
Director	Representative of Uni-President Enterprises Corp. Chang Jen, Yun Huei	471,996,430
Director	Representative of Uni-President Enterprises Corp. Kao, Hsui-Ling	4,538,775
Total		476,535,205

Job title	Name	Shares held
Supervisor	Hong Ho-Yi	0
Supervisor	Representative of Kao Chyuan Investment Co.Ltd Wu Tsung-Pin	4,203,200
Total		4,203,200

Appendix 10

Parliamentary Rules of Shareholders' Meetings of President Chain Store Corp.

Amended on June 25, 2002

- I. Unless otherwise provided in the laws, the parliamentary rules of the shareholders' meetings of the Company shall be subject to these Rules.
- II. The shareholders referred to herein shall mean the shareholders per se and proxy appointed by them.
- III. Shareholders shall furnish the sign-in card to replace the sign-in when attending the shareholders' meeting, which shall be used to calculate the number of attended shares.
- IV. The attendance and voting at a shareholders' meeting shall be calculated based on shares.
- V. The shareholders' meeting shall be held at the Company's location or other locations convenient for shareholders to attend the meeting, and no earlier than 9:00 a.m. or no later than 3:00 p.m. on the day of meeting.
- VI. Unless otherwise provided in the laws, the shareholders' meeting shall be called by the Board of Directors and chaired by the Chairman of the Board. Where the Chairman of the Board fails to exercise his power with causes, he shall appoint a managing director to be his proxy. Where the shareholders' meeting is called by any person entitled to hold the meeting other than the Chairman, the chairperson of the meeting shall be assumed by the person.
- VII. The Company may appoint the attorneys-at-law, CPAs or the relevant personnel retained by it to attend the shareholders' meeting. The staff in charge of the shareholders' meeting shall wear identification badges.
- VIII. The shareholders' meeting shall be recorded by tape or video in full and the tape or video recording shall be maintained for at least one year.
- IX. The chairperson may announce opening of the meeting at the meeting time, provided that where present shareholders are less than a majority of the whole shareholders representing total issued shares at the meeting time, the chairperson may announce postponement of the meeting, and the meeting shall not be postponed for more than twice and the postponement shall not be more than one hour in total. Where present shareholders are still less than a majority of the whole shareholders but more than one-thirds of shareholders representing the total issued shares after the meeting is postponed for twice, it may make a preliminary resolution pursuant to Article 175 of the Company Law. Where the present shareholders are more than a majority of the whole shareholders representing the total issued shares before conclusion of the meeting, the chairperson may resubmit the preliminary resolution to the meeting for voting pursuant to Article 174 of the Company Law.

- X. Where the shareholders' meeting is held by the Board of Directors, the meeting shall follow the parliamentary procedure set by the Board of Directors, and the agenda shall not be altered unless upon resolution of the shareholders' meeting. Where the shareholders' meeting is held by any person entitled to hold the meeting other than the Board of Directors, the requirements referred to in the preceding paragraph shall apply. The chairperson shall not adjourn the parliamentary procedures referred to in the preceding two paragraphs before the conclusion and resolution of motions (including preliminary motions), provided that where the chairperson adjourns the meeting arbitrarily and thereby violates the parliamentary rules, another chairperson may be elected subject to the agreement of a majority of the present shareholders to continue chairing the meeting.
- XI. Any present shareholder shall complete the speech form specifying the intent of his speech, shareholders' account number (or attendance certificate number) and account name before giving any speech. The priority of speech shall be determined by the chairperson. Where any present shareholder only submits the speech form but does not give the speech, he shall be deemed never giving the speech. In the event of an inconsistency in the contents of speech and those specified in the speech form, the contents of speech shall prevail. Unless subject to the prior consent of the chairperson and shareholder giving the speech, the other shareholders shall not interfere with any shareholders' speech, and the chairperson shall prevent any shareholders from interfering with other shareholders' speech, if any.
- XII. Unless subject to the chairperson's prior consent, each shareholder shall not make a speech to the same motion for more than twice, and each speech shall not be more than five minutes. Where any shareholder's speech violates said requirement or is beyond the scope of the motion, the chairperson shall prohibit him from giving the speech.
- XIII. Where a corporation is appointed to attend the shareholders' meeting, the corporation may designate only one person to attend the meeting on behalf of it. Where the corporation designates more than two representatives to attend the meeting, only one of them may make a speech to the same motion.
- XIV. After any present shareholder makes a speech, the chairperson may, personally or appoint the relevant personnel to, respond to the speech.
- XV. Where the chairperson considers that the debate of a motion may be put to vote, he may announce suspension of the debate and put the motion to vote.
- XVI. Scrutineers and ballot counters in the process of voting shall be appointed by the chairperson, provided that the scrutineers shall be shareholders. The voting result shall be reported on the spot and recorded.
- XVII. The chairperson may determine the time to announce break in the process of the meeting.
- XVIII. Unless otherwise provided in Company Law and the Company's articles of incorporation, the voting of motions shall pass subject to agreement of a majority of present shareholders. Where no present shareholders raise objection upon the chairperson's inquiry in the process of voting, the voting shall be deemed passing with the effect as same as that of passage by balloting.
- XIX. Where any present shareholders show dissent opinion towards the motions in the process of voting, the chairperson may ask those showing dissent opinion and waiving the right to vote to raise their hands or stand up in order to calculate the votes. Where the votes fail to reach the statutory votes or the votes set forth in the Company's articles of incorporation, the motion shall be deemed passing and no voting will be required. Where there is any proposal for amendments or alternate proposal with respect to the same motion, the chairperson shall

consolidate the proposal with the original motion and decide the order of voting, provided that where any one of the proposals passes, the other proposals shall be deemed revoked and no further voting will be required.

- XX. The chairperson may direct inspecting personnel (or security guards) to help maintain the order at the meeting. The inspecting personnel (or security guards) shall wear the badges specifying “inspectors” when maintaining the order at the meeting.
- XXI. Any matters not provided herein shall be subject to the Company Law, the Company’s articles of incorporation and other relevant laws and regulations.
- XXII. These Rules shall be enforced upon passing the shareholders’ meeting. The same shall apply where these Rules are amended.

