

**PRESIDENT CHAIN STORE CORP.**  
General shareholders' meeting 2009  
Parliamentary Manual



**June 10, 2009**

**PRESIDENT CHAIN STORE CORP.**

# **General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2009**

## **I. Agenda**

Time: 9:00 a.m. on June 10, 2009 (Wednesday)

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

I. Parliamentary procedure:

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

(II) Chairperson's speech (skipped)

(III) Report

1<sup>st</sup> motion

Cause of motion: Report on operation in 2008

2<sup>nd</sup> motion

Cause of motion : Supervisors' review report for the statement of final accounts in 2008.

3<sup>rd</sup> 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 2008.

5th motion

Cause of Motion: Report on amendment to the parliamentary procedure for Board of Directors.

#### (IV) Ratification

1<sup>st</sup> motion

Cause of Motion: Please ratify the statement of final accounts in 2008. (Proposed by the Board)

#### (V) Discussion and election

1<sup>nd</sup> motion: Please resolve the earning distribution in 2008.

2<sup>nd</sup> motion: Please resolve distribution of the Company's 2008 earnings in the form of stock dividends.

3<sup>th</sup> motion: Please resolve amendment of the Company's Memorandum of Association.

4<sup>th</sup> motion: Please resolve amendment of the Company's Procedures for lending funds to others.

5<sup>th</sup> motion: Please resolve amendment of the Company's Procedures for making endorsements/guarantees.

6<sup>th</sup> motion: Please resolve re-election of the Company's Directors and Supervisors.

7<sup>th</sup> motion: Please resolve removal of restrictions on Directors' participation in competing businesses.

#### (VI) Preliminary motions

#### (VII) Dissolution

## II. Report

### **1<sup>st</sup> motion**

#### **Cause of motion: Report on operation in 2008.**

Content: Report on operation of the Company in 2008 is shown on page 12-13( Appendix I).

### **2<sup>nd</sup> motion**

#### **Cause of motion : Supervisors' review report for the statement of final accounts in 2008.**

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 14~15 (Appendix II).

### **3<sup>rd</sup> 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, 2008 is show on page 16 (Appendix III).

### **4th motion**

#### **Cause of Motion: Report on the Impairment of assets in 2008.**

Content: The Company recognized loss from impairment of assets amounted to NT\$55,948,934 in 2008 in accordance with Statement of Financial Accounting Standards (SFAS) No. 34.

## **5th motion**

### **Cause of Motion: Report on amendment to the parliamentary procedure for Board of Directors.**

- Content: 1. The Company amended the “Parliamentary Procedure for Board of Directors of President Chain Store Corporation” in response to the “Regulations Governing Board Meetings of Public Companies” promulgated by Financial Supervisory Commission of the Executive Yuan.
2. Table showing the comparison of the original and the new provisions after the amendment is shown on page 17~19 (Appendix IV).

### **III. Ratification**

**1<sup>st</sup> motion**

**(Proposed by the Board)**

**Cause of Motion: Please ratify the statement of final accounts in 2008.**

- Content: 1. The statement of final accounts in 2008, 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 12-13 (Appendix I). Financial statements and notes to financial statements are displayed on page 20~33( Appendix V) and on Pages 60-96 and Pages 97–137 of the annual report.
4. The motion is proposed for decision.

Resolution:

### **IV. Discussion and election**

**1<sup>nd</sup> motion**

**(Proposed by the Board)**

**Cause of Motion: Please resolve the earning distribution in 2008.**

- Content: 1. The table of earning distribution in 2008 was shown on page 34(Appendix VI).
2. Earning attributable to shareholders of the Company in 2008 amounted to NT\$3,232.77 million and the Board plans to pay cash dividend of NT2.04 per share and stock dividend of NT1.36 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 35(Appendix VII)
4. The motion is proposed for decision.

Resolution:

**2<sup>nd</sup> motion**

**(Proposed by the Board of Directors)**

**Cause of Motion: Please resolve distribution of the Company's 2008 earnings in the form of stock dividends.**

- Explanation:
1. Proposal to appropriate NTD 1,244,618,190 from distributable earnings for the issuance of 124,461,819 new ordinary shares; equivalent to issuing 136 shares against no payments for every thousand shares.
  2. Once the issuance of stock dividends is approved by the authority, the Board of Directors shall be authorized to set a distribution base date for the newly issued shares. The stock dividends will be distributed according to the ownership proportions recorded in the shareholders registry on the distribution base date, and all shareholders will be notified.
  3. In cases where existing shareholders are allocated portions of a share, the shareholders may choose to consolidate shareholdings within five days after the distribution base date; after which, portions less than one share are reimbursed by cash proportionally to face value and rounded to the nearest dollar. Any portions of a share leftover will be subscribed by the Company's Employee Benefits Committee at face value.
  4. New shares issued in the form of stock dividends bear the same rights and obligations as existing ordinary shares.
  5. Following the issuance of new shares, the Company's paid-up capital amounts to NTD 10,396,222,550.
  6. For your joint approval.

Resolution:

**3<sup>th</sup> 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: “I101090 Food Consultation”, “IZ09010 Management System Certification”, “J701020 Amusement Park”, “F102040 Wholesale of Beverages”, “F102170 Wholesale of Sundry Foods”, and “F106020 Wholesale of Daily Necessities”.
2. Amend authorized capital from NTD 9.6 billion to NTD 10.5 billion.
  3. Add the memorandum amendment date under Article 33.
  4. For amendment comparisons, please refer to pages 36~39 (Appendix 8) of this manual.
  5. For your joint approval.

Resolution:

**4<sup>th</sup> motion**

**(Proposed by the Board of Directors)**

**Cause of Motion: Please resolve amendment of the Company’s procedures for lending funds to others.**

- Explanation: 1. To align with the latest “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by The Financial Supervisory Commission, Executive Yuan, on 15 January 2009, we hereby propose to amend the Company’s procedures for lending funds to others.
2. For amendment comparisons, please refer to page 40 (Appendix 9) of this manual.
  3. For your joint approval.

Resolution:

**5<sup>th</sup> motion**

**(Proposed by the Board of Directors)**

**Cause of Motion: Please resolve amendment of the Company's procedures for making endorsements/guarantees.**

- Explanation:
1. To align with the latest "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by The Financial Supervisory Commission, Executive Yuan, on 15 January 2009, we hereby propose to amend the Company's procedures for making endorsements / guarantees.
  2. For amendment comparisons, please refer to pages 41~42 (Appendix 10) of this manual.
  3. For your joint approval.

Resolution:

**6<sup>th</sup> motion**

**(Proposed by the Board of Directors)**

**Cause of Motion: Please resolve re-election of the Company's Directors and Supervisors.**

- Explanation:
1. The Company's 8<sup>th</sup> Board of Directors and Supervisors are approaching the third year expiry of their term on 13 June 2009.
  2. In accordance with the Company Act and the Company's Memorandum of Association, we hereby propose to re-elect Directors and Supervisors during this year's General Shareholders' Meeting. A total of 9 directors and 2 supervisors shall be elected, whose terms of service starts on 10 Jun 2009 and expires on 9 Jun 2012.
  3. For your joint approval.

**7th motion**

**(Proposed by the Board of Directors)**

**Cause of Motion: Please resolve removal of restrictions on Directors' participation in competing businesses.**

- Explanation:
1. In compliance with Article 209 of the Company Act: "Directors must disclose and obtain permission from the General Shareholders' Meeting any material involvements within the business operations of the company but for the benefit of directors themselves or others".
  2. Several of our newly elected directors may also simultaneously act as directors or managers of the Company's invested companies performing similar business activities. For compliance concerns, we hereby propose to remove restrictions relating to participations in competing businesses.
  3. For your joint approval.

Resolution:

**V. Preliminary motions**

**VI. Dissolution**

## Appendix 1

# Business report 2008

Dear Shareholders,

In 2008, the impact of the sub-prime mortgage crisis in the U.S. spread throughout the global economy, making for a challenging business environment. Undaunted by the unfavorable environment, PCSC is still working hard. At the end of 2008, PCSC attained a total of 4,800 7-ELEVEN stores and revenue of NT\$102.2 billion. Gross profit reached record highs by hitting 32%. The consolidated revenue amounted to NT\$145.9 billion, continuing to show a growing momentum.

In response to the growing popularity of LOHAS (Lifestyles of Health and Sustainability), PCSC has been working actively to promote consumption of lighter, healthier food in our convenience store operations. PCSC has developed a wide range of new sandwiches, salads, rice-balls and cold noodles, and has expanded its range of Japanese-style Kanto stew products to include more vegetables, so that consumers can enjoy healthy food choices. There have also been some revolutionary new developments in our private label products. By the end of 2008, City Café, fresh-brewed coffee, was available in 2,500 stores, establishing 7-ELEVEN as Taiwan's largest coffee chain, and making it easy and convenient for consumers to enjoy a cup of delicious, high-quality coffee anywhere, anytime. Our private label product lines expand to beverages, stationeries and household goods; the total number of product items now exceeds 200, providing consumers with a wide range of high-quality, reasonable products to choose from. In 2008, the first joint marketing activity in which the various President Group brands – including President Starbucks Coffee, Muji, Cold Stone Creamery, Cosmed, and Mister Donut – collaborated on a point redemption scheme; the response to this activity from consumers has been very positive. In addition, PCSC has deployed more than 4,700 “ibon” kiosks, which serve as a convenient, multi-function digital service platform, providing a range of services that include ticket sales, loyalty points redemption, credit card and utility bill payment, mobile office services, etc. ibon kiosks have enabled 7-ELEVEN to provide services beyond the geographical restriction and made virtual service provision has grown broader and more diversified. With the introduction of a wide range of new services, 7-ELEVEN is well on the way to fulfilling its corporate vision of becoming a full-function community service center.

Turning to PCSC's long-term investment activities in Taiwan, in line with the company's management philosophy – which emphasizes satisfying consumers' needs – in 2008 PCSC introduced the Pet Plus, Afternoon Tea and Rakuten brands, which have helped to flesh out PCSC's business lines in the Taiwan market. As regards overseas investments, PCSC now has over a hundred Shandong supermarkets operating in China, constituting the largest supermarket chain in Shandong Province; Shanghai Starbucks continues to post steady earnings growth; PCSC is also expanding the operations of its Shanghai Cold Stone and Afternoon Tea brands in the China market.

