

PRESIDENT CHAIN STORE CORP.

General shareholders' meeting 2007

Parliamentary Manual



June 15, 2007

PRESIDENT CHAIN STORE CORP.

General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2007

I. Agenda

Time: 9:00 a.m. on June 15, 2007 (Friday)

Place: Conference room on 2F, No. 252, Peishen Road, Sec. 3, Shenkun Hsiang, Taipei County

Parliamentary procedure :

I. Opening Announcement (Report equity represented by attendance)

II. Chairperson's speech

III. Report

1st motion: Operational report for 2006.

2nd motion: Supervisors' report for the statement of final accounts 2006.

3rd motion: Report of the Company's investment in Mainland China.

4th motion: Report of amendments to parliamentary rules of the directors' meetings.

IV. Ratification and discussion

1st motion: Please ratify the statement of final accounts for 2006.

2nd motion: Please resolve the allocation of earnings for 2006.

3rd motion: Please resolve the amendments to Articles of Incorporation.

4th motion: Please resolve the amendments to “Operational procedure for granting loans”.

5th motion: Please resolve the amendments to “Operational procedure for acquisition or disposition of assets”.

6th motion: Please resolve the relief of non-competition restriction imposed on the existing directors.

V. Preliminary motions

VI. Dissolution

II. Report

1st motion

Case: Business report 2006.

Contents: Please see Page 9 of this Manual for the business report 2006 (Appendix 1).

2nd motion

Case: Supervisors' report for the statement of final accounts for 2006.

Contents: I. The Company's statement of final accounts has been audited and certified by the CPA, and the supervisors have issued the supervisors' report for it.

II. Please refer to Pages 10-11 of this Manual for the supervisors' report (Appendix 2).

3rd motion

Case: Report of the Company investment in Mainland China.

Contents: The Company's investment in Mainland China as of December 31, 2006 is specified in the following non-exhaustive list:

Unit: USD

Investee in Mainland China	Cumulative investment	Indirect shareholding (%)
Shanghai President Coffee Corp.	2,000,000	30%
Presiclerc(Shantou) Ltd.	2,469,991	48.41%
Presiclerc(Qingdao) Ltd.	2,185,000	48.41%
Presiclerc(Beijing) Ltd.	2,217,625	36.55%
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	3,932,000	65%
Shan Dong President Yinzuo Commercial Limited	4,078,354	55%
PCSC (SICHUAN) Hypermarket Limited	6,200,000	100%
PCSC (CHENGDU) Hypermarket Limited	6,390,000	100%
Total	29,472,970	

4th motion

Case: Report of the Company's amendments to parliamentary rules of the directors' meetings.

- Contents: I. To meet the "Parliamentary Rules of Directors' Meetings of Public Companies" promulgated by Financial Supervisory Commission, Executive Yuan, the Company amended the "Parliamentary Rules of Directors' Meetings of President Chain Store Corp."
- II. Please refer to Pages 12-23(Appendix 3) for the contrast table for the amendments

III. Ratification and discussion

1st motion

(Proposed by Board of Directors)

Case: Please ratify the Company's statement of final accounts for 2006.

- Contents: I. The Company's statement of final accounts for 2006 includes the business report and financial statement; the financial statement has been audited and certified by the CPA.
- II, Said statement of final accounts has been approved by the Board of Directors and examined by the supervisors.
- III. Please refer to Page 9 of this Manual for the business report 2006 (Appendix 1). Please refer to Pages 24-41 of this Manual (Appendix 4) and Pages 58-125 of the annual report for the financial statement.

Resolution:

2nd motion

(Proposed by Board of Directors)

Case : Please ratify the allocation of earnings for 2006.

- Contents: I. Please refer to Page 42(Appendix 5) of this Manual for the allocation of earnings for 2006.
- II. The Company's distributable earnings for 2006 are NT\$3,539,540,000. The cash dividends to be distributed are NT\$3.5 per share, and the shareholders' meeting is proposed to authorize the Board of Directors to set the ex-dividend record date and date of distribution.

Resolution:

3rd motion

(Proposed by Board of Directors)

Case: Please ratify the amendments to the Company's articles of incorporation.

- Contents:
- I. To meet operational needs, the addition of "information software service" an "electronic information supply service" into the business lines is proposed. (Article II)
 - II. To meet the "Parliamentary Rules of Directors Meetings of Public Companies", a directors' meeting shall be called per quarter instead of every six months applicable. (Article XX)
 - III. In order to establish the Company's well-founded governance mechanism, strengthen directors' and supervisors' functions, and reduce the risk of material damages to the Company and shareholders, please add the provision providing that "the Company may purchase liability insurance for directors, supervisors and important officers during their tenure against any indemnity borne by them in the scope of business carried out by them. The insurance policy shall be taken out by the Board of Directors with full power". (Article XXIII-I)
 - IV. Please add the date of amendments to the Articles of Incorporation. (Article XXXIII).
 - V. Please refer to Pages 43-46(Appendix 6) of this Manual for the contrast table for the amendments.
 - VI. The motion is proposed for ratification.

Resolution:

4th motion

(Proposed by Board of Directors)

Case: Please ratify the amendments to the Company's operational procedure for granting loan.

- Contents:
- I. To meet the Company's governance and enable control over the Company's fund loaning policy to be stricter, the amendments to "the Company's operational procedure for granting loan are proposed".
 - II. Please refer to Pages 47-48(Appendix 7) for the contrast table for the amendments.
 - III. The motion is proposed for ratification.

Resolution:

5th motion

(Proposed by Board of Directors)

Case: Please ratify the amendments to “the Company’s operational procedure for acquisition or disposition of assets”.

- Contents: I. To meet the “Guidelines for Public Company’s Acquisition or Disposition of Assets” promulgated by Financial Supervisory Commission, Executive Yuan on January 19, 2007, the amendments to the Company’s operational procedure for acquisition or disposition of assets are proposed.
- II. Please refer to Pages 49-58(Appendix 8) for the contrast table for the amendments.
- III. The motion is proposed for ratification.

Resolution:

6th motion

(Proposed by Board of Directors)

Case: Please ratify the relief of non-competition restriction imposed on the Company’s existing directors.

- Contents: I. This matter is handled in accordance with Article 209 of the Company Law and the official letter issued by TSEC on November 22, 2006.
- II. In consideration of the numerous managers, directors or supervisors of the affiliates assumed by the directors appointed by the Company, to meet the requirements provided by laws, the relief of non-competition restriction imposed by the Company’s existing directors in the scope of the Company’s business or the relevant functions of investees in the same trade is proposed.
- III. The motion has been approved by the 4th directors’ meeting at 8th term, and is submitted to the general shareholders’ meeting for discussion pursuant to laws.
- VI. The motion is proposed for ratification.

Resolution:

IV. Preliminary motions

V. Dissolution

Appendix 1

Business report 2006

Looking back on 2006, there were a total of 4,385 President chain stores with turnover amounting to 99.98 billion NTD. The number of PCSC retail group stores exceeded 5,000 and reached 5,466. The consolidated turnover with subsidiaries amounted to NT\$132.94 billion, resulting in after-tax income of NT\$3.82 billion. Accordingly, the operating revenue and earnings both set unprecedented records.

The Company consistently adheres to the management philosophy “integration into customers’ lifestyle, and creation of brand value” to manage the 7-ELEVEN business, and to continue to bring new life style and pleasure to customers. We employ innovative marketing methods and continue improving product mix, and invigorate the relationship between stores and customers by virtue of providing a uniquely enjoyable consumer experience. Additionally, in order to create our discriminative, competitive strength, we introduce the *ibon*(Multi Media Kiosk) integrating eight functions including bonus exchange, ticket service and mobile office, et al., and re-marketed the Slurpee to combine pleasure with some cool elements. Also, in order to communicate the health and natural concept of **LOHAS** to consumers, we also held and developed a series of activities and products promoting health and nature, and fulfilled the concept for “fresh foods free from the additives monosodium glutamate and preservatives” in more than 180 fresh foods provided by 7-ELEVEN to strictly check on the customers’ health.

Through the integration of resource and sharing mechanism, we have demonstrated the synergetic effect of PCSC retail group continuously, and thereby not only enabled the business performance of the existing reinvested enterprises to increase, but also set up new enterprises in 2006 such as Uni-President Department Store Corp.(Hankyu), President FN Business Corp.(PLAZA), Cold Stone Creamery Taiwan Ltd. and Marks and Spencer Taiwan Co., Ltd.. These investments map out our current scheme in lifestyle industry; with these we lay the bedrocks of a prospective business development in this area. In terms of overseas investments, Uni-Mart Shandong started to turn losses into profits in 2006, clear indication that PCSC’s investments in China are getting prosperous.

With respect to our social responsibility, we provide assistance in raising public welfare funds through our dense store service network and also promote environmental protectionism to the various operations and environmental protection accounting system. Our efforts have been recognized by the public. In 2006, we received the Commonwealth magazine’s first corporate citizenship award and were the only one grocery wholesale and retail business to be nominated and to win the prize. Additionally, in the selection of “2006 Most Admired Company in Taiwan”, we have won the first prize of grocery wholesale and retail business consecutively for twelve years.