Appendix 11

Articles of Incorporation of President Chain Store Corp. (Before Amendments)

Amended on June 15, 2009

Chapter I. General Provisions

Article I. The Company is incorporated as a company limited by shares under the Company Law of the Republic of China and named “President Chain Store Corp.”.

Article II. The Company’s business lines include:

1. F203020 Tobacco and wine retail
2. F206020 Daily supplies retail
3. F203010 Foods and beverage retail
4. F208040 Cosmetics retail
5. F399990 Other retails
6. IZ01010 Photocopy
7. F201070 Flowers and plants retail
8. F209060 Education, musical instruments and entertainment appliances retail
9. JE01010 Lease
10. IE01010 Agent of telecommunication subscribers’ numbers
11. I401010 General advertising service
12. F207050 Fertilizer retail
13. F210010 Timepiece retail
14. F210020 Eyeglasses retail
15. F216010 Photographic equipment retail
16. JZ99030 Photography
17. F204110 Clothe, dresses, shoes, hats, umbrellas and apparels retail

18. A102060 Food supply
19. F213010 Electric appliances retail
20. F208031 Medical facilities retail
21. F205040 Furniture, bedding, kitchenware and fixtures retail
22. F207030 Sanitary appliances retail
23. F401010 International trade
24. JA01010 Motor repair service
25. F214030 Auto and motorcycle spare parts and outfit retail
26. G202010 Parking lot management
27. IZ14011 Public welfare lottery agency
28. JZ99050 Intermediary service
29. IZ99990 Other industrial and commercial service (agent of enrollment information, registration form, tickets sold on a consignment basis, collection of goods on a consignment, collection of payment commissioned by enterprises)
30. F401161 Cigarette products importer
31. F401171 Alcohol drinks
32. Any business not prohibited or restricted by laws and regulations other than the business requiring special approval
33. F301010 Department store
34. F301020 Supermarket
35. F399010 Convenience store
36. F501030 Beverage shop
37. F501060 Restaurant
38. G902011 2nd class telecommunication business
39. I301010 Information software service
40. I301030 Electronic information supply service
41. F206010 Hardware retailing
42. F212011 Filling station operation
43. F212050 Petroleum products retailing

44. JA01990 Other automobile-related services
45. 212061 Gas Station
46. I101090 Food Consulting
47. IZ09010 Management System Accreditation
48. J701020 Amusement Parks
49. F102040 Wholesale of Nonalcoholic Beverages
50. F102170 Grocery wholesaling
51. F106020 Wholesale of Articles for Daily Use

Article III. The Company's head office is located at Taipei City and may, when necessary, set up branch offices within and outside of the territory of the Republic of China according to the resolution adopted at the meeting of the Managing Directors.

Article IV. (Deleted)

Article V. The Company may make endorsement/guarantee externally due to the business. In order to meet the business needs, the Company may reinvest in other enterprises and be free from the restriction referred to in Article 13 of the Company Law for no more than 40% of the Company's paid-in capital.

Chapter II. Shares

Article VI. The total capital stock of the Company shall be in the amount of NT\$9,600,000,000, divided into 960,000,000 shares, at a par value of NT\$10, and the unissued shares of them are authorized to be issued by the Board of Directors in installments.

Article VII. The stock certificates of the Company shall be registered and issued after being signed or sealed by no less than three Directors of the Company and after being authenticated by the government authority or by the agency authorized by such authority to deal with the registration of issuance of stock certificates. It is not necessary for the Company to print the stock certificates pursuant to Article 162-2 of the Company Law.

Article VIII. If a shareholder transfers his or her stock certificate, the shareholder shall fill in the stock certificate transfer application form signed and sealed by the transferor and transferee, and apply to the Company for alternation of the entries in the shareholders' roster. Transfer of the stock certificate shall not be set up as a defense against the Company, unless the procedure of transfer is completed.

Article IX. Unless otherwise provided in laws, the procedure for application for reissue of stock certificates, if stock certificates are lost:

- (1) The shareholder or the legal owner shall report the event to police authorities for handling or recording, complete the

loss of stock application, and send such to the Company;

- (2) The applicant shall, within five days, apply to the courts under the Code of Civil Procedure for public announcement of the event, and a copy of the court application and the court acceptance voucher shall be sent to the Company, or the application will be revoked;
- (3) Upon expiration of the period of public summon, the applicant may apply to the Company for issue of replacement stocks by attaching the court's judgment declaring the lost stock certificates void.

Article X. Unless otherwise provided by laws, registration for the transfer of stocks shall be suspended sixty days before any general shareholders' meeting, thirty days before any temporary shareholders' meeting, or five days before the record date for determination of the shareholders who are entitled to dividends, bonus or any other profits distributed by the Company.

Chapter III. Shareholders' Meeting

Article XI. Shareholders' meetings of the Company are of two kinds:

1. General shareholders' meetings shall be convened once a year by the Board of Directors within six months after the close of each fiscal year.
2. Temporary shareholders' meetings shall be convened according to the Company Law of the Republic of China whenever necessary

Article XII. During the session of a shareholders' meeting, the Chairman of the Board of Directors shall be the chairperson of the meeting. Where the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, he shall designate one managing director to act on his behalf. Where the Chairman fails to designate his proxy, the Managing Directors shall elect among themselves an acting chairperson of the meeting.

Article XIII. Unless otherwise provided in laws, written notice shall be sent to all shareholders, thirty days in advance in the case of a general shareholders' meeting and fifteen days in advance in the case of a temporary shareholders' meetings, and be publicly announced within forty five days before a general shareholders' meeting, in the case of bearer stock holders, and within thirty days before a temporary shareholders' meeting, in the case of bearer stock holders.

Article XIV. If a shareholder is unable to attend a shareholders' meeting for any reason, he/she may execute and issue a proxy pursuant to Article 177 of the Company Law and the competent authority's requirements and specify the scope of the proxy.

Article XV. Unless otherwise provided in laws, a shareholder shall be entitled to one voting right for each share held by him/her.

Article XVI. Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Law, be adopted by a majority of voting rights of the present shareholders who represent a majority of the total issued and outstanding shares.