While continuing to pursue sustainable development, PCSC has never forgotten its obligations to society, and has continued to play an important role in charity and environmental protection activities. As part of PCSC's special activities to mark Earth Day and contribute to the combating of global warming, PCSC has adopted a consistent policy of keeping the external lights of all 7-ELEVEN stores throughout Taiwan switched off during the day, thereby saving around 2,868,000 kWh of electricity every year, and also helping to cut carbon dioxide emissions. Working in collaboration with Ching Jing Farm, PCSC has arranged for the planting of over 2,000 cherry trees, as part of its contribution towards saving the planet. In 2008, PCSC was once again included in Commonwealth magazine's list of the 10 most admired companies in Taiwan; PCSC has headed the magazine's rankings of the largest retail firms in Taiwan for 14 years in a row, and has also been

awarded Commonwealth magazine's Excellence in Corporate Social Responsibility award, along with Global Views magazine's Corporate Social Responsibility Award, in recognition of the company's commitment to making a positive contribution to society.

2009 will be another challenging year, but we are confident that, with dedication and hard work, the company will be able to achieve great things; as long as we make the effort to look around us and to think carefully, market opportunities will always be there. In the coming year, PCSC will continue to work actively to develop new products and services that meet our customers' real needs, and to further enhance our overall operational performance.

The opening of the first branch of 7-ELEVEN in Shanghai in April 2009 marked a further strengthening of PCSC's retail operations in China. We are confident that 7-ELEVEN will lead a transformation of the convenience store business in the Shanghai region, giving Shanghai's consumers a whole new shopping experience, and making 7-ELEVEN a welcome new neighbor for Shanghai's citizens.

In the future, PCSC will continue to adhere to its core principles: maintaining strong corporate governance, and creating value for shareholders, while at the same time working to satisfy the full range of consumers' needs, contributing to social progress, and fulfilling the company's responsibilities as a good corporate citizen, thereby laying solid foundation for PCSC's sustainable development.

Chairman  President  Chief Accountant 

## Appendix 2

### 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: Ying, Chien Li



March 20, 2009

# 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: Hung, Ho Yi

March 20, 2009

Appendix 3

**PRESIDENT CHAIN STORE CORP.**

**Statistics on the Investment in Mainland China in 2008**

Currency: in USD

Name of investee in China	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 Cosmed Chain Store (Shen Zhen) Co.,Ltd	6,787,051	65%
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%
Total	55,865,170	

**Appendix 4**

**President Chain Store Corp.**

**Amendment Comparison Table of Parliamentary Standards of the Board of Directors' Meeting**

Original provisions	Amended provisions
Title: The Parliamentary Rules of the Board of Directors' Meeting of Presedent Chain Store Corp.	Title: The Parliamentary Standards of the Board of Directors' Meeting of Presedent Chain Store Corp.
<p>Article I</p> <p>The rules were enacted in accordance with Paragraph 8 of Article 26-3 of the Securities and Exchange Act (hereinafter referred to as the “SEA”).</p>	<p><u>Article I (Basis for the Parliamentary Standards)</u></p> <p><u>To facilitate sound governance from the Company’s Board of Directors, robust supervision and enhanced managerial functionality, the Standards shall be established based on Article 2 of “Regulations Governing Procedures for Board of Directors' Meetings of Public Companies” and serve as basis for compliance.</u></p>
<p>Article II</p> <p>The main parliamentary contents, procedures, required minute details, announcements, and other compliance issues in the parliamentary rules of the Board of Directors' meeting of Presedent Chain Store Corp. (hereinafter referred to as the Company) shall comply with the rles.</p>	<p><u>Article II (Applicability of the Standards)</u></p> <p>The main agenda, procedures, required minute details, announcements, and other compliance issues in the parliamentary standards of Board of Directors' meeting of President Chain Store Corp. (hereinafter referred to as the Company) shall comply with <u>the Standards</u>.</p>
<p>Article III</p> <p>The Company’s Board of Directors' meetings shall be held at least four times a year, and once every quarter.</p> <p>All Directors and Supervisors shall be informed at least seven days prior to the Board of Directors' meeting with the meeting agenda clearly stated. However, meetings can be convened whenever required to deal with urgent matters.</p>	<p><u>Article III (Convention and Notification of the Board of Directors' Meetings)</u></p> <p><u>The Company’s Board of Directors' meetings are held once every quarter.</u></p> <p>All Directors and Supervisors shall be informed at least seven days prior to the Board of Directors' meeting with the meeting</p>

Original provisions	Amended provisions
<p>Except for unforeseen emergencies or instances with justifiable reasons, items under Paragraph 1 of Article 7 shall be disclosed upfront in meeting agenda and shall not be raised as provisional motion.</p>	<p>agenda clearly stated. However, meetings can be convened whenever required to deal with urgent matters.            Except for unforeseen emergencies or instances with justifiable reasons, items under <u>Article 7</u> shall be disclosed upfront in meeting agenda and must not be raised as provisional motion.</p>
<p>Article V            The Company’s Board of Directors appointed the “Strategic Planning Group” to administrate meetings. This unit sets agenda for Board of Directors' meetings, provides the relevant materials, and mails them as a convention notice or seven days before the meeting.            Directors may request for additional information from the meeting administrator if existing materials were insufficient, and the meeting administrator must not refuse. If information on the proposed motion was deemed insufficient by the Directors, the motion may be postponed with resolution from the Board of Directors.</p>	<p>Article V (<u>Convention notice and convention materials</u>)            The Company’s Board of Directors appointed the “<u>Management Planning Unit</u>” to administrate meetings. This unit sets agenda for Board of Directors' meetings, provides the relevant materials, and mails them as a convention notice or seven days before the meeting.            Directors may request for additional information from the meeting administrator if existing materials were insufficient, and the meeting administrator must not refuse. If information on the proposed motion was deemed insufficient by the Directors, the motion may be postponed with resolution from the Board of Directors.</p>
<p>Article VIII            Apart from the mandatory discussions listed under Paragraph 1 of said Article herein, the level of authority and jurisdiction granted to the Board of Directors, either by regulations or by the Articles of Association, shall be clearly outlined. The updated business progress shall be reported to the Board of Directors.</p>	<p>Article VIII (<u>Principles of Authority for the Board of Directors</u>)            Apart from the mandatory discussions listed under <u>Article 7</u>, the level of authority and jurisdiction granted to the Board of Directors, either by regulations or by the Articles of Association, shall be clearly outlined. The updated business progress must be reported to the Board of Directors.</p>
<p>Article X            Board of Directors' meetings shall be convened by the Company</p>	<p>Article X (Chairperson and Deputy Chairperson of the Board of Directors)</p>

Original provisions	Amended provisions
<p>Chairperson, who shall also act as the Chairperson of the meetings. However, the first meetings of every new Board of Directors are convened by the Director receiving the highest votes during the shareholders' meeting, who shall also assume the responsibility of Chairperson of the meeting. If there are more than two convenors, the Chairperson of the meeting shall be appointed through joint referral.</p> <p>If the Chairperson is absent or is unable to exercise the delegated authorities for certain reasons, the Deputy Chairperson shall act on his/her behalf. If there is no Deputy Chairperson or if the Deputy Chairperson is also absent or unable to exercise the delegated authorities, the Chairperson shall appoint one Managing Director to act on his/her behalf. If there is no Managing Director, a Director shall be appointed; if the Chairperson does not appoint a deputy, a deputy shall be jointly appointed by Managing Directors or Directors.</p>	<p>Board of Directors' meetings shall be convened by the Company Chairperson, who shall also act as the Chairperson of the meetings. However, the first meetings of every new Board of Directors are convened by the Director receiving the highest votes during the shareholders' meeting, who shall also assume the responsibility of Chairperson of the meeting. If there are more than two convenors, the Chairperson of the meeting must be appointed through joint referral.</p> <p><u>If the Chairperson is absent or is unable to exercise the delegated authorities for certain reasons, the Chairperson shall appoint one Managing Director to act on his/her behalf; if the Chairperson does not appoint a deputy, a deputy shall be jointly appointed by Managing Directors or Directors.</u></p>
<p>Article XII</p> <p>If more than half of the total Directors are absent when the meeting commences, the Chairperson of the meeting may postpone the meeting, subject to a maximum of two postponements. If attendance remains inadequate after two postponements, the Chairperson of the meeting may act according to Paragraph 2 of Article 3 and re-convene the meeting.</p>	<p>Article XII <u>(Convention of Board of Directors' Meeting)</u></p> <p>If more than half of the total Directors are absent when the meeting commences, the Chairperson of the meeting may postpone the meeting, subject to a maximum of two postponements. If attendance remains inadequate after two postponements, the Chairperson of the meeting may act according to Paragraph 2 of Article 3 and re-convene the meeting.</p> <p><u>“Total Directors” mentioned above is calculated based on the</u></p>

Original provisions	Amended provisions
<p>Article XIII</p> <p>The Board of Directors' meetings shall progress according to the planned procedures of the convention notice; however, meeting procedures may be changed subject to more than half of all present Directors' approval.</p> <p>The Chairperson of the meeting may not dismiss the meeting unless agreed by more than half of all present Directors.</p> <p>While motion is in progress during the Board of Directors' meeting, if the number of seated Directors is less than half of all present Directors, the Chairperson of the meeting shall suspend the meeting and act according to the previous Article.</p>	<p><u>number of active directors.</u></p> <p>Article XIII (<u>Discussion of Motions</u>)</p> <p>The Board of Directors' meetings shall progress according to the planned procedures of the convention notice; however, meeting procedures may be changed subject to more than half of all present Directors' approval.</p> <p>The Chairperson of the meeting may not dismiss the meeting unless agreed by more than half of all present Directors.</p> <p>While motion is in progress during the Board of Directors' meeting, if the number of seated Directors is less than half of all present Directors, the Chairperson of the meeting must suspend the meeting and act according to <u>Article 12</u>.</p>
<p>Article XIV</p> <p>The Chairperson of the meeting may announce to close all discussions and call for voting if the motion being discussed is deemed to have reached a decidable state.</p> <p>While voting is in progress during the Board of Directors' meeting, the Chairperson of the meeting seeks objections from all present Directors and the motion is considered passed if no objections are raised.</p> <p>The voting and the supervising and counting of votes of a Board of Directors' meeting motion may take form in any one of the following ways. If objections arise from any present participants, the majority's opinion prevails:</p> <p>(1) Show of Hands vote</p>	<p>Article XIV (<u>Voting and Methods of Supervising and Counting Votes</u>)</p> <p>The Chairperson of the meeting may announce to close all discussions and call for voting if the motion being discussed is deemed to have reached a decidable state.</p> <p>While voting is in progress during the Board of Directors' meeting, the Chairperson of the meeting seeks objections from all present Directors and the motion is considered passed if no objections are raised.</p> <p>The Chairperson of the Board of Directors' meeting may choose one of the following methods to vote on a motion. If objections arise from any present participants, the majority's opinion prevails:</p>