Looking forward to 2007, the stores of 7-ELEVEN are expected to break 4,600. Meanwhile, in order to continue satisfying customers’ comprehensive need for their lives and create more convenient shopping environment, we will introduce the *icashwave* and expand the *ibon* service scope and contents. The business performance of reinvested enterprises will grow on an on-going basis. We will continue adhering to the management philosophy highlighting the corporate governance and creating shareholders’ value to keep working hard for the company’s sustainable operation.

Chairman: Kao Chin-Yen President: Hsu Chung-Jen

Appendix 2

President Chain Store Corp. Supervisors' report

The Board of Directors has prepared and submitted the Company's 2006 Operation Report, Financial Statements, and proposal for allocation 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 2007

President Chain Store Corporation

Supervisor: Ying, Chien Li

March 21, 2007

President Chain Store Corp.
Supervisors' report

The Board of Directors has prepared and submitted the Company's 2006 Operation Report, Financial Statements, and motions for allocation 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 2007

President Chain Store Corp.
Supervisor: Nan Shan Life Insurance Co. Ltd.
Representative: Hsieh Kuan-Chien

March 21, 2007

Appendix 3

President Chain Store Corp.

Contrast table for amendments to parliamentary rules of directors' meetings

Amended provisions	Existing provisions	Contents
<p>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").</p>		<p>Disclose the basis for these Rules.</p>
<p>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.</p>	<p>Article I Unless otherwise provided in laws or articles of incorporation, the parliamentary rules of Board of Directors of President Chain Store Corp. (hereinafter referred to as "the Company") shall be subject to these Rules.</p>	
<p>Article III The Board of Directors <u>shall hold a meeting at least once every quarter.</u> 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 and supervisor within 7 days prior to the meeting, provided that in the case of emergency, the meeting may be convened at any time. <u>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.</u></p>	<p>Article II The Board of Directors shall hold a meeting at least once every six months. In calling a meeting of the Board of Directors, a notice setting forth therein time, place and the subject(s) to be discussed at the meeting shall be given to each director and supervisor within 7 days prior to the meeting, provided that in the case of emergency, the meeting may be convened at any time.</p>	<ol style="list-style-type: none"> 1. Define that the board of directors of a public company shall call a meeting at least once every quarter. 2. Define that the important issues to be proposed in a directors' meeting shall be enumerated in the grounds for calling the meeting, unless in the case of emergency or with justified reasons

Amended provisions	Existing provisions	Contents
<p>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.</p>	<p>Article V The directors' meeting shall be held at the Company's location and during the Company's business hours, provided that if necessary for business, the meeting may be held at the location and time convenient for directors to attend the meeting and suitable for calling of the meeting.</p>	
<p>Article V <u>The parliamentary unit shall be the "strategic planning group" designated by the Company's Board of Directors.</u> 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. <u>Where directors consider that the parliamentary information is not sufficient, they may ask the parliamentary unit for supplementing the information.</u> <u>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.</u></p>	<p>Article III When calling the directors' meeting, the Company shall first draft the subjects to be discussed and the agenda, and provide directors, supervisors and the relevant attendants with the relevant information.</p>	<p>Define that the parliamentary unit designated by the Board of Directors shall draft the parliamentary contents, and provide sufficient information, and send them out altogether when calling a meeting. Where directors consider that the parliamentary information is not sufficient, they may ask the parliamentary unit for supplementing the information or the examination on the motions may be postponed subject to the Board of Directors' resolution.</p>

Amended provisions	Existing provisions	Contents
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<p>Article VI The parliamentary procedures of the Company's periodical directors' meetings shall include the following at least:</p> <ol style="list-style-type: none"> I. Report: <ol style="list-style-type: none"> (I) Business report. (II) Financial report. (III) Audit report. (IV) Other important reports. (V) <u>The previous meeting minutes and execution thereof.</u> II. Ratification and Discussion: <ol style="list-style-type: none"> (I) The issues discussed in the previous meeting as reserved. (II) The issues scheduled to be discussed in this meeting. III. Preliminary motions. 		<p><u>This Paragraph is added</u> Define the scope of the parliamentary contents.</p>
<p>Article VII The following issues shall be discussed in the Board of Directors' meeting:</p> <ol style="list-style-type: none"> I. The Company's business plan. II. Annual financial report and semi-annual financial report. III. Internal control system defined or amended pursuant to Article 14-1 of the Securities and Exchange Act. IV. 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. 		<p><u>This Paragraph is added</u> Define the subjects to be discussed in the directors' meeting.</p>

Amended provisions	Existing provisions	Contents
<p>V. Offering, issue or private placement of equity securities.</p> <p>VI. Appointment and dismissal of financial, accounting or internal audit supervisors.</p> <p>VII. 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.</p>		
<p>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.</p>	<p>Article XVI The Board of Directors shall grant the authority pursuant to the Company's articles of incorporation and the relevant laws and regulations.</p>	<p>According to Paragraph 4 of Article 208 of the Company Law, define that where the Board of Directors authorizes the authority of the Board of Directors 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.</p>

Amended provisions	Existing provisions	Contents
<p>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 <u>replace the affixation of signature into the attendance book.</u> 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.</p>	<p>Article IV An attendance book shall be provided for present directors to affix their signatures when the Board of Directors' meeting is held. 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 in replace of 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 two paragraphs shall act on behalf of no more than one person.</p>	
<p>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 from among them. Where the Chairman of the Board takes leave or fails</p>	<p>Article VI 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 elected from the present directors. Where the Chairman of the Board fails to exercise his authority with reasons, he shall appoint one managing director to be his proxy.</p>	<p>According to Article 203 and Article 208 of the Company Law, define that the convener and chairperson of the Board of Directors' meeting, and the proxy and priority thereof in the event of the Chairman's failure to exercise his authority.</p>

Amended provisions	Existing provisions	Contents
<p><u>to exercise his authority with reason, the Vice Chairman shall be his proxy. Where the Vice Chairman also takes leave or fails to exercise his authority with reason, 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.</u></p>		
<p>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.</p>	<p>Article VII When calling the Board of Directors' meeting, the managerial department shall prepare the relevant information for the present directors' reference at any time. The managerial personnel of the relevant departments shall attend the meeting to report the Company's current operational and business condition and respond to directors' questions to help directors to verify the condition of the Company and make the appropriate resolutions. Subject to the circumstances, CPA, attorneys-at-law or other experts may be invited to attend the meeting to provide experts' opinion to the Board of Directors for reference. Supervisors may take part in the discussion of motions when attending the meeting to state their opinion, provided that they shall have no voting right with respect to the issues subject to functions of the Board of Directors.</p>	<p>Define that when the Company calls the Board of Directors' meeting, the managerial personnel of the relevant departments or experts may attend the meeting to report and respond to questions, or provide the relevant experts' opinion.</p>

Amended provisions	Existing provisions	Contents
	<p>Article XI</p> <p>After any present director makes a speech, the chairperson may, personally or appoint the relevant personnel to, respond to the speech, or appoint the present experts to provide any necessary information.</p> <p>Where any director makes speeches with respect to the same motion repeatedly or any director's speech is beyond the subject and thereby prevents the other directors from making speeches or hinders the parliamentary procedure, the chairperson may prohibit him from making speeches.</p>	
<p>Article XII</p> <p>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 <u>the meeting shall not be postponed more than twice</u> 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.</p>	<p>Article IX</p> <p>The chairperson of the Board of Directors' meeting may announce the opening of the meeting at the meeting time and when there are a majority of the whole directors attending the meeting. Where the present directors are less than a majority of the whole directors at the meeting time, the chairperson may announce postponement of the meeting, provided that the postponement shall not be more than one hour in total.</p> <p>Where present directors are still less than a majority of the whole directors after the meeting is postponed, the chairperson shall announce the postponement of the meeting, and shall not resolve any motions.</p> <p>Where the meeting is announced and postponed by the chairperson, another meeting shall be called again pursuant to Article II herein.</p>	<p>Define that the opening of the meeting shall be announced at the meeting time, provided that where the attendants are less than the quorum, the chairperson may announce postponement of the meeting, and also restrict the hour(s) and frequency of postponement, and where the attendants are still less than the quorum after the meeting is postponed, the meeting shall be called again.</p>

Amended provisions	Existing provisions	Contents
<p>Article XIII</p> <p>The Board of Directors' meeting shall follow the parliamentary procedure 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 procedure scheduled in the preceding paragraph is approved by a majority of the present directors.</p> <p>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.</p>	<p>Article X</p> <p>The motions to be discussed in the Board of Directors' meeting shall follow the parliamentary procedure 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 prior to conclusion of the motions (including preliminary motions), unless the scheduled parliamentary procedure referred to in the preceding paragraph is resolved.</p> <p>The chairperson may determine the time to announce breaks for negotiation in the process of the meeting.</p>	
<p>Article XIV</p> <p>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:</p> <ol style="list-style-type: none"> I. By raising hands; II. By roll-call voting; III. By voting. 	<p>Article XII</p> <p>Where the chairperson considers that the debate of a motion may be put to a vote, he may announce 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. Where any present director expresses dissent upon the chairperson's inquiry, the motion shall be put to a vote.</p>	