- Article XVI-1. The shareholders' meeting shall resolve the following:
1. Amendments to these Articles;
 2. Election and discharge of directors and supervisors;
 3. Permitted activities engaged in by directors for their own or others within the scope of the Company's business;
 4. Conclusion, alteration or termination of the contract related to lease of business, consignment of business or permanent joint venture;
 5. Assignment of all or substantial business or property;
 6. Succeeding another persons' whole business or property which affects the Company's operation materially;
 7. Other motions to be resolved by the shareholders' meeting pursuant to laws.

Chapter IV. Directors, Supervisors and Managerial Staff

- Article XVII. The Company shall have nine directors and two supervisors, who shall be elected from persons with legal capacity at a shareholders' meeting. The term of office of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election pursuant to Article 198 of the Company Law. The total shares of registered stock held by the directors and supervisors shall not be less than a prescribed percentage of the issued and outstanding shares of the Company. The percentage and audit implementation rules thereof are determined pursuant to the regulations of government authority in regard to stocks.
- Article XVIII. The Directors constitute the Board of Directors. Unless laws or these Articles provide that the business shall be subject to resolution of the shareholders' meeting, the Company shall carry out its business subject to the resolution made by the Board of Directors.
- Article XIX. The Directors constitute the Board of Directors and shall elect three Managing Directors from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The managing directors shall elect a Chairman of the Board of Directors among themselves. The Chairman of the Board of Directors shall externally represent the Company and internally execute the Company's business pursuant to laws, these Articles and resolutions of shareholders' meetings and directors' meetings.
- Article XX. The Board of Directors shall hold a meeting at least once per quarter. In the case of emergency or upon request of a majority of directors, a temporary meeting may be convened at any time, provided that the first meeting of each term of the Board of Directors shall be called by the director winning the ballots representing the most votes pursuant to laws.
- Article XXI. Where the Chairman fails to exercise his authority for reasons, the Chairman shall appoint a managing director to be his proxy. Where any director fails to attend the meeting and appoints a proxy to attend the meeting on his behalf, he shall issue a

letter of proxy and specify the scope of authorization with respect to the grounds for calling the meeting, provided that a proxy shall act on behalf of no more than one director.

Article XXI-1. The motions shall be recorded in the director's meeting minutes. The meeting minutes shall specify the date and location of the meeting, names of present directors and chairperson, in addition to the gist and result of the parliamentary procedures, and be signed by the chairperson and recorder. Said meeting minutes shall be maintained permanently in the Company together with the directors' attendance book and proxies.

Article XXII. The functions of the Supervisors are as follows:

1. audit the financial condition of the Company;
2. audit the Company's account books and documents;
3. inquire the business condition of the Company;
4. supervise employees' performance of business and investigation on violations of laws and duties;
5. other functions as authorized by the Company Law.

Article XXIII. The remuneration to directors/supervisors shall be paid subject to the normal standard.

Article XXIII-1. The Company may purchase liability insurance against the indemnity due to any directors, supervisors or important officers with respect to the scope of business executed by them in the duration of their term of office. The enrollment of the insurance program shall be handled by the Board of Directors with full power.

Article XXIV. The Company may have several manager(s). The appointment, removal and remuneration of the manager(s) shall be subject to Article 29 of Company Law. The Company's managers have the right to enter their signatures on behalf of the Company pursuant to the relevant requirements defined by the Company and insofar as they are authorized to do it.

Article XXIV-1. The Company may retain several advisors subject to the need for business. The appointment, removal and remuneration of the advisors shall be subject to agreement of a majority of the whole directors.

Article XXV. (Deleted)

Chapter V. Accounting

Article XXVI. The Company identifies that each year from January 1 to December 31 is one fiscal year, and it will settle the accounts at the end of each fiscal year.

- Article XXVII. At the end of each fiscal year, the Board of Directors shall prepare the following reports and, send them to the meeting of shareholders for their recognition after sending them to the Supervisors for auditing and submitting auditing report thirty days before a general shareholders' meeting pursuant to Article 228 of the Company Law.
1. Business report;
 2. Financial statements;
 3. Motion for allocation of earnings or covering of loss.
- Article XXVIII. The dividends and bonus shall be allocated subject to the various shareholders' shareholding percentage. No dividends or bonus will be allocated where the Company has no retained earnings.
- Article XXIX. If the Company has earnings according to its annual final account, the Company may, after paying all taxes, and making up all past losses, set aside a 10% legal reserve, and contribute a special reserve from the balance stated under less item of shareholders' equity in then year, and where the balance stated under less item of shareholders' equity is reversed later, the reversed amount may be included into the allocation of earnings in then year. If the remainder, if any, and unallocated accumulated earnings for prior year, shall be referred to as distributable accumulated earnings, which shall be allocated according to the motion drafted by the Board of Directors subject to the need for business or reinvestment in the industrial circumstance and approved at a general shareholders' meeting.
- The Company's distributable accumulated earnings shall be allocated on the basis of the following proportions resolved by the shareholders' meeting:
- (1) Remuneration to directors/supervisors: 1% of the earnings;
 - (2) Employees' bonus: no less than 0.2% of the earnings;
 - (3) Shareholders' dividend and bonus: 80%-100% of the distributable accumulated earnings less the preceding subparagraphs (1) and (2), and 50%-100% of such dividend and bonus shall be granted in the form of cash dividends, and the remainder shall be unallocated earnings.
- Article XXX. The dividends shall be allocated to the shareholders recorded in the roster of shareholders five days before the record date of allocation of the dividend and bonus.
- Article XXXI. The Company's articles of organization and enforcement rules thereof shall be defined separately.
- Article XXXII. Any matters not provided herein shall be subject to the Company Law and the relevant laws.

Article XXXIII. These Articles were enacted subject to agreement of all incorporators on June 4, 1987, and enforced as of the date when the competent authority approved them.

1st amendment was made on June 26, 1990.

2nd amendment was made on June 28, 1991.

3rd amendment was made on May 29, 1992.

4th amendment was made on August 21, 1992.

5th amendment was made on May 26, 1993.

6th amendment was made on May 20, 1994.

7th amendment was made on Dec. 27, 1994.

8th amendment was made on May 16, 1996.

9th amendment was made on May 20, 1997.

10th amendment was made on May 21, 1998.

11th amendment was made on June 10, 1999.

12th amendment was made on June 15, 2000.

13th amendment was made on June 12, 2001.

14th amendment was made on June 25, 2002.

15th amendment was made on June 24, 2003.