Original provisions	Amended provisions
<p>(2) Roll-call vote  (3) Ballot vote  “All Present Directors” mentioned in the previous two sections exclude Directors who are ineligible to exercise their voting interests, as sepecified under Paragraph 1 of Article 16.</p>	<p>⊙ Show of Hands vote  ⊙ Roll-call vote  ⊙ Ballot vote  <u>If the voting of motions requires the appointment of vote examiners and counters, they shall be appointed by the Chairperson of the meeting. The vote examiner shall possess the identity of a director.</u>  “All Present Directors” mentioned in the previous two sections exclude Directors who are ineligible to exercise their voting interests, as sepecified under Paragraph 1 of Article XVI</p>
<p>Article XVI  If any one of the following conditions applies to a Director during a motion, the Director may only express opinions and answer queries and may not participate in the discussion or voting of the motion. The director must disassociate himself from the discussion and voting, and must not exercise voting interests on behalf of other Directors:</p> <ol style="list-style-type: none"> <li>1. Possible conflict of interest or the interests of the represented corporate shareholder, against the interests of the Company.</li> <li>2. The Director has deemed the avoidance of conflicting interests necessary.</li> </ol> <p>The Board of Directors Resolution shall include Directors who are not eligible to exercise voting interests due to the above reason as “All Present Directors”</p>	<p>Article XVI (<u>Avoidance of Directors’ Conflicting Interests</u>)  If a Director is found to be involved in meeting motions in any of the following ways, the Director may only express opinions and answer queries and may not participate in the discussion or voting. The director must disassociate himself from the discussion and voting, and must not exercise voting interests on behalf of other Directors:</p> <ol style="list-style-type: none"> <li>1. Possible conflict of interest or the interests of the represented corporate shareholder, against the interests of the Company.</li> <li>2. The Director has deemed the avoidance of conflicting interests necessary.</li> </ol> <p>The Board of Directors Resolution shall <u>treat</u> the Directors who are not eligible to exercise voting interests due to the above reason <u>in accordance with Paragraph 2 of Articles 206</u></p>

Original provisions	Amended provisions
<p>Article XXX</p> <p>Enactments and amendments to these meeting rules shall be subject to the approval of the Board of Directors and report to the shareholders' meeting.</p>	<p><u>and Paragraph 2 of Articles 180 of the Company Act.</u></p> <p>Article XXX (<u>Supplementary Standards</u>)</p> <p>Enactments of the Rules of Parliamentary Procedure shall be subject to the approval of the Board of Directors and report to the shareholders' meeting. <u>The Board of Directors is authorized to make subsequent amendments through joint resolution.</u></p>
None	"Provision titles" were added to each Article

## Appendix 5

### Independent Auditor's Report

(98) Tsai-Shen-Bao-Zhi No. 08003009

To: President Chain Store Corporation

We have audited the accompanying balance sheet of the President Chain Store Corporation as of December 31, 2008 and 2007 and the related statements of income, retained earnings, and cash flow for the years then ended. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. The investment income/loss recognized for some of the long-term equity investment valued with equity method in 2008 and 2007 and the information disclosure of the invested company in conformity with Note XI to Financial Statements were valued in accordance with the financial statements audited by other CPAs of the invested company instead of us. The net investment income recognized in accordance with the financial statements audited by other CPAs amounted to NT\$122,025,000 and NT\$105,727,000 in 2008 and 2007, respectively. The relevant long-term equity investment amounted to NT\$756,049,000 and NT\$617,265,000 on December 31, 2008 and 2007, 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 December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended are 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 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 2008 and 2007 consolidated financial statements of President Chain Store Corporation.

PRICEWATERHOUSE COOPER

CPA

Chang Ming-Hui, CPA

Tsai Chin-Pao, CPA

Former SEC, Ministry of Finance

Certificate No.: (81) Tai-Tsai-Cheng (VI) No. 79059

(76) Tai-Tsai-Cheng (I) No. 11412

March 16, 2009





President Chain Store Corporation  
Income Statement  
For the period ended Dec. 31, 2008 and 2007

Expressed in NT\$ 1,000

	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue				
4110 Net sales	\$ 98,437,069	96	\$ 98,885,377	97
4800 Other operating revenue (Note V)	<u>3,754,189</u>	<u>4</u>	<u>3,478,464</u>	<u>3</u>
4000 Total operating revenue	102,191,258	100	102,363,841	100
Operating cost				
5110 Cost of goods sold	( 69,456,344)	( 68)	( 70,619,544)	( 69)
5910 Gross profit	<u>32,734,914</u>	<u>32</u>	<u>31,744,297</u>	<u>31</u>
Operating expenses (Notes IV (XIX) & V)				
6100 Selling expenses	( 25,573,274)	( 25)	( 24,445,774)	( 24)
6200 General and administration expenses	( 2,554,713)	( 3)	( 2,444,990)	( 2)
6000 Total operating expenses	( 28,127,987)	( 28)	( 26,890,764)	( 26)
6900 Operating income	<u>4,606,927</u>	<u>4</u>	<u>4,853,533</u>	<u>5</u>
Non-operating income				
7310 Gain on valuation of financial assets	230	-	3,607	-
7122 Dividend Income	146,261	-	48,656	-
7130 Gain on disposal of fixed assets	96,790	-	-	-
7140 Gain on disposal of investments	33,224	-	99,257	-
7210 Rental income (Note V)	74,815	-	60,249	-
7480 Other income (Note V)	<u>698,466</u>	<u>1</u>	<u>695,324</u>	<u>1</u>
7100 Total non-operating income	<u>1,049,786</u>	<u>1</u>	<u>907,093</u>	<u>1</u>
Non-operating expenses				
7510 Interest expenses	( 154,248)	-	( 87,170)	-
7521 Investment loss (equity method) (Note IV (VI))	( 509,898)	-	( 285,905)	-
7530 Loss on disposal of fixed assets	-	-	( 34,008)	-
7630 Impairment losses (Note IV (V))	( 559,489)	( 1)	( 499,177)	( 1)
7880 Other expenses	( 51,334)	-	( 44,300)	-
7500 Total non-operating expenses	( 1,274,969)	( 1)	( 950,560)	( 1)
7900 Income before tax	4,381,744	4	4,810,066	5
8110 Income Tax (Note IV (XV))	( 862,063)	( 1)	( 1,187,653)	( 1)
9600 Net Income After Tax	<u>\$ 3,519,681</u>	<u>3</u>	<u>\$ 3,622,413</u>	<u>4</u>
	<u>(pre-tax)</u>	<u>(after tax)</u>	<u>(pre-tax)</u>	<u>(after tax)</u>
Earnings per share (Note IV (XVIII))				
9750 Net Income	<u>\$ 4.79</u>	<u>\$ 3.85</u>	<u>\$ 5.26</u>	<u>\$ 3.96</u>
Diluted earnings per share				
9850 Net income	<u>\$ 4.77</u>	<u>\$ 3.84</u>	<u>\$ 5.26</u>	<u>\$ 3.96</u>

Please refer to the notes to financial statements and the audit report dated March 16, 2009

by CPA Chang Ming-Hui and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation  
Statement of Cash Flows  
For the period ended Dec. 31, 2008 and 2007

Unit: NT\$ 1,000  
2007

	2008		2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Net Income:	\$ 3,519,681	\$	3,622,413
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (Gain) on valuation of financial assets	( 229)	(	3,607)
Decrease of allowance for uncollectible accounts	( 2,801)	(	168)
Alllowance for reduction of inventory to market	-	(	9,437)
Depreciation	1,778,671		1,713,069
Depreciation of leased assets	14,170		14,170
Amortization	22,783		77,935
Gain on disposal of financial assests measured at cost	321	(	119,747)
Financial assests measured at cost- impairment losses	559,489		499,177
Cash dividend from long-term investment under equity method	315,143		307,362
Investment loss (gain) recognized under equity method	509,898		285,905
Loss (gain) on disposal of fixed assets	( 96,790)		34,008
Changes in assets and liabilities:			
(Increase) Decrease in Financial assets— current— whose changes in fair value are recognized in earnings	( 3,460,028)	(	2,555,320)
Accounts receivable	( 285,071)	(	50,125)
Other accounts receivable	36,108		21,041
Inventories	( 301,457)	(	102,529)
Prepayments	104,967	(	174,050)
Other current assets-others	( 21,571)		22,812
Deferred income tax assets	( 4,939)		3,064
Notes payable	3,432,079	(	1,074,140)
Accounts payable	227,775		296,750
Income tax payable	( 365,964)	(	21,104)
Accrued expenses	( 465,166)	(	152,062)
Other accounts payable	( 433,725)		887,261
Advance receipts	418,527		7,373
Accured pension liabilities	( 18,837)	(	586)
Net cash provided by operating activities	5,483,034		3,529,465

President Chain Store Corporation  
Statement of Cash Flows  
For the period ended Dec. 31, 2008 and 2007