Amended provisions	Existing provisions	Contents
	<p>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:</p> <p>I. By raising hands; II By roll-call voting; III. By voting.</p>	
<p>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.</p>	<p>Article XIII Unless otherwise provided in Company Law and the Company's articles of incorporation, the motions proposed in the Board of Directors' meeting shall be voted subject to agreement of a majority of the present directors.</p> <p>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 voting is required. Where it is necessary to install scrutinizers and ballot counters in the process of voting, they shall be appointed by the chairperson, provided that the scrutinizers shall be directors.</p> <p>The voting result shall be reported on the spot and recorded.</p>	<p>According to Article 206 and Article 207 of the Company Law, define the requirements about the voting result of motions.</p>

Amended provisions	Existing provisions	Contents
	Where any resolutions made by the Board of Directors' meeting are the important information required under laws, the Company shall transmit the information to M.O.P.S. within the specific time limit.	
<p>Article XVI</p> <p>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:</p> <p>I. Where the director has any interest with himself or the corporation he acts on behalf of with respect to any motion and it is thereby likely that the Company's interest will be infringed.</p> <p>II. Where the director considers that he should abstain the voting voluntarily.</p> <p><u>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.</u></p>	<p>Article XIV</p> <p>In the event of any of the following circumstances, a director or other corporate representatives shall not take part in the debate and voting or exercise the voting right on behalf of other directors:</p> <p>I. 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.</p> <p>II. Where the director considers that he should abstain from voting voluntarily.</p> <p>III. The Board of Directors' meeting resolves that the director should abstain from voting.</p>	<p>According to Article 206 of the Company Law whereas under Article 178 and Paragraph 2 of Article 180 of the same Law, define the directors' conflict of interest and prohibition from taking part in discussion and voting, and the resolution thereof shall be subject to the Company Law.</p>
<p>Article XVII</p> <p>The motions shall be recorded in the meeting minutes. The meeting minutes shall specify the following:</p> <p>I. Term No. (Year No.), time and location of the meeting.</p> <p>II. Chairperson's name.</p>	<p>Article XV</p> <p>The motions shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson and recorder and submitted to each director, supervisor and the relevant attendants within 20 days upon the meeting.</p>	<p>1. Define the contents to be recorded in the meeting minutes;</p>

Amended provisions	Existing provisions	Contents
<p>III. Directors' attendance, including the names and number of the present directors, directors taking leave and absent directors.</p> <p>IV. Names and job titles of attendants.</p> <p>V. Recorder's name.</p> <p>VI. Reported issues: reporter's name and job title, and important opinion of directors, experts and other persons.</p> <p>VII. Discussed issues: Methods to resolve the various motions and resolutions, abstract of directors', supervisors', experts' and other personnel's speech, dissent or reserved opinion which is recorded or stated in writing.</p> <p>VIII. Preliminary motions: Proposers' names, methods to resolve motions and resolutions, abstract of directors', experts' and other personnel's speech, or dissenting or reserved opinion which is recorded or stated in writing.</p> <p>IX. Other notes to be specified.</p> <p>The attendance book of the Board of Director's meeting shall constitute a part of the meeting minutes, which shall be maintained permanently.</p> <p>The meeting minutes 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 I may be produced and distributed in electronic form.</p>	<p>The abstract of the various motions, directors' dissent opinion, method of resolution and resolution result shall be specified in detail and factually pursuant to the relevant requirements.</p> <p>The meeting minutes shall be included in the Company's important files and maintained permanently in the duration of the Company's existence.</p>	<p>2. The meeting minutes may be distributed in electronic form;</p> <p>3. The meeting minutes shall be signed or sealed by the chairperson and recorder, and maintained permanently.</p>

Amended provisions	Existing provisions	Contents
<p>Article XVIII The Board of Directors' meeting shall be recorded by tape or video in full and <u>the tape or video recording shall be maintained for at least five years</u> 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, free from the requirements referred to in the preceding paragraph. 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 minutes and be maintained permanently.</p>	<p>Article VIII The Board of Directors' meeting shall be recorded by tape or video in full and <u>the tape or video recording shall be maintained for at least one year.</u> 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, free from the requirements referred to in the preceding paragraph. 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 minutes and be maintained permanently.</p>	<p>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. Where the meeting is held in the form of videoconference, the tape or video recordings for the meeting shall be maintained permanently.</p>
<p>Article XIX The managing directors of the Board of Directors, if any, may apply Article II, Paragraph 2 of Article III, Articles IV-VI, Article IX, and Articles XI-XVIII herein <i>mutatis mutandis</i>.</p>		<p>This Paragraph is added in order to fulfill the legislative intent of directors installed under the Securities and Exchange Act and to prescribe the provisions applicable to the managing directors of the Board of Directors, if any.</p>
<p>Article XXX Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.</p>	<p>Article XVII Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.</p>	

Appendix 4

Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06002877

To: President Chain Store Corporation

We have audited the President Chain Store Corporation's balance sheets prepared on December 31, 2006 and 2005, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to December 31, 2006 and 2005. 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 and relevant information disclosed in Note 11 of the long-term equity investment for President Chain Store Corp., which was valued with the Equity Method in 2006 and 2005, were based on the financial statements audited and certified by another CPA appointed by the investees. We do not audit those financial statements. The net investment income recognized is based on the financial statements audited by another CPA on December 31, 2006 and 2005, and includes an investment gain of NT\$83,178,000 and an investment loss of NT\$10,246,000, respectively. The relevant long-term equity investment balance was NT\$602,660,000 and NT\$659,828,000 respectively

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

Based on our audits and the reports of other auditors, it is our opinion that the financial statements, which are referred to in the first paragraph, fairly present all materials aspects and the financial position of President Chain Store Corporation as of December 31, 2006 and 2005, the result of its operations and its cash flows for the periods of January 1 to December 31, 2006 and 2005. The above materials conform 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 the principle under the Financial Accounting Standards No. 34 on financial Instruments: Recognition and Measurement and No. 36 on financial Instruments: Disclosure and Presentation effective January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standards No. 5 on Long-term Investments under the equity method, whereby goodwill is subject to annual impairment instead of amortization.

We have also audited President Chain Store Corporation's consolidated financial statements for the periods ending in 2006 and 2005, and have expressed an amended unqualified opinion thereon.

Pricewaterhouse Coopers
CPA

Lin Tung-Chiao, CPA

Chen Mei-Tzu, CPA

Approval Document issued by
the Securities and Futures
Commission (now Securities
and Futures Bureau) of the
Ministry of Finance: (81) Tai-Tsai-Cheng (VI) No. 79059
(82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corp. & Subsidiaries
Consolidated Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

	December 31, 2006		December 31, 2005			December 31, 2006		December 31, 2005	
	Amount	%	Amount	%		Amount	%	Amount	%
<u>Assets</u>					<u>Liabilities and Shareholders' Equity</u>				
Current Assets					Current liability				
Cash and cash equivalents (Note V)	\$	9	\$	6	Note payable	\$	3	\$	2
Financial assets, which change in fair values					Notes payable – related parties (Note V)				3
are recognized as gains or losses – current	131,073	-	4,953	-		1,457,735	4	874,655	
Investments in bonds with no public quotations – current	20,000	-	40,000	-	Accounts payable	191,285	-	219,022	1
Net accounts receivable (Note V)	301,572	1	382,262	1	Accounts payable – related parties	4,992,827	14	4,213,792	12
Other accounts receivable (Note V)	427,335	1	389,869	1	Income taxes payable (Note IV(12))	662,224	2	607,843	2
Inventories (Note IV (2))	2,880,782	8	2,755,466	8	Accrued expenses (Notes IV (8) and	2,421,968	7	2,055,289	6
Other current assets (Notes IV (12),	885,144	3	818,307	3	Other accounts payable (Note IV	4,557,458	13	3,786,256	11
Total current assets	7,884,32	22	6,466,92	1	Advance receipts	1,023,146	3	845,605	2
Funds and investments					Current portion of long-term (Note IV(10))	900,000	2	200,000	1
Financial assets that are available for sale	514,718	1	140,534	-	Total current liabilities	17,293,024	48	13,437,482	40
Financial assets measured at cost – non current (Note IV(4))	12,381,271	34	11,994,727	36	Long-term liability				
Bond portfolios with no active market –	-	-	20,000	-	Derivative financial liabilities for hedging-non current (Note X)	14,994	-	-	-
Long-term investments (Equity method)	6,352,509	18	5,509,166	16	Corporate bonds (Note IV (10))	1,100,000	3	2,000,000	6
Total funds and investments	19,248,49	53	17,664,46	52	Long-term debt	-	-	1,320,000	4
Fixed assets (Note V)					Total long-term liabilities	1,114,994	3	3,320,000	10
Costs					Other liability				
Lands	1,534,72	4	1,538,23	5	Accrued pension liabilities (Note IV	358,480	1	359,752	1
Building	930,971	3	931,193	3	Guarantee deposit received	1,569,094	4	1,345,066	4
Machinery and equipment	8,486,40	23	8,078,98	24	Total other liabilities	1,927,574	5	1,704,818	5
Lease improvement	3,986,26	11	3,549,76	10	Total liabilities	20,335,592	56	18,462,300	55
Other equipment	13,241	-	13,411	-	Shareholders' Equity				
Cost and revaluation	14,951,6	41	14,111,5	42	Capital (Note IV (13))				
Less: accumulated depreciation	(8,101,85)	(22)	(7,157,20)	(21)	Paid-in Capital	9,151,604	25	9,151,604	27
Construction in process and prepayment for equipment	1,578	=	-	=	Retained earnings (Note IV (14))				
Net fixed assets	6,851,32	19	6,954,38	21	Legal reserve	2,543,649	7	2,178,381	7
Other assets					Special reserve	531	-	55,758	-
Assets leased to others (Notes IV (7)	999,648	3	1,014,08	3	Unassigned retained earnings	3,921,243	11	3,787,913	11
Idle Assets	321,498		325,232		Other adjustments in SH's equity				
					Unrealized revaluation gains (Note	359,191	1	-	-