16th amendment was made on June 29, 2004.

17th amendment was made on June 14, 2005.

18th amendment was made on June 14, 2006.

19th amendment was made on June 15, 2007.

20th amendment was made on June 13, 2008.

Appendix 11

President Chain Store Corp Procedure for Acquisition or Disposition of Assets (before Amendment)

Amended in June 2007

Chapter I General

- I. Legal Basis
This procedure is established in accordance with Article 36-1 of the Securities Transaction Act.
- II. Scope of Asset
1. Investment in stock, government bond, corporate bond, financial bond, **fund based security**, depository receipt, call (put) option, beneficiary certificate and asset based security.
 2. Real property (including construction industry inventory) and other fixed assets.
 3. Membership.
 4. Intangible asset such as patent right, copyright, trademark right, license.
 5. Debt to financial institutions (including accounts receivable, factoring, lending and collection amounts).
 6. Derivative products.
 7. Assets acquired or disposed of pursuant to legal merger, de-merger, acquisition or share transfer.
 8. Other important assets.
- III. Terms hereunder are defined as follows:
1. Derivative product: means forward contract, option contract, futures contract, leveraged deposit contract, swap contract of which the value derive from product such as asset, interest rate, exchange rage, index or other interest, as well as any contract combining any of the above products. Forward contract does not include insurance contract, performance contract, after-sale contract, long-term leasing contract or long-term product purchase (sale) contract.
 2. Asset acquired or disposed of through legal merger, de-merger, acquisition or share transfer: means asset acquired or disposed of pursuant to merger, de-merger or acquisition in accordance with Enterprise Merger Act, Financial Holding Company Act, Financial Institutional Merger Act or other laws, or receipt of other company's shares under new share issuance in accordance with section 6, Article 156 of the Company Law (hereinafter "Share Succession").
 3. Related party: as defined by Financial Accounting Rule No. 6 published by the Accounting Research and Development Foundation (hereinafter the "Accounting R&D Foundation").
 4. Subsidiary: as defined by Financial Accounting Rules No. 5 and 7 published by the Accounting R&D Foundation.
 5. Professional appraiser: means real property appraiser or other entity who is authorized to perform appraisal of real property or other fixed assets in accordance with law.
 6. Event date: means the transaction contract signature date, payment date, closing date, settlement date, board resolution date or other date that permits identification of transaction counterparty and transaction amount, whichever is earlier. However, for any investment which requires approval by the governing authority, it shall be based on the above-mentioned date or the date on which

the approval from the governing authority is received, whichever is earlier.

IV. Appraisal and Procedure:

1. Purchase and Sale of Fixed Assets: In addition to the appraisal to be performed in accordance with section IV-9 hereunder, the purchase and sale of fixed assets shall be subject to prior approval by the president based on the appraisal result and following tender, price comparison or price negotiation by the development division for real property or by the management division for other fixed assets. For the purchase and sale of any real property that is not to be used by the stores, recognition (ratification) by the board of directors shall be required. If the amount exceeds five hundred million dollars, it shall be submitted to the shareholders meeting for reference.
2. If the Company acquires any real property from a related party, evaluation, processing and preparation of relevant information shall be carried out in accordance with section IV-9 and Chapter II hereof and submitted to the board of directors for approval and to the supervisors for recognition before execution.
3. For any security that is not traded in an exchange or securities dealer's office (unless there is a public market price), the finance team shall perform price negotiation and submit the transaction to the president's approval in accordance with the procedure under section IV-9, for further submission to the board of directors for recognition (ratification).
4. The purchase and sale of any security traded on an exchange or a securities dealer's office shall be carried out in accordance with the procedure under section IV-9 hereunder and submitted in writing for approval by the supervisor of the finance team.
5. For transaction of derivative products, the finance department shall make consideration about the company's business requirements, in reference to the marketing trading situation, confirm the trading target and position, perform analysis and judgment about relevant market intelligence, prepare hedging proposals and submit a relevant evaluation report for approval by the president before the transaction. The relevant procedure and monitoring items shall be in accordance with Chapter III hereunder.
6. For any merger, de-merger, acquisition or share transfer, the relevant procedure shall be completed and relevant information prepared relating to the net value per share, asset value, technical and profit making ability, production capacity and future growth potential in accordance with Chapter IV hereof. Any merger, de-merger or acquisition shall only be carried out after approval by shareholders resolution, unless any other law provides that the transaction may be performed without shareholders resolution. Transfer of share may be carried out following the approval by the board of directors.
7. For the acquisition or disposal of any membership, the execution division approved by the president may make the decision in accordance with the relevant procedure under section IV-9 hereunder in reference to the latest closing price at the time. For the acquisition or disposal of any intangible right such as patent right, copyright, trademark right or license, the execution division approved by the president may make the decision in accordance with the relevant procedure under section IV-9 hereunder in reference to international or market practice, the remaining number of years and impact on the Company's technical and business aspects.
8. For the acquisition or disposal of any other asset, it shall be carried out in accordance with the Company's internal control system and authorization and reporting procedures.
9. Other Matters about Evaluation and Procedure:
 - (1) Before the Company acquires or disposes of any security, the latest financial statements audited or certified by accountant of the

target company shall first be obtained to serve as a reference to evaluate the transaction price.

If the Company has any of the following events and if the transaction amount exceeds 20% of the Company's paid-in capital or NTD300 Million, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price. In addition, if the transaction amount exceeds 20% of the Company's paid-in capital or NTD300 Million, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price, unless the public price quote in an active market is available for the security or otherwise provided by the Financial Supervisory Commission of the Executive Yuan (hereinafter the "FSC").