Unit: NT\$ 1,000  
2007

	<u>2008</u>	
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of financial assets measured at cost	(\$ 380,000)	(\$ 269,055)
Proceeds from disposal of financial assets measured at cost	133,399	361,415
Capital reduction for cost method investment	-	66,947
Acquisition of long-term investment-equity method	( 1,836,605)	( 1,009,057)
Increase of prepayments for long-term investments	( 35,648)	-
Decrease of bond portfolios with no active market	-	20,000
Purchase of fixed assets	( 2,098,010)	( 2,446,952)
Proceeds from disposal of fixed assets	394,238	15,174
Purchase of computer software	( 205,609)	( 90,380)
Increase in refundable deposits	( 25,066)	( 19,805)
Increase in other assets- other	( 3,325)	( 10,118)
Net cash used by investing activities	<u>( 4,056,626)</u>	<u>( 3,381,831)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Increase (decrease) in long-term loans	2,400,000	6,700,000
Payback of corporate bond	( 1,100,000)	( 900,000)
Increase in guarantee deposit received	128,774	205,361
Payment of cash dividends	( 2,928,513)	( 3,203,062)
Payment of employees' bonus	( 260,814)	( 275,250)
Payment of directors' remuneration	<u>( 32,602)</u>	<u>( 34,406)</u>
Net cash provided by financing activities	<u>( 1,793,155)</u>	<u>2,492,643</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	( 366,747)	2,640,277
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	5,878,691	3,238,414
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$ 5,511,944</u>	<u>\$ 5,878,691</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 163,848</u>	<u>\$ 101,577</u>
Income tax paid	<u>\$ 1,232,966</u>	<u>\$ 1,205,693</u>
<u>Investing activities of partial payment on cash</u>		
Purchase of property, plant and equipment	\$ 2,081,387	\$ 2,555,463
Add: beginning balance of account payable on equipment	387,355	278,844
Less: ended balance of account payable on equipment	<u>( 370,732)</u>	<u>( 387,355)</u>
Cash purchase of property, plant and equipment	<u>\$ 2,098,010</u>	<u>\$ 2,446,952</u>

Please refer to the notes to financial statements and the audit report dated March 16, 2009

by CPA Chang Ming-Hui and Tsai Chin Pao of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

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, 2008 and 2007 and the related statements of income, retained earnings, and cash flows for the years then ended. 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 subsidiary's financial statements included in the consolidated financial statements were audited by other CPAs instead of us. Therefore, the amount of the financial statements reported is based on the audit reports of other CPAs. The subsidiary's total assets amounted to NT\$2,173,618 thousand and NT\$1,453,044 thousand representing 3.41% and 2.54% of total consolidated assets on December 31, 2008 and 2007, respectively. The net operating income amounted to NT\$4,393,695 thousand and NT\$3,642,000 thousand representing 3.01% and 2.57% of total consolidated net operating income in 2008 and 2007, respectively. The investment income/loss recognized for some of the long-term equity investment valued with Equity Method in 2008 and 2007 and the information disclosure of the invested company in conformity with Note XI to Financial Statements were valued in accordance with the financial statements audited by other CPAs of the invested company instead of us. The relevant long-term equity investment amounted to NT\$245,298 thousand and NT\$244,349 thousand on December 31, 2008 and 2007, respectively. Net investment income recognized in accordance with the financial statements audited by other CPAs amounted to NT\$77,609 thousand and NT\$61,748 thousand in 2008 and 2007, respectively.

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, 2008 and 2007, 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” 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 an expense and liability according to the law or obligation of assumption once the amount of cost can be reasonably estimated.

PRICEWATERHOUSE COOPER

CPA

Chang Ming-Hui, CPA

Tsai Chin-Pao, CPA

Former SEC, Ministry of Finance

Certificate No.: (81) Tai-Tsai-Cheng (VI) No. 79059

(76) Tai-Tsai-Cheng (I) No. 11412

March 16, 2009

President Chain Store Corp. & Subsidiaries  
President Chain Store Corp. and Subsidiaries  
Consolidated Balance Sheet  
At the end of Dec. 31, 2008 and 2007

		Dec. 31, 2008		Dec. 31, 2007				Dec. 31, 2008		Dec. 31, 2007		Unit : NT\$ 1,000
		Amount	%	Amount	%			Amount	%	Amount	%	
<u>Assets</u>						<u>Liabilities and Shareholders' equity</u>						
<u>Current assets</u>						<u>Liability</u>						
1100	Cash and cash equivalents (Note IV (I))	\$ 9,133,700	14	\$ 8,770,296	15	2100	Short-term debt	\$ 1,983,834	3	\$ 1,448,978	3	
1310	Financial assets whose changes in fair value are recognized in earnings-current (Note IV (II))	6,881,851	11	3,650,678	6	2110	Short-term notes and bills payable	339,630	1	509,456	1	
1320	Financial assets in available-for-sale - current	1,000	-	-	-	2200	Derivative financial liabilities for hedging-current (Note X)	-	-	5,070	-	
1140	Net accounts receivable (Note V)	2,307,877	4	2,252,675	4	2120	Notes payable (Note V)	2,347,968	4	1,434,584	2	
1160	Other receivable (Note V)	1,685,139	3	795,397	2	2140	Accounts payable	12,380,632	19	9,340,157	16	
120X	Inventories (Note IV (III))	8,366,875	13	7,524,707	13	2150	Accounts payable-related parties (Note V)	2,037,800	3	1,900,468	3	
1260	Prepayments	1,333,656	2	1,240,005	2	2160	Income taxes payable (Note IV (XVI))	466,822	1	795,612	1	
1280	Other current assets (Note IV (XVI))	380,797	-	423,424	1	2170	Accrued expenses (Notes IV (XI) & V)	3,806,696	6	3,807,818	7	
11XX	Total current assets	<u>30,090,895</u>	<u>47</u>	<u>24,657,182</u>	<u>43</u>	2210	Other accounts payable (Note IV (XII))	6,393,053	10	6,684,334	12	
<u>Funds and long-term investments</u>						2260	Advance receipts	1,974,905	3	1,237,465	2	
1450	Available-for-sale financial assets— non current (Note IV (IV))	525,796	1	739,867	1	2270	Long-term liabilities-current portion (Notes IV (XIII) (XIV) & V)	411,197	1	1,529,664	3	
1480	Financial assets measured at cost— non current (Note IV (V))	12,115,984	19	12,485,634	22	21XX	Total current liabilities	<u>32,142,537</u>	<u>51</u>	<u>28,693,606</u>	<u>50</u>	
1421	Long-term investments (Equity method) (Note IV (VI) & V)	1,201,175	2	852,795	1	2420	Long-term liabilities					
1425	Prepaid long-term investment	35,648	-	-	-	2450	Long-term loans (Note IV (XIV))	9,983,543	16	7,560,699	13	
14XX	Total funds and long-term investments	<u>13,878,603</u>	<u>22</u>	<u>14,078,296</u>	<u>24</u>	2450	Long-term notes and accounts payable-related parties (Note V)	95,690	-	79,721	-	
<u>Fixed assets (Note IV (VIII) (X) 、 V &amp; VI)</u>						24XX	Total long-term liabilities	<u>10,079,233</u>	<u>16</u>	<u>7,640,420</u>	<u>13</u>	
<u>Cost</u>						<u>Other liabilities</u>						
1501	Land	2,151,840	3	2,251,524	4	2810	Accrued pension liabilities (Note IV (XV))	495,425	1	520,924	1	
1521	Building	2,375,186	4	2,223,326	4	2820	Guarantee deposit received	2,103,500	3	1,986,894	4	
1551	Transportation equipment	2,299,219	3	2,128,341	4	2880	other liabilities-other	121,519	-	28,606	-	
1571	Operating equipment	14,551,747	23	12,779,434	22	28XX	Total other liabilities	<u>2,720,444</u>	<u>4</u>	<u>2,536,424</u>	<u>5</u>	
1631	Lease improvement	8,353,471	13	7,484,479	13	2XXX	Total liabilities	<u>44,942,214</u>	<u>71</u>	<u>38,870,450</u>	<u>68</u>	
1681	Other equipment	2,943,756	5	2,746,014	5	<u>Shareholders' equity</u>						
15X8	Revaluation increments	55,374	-	-	-	3110	Capital (Note IV (XVII))					
15XY	Cost and revaluation	32,730,593	51	29,613,118	52		Common stock	9,151,604	14	9,151,604	16	
15X9	Less: accumulated depreciation	( 17,571,562)	( 28)	( 15,107,170)	( 26)	3310	Retained earnings (Note IV (XVIII))					
1599	Less: accumulated impairment	( 20,303)	-	( 3,033)	-	3350	Legal reserve	3,288,123	5	2,925,882	5	
1670	Construction in progress and prepayments for equipment	340,530	1	182,502	-	3350	Unappropriated earnings	3,584,747	6	3,649,236	6	
15XX	Total net fixed assets	<u>15,479,258</u>	<u>24</u>	<u>14,685,417</u>	<u>26</u>	3460	Other adjustments in shareholders' equity					
<u>Intangible assets</u>						3460	Unrealized revaluation increments	54,010	-	-	-	
1750	Cost of computer software	392,045	1	120,554	-	3450	Unrealized revaluation gains (Notes III & X)	258,551	-	469,191	1	
1760	Goodwill	348,492	1	266,645	1	3420	Cumulative translation adjustment	110,608	-	58,567	-	
1780	Other intangible assets	212,244	-	208,819	-	3610	Minority interest	2,337,787	4	2,154,992	4	
17XX	Total intangible assets	<u>952,781</u>	<u>2</u>	<u>596,018</u>	<u>1</u>	3XXX	Total shareholders' equity	<u>18,785,430</u>	<u>29</u>	<u>18,409,472</u>	<u>32</u>	
<u>Other assets</u>						<u>Commitment and contingent liability (Notes V &amp; VII)</u>						
1800	Assets leased to others (Note IV (IX) & VII)	994,582	1	1,008,617	2							
1810	Idle assets	974	-	-	-							
1820	Redundable deposit (Note VII)	1,788,842	3	1,726,223	3							
1880	Other assets-other (Note IV(XVI))	541,709	1	528,169	1							
18XX	Total other assets	<u>3,326,107</u>	<u>5</u>	<u>3,263,009</u>	<u>6</u>							
1XXX	Total assets	<u>\$ 63,727,644</u>	<u>100</u>	<u>\$ 57,279,922</u>	<u>100</u>	1XXX	Liabilities and shareholders' equity	<u>\$ 63,727,644</u>	<u>100</u>	<u>\$ 57,279,922</u>	<u>100</u>	