Refundable deposit (Note VII)	937,603	2	878,875	3	Cumulative translation adjustment	6,956	-	(531)	-
Other assets –other (Note IV(12))	75,877	-	331,501	1	Total shareholders' equity	15,983,174	44	15,173,125	45
	<u>2,334,62</u>	<u>6</u>	<u>2,549,69</u>	<u>8</u>	Undertakings or contingent liabilities				
Total other assets					Total liabilities and shareholders'				
Total Assets	\$ 36,318,766	100	\$ 33,635,425	100		\$ 36,318,766	100	33,635,425	100

President Chain Store Corporation

Income Statements For the period ended December 31, 2006 and 2005

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

	2006		2005	
	Amount	%	Amount	%
Operating revenue				
4110 Net sales	\$ 96,628,741	97	\$ 90,671,647	97
4800 Other operating revenue (Note V)	<u>3,350,877</u>	<u>3</u>	<u>3,001,963</u>	<u>3</u>
4000 Total operating revenue	99,979,618	100	93,673,610	100
Operating cost				
5110 Cost of goods sold (Note V)	<u>(69,736,937)</u>	<u>(70)</u>	<u>(65,514,526)</u>	<u>(70)</u>
5910 Gross Profit	<u>30,242,681</u>	<u>30</u>	<u>28,159,084</u>	<u>30</u>
Operating expenses (Notes IV (16), (17) and V)				
6100 Selling expenses	(22,789,148)	(23)	<u>(21,003,015)</u>	(23)
6200 General and administration exp.	<u>(2,939,532)</u>	<u>(3)</u>	<u>(2,979,029)</u>	<u>(3)</u>
6000 Total operating expenses	<u>(25,728,680)</u>	<u>(26)</u>	<u>(23,982,044)</u>	<u>(26)</u>
6900 Operating income	<u>4,514,001</u>	<u>4</u>	<u>4,177,040</u>	<u>4</u>
Non-operating incomes				
7310 Gain on valuation of financial assets (Note III)	7,734	-	65,492	-
7122 Dividend Income	191,251	-	192,709	-
7130 Gain on disposal of fixed assets (Note V)	-	-	18,816	-
7210 Rent revenue (Note V)	46,059	-	28,563	-
7480 Miscellaneous incomes (Note V)	<u>658,910</u>	<u>1</u>	<u>515,914</u>	<u>1</u>
7100 Total non-operating income	<u>903,954</u>	<u>1</u>	<u>821,494</u>	<u>1</u>
Non-operating expenses				
7510 Interest expenses	(68,770)	-	(76,657)	-
7521 Loss on investment (equity method) (Notes III and IV (5))	(79,287)	-	(56,311)	-
7530 Loss on disposal of fixed assets	(20,516)	-	-	-
7540 Loss on disposal of investments	(17,984)	-	(42,897)	-
7570 Allowance for reduction of inventory to market	-	-	(66,429)	-
7630 Impairment (Note IV (4))	(127,297)	-	(85,480)	-
7880 Other expenses	<u>(46,513)</u>	<u>=</u>	<u>(40,106)</u>	<u>=</u>
7500 Total non-operating expenses	<u>(360,367)</u>	<u>=</u>	<u>(367,880)</u>	<u>=</u>
7900 Income before tax	5,057,588	5	4,630,654	5
8110 Income Tax (Note IV (12))	<u>(1,235,633)</u>	<u>(1)</u>	<u>(977,969)</u>	<u>(1)</u>
8900 Earnings of continued operations	3,821,955	4	3,652,685	4
9300 Accumulated effects from changes in accounting principles (Note III)	<u>373</u>	<u>=</u>	<u>-</u>	<u>=</u>
9600 Net Income After Tax	<u>\$ 3,822,328</u>	<u>4</u>	<u>\$ 3,652,685</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 (15))				
9750 Net income	<u>\$ 5.53</u>	<u>\$ 4.18</u>	<u>\$ 5.06</u>	<u>\$ 3.99</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity

☪ For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment	
<u>2005</u>							
Balance at January 1, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,785)	\$ 14,371,825
Appropriation of earnings:							
Legal reserve	-	304,587	-	(304,587)	-	-	-
Special reserve	-	-	55,758	(55,758)	-	-	-
Employee bonus	-	-	-	(107,421)	-	-	(107,421)
Remuneration to Directors & Supervisors	-	-	-	(53,710)	-	-	(53,710)
Cash dividends	-	-	-	(2,745,481)	-	-	(2,745,481)
Earnings in 2005	-	-	-	3,652,685	-	-	3,652,685
Adjustments of conversion from foreign long-term	-	-	-	-	-	<u>55,227</u>	<u>55,227</u>
Balance at December 31, 2005	<u>\$ 9,151,604</u>	<u>\$ 2,178,381</u>	<u>\$ 55,758</u>	<u>\$ 3,787,913</u>	<u>\$ -</u>	<u>(\$ 531)</u>	<u>\$ 15,173,125</u>
<u>2006</u>							
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	-	(\$ 531)	\$ 15,173,125
Appropriation of earnings:							
Legal reserve	-	365,268	-	(365,268)	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	(200,559)
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	(66,853)
Cash dividends	-	-	-	(3,111,545)	-	-	(3,111,545)

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity

☪ For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings			Other adjustment in SH's equity		Total	
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains		Cumulative translation adjustment
Earnings in 2005	-	-	-	3,822,328	-	-	3,822,328
Adjustments on unrealized gains or losses on financial instruments	-	-	-	-	359,191	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	7,487
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 15,983,174</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Statement of Cash Flow

For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
<u>Cash flows from operating activities</u>		
Net income	\$ -----	\$ -----
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(7,734)	(65,492)
Increase (or decrease) of allowance for uncollectible accounts	(6,685)	3,969
Increase (or decrease) of allowance for reduction of inventory to market	(56,530)	66,429
Depreciation	1,657,958	1,679,882
Depreciation of leased assets	18,168	3,879
Amortizations	254,908	380,774
Cash dividend from long-term investment under equity method	234,690	135,755
Recognized return on long-term investments under equity method	79,287	56,311
Disposal gain on long-term investment under equity method	(52,380)	-
Financial assets measured at cost – impairment losses	127,297	85,480
Loss (or gain) on disposal of fixed assets	20,516	(18,816)
<u>Changes in assets and liabilities</u>		
Accounts receivable	80,690	(133,743)
Other accounts receivable	(30,781)	(98,487)
Inventories	(68,786)	(619,338)
Other current assets	(83,032)	(56,565)
Deferred income tax assets	16,911	(13,104)
Notes payable	1,034,441	178,519
Accounts payable	751,298	248,691
Income taxes payable	54,381	253,772
Accrued expenses	366,679	357,749
Other accounts payable	704,105	1,369,959
Advance receipts	177,541	260,062
Accrued pension liabilities	(1,272)	(2,311)
Net cash provided by operating activities	9,093,998	7,726,060

(Continue)

Cash flows from investing activities

Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(\$ 118,386)	\$303,517
Decrease in loans to related parties	-	30,000
Acquisition of financial assets measured at cost	(570,000)	(3,947,248)
Decrease in financial assets on basis cost	7,697	255,020
Acquisition of long-term investment-equity method	(1,143,979)	(510,805)
Proceeds from disposal of long-term investment – equity method	94,989	-
Decrease of bond portfolios with no active market	40,000	40,000
Cash purchase of property, plant and equipment	(1,554,848)	(1,669,583)
Proceeds from disposal of fixed assets	46,534	875,896
Increase in deposits-out	<u>(58,728)</u>	<u>(59,557)</u>
Net cash provided by financing activities	<u>(3,256,721)</u>	<u>(4,682,760)</u>

Cash flows from financing activities

Increase in guarantee deposits received	224,028	181,601
Increase (or decrease) in long-term loans	(1,320,000)	820,000
Payback of corporate bond	(200,000)	-
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration & employees' bonus	<u>(267,412)</u>	<u>(161,131)</u>
Net cash provided by financing activities	<u>(4,674,929)</u>	<u>(1,905,011)</u>
Net increase (or decrease) in cash and cash equivalent	1,162,348	1,138,289
Beginning balance of cash and cash equivalent	<u>2,076,066</u>	<u>937,777</u>
Ended balance of cash and cash equivalent	<u>\$ 3,238,414</u>	<u>\$2,076,066</u>