- (2) If the Company acquires or disposes of any real property or other fixed asset, unless it is a transaction with any government authority, contracted construction on self-owned land, contracted construction on leased land or acquisition or disposal of machinery and equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NTD300 Million, an appraisal report issued by a professional appraiser shall first be obtained (items to be specified in the report are detailed in Attachment 1) and the following conditions shall be complied with:
 - i. If, for any special reason, the transaction price must be fixed in reference to any restricted price, specific price or special price, such transaction shall first be submitted to and approved by the board of directors through resolution. The same procedure shall be carried out in case of any subsequent change of any transaction condition.
 - ii. If the transaction amount exceeds NTD1 Billion, at least two professional appraisers shall be invited to perform appraisal.
 - iii. If the appraisal result by the professional appraiser has any of the following events, an accountant shall be engaged to provide a substantial opinion about the reason for the difference and the appropriateness of the transaction price in accordance with Audit Standard No. 20 published by the Accounting R&D Foundation:
 - (i) The appraisal result differs from the transaction amount by more than 20% of the transaction amount.
 - (ii) The appraisal results from two or more professional appraisers differ from each other by more than 10% of the transaction amount.
 - iv. If the appraisal is performed prior to the contract signature date, the date of the report shall not be earlier than three months prior to the contract date. However, if the published current value for the same period is applied and if the lapse of time is less than six months, the original professional appraisal may provide the opinion.
- (3) If the Company acquires any real property from a related party, unless the related party acquired the property through succession or gift, or the contract signed by the related party for the acquisition of the real property was more than five years prior to the signature of the contract for the current transaction, or the real property is to be acquired through the signature of a joint-construction contract with the related party, the following procedure shall be used to evaluate the reasonableness of the transaction cost and an accountant shall be engaged to perform re-examination and provide a substantial opinion:
 - i. Necessary capital interest and cost to be borne by the buyer in accordance with law shall be added to the transaction price by the related party. Necessary capital interest and cost shall be calculated based on the weighted average interest rate for the borrowing of the year during which the asset is purchased by the Company, provided that it shall not be higher than the maximum lending rate for non-financial institutions as published by the Ministry of Finance.
 - ii. If the related party pledged the property for the purpose of getting a mortgaged loan from any financial institution, the total

lending value performed by such financial institution on the property, provided that the actual accumulated lending by the financial institution based on such property shall reach at least 70% of the total lending value and the lending period shall have lapsed for at least one year. This shall not be applicable if the financial institution and either of the transaction parties are related parties.

- iii. If the land and housing is purchased at the same time, the respectively transaction cost of the land and housing may be evaluated by either of the methods indicated under paragraphs (1) or (2) above.
- (4) If the Company acquires or disposes of any membership or intangible asset with a transaction amount exceeding 20% of the Company's paid-in capital or NTD300 Million, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price. The account shall perform in accordance with Audit Standard No. 20 published by the Accounting R&D Foundation.
- (5) If the Company acquires or disposes of any asset through court auction procedure, the justification document issued by the court may be used in lieu of the appraisal report or accountant's opinion.

V. Matters subject to Public Announcement

1. In the event of any of the following during the Company's acquisition or disposal of any asset, and if the transaction amount reaches the threshold provided under section V-2 hereunder, public announcement about related information shall be made on the website designed by the FSC within two days from the event date in accordance with the format and contents of public announcement as prescribed by the FSC.
 - (1) Each individual transaction amount.
 - (2) Accumulated transaction amount for any property with the same nature as the current target to be acquired or disposed of by the same counterparty within one year.
 - (3) Accumulated amount of respective acquisitions or disposals of real property under the same development project within one year.
 - (4) Accumulated amount of respective acquisitions or disposals of the same security within one year.The period of one year above refers to the period of one year preceding the event date of the current transaction. The period for which a public announcement has already been made need not be taken into consideration.
2. Matters subject to public announcement about acquisition or disposal of assets:
 - (1) Acquisition of real property from a related party.
 - (2) Investment in Mainland China.
 - (3) Merger, de-merger, acquisition or share transfer.
 - (4) Engagement in any derivative product transaction, causing any loss which exceeds the maximum amount of loss prescribed for all contracts or individual contract by the handling procedure for derivative product transactions.
 - (5) Any asset transaction other than the above four items with a transaction amount that exceeds 20% of the Company's paid-in capital or NTD300 Million, except the following situations:
 - i. Purchase and sale of government bonds.
 - ii. Engagement in investments as a profession and purchase or sell securities in domestic or overseas exchanges or securities

dealers' offices.

- iii. Purchase or sale of bonds with attached repurchase or resale conditions.
 - iv. Acquisition or disposal of assets that are categorized as machinery or equipment to be used for operational purpose, the transaction counterparty is not a related party, and the transaction amount is lower than NTD500 Million.
 - v. Acquisition of real property through contracted construction on self-owned land, joint construction for housing to be divided, joint construction for profit to shares, joint construction for joint sale and the expected transaction amount to be invested by the Company does not exceed NTD500 Million.
3. The Company shall make public announcements about derivative product transactions engaged by the Company and any subsidiary which is not a domestic publicly traded company up to the end of the previous month on the information reporting website designated by the FSC on the dates as prescribed by relevant regulations in accordance with the public announcement format prescribed by the FSC.
 4. In case of any error or omission of any matter to be included in the public announcement, the full matter should be subject to a new public announcement.
 5. In the event of any of the following for any transaction for which a public announcement has already been made, relevant information shall be publicly announced on the website designated by the FSC within two days from the event date:
 - (1) Any change, termination or cancellation of any contract related to the original transaction.
 - (2) Failure to complete the merger, de-merger, acquisition or share transfer in accordance with the time schedule specified in the contract.

VI. Total and Individual Amount Limit for Purchase of Real Property or Security for Non-Operational Purpose by the Company and Subsidiaries:

1. Unless otherwise approved by the board of directors and submitted to and ratified by the board of directors of the parent company, the total amount of real property purchased by the Company for non-operational purpose shall not exceed 50% of the capital amount or shareholder's equity (whichever is higher); the total amount of securities purchased shall not exceed 200% of the capital amount or shareholder's equity (whichever is higher); the total amount of individual security purchased shall not exceed 50% of the capital amount or shareholder's equity (whichever is higher).
2. The total amount of real property and securities for non-operational purpose that each subsidiary of the Company may purchase and the maximum amount that the subsidiary may invest in individual security shall be in accordance with the following:
 - (1) For any subsidiary that is not a professional investor, the total amount of real property that it purchases for non-operational purpose shall not exceed 50% of the capital amount or the shareholder's equity (whichever is higher); the total amount of securities purchased shall not exceed 150% of the capital amount or the shareholder's equity (whichever is higher); the maximum limit of investment in any individual security shall be 50% of the capital amount or the shareholder's equity (whichever is higher).
 - (2) For any subsidiary that is a professional investor, the total amount of real property that it purchases for non-operational purpose shall not exceed 50% of the total asset; the total amount of securities purchased shall not exceed 100% of the total asset; the maximum limit of investment in any individual security shall be 100% of the total asset.