Please refer to the notes to the consolidated financial statements and the audit report date March 16, 2009 by CPA Chang Ming-Hui and Tsai Chin Pao of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries  
Consolidated Income Statement  
For the period ended Dec. 31, 2008 and 2007

Expressed in NT 1,000

		2008		2007	
		Amount	%	Amount	%
Operating revenue (Note V)					
4110	Net sales	\$ 141,152,973	97	\$ 134,042,809	94
4800	Other operating revenue	<u>4,746,144</u>	<u>3</u>	<u>7,938,831</u>	<u>6</u>
4000	Total operating revenue	145,899,117	100	141,981,640	100
Operating cost					
5110	Cost of goods sold (Notes IV(XII) & V)	( <u>99,255,637</u> )	( <u>68</u> )	( <u>98,323,983</u> )	( <u>69</u> )
5910	Gross profit	<u>46,643,480</u>	<u>32</u>	<u>43,657,657</u>	<u>31</u>
Operating expenses (Notes IV(XX) & V)					
6100	Selling expenses	( <u>34,530,144</u> )	( <u>24</u> )	( <u>31,571,469</u> )	( <u>22</u> )
6200	General and administration expenses	( <u>6,359,042</u> )	( <u>4</u> )	( <u>7,034,793</u> )	( <u>5</u> )
6000	Total operating expenses	( <u>40,889,186</u> )	( <u>28</u> )	( <u>38,606,262</u> )	( <u>27</u> )
6900	Operating income	<u>5,754,294</u>	<u>4</u>	<u>5,051,395</u>	<u>4</u>
Non-operating income					
7110	Interest Income	112,146	-	59,598	-
7310	Gain on valuation of financial assets	1,800	-	3,058	-
7122	Dividend Income	146,261	-	51,572	-
7130	Gain on disposal of fixed assets	36,243	-	-	-
7140	Gain on disposal of investments	51,261	-	117,302	-
7210	Rental Income	78,187	-	93,556	-
7480	Others	<u>221,196</u>	<u>-</u>	<u>1,108,392</u>	<u>1</u>
7100	Total non-operating income	<u>647,094</u>	<u>-</u>	<u>1,433,478</u>	<u>1</u>
Non-operating expenses					
7510	Interest expenses	( <u>297,451</u> )	-	( <u>194,533</u> )	-
7521	Loss on investments (equity method) (Note IV (VI))	( <u>140,349</u> )	-	( <u>104,310</u> )	-
7530	Loss on disposal of fixed assets	-	-	( <u>57,313</u> )	-
7540	Loss on disposal of investment	( <u>11,239</u> )	-	-	-
7570	Allowance for reduction of inventory to market	( <u>45,271</u> )	-	( <u>62,258</u> )	-
7630	Impairment Loss (Note IV(V) (X))	( <u>631,914</u> )	( <u>1</u> )	( <u>638,540</u> )	( <u>1</u> )
7880	Others	( <u>368,166</u> )	<u>-</u>	( <u>128,554</u> )	<u>-</u>
7500	Total non-operating expenses	( <u>1,494,390</u> )	( <u>1</u> )	( <u>1,185,508</u> )	( <u>1</u> )
7900	Income before tax	4,906,998	3	5,299,365	4
8110	Income Tax (Note IV (XVI))	( <u>1,304,328</u> )	( <u>1</u> )	( <u>1,497,161</u> )	( <u>1</u> )
9600XX	Net Income After Tax	<u>\$ 3,602,670</u>	<u>2</u>	<u>\$ 3,802,204</u>	<u>3</u>
Attributed to:					
9601	Shareholders of the Company	\$ 3,519,681	2	\$ 3,622,413	3
9602	Minority Interests	<u>82,989</u>	<u>-</u>	<u>179,791</u>	<u>-</u>
		<u>\$ 3,602,670</u>	<u>2</u>	<u>\$ 3,802,204</u>	<u>3</u>
		<u>(pre-tax)</u>	<u>(after tax)</u>	<u>(pre-tax)</u>	<u>(after tax)</u>
Earnings per share (in NT \$ dollars) (Note IV(XIX))					
9710	Net Income After Tax	\$ 5.36	\$ 3.94	\$ 5.79	\$ 4.16
9740AA	Minority Interests	( <u>0.57</u> )	( <u>0.09</u> )	( <u>0.32</u> )	( <u>0.20</u> )
9750	Shareholders of the Company	<u>\$ 4.79</u>	<u>\$ 3.85</u>	<u>\$ 5.47</u>	<u>\$ 3.96</u>
Diluted earnings per share					
9850	Net Income	<u>\$ 4.77</u>	<u>\$ 3.84</u>	<u>\$ 5.47</u>	<u>\$ 3.96</u>

Please refer to the notes to the consolidated financial statements and the audit report date March 16, 2009  
by CPA Chang Ming-Hui and Tsai Chin Pao of PRICEWATERCOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries  
Consolidated Statement of Retained Earnings  
Jan. 1 to Dec. 31, 2007 and 2006

Currency expression: NT\$1,000

	Retained Earnings							Minority equity	Total
	Paid-in Capital	Legal reserve	special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustments			
<u>2007</u>									
Balance at January 1, 2007	\$ 9,151,604	\$ 2,543,649	\$ 531	\$ 3,921,243	\$ -	\$ 359,191	\$ 6,956	\$ 15,983,174	
Appropriation and distribution of retained earnings in 2006:									
Legal reserve	-	382,233	-	( 382,233)	-	-	-	-	
Special reserve	-	-	( 531)	531	-	-	-	-	
Employee bonus	-	-	-	( 275,250)	-	-	( 275,250)	-	
Remuneration to directors and supervisors	-	-	-	( 34,406)	-	-	( 34,406)	-	
Cash dividends	-	-	-	( 3,203,062)	-	-	( 3,203,062)	-	
Total net income of 2007	-	-	-	3,622,413	-	-	-	3,622,413	
Unrealized revaluation gains	-	-	-	-	-	110,000	-	110,000	
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	-	51,611	51,611	
Balance at December 31, 2007	<u>\$ 9,151,604</u>	<u>\$ 2,925,882</u>	<u>\$ -</u>	<u>\$ 3,649,236</u>	<u>\$ -</u>	<u>\$ 469,191</u>	<u>\$ 58,567</u>	<u>\$ 16,254,480</u>	
<u>2008</u>									
Balance at January 1, 2008	\$ 9,151,604	\$ 2,925,882	\$ -	\$ 3,649,236	\$ -	\$ 469,191	\$ 58,567	\$ 16,254,480	
Appropriation and distribution of retained earnings in 2007:									
Legal reserve	-	362,241	-	( 362,241)	-	-	-	-	
Employee bonus	-	-	-	( 260,814)	-	-	( 260,814)	-	
Remuneration to directors and supervisors	-	-	-	( 32,602)	-	-	( 32,602)	-	
Cash dividends	-	-	-	( 2,928,513)	-	-	( 2,928,513)	-	
Total net income of 2008	-	-	-	3,519,681	-	-	-	3,519,681	
Unrealized revaluation of fixed assets	-	-	-	-	54,010	-	-	54,010	
Unrealized revaluation gains	-	-	-	-	-	( 210,640)	( 210,640)	-	
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	-	52,041	52,041	
Balance at December 31, 2008	<u>\$ 9,151,604</u>	<u>\$ 3,288,123</u>	<u>\$ -</u>	<u>\$ 3,584,747</u>	<u>\$ 54,010</u>	<u>\$ 258,551</u>	<u>\$ 110,608</u>	<u>\$ 16,447,643</u>	

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

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries  
Consolidated Statement of Cash Flows  
For the period ended Dec. 31, 2008 and 2007

Unit: NT\$ 1,000

	2008	2007
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Consolidated Net Income	\$ 3,602,670	\$ 3,802,204
Adjustments to reconcile net income to net cash provided by operating activities		
Loss (Gain) on valuation of financial assets	( 1,800)	( 3,058)
Allowance for reduction of inventory to market	45,271	62,258
Depreciation	3,186,923	3,135,196
Depreciation of leased assets	14,035	9,496
Amortization	223,870	296,548
Gain on disposal of financial assests measured at cost	-	( 119,747)
Financial assests measured at cost- impairment losses	617,265	630,922
Cash dividend from long-term investment under equity method	42,290	28,415
Investment loss (gain) recognized under equity method	140,349	104,310
Impairment loss of fixed assets and idling assets	14,649	7,617
Loss on disposal of fixed assets	( 36,243)	57,313
Changes in assets and liabilities:		
Increase in financial assets whose changes in fair value are recognized in earnings	( 3,229,373)	( 2,225,850)
Accounts receivable	( 55,202)	( 77,523)
Other accounts receivable	( 889,742)	18,875
Inventories	( 887,439)	( 1,223,803)
Prepayments	( 93,651)	( 205,825)
Deferred income tax	( 13,435)	( 37,346)
Other current assets	42,627	6,651
Notes payable	913,384	( 1,309,734)
Accounts payable	3,177,807	1,293,051
Income tax payable	( 328,790)	( 19,014)
Accrued expenses	( 1,122)	168,391
Other accounts payable	17,866	1,086,425
Advance receipts	737,440	( 84,179)
Accured pension liabilities	( 25,499)	9,560
Other liabilities-other	( 6,378)	28,606
Net cash provided by operating activities	7,207,772	5,439,759

President Chain Store Corp. and Subsidiaries  
Consolidated Statement of Cash Flows  
For the period ended Dec. 31, 2008 and 2007