Supplement disclosures of cash flow information

Interest paid	<u>\$ 70,456</u>	<u>\$77,025</u>
Income tax paid	<u>\$ 1,164,341</u>	<u>\$737,301</u>

Investing and financing activities of partial payment in cash

Purchase of property, plant and equipment	\$ 1,621,945	\$1,640,728
Add: beginning balance of accounts payable on equipment	211,747	240,602
Less: ended balance of accounts payable on equipment	<u>(278,844)</u>	<u>(211,747)</u>
Acquisition of fixed assets	<u>\$1,554,848</u>	<u>\$1,669,583</u>

Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06003051

To: President Chain Store Corporation

We have reviewed the accompanying consolidated balance sheet for President Chain Store Corp. and the subsidiaries as of January 1 to December 31, 2006 and 2005 and the related statements of income and cash flows for those years. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review. Some 2006 and 2005 financial statements of the business entities in the consolidated financial statements are certified by other CPAs instead of us. Therefore, our opinion on the amount listed in the consolidated financial statements of the Company and its subsidiaries for 2006 and 2005 was based on the other CPAs' audit report. The said subsidiaries' assets amounted to NT\$1,246,196 thousand and NT\$1,074,584 thousand on December 31, 2006 and 2005, respectively, which represented a ratio of 3% and 2% to total consolidated assets. The net income in the period of January 1 to December 31, 2006 and 2005 amounted to NT\$2,845,636 thousand and NT\$2,712,408 thousand, which represented a ratio of 2% of total consolidated net income for both years. The investment income of the Company and its subsidiaries from long-term equity investments under the equity method and the relevant information about the investees, as disclosed in Note XI to these financial statements, was valued and disclosed according to the financial statements audited and certified by the other CPAs appointed by the investees respectively covering the same period. We did not audit or certify those financial statements. The investment incomes that were recognized based on the other CPAs' audited financial statements for 2006 and 2005 were NT\$53,508 thousand and NT\$3,842 thousand. Until December 31, 2006 and 2005, they had the balances of the relevant long-term equity investment, which amounted to NT\$191,519 thousand and NT\$162,291 thousand.

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

In our opinion, which is based on our audits and the reports of other auditors, the financial statements referred to in the first paragraph fairly present the financial position of President Chain Store Corporation and its subsidiaries as of December 31, 2006 and 2005. The financial statements additionally fairly present the result of their operations and their cash flows for the periods of January 1 to December 31, 2006 and 2005, 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 People's Republic of China.

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

Pricewaterhouse Coopers
CPA

Lin Tung-Chiao, CPA

Chen Mei-Tzu, CPA

Approval Document issued by
the Securities and Futures
Commission (now Securities
and Futures Bureau) of the
Ministry of Finance:

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

(82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corp. & Subsidiaries
Consolidated Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

		December 31, 2006		December 31, 2005				December 31, 2006		December 31, 2005	
		Amount	%	Amount	%			Amount	%	Amount	%
<u>Assets</u>						<u>Liabilities and Shareholders' Equity</u>					
Current Assets						Current liability					
1100	Cash and cash equivalence (Note IV(1))	\$ 6,095,851	12	\$ 4,566,017	10	2100	Short-Term debt	\$ 1,215,758	2	\$ 742,742	2
1310	Financial assets which change in fair values are recognized as gains or losses—current (Note IV(2))	1,421,770	3	981,789	2	2110	Short-term bills payable	502,334	1	689,003	1
1140	Net accounts receivable (Note V)	2,175,152	4	1,706,340	4	2120	Notes payable (Note V)	2,744,318	5	1,599,112	4
1160	Other accounts receivable (Note V)	814,272	2	825,571	2	2140	Accounts payable	8,193,771	17	7,463,328	17
120X	Inventories (Note IV (3))	6,363,162	13	5,858,918	13	2150	Accounts payable—related parties (Note V)	1,753,803	3	1,546,827	3
1280	Other current assets (Notes IV (14) and VII)	1,427,652	3	1,277,277	3	2160	Income taxes payable (Note IV(14))	814,626	2	717,799	2
11XX	Total current assets	18,297,859	37	15,215,912	34	2170	Accrued expenses (Notes IV (10) and V)	3,639,426	7	3,153,591	7
Funds and investments						2210	Other accounts payable (Note IV (11))	5,395,770	11	4,457,693	10
1450	Financial assets that are available for sale—non current	522,623	1	140,534	-	2260	Advance receipts	1,321,644	3	1,014,629	2
1480	Financial assets measured at cost—non current (Note IV(5))	13,190,071	27	12,831,185	29	2270	Current portion of long-term liabilities (Notes IV (12) and V)	1,265,608	3	563,633	1
1421	Long-term investments (Equity method)	768,977	2	647,351	1	21XX	Total current liabilities	26,847,058	54	21,948,357	49
14XX	Total funds and investments	14,481,671	30	13,619,070	30	Long-term liability					
Fixed assets (Note IV and VI)						2430	Derivative financial liabilities for hedging-non current (Note X)	14,994	-	-	-
Costs						2410	Corporate bonds (Note IV (12))	1,100,000	2	2,000,000	4
1501	Lands	2,022,086	4	2,025,717	4	2420	Long-term debt	858,653	2	1,857,557	4
1521	Building	2,059,821	4	2,146,595	5	2450	Long-term notes and accounts payable—related parties (Note 5)	116,532	-	211,583	1
1551	Transportation Equipments	1,950,287	4	1,684,351	4	24XX	Total long-term liabilities	2,090,179	4	4,069,140	9
1571	Machinery and equipment	11,338,839	23	10,359,268	23	Other liability					
1631	Lease improvement	6,157,135	13	5,224,988	12	2810	Accrued pension liabilities (Note IV (13))	511,364	1	509,926	1
1681	Other equipment	1,687,160	3	1,472,345	3	2820	Guarantee deposit received	1,772,856	4	1,572,824	4
15XY	Cost and revaluation	25,215,328	51	22,913,264	51	28XX	Total other liabilities	2,284,220	5	2,082,750	5
15X9	Less: accumulated depreciation (Note IV (8))	(12,911,638)	(26)	(10,884,087)	(24)	2XXX	Total liabilities	31,221,457	63	28,100,247	63
1670	Construction in process and prepayment for equipment	145,488	-	73,017	-	Shareholders' Equity					
15XX	Net fixed assets	12,449,178	25	12,102,194	27	Capital Stock (Note IV (15))					
Intangible Assets						3110	Paid-in Capital	9,151,604	19	9,151,604	20
1780	Other intangibles	106,901	-	113,044	-	Retained earnings (Note IV (16))					
Other assets						3310	Legal reserve	2,543,649	5	2,178,381	5
1800	Assets leased to others (Notes IV (9) and	1,061,352	2	1,017,093	2	3320	Special reserve	531	-	55,758	-
1810	Idle Assets	321,931	1	325,232	1	3350	Unassigned retained earnings	3,921,243	8	3,787,913	8
1820	Refundable deposit (Note VII)	1,632,947	3	1,556,542	4	Other adjustment in SH's equity					
1880	Other assets—other (Note IV(14))	883,372	2	1,006,325	2	3450	Unrealized revaluation gains (Note III)	359,191	1	-	-
18XX	Total other assets	3,899,602	8	3,905,192	9	3420	Cumulative translation adjustment	6,956	(531)	-
						3610	Minority equity	2,030,580	4	1,682,040	4
						3XXX	Total shareholders' equity	18,013,754	37	16,855,165	37

The accompanying notes constituted an integral part of the consolidated financial statements. Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

		December 31, 2006		December 31, 2005				December 31, 2006		December 31, 2005	
		Amount	%	Amount	%			Amount	%	Amount	%
<u>Assets</u>						<u>Liabilities and Shareholders' Equity</u>					
						Undertakings or contingent liabilities (Notes V and VII)					
1XXX	Total Assets	\$ 49,235,211	100	\$ 44,955,412	100	1XXX	Total liabilities and shareholders' equity	\$ 49,235,211	100	\$ 44,955,412	100

The accompanying notes constituted an integral part of the consolidated financial statements. Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Income Statement
For the period ended December 31, 2006 and 2005