- (3) If any subsidiary exceeds its investment limit, it shall be allowed if it is approved by the board of directors and board of supervisors of such subsidiary and submitted to and ratified by the board of directors and board of supervisors of the Company.

VII. Monitoring of Acquisition and Disposal of Assets by Subsidiaries:

1. The subsidiary of the Company shall establish the “Procedure for Acquisition and Disposal of Assets” in accordance with the “Rules for Acquisition and Disposal of Assets for Publicly Traded Companies” as promulgated by the FSC and this procedure. Such procedure shall be approved by the board of directors and submitted to each supervisor. It shall then be submitted to the shareholders meeting for approval. The same shall be applicable in case of any amendment.
2. The subsidiary of the Company shall report to the Company on monthly basis about derivative product transactions engaged and acquisitions and disposals of assets performed as of the end of the previous month.
3. If any subsidiary of the Company is not a publicly traded company, and if any acquisition or disposal of asset meets the criteria for public announcement, it shall inform the Company within the event date and the Company shall make public announcement on the designated website. With regard to the rule of 20% paid-in capital amount under the criteria for public announcement applicable to the above-mentioned subsidiary under section V hereunder, the calculation shall be done based on the paid-in capital amount of the Company.

VIII. Penalty:

If any relevant staff of the responsible division fails to comply with this procedure, causing any penalty to be imposed by any governing authority on the Company, the negligent staff shall be subject to the relevant human resource disciplinary rules of the Company.

Chapter II Acquisition of Real Property from Related Party

IX. Basis of Determination:

The acquisition of real property by the Company from a related party includes acquisition through purchase or exchange. The definition of a related party shall be in accordance with Financial Accounting Standard No. 6 published by the Accounting R&D Foundation. In determining a related party, the legal format as well as the substantial relationship should be taken into consideration.

X. Resolution Procedure:

The Company may only acquire real property from a related party after the following information is submitted to and approved by the board of directors and recognized by the supervisors:

1. Purpose, necessity and expected benefit from the acquisition of the real property.
2. Reason for choosing a related party as the transaction counterparty.
3. Information related to the appraisal of the expected transaction conditions.
4. Original acquisition date, price and transaction counterparty by the related party, as well as the relationship between the Company and the related party.
5. Cash flow forecast table for each month within one year from the expected contracting month and appraisal about the necessity of the transaction and reasonableness of the utilization of the fund.
6. Restriction conditions for the transaction and other important agreed matters.

XI. Appraisal of Reasonableness of Transaction Conditions:

1. If the transaction cost of the Company for acquisition of real property from a related party from the results of appraisal in accordance with the relevant procedure under section IV-9-(3) hereunder is lower than the transaction price, unless there is any of the following events in which case objective evidence shall be provided and opinions from real property professional appraisal and accountant's opinion about reasonableness shall be obtained, it shall be handled in accordance with section XI-2 hereunder:
 - (1) If the related party obtained raw land or leased land and performed construction thereafter, evidence may be provided to show the satisfaction with one of the following conditions:
 - i. The combined of the raw land (appraised in accordance with the previous article) and housing (based on the related party's construction cost plus reasonable construction margin) is lower than the actual transaction price. Reasonable construction margin refers to the average gross operating margin by the construction department of the related party during the past three years, or the latest construction industry gross margin published by the Ministry of Finance, whichever is lower.
 - ii. There is any closed case by a non-related party with regard to other floors within the same building and land or in the neighboring area during the past year, with similar surface, and the transaction conditions of such case is equivalent following evaluation of reasonable price difference for floor or area in accordance with real property sale and common purchase practice.
 - iii. There is any leasing case by a non-related party with regard to other floors within the same building and land or in the neighboring area during the past year and the transaction conditions of such case is equivalent following evaluation of reasonable price difference for floor in accordance with real property leasing common practice.
 - (2) The Company provides evidence showing that, with regard to the real property purchased from a related party, the transaction conditions are equivalent to any closed case by any non-related party during the past year in the neighboring area and similar surface. In principle, a closed case in the neighboring area means a case within the same or neighboring block, no further than 500 meters from the transaction target or with similar publicly announced current value. In principle, similar surface means the surface of the closed case by non-related party is not less than 50% of the surface of the transaction target. Within one year means during the one-year period preceding the event date of the current acquisition of real property.
2. If the transaction cost for the acquisition of any real property by the Company from a related party following the results of appraisal in accordance with the relevant procedure under section IV-9-(3) hereof is lower than the transaction price, the following shall be carried out:
 - (1) The difference between the real property transaction price and appraisal cost shall be provided as special reserve fund in accordance with section 1, Article 41 of the Securities Transaction Act and shall not be used for allocation or issuance of shares through capital increase. If any investor in the Company who accounted for the investment under equity method is a publicly traded company, the special reserve fund shall be provided in accordance with law based on the amount to be provided in proportion to the shareholding ratio.
 - (2) The supervisor shall perform in accordance with Article 218 of the Company Law.
 - (3) The status of processing under items (1) and (2) above shall be reported to the shareholders meeting and the transaction details shall be disclosed in the annual report or prospectus.

If special reserve fund is provided in accordance with the previous paragraph, and if the loss from deprecation has been recorded, disposed or properly compensated or reinstated for the asset that was purchased at a high price, or if there is other evidence showing that the price was not unreasonable, the special reserve fund may be used following consent from the FSC.