Unit: NT\$ 1,000

	2008	2007
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Increase in financial assets in available-for-sale	(\$ 2,639)	\$ -
Acquisition of long-term investment-cost method	( 380,000)	( 269,055)
Proceeds from disposal of financial assets measured at cost	133,399	361,415
Capital reduction for cost method investment	-	66,947
Acquisition of long-term investment-equity method	( 575,260)	( 307,492)
Increase in prepaid long-term investment	( 35,648)	-
Purchase of fixed assets	( 4,717,919)	( 4,895,148)
Proceeds from disposal of fixed assets	659,191	33,828
Increase in intangible assets	( 399,935)	( 283,692)
Increase in refundable deposit	( 62,619)	( 93,276)
Increase in other assets	( 194,838)	( 146,027)
Net cash used for investing activities	( 5,576,268)	( 5,532,500)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Increase in short-term debt	534,856	233,220
(Decrease) Increase in short-term notes and bills payable	( 169,826)	7,123
(Decrease) Increase in long-term loans	2,420,346	6,729,291
Payback of corporate bond	( 1,100,000)	( 900,000)
Increase in guarantee deposit received	116,606	214,038
Payment of cash dividends	( 2,928,513)	( 3,203,062)
Payment of employees' bonus	( 260,814)	( 275,250)
Payment of directors' remuneration	( 32,602)	( 34,406)
Increase in minority interest	99,806	( 55,379)
Net cash provided by financing activities	( 1,320,141)	2,715,575
Cumulative translation adjustment	52,041	51,611
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	363,404	2,674,445
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	8,770,296	6,095,851
ENDED BALANCE OF CASH AND CASH EQUIVALENT	\$ 9,133,700	\$ 8,770,296
 <u>Supplement disclosures of cash flow information</u>		
Interest paid	\$ 266,724	\$ 176,182
Income tax paid	\$ 1,489,513	\$ 1,462,550
<u>Investing and financing activities of partial payment on cash:</u>		
Purchase of property, plant and equipment	\$ 4,414,721	\$ 5,097,287
Add: beginning balance of account payable on equipment	713,199	511,060
Less: ended balance of account payable on equipment	( 410,001)	( 713,199)
Cash purchase of property, plant and equipment	\$ 4,717,919	\$ 4,895,148

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

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

## Appendix 6

### President Chain Store Corp. Allocation of earnings for 2008

Title	Unit: NTD Amount
Income after tax 2008	3,519,680,603
Less: Legal reserve fund	(351,968,060)
Distributable earnings	3,167,712,543
Add: Unallocated earnings for the previous year	65,066,069
Cumulative distributable earnings	<u>3,232,778,612</u>
Less: Proposed allocation 2008	
Cash dividends of \$2,040 per 1000 shares	1,866,927,289
Stock dividends of 136 shares per 1000 shares	1,244,618,190
Unallocated earnings - end	<u>121,233,133</u>

- Note: 1. The earnings distribution plan will first distribute 2008 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 NTD190,062,753, while directors' remuneration is planned at NTD31,677,125.

## Appendix 7

### **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 190,062,753 and directors' remuneration totaling NTD 31,677,125. Employee cash bonus shall be disbursed entirely in cash.
2. Employee bonus for the year 2008 is estimated at NTD 191,805,356 while directors' remuneration amounts to NTD 31,967,559. The proposed disbursement of employee bonus and directors' remuneration was less than the estimated disbursement of employee bonus and directors' remuneration by an amount of \$2,033,037; this difference arose because the estimated disbursements were calculated based on unaudited profit / loss figures while the proposed disbursements were adjusted based on audited figures. The difference between the actual and estimated disbursements shall be used to offset current period expenses once the proposal is approved during The Annual General Meeting.

**Appendix 8**

**President Chain Store Corp.**

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

<b>Provision</b>	<b>Amended provisions</b>	<b>Existing provisions</b>	<b>Contents</b>
Article II	The Company's business lines include: I. F203020 Tobacco and alcohol retail. II. F206020 Daily supplies retail. III. F203010 Foods and beverage retail. IV. F208040 Cosmetics retail. V. F399990 Other retails. VI. IZ01010 Photocopy. VII. F201070 Flowers and plants retail. VIII. F209060 Education, musical instruments and entertainment appliances retail. IX. JE01010 Lease. X. IE01010 Agent of telecommunication subscribers' numbers. XI. I401010 General advertising service. XII. F207050 Fertilizer retail. XIII. F210010 Timepiece retail. XIV. F210020 Eyeglasses retail. XV. F216010 Photographic equipment retail. XVI. JZ99030 Photography. XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel. XVIII. A102060 Food supply. XIX. F213010 Electric appliances retail. XX. F208031 Medical facilities retail. XXI. F205040 Furniture, bedding, kitchenware and fixtures retail. XXII. F207030 Sanitary appliances retail.	The Company's business lines include: I. F203020 Tobacco and alcohol retail. II. F206020 Daily supplies retail. III. F203010 Foods and beverage retail. IV. F208040 Cosmetics retail. V. F399990 Other retails. VI. IZ01010 Photocopy. VII. F201070 Flowers and plants retail. VIII. F209060 Education, musical instruments and entertainment appliances retail. IX. JE01010 Lease. X. IE01010 Agent of telecommunication subscribers' numbers. XI. I401010 General advertising service. XII. F207050 Fertilizer retail. XIII. F210010 Timepiece retail. XIV. F210020 Eyeglasses retail. XV. F216010 Photographic equipment retail. XVI. JZ99030 Photography. XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel. XVIII. A102060 Food supply. XIX. F213010 Electric appliances retail. XX. F208031 Medical facilities retail. XXI. F205040 Furniture, bedding, kitchenware and fixtures retail. XXII. F207030 Sanitary appliances retail.	Add business lines to meet the Company's need in business

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

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 Food Consultation.	
Article VI	The company's capital is 9.6 billion NT dollars. The outstanding shares are 0.96 billion and par value per share is 10 NT dollars. Among which unalotted shares will be authorize by the Board to issue.	The company's capital is 10.5 billion NT dollars. The outstanding shares are 1.05 billion and par value per share is 10 NT dollars. Among which unalotted shares will be authorize by the Board to issue.	Capital of additions
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. 1 <sup>st</sup> amendment was made on June 26, 1990. 2 <sup>nd</sup> amendment was made on June 28, 1991. 3 <sup>rd</sup> amendment was made on May 29, 1992. 4 <sup>th</sup> amendment was made on August 21, 1992. 5 <sup>th</sup> amendment was made on May 26, 1993. 6 <sup>th</sup> amendment was made on May 20, 1994. 7 <sup>th</sup> amendment was made on Dec. 27, 1994. 8 <sup>th</sup> amendment was made on May. 16, 1996. 9 <sup>th</sup> amendment was made on May 20, 1997. 10 <sup>th</sup> amendment was made on May 21, 1998. 11 <sup>th</sup> amendment was made on June 10, 1999.	<u>Addition to the original provision: 21<sup>th</sup> amendment to the Company's articles of incorporation was made on June 10, 2009.</u>	Dates of additions and amendments

Provision	Amended provisions	Existing provisions	Contents
	12 <sup>th</sup> amendment was made on June 15, 2000. 13 <sup>th</sup> amendment was made on June 12, 2001. 14 <sup>th</sup> amendment was made on June 25, 2002. 15 <sup>th</sup> amendment was made on June 24, 2003. 16 <sup>th</sup> amendment was made on June 29, 2004. 17 <sup>th</sup> amendment was made on June 14, 2005. 18 <sup>th</sup> amendment was made on June 14, 2006. 19 <sup>th</sup> amendment was made on June 15, 2007. 20 <sup>th</sup> amendment was made on June 30, 2008.		

## Appendix 9

### President Chain Store Corp. Amendment Comparison Table of Procedures for Lending Funds to Others

Original policy	Amended policy	Description
<p>V. Lending procedure: 5. If the outstanding loan balance exceeds the granted limit due to unforeseen developments, a rectification plan must be established and presented to each Supervisor.</p>	<p>V. Lending procedure: 5. If the outstanding loan balance exceeds the granted limit, <u>or should the counterparty become ineligible for the loan</u> due to unforeseen developments, a rectification plan must be established, presented to each Supervisor, <u>and carried out according to schedule until completion.</u></p>	<p>Amended according to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>
<p>X. Controlling procedures on loans to subsidiaries: 4. None.</p>	<p>X. Controlling procedures on loans to subsidiaries: 4. Loans between 100% owned foreign subsidiaries of the Company (either directly or indirectly) are not subject to the maximum loan quantum of 40% of net worth. Also the loan quantum is not restricted to one year or one operating cycle</p>	<p>Amended according to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” to remove restrictions on maximum loan quantum (40% of net worth) and maximum loan tenors (one year or one operating cycle) when lending between 100% owned foreign companies with dominant voting interests.</p>

## Appendix 10

### President Chain Store Corp.

#### Amendment Comparison Table of Procedures for Making Endorsements/Guarantees

Original policy	Amended policy	Description
<p>III. The Company may provide endorsements / guarantees to the following parties:</p> <p>4. Guarantee to industry peers for undertaking construction jobs as specified in contract terms, or guarantee to joint ventures proportionally to the respective ownership interests of each investor.</p>	<p>III. The Company may provide endorsements / guarantees to the following parties:</p> <p>4. Guarantee to industry peers <u>or joint contractors</u> for undertaking construction jobs as specified in contract terms, or guarantee to joint ventures <u>by all investors</u> proportionally to the respective ownership interests of each investor.</p>	<p>Amended according to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” to remove restrictions on guarantees to industry peers and include joint contractors. Specified that guarantees to jointly invested companies may be provided only when all investors have agreed to share risks and guarantee proportionally to their respective ownership interests for the most effective use of capital.</p>
<p>VI. Endorsement / guarantee procedures:</p> <p>None.</p>	<p>VI. Endorsement/guarantee procedures:</p> <p>6. If the amount endorsed / guaranteed exceeded the maximum cap or should the guaranteed party become ineligible due to unforeseen changes, a rectification plan must be established, presented to each Supervisor, and carried out accordingly until completion.</p>	<p>Amended according to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>
<p>VIII. All matters relating to the company’s endorsements and guarantees must be disclosed and announced in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the Securities and Futures Supervisory Commission, Executive Yuan.</p>	<p>VIII. All matters relating to the company’s endorsements and guarantees must be disclosed and announced in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the <u>Financial Supervisory Commission, Executive Yuan.</u></p>	<p>Policies amended to accommodate changes to the names of the local authorities.</p>