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

	2006		2005	
	Amount	%	Amount	%
Operating revenue				
4110 Net sales	\$ 125,487,012	94	\$ 113,500,342	95
4800 Other operating revenue (Note V)	<u>7,457,564</u>	<u>6</u>	<u>6,440,544</u>	<u>5</u>
4000 Total operating revenue	132,944,576	100	119,940,886	100
Cost of operation				
5110 Cost of goods sold (Notes IV(18) and V)	(93,041,700)	(70)	(83,225,037)	(69)
5910 Gross Profit	<u>39,902,876</u>	<u>30</u>	<u>36,715,849</u>	<u>31</u>
Operating expenses (Notes IV (18) and IV(19))				
6100 Selling expenses	(28,083,109)	(21)	(25,745,594)	(22)
6200 General and administration exp.	(6,700,076)	(5)	(6,140,914)	(5)
6000 Total operating expenses	(34,783,185)	(26)	(31,886,508)	(27)
6900 Operating income	<u>5,119,691</u>	<u>4</u>	<u>4,829,341</u>	<u>4</u>
Non-operating incomes				
7310 Gain on valuation of financial assets	10,744	-	79,382	-
7122 Dividend Income	191,994	-	193,520	-
7140 Gains on disposal of investment	5,675	-	-	-
7480 Miscellaneous income	<u>904,080</u>	<u>1</u>	<u>601,326</u>	<u>1</u>
7100 Total non-operating income	<u>1,112,493</u>	<u>1</u>	<u>874,228</u>	<u>1</u>
Non-operating expenses				
7510 Interest expenses	(164,284)	-	(158,227)	(1)
7521 ROI under equity method (Note IV (6))	(37,397)	-	(81,726)	-
7530 Loss on disposal of fixed assets	(40,493)	-	(98,994)	-
7540 Loss on disposal of investments	-	-	(51,344)	-
Allowance for reduction of inventory to market	(24,498)	-	(75,231)	-
7630 Impairment	(322,074)	(1)	(85,480)	-
7880 Other expenses	(111,192)	-	(90,319)	-
7500 Total non-operating expenses	(699,938)	(1)	(641,321)	(1)
7900 Income before tax	5,532,246	4	5,062,248	4
8110 Income tax expense (Note IV (14))	(1,491,698)	(1)	(1,215,249)	(1)
8900 Earnings of continued operations	4,040,548	3	3,846,999	3
Accumulated effects from changes in accounting principles (Note III)	<u>9,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
9600X X Consolidated total net income (loss)	<u>\$ 4,050,321</u>	<u>3</u>	<u>\$ 3,846,999</u>	<u>3</u>
From:				
9601 Consolidated total net income (loss)	\$ 3,822,328	3	\$ 3,652,685	3
9602 Minority equity net income (loss)	<u>227,993</u>	<u>-</u>	<u>194,314</u>	<u>-</u>
	<u>\$ 4,050,321</u>	<u>3</u>	<u>\$ 3,846,999</u>	<u>3</u>
	pre-tax	after tax	pre-tax	after tax
Basic EPS (Note IV (17))				
9710 Earnings of continued operations	\$ 6.05	\$ 4.43	\$ 5.53	\$ 4.20
9740A A Minority equity	(0.38)	(0.25)	(0.32)	(0.21)
9750 Net income after tax	<u>\$ 5.67</u>	<u>\$ 4.18</u>	<u>\$ 5.21</u>	<u>\$ 3.99</u>

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		Minority equity	Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment		
<u>2005</u>								
Balance at January 01, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,758)	\$ 619,603	\$ 14,991,428
Appropriation of earnings								
Legal reserve	-	304,587	-	(304,587)	-	-	-	-
Special reserve	-	-	55,758	(55,758)	-	-	-	-
Employee bonus	-	-	-	(107,421)	-	-	-	(107,421)
Remuneration to Directors & Supervisors	-	-	-	(53,710)	-	-	-	(53,710)
Cash dividends	-	-	-	(2,745,481)	-	-	-	(2,745,481)
2005 Consolidated total net income (loss)	-	-	-	3,652,685	-	-	194,314	3,846,999
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	55,227	-	55,227
Statement of Minority Equity	-	-	-	-	-	-	868,123	868,123
Balance at December 31, 2005	<u>\$ 9,151,604</u>	<u>\$ 2,178,381</u>	<u>\$ 55,758</u>	<u>\$ 3,787,913</u>	<u>\$ -</u>	<u>(\$ 531)</u>	<u>\$ 1,682,040</u>	<u>\$ 16,855,165</u>
<u>2006</u>								
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 1,682,040	\$ 16,855,165
Appropriation of earnings								
Legal reserve	-	365,268	-	(365,268)	-	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	-	(200,559)
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	-	(66,853)
Cash dividends	-	-	-	(3,111,545)	-	-	-	(3,111,545)
2006 Consolidated total net income (loss)	-	-	-	3,822,328	-	-	227,993	4,050,321

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>Retained Earnings</u>			<u>Other adjustment in SH's equity</u>		<u>Minority equity</u>	<u>Total</u>
	<u>Paid-in Capital</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unallotted retained earnings</u>	<u>Unrealized revaluation gains</u>		
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	359,191	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	7,487
Statement of Minority Equity	-	-	-	-	-	120,547	120,547
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 2,030,580</u>
							<u>\$ 18,013,754</u>

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
Cash flows from operating activities		
Consolidated total net income (loss)	\$ 4,050,321	\$ 3,846,999
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(10,744)	(79,382)
Increase (or decrease) of allowance for uncollectible accounts	-	3,969
Allowance for reduction of inventory to market	24,498	75,231
Depreciation	2,889,646	2,542,783
Depreciation of leased assets	18,168	3,879
Amortizations	404,672	510,203
Investment loss recognized under equity method	37,397	81,726
Goodwill-impairment loss	148,522	-
Financial assets measured at cost- impairment losses	173,552	85,480
Loss (or gain) on disposal of fixed assets	40,493	98,994
Changes in assets and liabilities		
Accounts receivable	(468,812)	(885,964)
Other accounts receivable	11,299	(317,557)
Inventories	(528,742)	(3,049,465)
Other current assets	(146,498)	(297,719)
Deferred income tax assets	(22,111)	(40,170)
Notes payable	1,145,206	(9,691)
Accounts payable	937,419	3,898,940
Income taxes payable	96,827	339,270
Accrued expenses	485,835	803,828
Other accounts payable	850,076	1,718,231
Advance receipts	307,015	421,516
Accrued pension liabilities	1,438	123,256
Net cash provided by operating activities	10,445,477	9,874,357
<u>Cash flows from investing activities</u>		
Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(429,237)	(353,113)
Decrease in loans to related parties	-	30,000
Acquisition of long-term investment-equity method	(156,870)	-
Decrease of bond investment	-	100,000
Acquisition of financial assets measured at cost	(570,000)	(4,511,453)
Decrease in financial assets on basis of cost	7,697	123,500
Cash purchase of property, plant and equipment	(3,269,556)	(5,061,366)
Proceeds from disposal of fixed assets	59,284	887,967
Increase of other intangible assets	(17,772)	(76,171)
Increase in deposits-out	(76,405)	(366,035)
Increase of other assets – others	(406,260)	(390,465)
Net cash provided by financing activities	4,859,119	9,617,136

(Continue)

President Chain Store Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
<u>Cash flows from financing activities</u>		
Increase of short-term loan	\$ 473,016	\$ 203,403
Increase (or decrease) of short-term bills payable	(186,669)	104,795
Increase (or decrease) in long-term loans	(1,091,980)	1,047,459
Payback of corporate bond	(200,000)	-
Increase in guarantee deposit received	200,032	409,922
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration and employees' bonus	(267,412)	(161,131)
Increase in minority interest	<u>120,547</u>	<u>868,123</u>
Net cash provided by financing activities	<u>(4,064,011)</u>	<u>(272,910)</u>
Effect of exchange rate on financial statement	7,487	55,227
Effect of subsidiary consolidated for the first time	<u>-</u>	<u>2,691,544</u>
Net increase (or decrease) in cash and cash equivalent	1,529,834	2,731,082
Beginning balance of cash and cash equivalent	<u>4,566,017</u>	<u>1,834,935</u>
End balance of cash and cash equivalent	<u>\$ 6,095,851</u>	<u>\$ 4,566,017</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 136,850</u>	<u>\$ 122,201</u>
Income tax paid	<u>\$ 1,350,447</u>	<u>\$ 855,484</u>
Investing and financing activities of partial payment on cash		
Acquisition of fixed assets	\$ 3,357,557	\$ 5,172,410
Less: ended balance of accounts payable on equipment	(511,060)	(423,059)
Add: beginning balance of accounts payable on equipment	<u>423,059</u>	<u>312,015</u>
Cash disbursement in current period	<u>\$ 3,269,556</u>	<u>\$ 5,061,366</u>

Appendix 5

President Chain Store Corp. Allocation of earnings for 2006

Title	Unit: NTD Amount
Income after tax 2006	3,822,328,487
Less: Legal reserve fund	(382,232,849)
Add : Special reserve reversion	530,965
Distributable earnings	3,440,626,603
Add: Unallocated earnings for the previous year	98,914,470
Cumulative distributable earnings	3,539,541,073
Less: Proposed allocation 2006	
Remuneration to directors and supervisors	(34,406,266)
Employees' bonus	(275,250,128)
Shareholders' cash dividend is NT\$3,500 per 1000 shares	(3,203,061,526)
Unallocated earnings - end	26,823,153

Remarks:

1. The earnings for this year shall be distributed from the earnings of 2006 and any deficit shall be made up by the unallocated earnings of the previous period.
2. The remuneration to directors, supervisors and employees' bonus shall be granted in cash this year.
3. The total cash dividend paid to each individual shareholder shall be no less than one dollar.
4. The odd amounts less than one NT dollar in the allocation of cash dividends shall be included into Employee Fringe Benefits Commission.