Chapter III Monitoring of Derivative Product Transactions

XII. Transaction Principles and Guidelines:

1. Transaction Type:
Means forward contract, option contract, futures contract, leveraged deposit contract, swap contract of which the value derive from product such as asset, interest rate, exchange rate, index or other interest, as well as any contract combining any of the above products. Forward contract does not include insurance contract, performance contract, after-sale contract, long-term leasing contract or long-term product purchase (sale) contract.
2. Operational or Hedging Strategy:
Derivative product transactions undertaken by the Company are divided into transaction for hedging purpose and those for financial transaction purpose (i.e., for non-hedging purpose). The strategy should be to achieve the main purpose of avoiding operational risk. The choice of transaction products shall be to avoid the risk of foreign exchange income, cost, asset or indebtedness incurred from the operation of the Company's business. In case of any change of objective environment, the selection of proper timing for engaging in "non-hedging transactions" of derivative products may increase non-operating income or reduce non-operating losses for the Company. In addition, to the extent possible, the selected transaction counterparties should be financial institutions that have business dealings with the Company in order to avoid credit risk. Prior to engaging in the transaction, it shall be clearly defined whether the transaction is a hedging transaction or a financial operation for the pursuit of investment return, in order to serve as the basis for accounting.
3. Division of Responsibility:
 - i. Finance Department:
Responsible for the understanding of regulations related to transactions of each type of derivative product, planning of transactions and establishment of management system, collection of market intelligence and execution of transactions, regular appraisal of long positions and submission of appraisal report as well as matters related to public announcements. The accounting for the transactions, preparation of statements and maintenance of transaction record information shall be the responsibility of other non-transaction staff of the finance department.
 - ii. Audit Department:
Regularly evaluate whether the currently used risk management procedure is appropriate and carried out in accordance with the processing rules established by the Company.
 - iii. Legal Department:
Responsible for the review of all contract and legal provisions for each type of derivative product.
4. Guidelines for Performance Review:
 - i. The finance department shall evaluate the profit and loss from each position after closing of each transaction day.

- ii. Regular review shall be performed and appraisal report submitted to the president or authorized executive for review.
 - iii. The performance review shall be compared with the pre-determined review benchmark on the review date to serve as the basis for future performance management and decision making.
5. Total contract amount allowed for derivative product transactions and maximum loss amount for all transactions and individual contract:
- i. Hedging Transaction: Hedging transactions are performed based on the Company's actual requirements and the risk exposure is already included in prior evaluation and control. Thus there is no issue for loss limit amount.
 - ii. Financial Transaction: The total contract amount shall not exceed USD10 Million in principle, the maximum loss amount allowed for all contracts shall be USD1 Million and the maximum amount of loss for each individual contract shall be 15% of the individual contract amount.

XIII. Risk Management Measures:

1. Credit Risk Consideration:
The transaction counterparties shall be banks or relevant financial institutions who deal with the Company in principle. Otherwise consent from the president shall be obtained.
2. Market Price Consideration:
The finance department shall regularly perform market price evaluation and take note of possible impact that the future market price fluctuation may have on the long positions.
3. Liquidity and Cash Liquidity Consideration: Choose highly liquid products, take note of the Company's cash flow and ensure that there is sufficient cash for settlement.
4. Legal Risk Consideration: The signature of any contract document shall be subject to prior consent by the legal department.
5. Product Risk Consideration: The transaction counterparty shall be required to disclose risks prior to the transaction.
6. Procedure Consideration:
 - i. The staff authorized by the Company to perform derivative product transactions shall first be approved by the chief financial officer. The financial institution dealing with the company shall be informed. No person other than the above shall be allowed to perform any transaction.
 - ii. The transaction staff shall not perform any tasks of confirmation or settlement staff.
 - iii. Each procedure shall be subject to authorization and supervision by the superior executive.
7. The risk monitoring and control staff shall be affiliated with a different department from that of the transaction, confirmation and settlement staff under the previous processing procedure and shall report to the board of directors or any executive that is not responsible for making any decision for transaction or position.
8. The long positions shall be reviewed at least once every week. If any hedging transaction is required for business requirements, it shall be reviewed at least twice every month. The review report shall be submitted to the president or the designated executive.

XIV. Internal Audit System:

The Company's internal audit staff shall regularly understand the appropriateness of internal control over derivative product transactions, audit the compliance with processing procedures for derivative product transactions by the transaction department on a monthly basis and

prepare the audit report. Any material violation discovered shall be reported to each supervisor in writing.

XV. Regulator Review Method and Handling of Anomaly:

1. Positions from financial transitions shall be reviewed once every week. Hedging transactions engaged due to business requirements shall be reviewed once every two weeks. The review report shall be submitted to the president or designated executive for review.
2. The Company's president or other executive authorized by the board of directors shall note the supervision and control of risks from derivative product transactions at all times and shall regularly review whether the currently used risk management procedure is appropriate and whether this procedure is complied with. The board of directors shall also regularly evaluate whether the performance from derivative product transactions is in compliance with the pre-determined operational strategies and whether the risks undertaken are within the scope tolerable by the Company.
3. The president or the executive authorized by the board of directors shall manage derivative product transactions in accordance with the following principles:
 - (1) Regularly evaluate whether the currently used risk management measures are appropriate and in compliance with the "Rules for Acquisition or Disposal of Assets" established by the FSC and relevant provisions hereunder.
 - (2) Supervise the transactions and profit and loss situations. Upon discovery of any anomaly, take necessary corresponding measures and report immediately to the board of directors.
4. A record book shall be established for derivative product transactions engaged by the Company, specifying in detail the types and amounts of derivative product transactions, approval dates by the board of directors, monthly or weekly review reports and regular review items by the board of directors and executive authorized by the board of directors.

Chapter IV Merger, De-Merger, Acquisition or Share Transfer

- XVI. When the Company engages in any merger, de-merger, acquisition or share transfer, the accountant, attorney or securities underwriter shall be engaged prior to the board resolution to provide opinions about the reasonableness of share conversion ratio, acquisition price or allocation of cash or other properties to shareholders and such opinions shall be submitted to the board of directors for discussion and approval.
- XVII. When the Company engages in any merger, de-merger or acquisition, the important provisions and relevant matters shall be specified into a public document prepared for the shareholders prior to a shareholders meeting and delivered to the shareholders together with the experts' opinions under the previous paragraph and the notice for the shareholders meeting, as reference for making a decision as to whether consent should be granted to such merger, de-merger or acquisition, except if any other law provides that no shareholder resolution is required for merger, de-merger or acquisition. If the shareholders meeting of any company participating in the merger, de-merger or acquisition cannot be convened, the resolution cannot be passed or if the proposal was refused by the shareholders meeting, the Company shall immediately make public explanations about the reason for such occurrence, subsequent procedure to be undertaken and the expected date of shareholders meeting.
- XVIII. Unless otherwise provided by other law or in case of any special reason following prior consent by the FSC, if the Company participates in any merger, de-merger or acquisition, it shall convene a board meeting and shareholders meeting on the same date as the other participating companies and pass resolutions about matters related to the merger, de-merger or acquisition. In the case of participation in

any share transfer, it shall convene a board meeting on the same date as the other participating companies.