Original policy	Amended policy	Description
<p>XI. Endorsement / guarantee procedures for subsidiaries:</p> <p>2. Subsidiaries of the Company must adhere to their own “Endorsement / Guarantee Procedures” before making endorsements / guarantees to others. Disclosures and announcements shall be made by the Company in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the Securities and Futures Supervisory Commission, Executive Yuan.</p>	<p>XI. Endorsement / guarantee procedures for subsidiaries:</p> <p>2. Subsidiaries of the Company must adhere to their own “Endorsement / Guarantee Procedures” before making endorsements / guarantees to others. Disclosures and announcements shall be made by the Company in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the <u>Financial Supervisory Commission, Executive Yuan.</u></p>	
<p>XII. All matters not specified in these procedures are subject to the governance of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the Securities and Futures Supervisory Commission, Executive Yuan.</p>	<p>XII. All matters not specified in these procedures are subject to the governance of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the <u>Financial Supervisory Commission, Executive Yuan.</u></p>	

## Appendix 11

### 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	2,912,872
Managing director	Representative of Uni-President Enterprises Corp.	Lin, Chang-Sheng	415,489,816
Managing director	Representative of Uni-President Enterprises Corp.	Hsu, Chung-Jen	415,489,816
Director	Representative of Uni-President Enterprises Corp.	Lin, Lung-Yi	415,489,816
Director	Representative of Uni-President Enterprises Corp.	Lo Chih-Hsien	415,489,816
Director	Representative of Uni-President Enterprises Corp.	Yang, Wen-Long	415,489,816
Director	Representative of Uni-President Enterprises Corp.	Su, Tsung-Ming	415,489,816
Director	Representative of Uni-President Enterprises Corp.	Chang Jen, Yun Huei	415,489,816
Total			415,489,816

Job title	Name		Shares held
Supervisor	Representative of Kao Chyuan Investment Co.Ltd.	Hong Ho-Yi	3,995,401
Supervisor		Ying Chien-Li	0
Total			3,995,401

## Appendix 12

# 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 13

# Regulations Governing Election of Directors and Supervisors of President Chain Store Corp.

Amended in December 1994

- I. The Company's directors and supervisors shall be elected in accordance with these Regulations.
- II. The election of the Company's directors and supervisors shall be subject to roll-call and cumulative voting. Names of the candidates may be replaced by the shareholder's attendance certificate number printed on the ballots. In the process of electing directors and supervisors, the number of votes exercisable in respect of one share shall be the same as the number of directors and supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
- III. The ones who win more votes shall be elected to be the directors or supervisors according to the quorum referred to in the Company's Articles of Incorporation. Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, the elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on their behalf. The shareholders who are elected to be directors or supervisors in the manner referred to in the preceding paragraph shall decide to assume directors or supervisors to their sole discretion, and the vacancies left by them shall be succeeded by the candidates who win the votes only following those who won by them. Where the elected directors or supervisors waive to assume the directors or supervisors prior to the registration with the competent authority, the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them.
- IV. When the election commences, the chairperson shall designate several scrutineers, ballot callers and ballot recorders dedicated to performing the various tasks.
- V. The ballots shall be produced by the Company and assigned number according to attendance certificate numbers, and shall specify the number of each shareholder's voting right.
- VI. Electors shall specify the candidate's name in the box of "candidate" and also denote the shareholder account number. Where the candidate is a corporation, it is also necessary to specify the corporation's name and representative and denote the corporation's name and its representative's name.

- VII. In the event of any of the following circumstances, ballots shall become invalid:
1. Where the ballots are not those produced by the Company;
  2. Where ballots cast into the ballot box remain blank;
  3. Where the writing is too illegible to be recognizable, or is altered illegally;
  4. Where the candidate's name does not match the roster of shareholders;
  5. Where there are other words on the ballots in addition to the candidate's name and shareholder account name;
  6. Where the candidate's name is identical with another shareholder's name and no shareholder account number is specified for recognition.
- VIII. The ballots shall be counted and announced upon completion of the voting. The ballot counting result shall be announced by the chairperson on the spot.
- IX. The Company will send the notice for the elected to each director and supervisor elected.
- X. Other matters not provided herein shall be handled in accordance with the Company Law, the Company's Articles of Incorporation and the relevant laws.
- XI. These Regulations shall be enforced upon agreement of the shareholders' meeting. The same shall apply where these Regulations are amended.

## Appendix 14

# Parliamentary Rules of Directors' Meetings of President Chain Store Corp. (Before Amendments)

Amended in December 2006

- Article I. These Rules are enacted in accordance with Paragraph 8 of Article 26-3 of the "Securities and Exchange Act" (hereinafter referred to as the "Act").
- Article II. The parliamentary contents, operational procedures, notes to be specified in the minutes, publication and compliance provided in the parliamentary rules of Board of Directors of President Chain Store Corp. (hereinafter referred to as "the Company") shall be defined in accordance with these Rules.
- Article III. The Board of Directors shall hold a meeting at least four times per year and once per quarter.  
In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director within 7 days prior to the meeting, provided that in the case of emergency, the meeting may be convened at any time.  
Unless in the case of emergency or with justified reasons, the circumstances referred to in Paragraph 1 of Article 7 herein shall be enumerated in the grounds for calling the meeting and be prohibited from being proposed as a preliminary motion.
- Article IV. The directors' meeting shall be held at the Company's location and during the Company's business hours, or the location and time convenient for directors to attend the meeting and suitable for calling of the meeting.
- Article V. The parliamentary unit shall be the "strategic planning group" designated by the Company's Board of Directors. The parliamentary unit shall draft the directors' meeting parliamentary procedures and provide sufficient information, and send them out altogether when calling a meeting or within 7 days prior to the meeting.  
Where directors consider that the parliamentary information is not sufficient, they may ask the parliamentary unit for supplementing the information. Where directors consider that the information about motions is not sufficient, the examination on the motions may be postponed subject to the Board of Directors' resolution.

Article VI. The parliamentary procedures of the Company's periodical directors' meetings shall include the following at least:

1. Report:
  - (1) Business report
  - (2) Financial report
  - (3) Audit report
  - (4) Other important reports
  - (5) The previous meeting minutes and execution thereof
2. Ratification and Discussion
  - (1) The issues discussed in the previous meeting as reserved
  - (2) The issues scheduled to be discussed in this meeting
3. Preliminary motions ◦

Article VII.

The following issues shall be discussed in the Board of Directors' meeting:

1. The Company's business plan.
2. Annual financial report and semi-annual financial report.
3. Internal control system defined or amended pursuant to Article 14-1 of the Securities and Exchange Act.
4. The regulations governing acquisition or disposition of assets, derivatives transactions, granting of loans, making of endorsement or guarantee enacted or amended pursuant to Article 36-1 of the Securities and Exchange Act.
5. Offering, issue or private placement of equity securities.
6. Appointment and dismissal of financial, accounting or internal audit supervisors.
7. Issues to be resolved by shareholders' meetings or submitted to the Board of Directors according to Article 14-3 of the Securities and Exchange Act, other laws or regulations, or material issues required by the competent authority.

Article VIII. Except the issues to be submitted to the Board of Directors' meeting for debate as referred to in Paragraph I of said Article herein, where the Board of Directors authorizes the authority of the Board of Directors pursuant to laws or the Company's articles of incorporation between sessions of the Board of Directors' meetings, it is necessary to specify expressly the hierarchy, contents and issues of the authorization and no general authorization shall be granted, and it is necessary to report the execution thereof to the Board of Directors.

- Article IX. An attendance book shall be provided for present directors to affix their signatures when the Board of Directors' meeting is held. Directors shall attend the Board of Directors' meeting personally. Where any director cannot attend the meeting personally, he may appoint another director to attend the meeting on behalf of him pursuant to the Company's articles of incorporation. Directors taking part in the meeting in the form of video conference shall be deemed attending the meeting personally, provided that they shall fax the attendance forms to replace the affixation of signature into the attendance book. Where any director appoints another director to attend the meeting on behalf of him, he shall issue a letter of proxy and specify the scope of authorization with respect to the grounds for calling the meeting. The proxy referred to in the preceding II paragraphs shall act on behalf of no more than one person.
- Article X. The Board of Directors' meeting shall be called and chaired by the Chairman of the Board, 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 in the shareholders' meeting, and the chairperson thereof shall be assumed by the person entitled to hold the meeting. Where there are more than two persons entitled to hold the meeting, the chairperson shall be elected among them.
- Where the Chairman of the Board takes leave or fails to exercise his authority for reasons, the Vice Chairman shall be his proxy. Where the Vice Chairman also takes leave or fails to exercise his authority with causes, the Chairman shall appoint a managing director to be his proxy. Where there is no managing director, one director shall be appointed to be the proxy. Where Chairman does not appoint any proxy, the proxy shall be elected among the managing directors or directors.
- Article XI. When calling the Board of Directors' meeting, the parliamentary unit may inform the managerial personnel of the relevant departments who do not assume the position of directors to attend the meeting. If necessary, it may also invite CPAs, attorneys-at-law or other experts to attend the meeting.
- Article XII. Where present directors are less than a majority of the whole directors at the meeting time, the chairperson may announce a postponement of the meeting, provided that the meeting shall not be postponed more than twice and the postponement shall not be more than one hour in total. Where present, directors are still less than a majority of the whole directors after the meeting is postponed for twice, the chairperson shall call the meeting again pursuant to Paragraph 2 of Article III herein.

Article XIII. The Board of Directors' meeting shall follow the parliamentary content scheduled in the notice of the meeting, provided that the procedure may be altered subject to a majority of present directors' approval.

The chairperson shall not adjourn the meeting unless the parliamentary content scheduled in the preceding paragraph is approved by a majority of the present directors.

Where seated directors are less than a majority of the present directors in the process of the meeting, the chairperson may announce a suspension of the meeting and apply the preceding Article.

Article XIV. Where the chairperson considers that the debate of a motion may be put to a vote, he may announce a suspension of the debate and put the motion to vote.