Appendix 6

President Chain Store Corp. Contrast table for amendments to the Company's articles of incorporation

Provision	Amended provisions	Existing provisions	Contents
Article II	<p>The Company's business lines include:</p> <p>I. F203020 Tobacco and alcohol retail.</p> <p>II. F206020 Daily supplies retail.</p> <p>III. F203010 Foods and beverage retail.</p> <p>IV. F208040 Cosmetics retail.</p> <p>V. F399990 Other retails.</p> <p>VI. IZ01010 Photocopy.</p> <p>VII. F201070 Flowers and plants retail.</p> <p>VIII. F209060 Education, musical instruments and entertainment appliances retail.</p> <p>IX. JE01010 Lease.</p> <p>X. IE01010 Agent of telecommunication subscribers' numbers.</p> <p>XI. I401010 General advertising service.</p> <p>XII. F207050 Fertilizer retail.</p> <p>XIII. F210010 Timepiece retail.</p> <p>XIV. F210020 Eyeglasses retail.</p> <p>XV. F216010 Photographic equipment retail.</p> <p>XVI. JZ99030 Photography.</p> <p>XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel.</p> <p>XVIII. A102060 Food supply.</p> <p>XIX. F213010 Electric appliances retail.</p> <p>XX. F208031 Medical facilities retail.</p> <p>XXI. F205040 Furniture, bedding, kitchenware and fixtures retail.</p> <p>XXII. F207030 Sanitary appliances retail.</p>	<p>The Company's business lines include:</p> <p>I. F203020Tobacco and alcohol retail.</p> <p>II. F206020Daily supplies retail.</p> <p>III. F203010 Foods and beverage retail.</p> <p>IV. F208040 Cosmetics retail.</p> <p>V. F399990 Other retails.</p> <p>VI. IZ01010 Photocopy.</p> <p>VII. F201070 Flowers and plants retail</p> <p>VIII. F209060 Education, musical instruments and entertainment appliances retail.</p> <p>IX. JE01010 Lease.</p> <p>X. IE01010 Agent of telecommunication subscribers' numbers.</p> <p>XI. I401010 General advertising service.</p> <p>XII. 12 F207050 Fertilizer retail.</p> <p>XIII. F210010 Timepiece retail.</p> <p>XIV. F210020 Eyeglasses retail.</p> <p>XV. F216010 Photographic equipment retail.</p> <p>XVI. JZ99030 Photography.</p> <p>XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and retail apparel.</p> <p>XVIII. A102060 Food supply.</p> <p>XIX. F213010 Electric appliances retail.</p> <p>XX. F208031 Medical facilities retail.</p> <p>XXI. F205040 Furniture, bedding, kitchenware and fixtures retail.</p> <p>XXII. F207030 Sanitary appliances retail.</p> <p>XXIII. F401010 International trade.</p>	<p>Add business lines to meet the Company's need in business</p>

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 (agent of enrollment information, registration form, tickets sold on a consignment basis, collection of goods on a consignment, collection of payment commissioned by enterprises). 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 nd class telecommunication business. XXXIX. <u>I301010 Information software service.</u> XL. <u>I301030 Electronic information supply service.</u>	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 (agent of enrollment information, registration form, tickets sold on a consignment basis, collection of goods on a consignment, collection of payment commissioned by enterprises). 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 2nd class telecommunication business.	

Provision	Amended provisions	Existing provisions	Contents
Article XX	The Board of Directors shall hold a meeting at least once <u>every quarter</u> . A temporary meeting may be called in the case of emergency or upon request of a majority of the directors, 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.	The Board of Directors shall hold a meeting at least once every six months. A temporary meeting may be called in the case of emergency or upon request of a majority of the directors, 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.	To meet the Parliamentary Rules of Directors' Meetings of Public Companies
Article XXIII-I	<u>The Company may purchase liability insurance for directors, supervisors and important officers during their tenure against the indemnity to be borne by them in the scope of business carried out by them. The insurance policy shall be taken out by the Board of Directors with full power.</u>	Added.	To meet the need for liability insurance purchased for directors/supervisors and important officers
Article XXX	<u>Addition to the original provision: 19th amendment to the Company's articles of incorporation was made on June 15, 2007.</u>	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 st amendment was made on June 26, 1990. 2 nd amendment was made on June 28, 1991. 3 rd amendment was made on May 29, 1992. 4 th amendment was made on August 21, 1992. 5 th amendment was made on May 26, 1993. 6 th amendment was made on May 20, 1994. 7 th amendment was made on Dec. 27, 1994. 9 th amendment was made on May 20, 1997. 10 th amendment was made on May 21, 1998. 11 th amendment was made on June 10, 1999. 12 th amendment was made on June 15, 2000. 13 th	Dates of additions and amendments

Provision	Amended provisions	Existing provisions	Contents
		amendment was made on June 12, 2001. 14 th amendment was made on June 25, 2002. 15 th amendment was made on June 24, 2003. 16 th amendment was made on June 29, 2004. 17 th amendment was made on June 14, 2005. 18 th amendment was made on June 14, 2006.	

Appendix 7

President Chain Store Corp.

Contrast Table for amendments to operational procedure for granting loan

Provisions	Amended provisions	Existing provisions	Contents
Article I	<u>Where it requires short-term loan of funds, and the Company owns a majority of its shares, directly or indirectly.</u>	<ol style="list-style-type: none"> Where it has business transactions with the Company. Where short-term loan of funds is required. 	Amended this provision to meet the corporate governance
Article II	Where the counterparts who meet the requirement for granting loans need the short-term loans of funds to repay loans, purchase equipment and circulate funds, the Company shall evaluate the validity and essentiality of the loan.	<ol style="list-style-type: none"> The granting of loan resulting from business transactions shall be subject to occurred transactions. The amount of loan shall be equivalent to the higher of the Company's purchase amount or sale amount. Where the counterparts who meet the requirement for granting loans need the short-term loan of funds to repay loans, purchase equipment and circulate funds, the Company shall evaluate the validity and essentiality of the loan. 	Amended this provision to meet the corporate governance
Article III	<ol style="list-style-type: none"> Total of granted loan: 40% of the Company's net worth. Limit on single counterpart: no more than NT\$50,000,000 per company. 	<ol style="list-style-type: none"> Total of granted loan: 40% of the Company's net worth. Limit on single counterpart: <ol style="list-style-type: none"> In the case of business transactions: no more than NT\$100,000,000 per company, provided that it shall not exceed the business transaction amount. In the case of need for short-term loan of funds: no more than NT\$50,000,000 per company. 	Amended this provision to meet the corporate governance
Article VII	Publication and declaration of the Company's granting of loans shall be subject to the "Regulations Governing Loaning of Funds and	Publication and declaration of the Company's granting of loans shall be subject to the "Regulations Governing Loaning of Funds and	Amended this provision to

Provisions	Amended provisions	Existing provisions	Contents
	Making of Endorsements/Guarantees by Public Companies promulgated” by <u>Financial Supervisory Commission, Executive Yuan.</u>	Making of Endorsements/Guarantees by Public Companies promulgated” by Securities and Futures Commission, Ministry of Finance.	cope with the change of the competent authority’s name
Article X	2. Subsidiaries shall grant the loan of fund to others subject to the “operational procedure for granting loans” defined by them individually, and entrust the Company to publish and declare it in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated” by <u>Financial Supervisory Commission, Executive Yuan.</u>	2. Subsidiaries shall grant the loan of fund to others subject to the “operational procedure for granting loan” defined by them individually, and entrust the Company to publish and declare it in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated” by Securities and Futures Commission, Ministry of Finance.	Amended this provision to cope with the change of the competent authority’s name.

Appendix 8

President Chain Store Corp.