XIX. Share Conversion Ratio and Acquisition Price:

When the Company participates in any merger, de-merger, acquisition or share transfer, other than the following circumstances, the share conversion ratio or the acquisition price may not be changed at will and the merger, de-merger, acquisition or share transfer contract shall provide circumstances where changes are allowed:

1. Capital increase in cash, issuance of convertible bond, allocation of shares without consideration, issuance of corporate bond with warrants attached, preferred shares with warrants attached, warrants and other securities with share characteristics.
2. Disposal of material assets of the Company, having an impact on the Company's finance.
3. Occurrence of material accident and material technical change, impacting the interests of the Company's shareholders or securities price.
4. Adjustment due to the redemption of treasury stock by any company participating in the merger, de-merger, acquisition or share transfer.
5. Any change or increase or decrease of numbers of entities participating in the merger, de-merger, acquisition or share transfer.
6. Any condition that may be changed as specified in the contract and which has been publicly disclosed.

XX. Matters to be Provided under the Contract:

When the Company participates in any merger, de-merger, acquisition or share transfer, the contract shall specify the rights and obligations of the participating companies, circumstances under which the share conversion ratio or acquisition price may be changed in accordance with the previous article, as well as the following matters:

1. Consequences of breach of contract.
2. Principles for the disposal of share-natured securities or re-purchased treasury stocks that were previously issued by the disappearing or de-merged company.
3. The quantity of and principles for the disposal of treasury stocks that may be re-purchased in accordance with law by the participating company after the record date for calculation of share conversion ratio.
4. The consequence of any change or increase or decrease of the number of participating entities.
5. Planned execution process and expected completion schedule.
6. If the plan is not completed in time, relevant handling procedure such as the expected date of shareholders meeting to be convened in accordance with law.

XXI. Other matters when the Company participates in any merger, de-merger, acquisition or share transfer:

1. Any person who participates or knows about the merger, de-merger, acquisition or share transfer shall be required to issue a written confidentiality undertaking not to disclose anything about the plan prior to the publication of the matter, nor shall the person purchase or sale, in his/her own or any other person's name, the share or share-natured security of any company that is related to the transaction.
2. After the information of merger, de-merger, acquisition or share transfer is published, if the Company intends to perform merger, de-merger, acquisition or share transfer with any other company, unless the number of participating companies are reduced, the shareholders resolution is passed and the board of directors is granted the authority to make changes, in which case no shareholders

meeting needs to be convened for a new resolution, the procedure or legal act already completed in the previous project shall be undertaken again.

3. If any company participating in the merger, de-merger, acquisition or share transfer is listed or has any share that is traded in a securities dealer's office, the following information shall be compiled into a complete written record and maintained for a period of five years. Information under items (i) and (ii) below shall be publicly announced on the designated website in accordance with the designated format within two days from the board resolution approving the transaction for consultation:
 - (1) Basic Staff Information: Including all persons participating in the merger, de-merger, acquisition or share transfer plan prior to the publication of the news, their titles, names, ID numbers (passport numbers for foreigners).
 - (2) Dates of Important Matters: Including dates for the signature of the letter of intent or memorandum of understanding, engagement of financial or legal advisor, signature of contract and board meeting.
 - (3) Important Documents and Minutes: Including merger, de-merger, acquisition or share transfer plan, letter of intent or memorandum of understanding, important contracts and minutes of board meetings.
4. If any company participating in the merger, de-merger, acquisition or share transfer is a non publicly traded company, the Company shall sign a contract with such company and proceed in accordance with section XVIII hereunder and the three subsections above.

Chapter IV Other Important Matters

- XXII. When the Company acquires or disposes of any asset, the relevant contract, minutes, record book, price appraisal report and account, lawyer or securities underwriter's opinions shall be maintained in the Company for at least five years unless otherwise provided by other laws.
- XXIII. When the Company obtains a price appraisal or accountant, lawyer or securities underwriter's report, such professional appraiser and its appraisal staff, the accountant, lawyer or the securities underwriter shall not be a related party to any party to the transaction.
- XXIV. If the acquisition or disposal of any asset by the Company is subject to approval by the board of directors in accordance with this procedure or other laws, and if any director voices any objection with record or written statement, such director objection information shall be delivered to each supervisor.
- XXV. This procedure shall be approved by the board of directors and implemented after submission to each supervisor and submission to and approval by the shareholders meeting. The same shall be applicable to any amendment hereof. If any director voices any objection with record or written statement, such director objection information shall be delivered to each supervisor.

Attachment to President Chain Store Corp Procedure for Acquisition or Disposition of Assets

The price appraisal report shall specify the following matters:

1. The matters to be specified in accordance with the real property price appraisal technical rules.
2. Matters related to the professional appraiser and appraisal staff.
 - (1) Name, capital amount, organizational structure and staff of the professional appraiser.
 - (2) Name, age, educational and professional background (with justifications), seniority and working period in appraisal work and number of appraisal cases undertaken by the appraisal staff.
 - (3) Relationship between the professional appraiser, appraisal staff and the client.
 - (4) Issuance of declaration that “there is no fraudulent statement or omission for matters included in the appraisal report”.
 - (5) Date of issuance of the appraisal report.
3. The basic information of the appraisal target should include at least information about the target’s name, nature, location and surface.
4. Comparative cases of real property transactions in the area of the target.
5. If the type of appraisal is a restricted price or specific price, where the restrictions or specific conditions are applicable, the reasons for difference with the normal price and the reasonableness, and whether such restricted price or specific price may be used as reference for the purchase and sale price.
6. In case of a contract of joint construction, reasonable proportion between the parties.
7. Calculation of land appreciation tax.
8. If the appraisals by the professional appraisers performed on the same date differ from each other by more than 20%, whether it has been handled in accordance with Article 41 of the Real Property Appraiser Act.
9. The attachments should include the appraisal details of the target, ownership registration information, land registration transcript, urban planning simple layout, target layout plan, land zoning usage justification and photos of current conditions of the target.