Where no present directors raise objection upon the chairperson's inquiry before a motion is put to a vote in the meeting, the motion shall be deemed passing with the effect as same as that of passage by votes.

The votes may be decided by the chairperson in any of the following manners, provided that where any present director expresses dissent, they shall be decided in the manner determined subject to a majority of the present directors' opinion:

1. By raising hands;
2. By roll-call voting;
3. By voting.

Article XV. Unless otherwise provided in the Securities and Exchange Act, Company Law and the Company's articles of incorporation, the motions proposed in the Board of Directors' meeting shall be resolved subject to attendance of a majority of the whole directors and agreement of a majority of the present directors. The resolution shall be reported on the spot and recorded.

Article XVI. In the event of any of the following circumstances, a director shall not take part in the debate and voting or exercise the voting right on behalf of other directors:

1. Where the director has any interest with himself or the corporation he acts on behalf of with respect to any motion and thereby it is likely that the Company's interest will be infringed;
2. Where the director considers that he should avoid the voting voluntarily.

The directors who are prohibited from exercising voting right in resolution made by the Board of Directors pursuant to the requirements provided in the preceding paragraph shall be included into the present directors.

Article XVII. The motions shall be recorded in the meeting minute. The meeting minute shall specify the following:

1. Term No. (Year No.) and time/location of the meeting
2. Chairperson's name
3. Directors' attendance, including the names and number of the present directors, directors taking leave and absent directors
4. Names and job titles of attendants
5. Recordker's name
6. Reported issues: reporter's name and job title, and important opinion of directors, experts and other persons
7. Discussed issues: Methods to resolve the various motions and resolutions, abstract of directors', supervisors', experts' and other personnel's speech, dissent or qualified opinion which is recorded or stated in writing
8. Preliminary motions: Proposers' names, methods to resolve motions and resolutions, abstract of directors', experts' and other personnel's speech, or dissent or qreserved opinion which is recorded or stated in writing
9. Other notes to be specified.

The attendance book of the Board of Director's meeting shall constitute a part of the meeting minute, which shall be maintained permanently.

The meeting minute shall be signed or sealed by the chairperson and recorder and submitted to each director and supervisor within 20 days upon the meeting, which shall also be included in the Company's important files and maintained permanently in the duration of the Company's existence. The meeting minutes referred to in Paragraph 1 may be produced and distributed in electronic form.

Article XVIII. The Board of Directors' meeting shall be recorded by tape or video in full and the tape or video recording shall be maintained for at least five years and in electronic form. Where any legal action arises from the resolutions made by the Board of Directors' meeting prior to expiration of the specific time limit referred to in the preceding paragraph, the relevant tape or video recording shall be maintained continuously until the end of litigation.

Where the meeting is held in the form of video conference, the tape or video recordings for the meeting shall constitute a part of the meeting minute and be maintained permanently during the existence of the company.

Article XIX. The managing directors of the Board of Directors, if any, may apply Article 2, Paragraph 2 of Article 3, Articles 4-6, Article 9, and Articles 11-18 herein mutatis mutandis.

Article XX. Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.

## Appendix 15

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

Amended on June 15, 2007

## 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 2<sup>nd</sup> class telecommunication business
39. I301010 Information software service
40. I301030 Electronic information supply service
- 41 F206010 Hardware retailing
- 42.F212011 Filling station operation
- 43F212050 Petroleum products retailing
- 44 JA01990 Other automobile-related services

- 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 need for business, 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 recordation, 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 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 cause, 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 to 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 behalf of him, 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.

1<sup>st</sup> amendment was made on June 26, 1990.

2<sup>nd</sup> amendment was made on June 28, 1991.

3<sup>rd</sup> amendment was made on May 29, 1992.

4<sup>th</sup> amendment was made on August 21, 1992.

5<sup>th</sup> amendment was made on May 26, 1993.

6<sup>th</sup> amendment was made on May 20, 1994.

7<sup>th</sup> amendment was made on Dec. 27, 1994.

8<sup>th</sup> amendment was made on May 16, 1996.

9<sup>th</sup> amendment was made on May 20, 1997.

10<sup>th</sup> amendment was made on May 21, 1998.

11<sup>th</sup> amendment was made on June 10, 1999.

12<sup>th</sup> amendment was made on June 15, 2000.

13<sup>th</sup> amendment was made on June 12, 2001.

14<sup>th</sup> amendment was made on June 25, 2002.

15<sup>th</sup> amendment was made on June 24, 2003.

16<sup>th</sup> amendment was made on June 29, 2004.

17<sup>th</sup> amendment was made on June 14, 2005.

18<sup>th</sup> amendment was made on June 14, 2006.

19<sup>th</sup> amendment was made on June 15, 2007.

20<sup>th</sup> amendment was made on June 13, 2008.

## Appendix 16

### **President Chain Store Corp. Procedures for Lending Funds to Others (Original)**

Amended on Jun. 2007

- I. Loan counterparty:  
Businesses owned more than 50%, either directly or indirectly, by the Company with short term liquidity needs.
- II. Standards for evaluating the lending of funds:

The Company should evaluate the rationality and necessity of the loan quantum and purpose for all eligible counterparties, whether the financing needs arise from loan repayments, equipment purchases, or working capital.

III. Maximum loan quantum and counterparty limits:

1. Maximum loan quantum: 40% of the Company's net worth.
2. Counterparty limit: no more than NTD50 million per company.

IV. Loan tenor and interest rate:

1. The maximum loan tenor is one year, recoverable in installments.
2. Interest rate: must not be lower than banks' minimum short term lending rate.

V. Lending procedures:

1. For all fund lending matters within the Company, the applicant must first apply for credit limits by submitting all the necessary documents. Once evaluated by the Company's Finance Department, the application requires the approval of The General Manager and the resolution of the Board of Directors.
2. Once a resolution is obtained from the Board of Directors, the borrower is required to sign a "Loan Agreement" with the Company and present equivalent amount of notes as security for repayment.
  3. Upon drawdown, the loans are disbursed within the agreed limits against the completion of "Limit Drawdown Application" by the borrower.
  4. The Company's Finance Department maintains a registry to monitor all lending matters above.
  5. If the outstanding loan balance exceeds the granted limit due to unforeseen developments, a rectification plan must be established and presented to each Supervisor.
  6. Internal auditors of the Company must perform audits on lending procedures and progresses of lending activities on a quarterly basis; these findings must be documented. Discoveries of major violations must be reported to each Supervisor in writing.

VI. Evaluation of fund lending activities:

1. To understand the purpose and use of borrowed funds, and evaluate the rationality and appropriateness of applied limit and loan quantum.
2. Repayment plans for the borrowed funds and risk evaluation.
3. Analyze borrowers' financial statements on a regular basis.
4. Request for notes as security of repayment.
5. Submit to the Board of Directors and proceed upon resolution.

VII. Disclosure and announcement procedures:

All matters relating to the lending of the Company's funds are subject to the disclosure and announcement requirements of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by the Financial Supervisory Commission.

VIII. Procedures for monitoring disbursed funds and collection of overdue loans:

1. The borrower's repayment capability must be evaluated on a regular basis.
2. Evaluate the status of borrowed funds and make adequate bad debt provisions.
3. Monitor overdue loans regularly and determine their causes. Seek assistance from the Legal Department.

IX. Penalties to managers and officers for procedure violations:

If the Company is penalized by the local authority because proper procedures were not followed, the employee of the department responsible for the negligence shall become subject to the Company's Employee Disciplinary Review.

X. Monitoring procedures for loans granted by subsidiaries:

1. To facilitate business development, subsidiaries may lend its funds to others, but subject to the prior establishment of "Operating Procedures for Lending to Others". The establishments, additions, and amendments of such procedures require the review of the Board of Directors and the approval during the Annual General Meeting.
2. Subsidiaries of the Company must adhere to their own "Procedures for lending to outsiders" before lending funds to others. Disclosures and announcements shall be made by the Company in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by the Securities and Futures Supervisory Commission, Executive Yuan.
3. Lending of sums exceeding NTD50 million by any of the Company's subsidiaries to outsiders for the benefit of business development require the prior approval of the Company's Board of Directors.

## Appendix 17

### **President Chain Store Corp. Procedures for Making Endorsements/Guarantees (Original)**

Amended on Jun. 2006

- I. All endorsements / guarantees to outsiders made by the Company are subject to governance of this policy.
- II. Definition of the Company's endorsements / guarantees includes endorsements / guarantees for loans, customs duty, and other purposes unrelated to loans or customs duty
- III. The Company may provide endorsements / guarantees for the following companies:

1. Business partners of the Company.
  2. Entities to which the Company owns more than 50% voting interest, either directly or indirectly.
  3. Entities owning more than 50% voting interest in the Company, either directly or indirectly.
  4. Guarantee to industry peers for undertaking construction jobs as specified in contract terms, or guarantee to joint ventures proportionally to the respective ownership interests of each investor.
- IV. The Company's endorsement / guarantee limit to outsiders:
1. Capped at 50% of net worth.
  2. Endorsement / guarantee to a single party should not exceed 20% of net worth. The amount of endorsements / guarantees for the benefit of business development should be equivalent to the higher of purchases or sales between the guaranteed entity and the Company.
- V. Endorsement / guarantee procedures:
1. A guarantee limit must be set based on the requirements and risks of the guaranteed entity. The limit becomes active once resolved by the Board of Directors. However, to accommodate immediate needs, the Board of Directors may authorize the Chairperson to make upfront approval up to a certain limit, provided that decisions and levels of authority comply with procedures and the Board of Directors are informed afterwards for the formal approval.
  2. While utilizing endorsements / guarantees within limits granted by the Company, the guaranteed entity must provide details regarding the amount, duration, and the nature of endorsement / guarantee to the Company. Once evaluated by the Company's Finance Department, the request will be presented to The General Manager for approval. Upon loan repayment, documents must be presented to the Company for the relief of guarantee obligation.
  3. The Company's Finance Department maintains a registry to monitor all endorsement / guarantee matters above.
  4. Internal auditors of the Company must perform audits on endorsement / guarantee procedures and progresses of endorsement / guarantee activities on a quarterly basis; documented reports shall be created. Discoveries of major violations must be reported to each Supervisor in writing.