Contrast Table for operational procedure for acquisition or disposition of assets

Amended provisions	Existing provisions	Contents
<p>Chapter I. General Provisions</p> <p>II. Scope of assets:</p> <p>1. Such investments as stocks, debentures, corporate bonds, financial debentures, <u>marketable securities signifying fund</u>, receipts of depository, option (put) warrants, beneficiary securities and asset-backed securities, etc.</p>	<p>Chapter I. General Provisions</p> <p>II. Scope of assets:</p> <p>1. Such <u>long-term and short-term</u> investment as stocks, debentures, corporate bonds, financial debentures, <u>local beneficiary certificates, off-shore mutual funds</u>, receipts of depository, option (put) warrants, beneficiary securities and asset-backed securities, etc.</p>	<p>1. Make amendments to written words to cope with the amendments to the scope of assets referred to in the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”.</p> <p>2. Delete the words “long-term and short-term” to cope with the amendment to Statement of Financial Accounting Standards No. 34</p>

Amended provisions	Existing provisions	Contents
<p>IV. Assessment and operational procedure:</p> <p>9. Other instructions to assessment and operational procedure:</p> <p>(1) Before acquiring or disposing of securities, the Company shall first obtain the most recent financial statement, audited and attested by a certified public accountant, of the underlying company for reference in appraising the transaction price. Where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price, provided that <u>this shall not apply where the market price of the securities is available or otherwise is provided for by the Financial Supervisory Commission ("FSC")</u>.</p>	<p>IV. Assessment and operational procedure:</p> <p>9. Other instructions to assessment and operational procedure:</p> <p>(1) Before acquiring or disposing of securities, the Company shall first obtain the most recent financial statement, audited and attested by a certified public accountant, of the underlying company for reference in appraising the transaction price. In the event of either of the following circumstances and where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price:</p> <ol style="list-style-type: none"> 1. <u>Acquiring or disposing of securities not traded on the stock exchange or the securities companies' places of business.</u> 2. <u>Acquiring or disposing of privately placed securities.</u> 3. <u>A CPA's opinion is not required upon approval of the competent authority.</u> 	<p>1. No financial statement of the underlying company and CPA's opinion are required, if the fair market price of marketable securities is eased to cope with the amendments to "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" or otherwise is provided by FSC.</p> <p>2. Given the above, FSC has issued a letter providing that no financial statement and CPA's opinion are required with respect to incorporation, offering, option of marketable securities issued par value due to capital increase by cash, or</p>

Amended provisions	Existing provisions	Contents
		<p>emerging stock, or debentures, RP or RS debentures or off-shore/local fund, and where the securities are not privately placed securities.</p> <p>3. Define the fair market price as the public quotation of the securities in market in accordance with the Statement of Financial Accounting Standard No. 34.</p>
<p>(2) Where the transaction amount in acquisition or disposition of real estate or other fixed assets, except in the event of transactions with governmental authorities, construction on owned land on a consignment basis, construction on the leased land on a consignment, or acquisition or disposition of machine and equipment used for business, reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company shall first obtain an appraisal report issued by an expert (the notes to be specified are shown in Appendix 1) and comply with the following requirements:</p> <p>1. Where due to special circumstances a limited</p>	<p>(2) Where the transaction amount in acquisition or disposition of real estate or other fixed assets, except in the event of transactions with governmental authorities, construction on owned land on a consignment basis, construction on the leased land on a consignment, or acquisition or disposition of machine and equipment used for business, reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company shall first obtain the appraisal report issued by the expert (the notes to be specified are shown in Appendix 1) and comply with the following requirements:</p> <p>1. Where due to special circumstances a limited price</p>	<p>The "special price" is added into this provision, because the definition "special price" (means the value valued for unmarketable real property" is added in addition to the specific price (means the value formed by the marketable real</p>

Amended provisions	Existing provisions	Contents
<p>price, specified price or <u>special price</u> must be given as a reference basis for the transaction price, the transaction shall be subject to the prior approval of the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p>	<p>or specified price must be given as a reference basis for the transaction price, the transaction shall be subject to the prior approval of the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p>	<p>estate for the purpose of consolidation of other rights and title, or for the purpose of consolidation of real estate, on the precondition of real estate split in violation of economic reasonability, in order to cope with the amendments to the “Rules for Real Estate Appraisal Technology”.</p>
<p>XI. Appraisal of the reasonableness of the transaction terms: 2. Where the transaction cost of the Company’s acquisition of real estate from a related party according to the relevant appraisal procedure referred to in Paragraph IV-9-(3) is lower than the transaction price, the following requirements shall be met: (1) The special reserve shall be provided for the price difference between the transaction price and evaluated cost of the real estate transaction in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, which shall not be distributed, or translated to increase in capital. Where the investor which evaluates the Company’s investment based on equity method is</p>	<p>XI. Appraisal of the reasonableness of the transaction terms: 2. Where the transaction cost of the Company’s acquisition of real estate from a related party according to the relevant appraisal procedure referred to in Paragraph IV-9-(3) is lower than the transaction price, the following requirements shall be met: (1) The special reserve shall be provided for the price difference between the transaction price and evaluated cost of the real estate transaction in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, which shall not be distributed, or translated to increase in capital. Where the investor which evaluates the Company’s investment based on equity method is a public</p>	<p>Amend this provision in accordance with the “Regulations Governing the Acquisition or Disposition of Assets by Public Companies”.</p>

Amended provisions	Existing provisions	Contents
<p>a public company, it shall also provide the special reserve subject to its shareholding percentage.</p> <p>(2) Supervisors shall apply Article 218 of the Company Law.</p> <p>(3) It is necessary to report to the shareholders' meeting the result of the circumstances referred to in the preceding subparagraphs (1) and (2) and to disclose the details of the transaction in the annual report and prospectus.</p> <p><u>Where the special reserve has been provided pursuant to the requirements referred to in the preceding paragraph, it may not be disbursed until the assets purchased at high price have recognized the loss in price decline, or been disposed of, been reimbursed in a proper manner, or been restored, or there is other evidence supporting the reasonability, and subject to approval of FSC.</u></p>	<p>company, it shall also provide the special reserve subject to its shareholding percentage.</p> <p>(2) Supervisors shall apply Article 218 of the Company Law.</p> <p>(3) It is necessary to report to the shareholders' meeting the result of the circumstances referred to in the preceding subparagraphs (1) and (2) and to disclose the details of the transaction in the annual report and prospectus.</p>	
<p>V. Criteria governing publication and declaration:</p> <p>1. In the event of any of the following circumstances for the Company's acquisition or disposition of assets, where the transaction amount reaches the standard defined in Paragraph V-2 of the Procedure, the Company shall make the publication and declaration in the format and contents prescribed by <u>FSC</u> within two days upon occurrence of the fact on the website designated by <u>FSC</u>.</p> <p>(1) Amount per transaction.</p> <p>(2) Amount of the acquisition or disposition transactions of the same nature with the same counterpart accumulated within one year;</p> <p>(3) Amount of the acquisition or disposition of the</p>	<p>V. Criteria governing publication and declaration:</p> <p>1. In the event of any of the following circumstances for the Company's acquisition or disposition of assets, where the transaction amount reaches the standard defined in Paragraph V-2 of the Procedure, the Company shall make the publication and declaration in the format and contents prescribed by <u>Securities and Futures Commission, Ministry of Finance ("SFC")</u> within two days upon occurrence of the fact on the website designated by <u>SFC</u>:</p> <p>(1) Amount per transaction.</p> <p>(2) Amount of the acquisition or disposition transactions of the same nature with the same counterpart accumulated within one year.</p> <p>(3) Amount of the acquisition or disposition of the same</p>	<p>Amended this provision to cope with the change of the competent authority's name.</p>

Amended provisions	Existing provisions	Contents
<p>same development project accumulated within one year;</p> <p>(4) Amount of the acquisition or disposition transactions of the same marketable securities accumulated within one year.</p> <p>The “one year” referred to herein shall be the one-year period before the date of occurrence of the transaction, exclusive of the published portion.</p>	<p>development project accumulated within one year.</p> <p>(4) Amount of the acquisition or disposition transactions of the same marketable securities accumulated within one year.</p> <p>The “one year” referred to herein shall be the one-year period before the date of occurrence of the transaction, exclusive of the published portion.</p>	
<p>3. The Company shall report the derivative product transactions conducted by the Company and its subsidiaries that are not domestic public companies until the end of the previous month, in the format prescribed by <u>FSC</u> and on the date required by the relevant provisions, on the website designated by <u>FSC</u>.</p>	<p>3. The Company shall report the derivative product transactions conducted by the Company and its subsidiaries that are not domestic public companies until the end of the previous month, in the format prescribed by <u>SFC</u> and on the date required by the relevant provisions, on the website designated by <u>SFC</u>.</p>	<p>Amended this provision to cope with the change of the competent authority’s name.</p>
<p>5. In the event of any of the following circumstances upon publishing and reporting transactions as required, the Company shall publish and report the relevant information on the website designated by <u>FSC</u> within two days upon occurrence of the transactions.</p> <p>(1) where the relevant contract signed in the original transaction is altered, terminated or rescinded;</p> <p>(2) where any merger or consolidation, split, acquisition or assignment of shares is not completed as scheduled under the contract.</p>	<p>5. In the event that any of the following circumstances upon publishing and reporting transactions are required, the Company shall publish and report the relevant information on the website designated by <u>SFC</u> within two days upon occurrence of the transactions.</p> <p>(1) where the relevant contract signed in the original transaction is altered, terminated or rescinded;</p> <p>(2) where any merger or consolidation, split, acquisition or assignment of shares is not completed as scheduled under the contract.</p>	<p>Amended this provision to cope with the change of the competent authority’s name.</p>

Amended provisions	Existing provisions	Contents
<p>VII. Control over subsidiaries' acquisition or disposition of assets:</p> <p>1. The Company's subsidiaries shall define their "operational procedure for acquisition or disposition of assets" in accordance with the "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" promulgated by <u>FSC</u> and these Rules, and submit the procedure to each supervisor and report it to the shareholders' meeting for approval after being approved by the Board of Directors. The same shall apply where it is amended.</p>	<p>VII. Control over subsidiaries' acquisition or disposition of assets:</p> <p>1. The Company's subsidiaries shall define their "operational procedure for acquisition or disposition of assets" in accordance with the "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" promulgated by <u>SFC</u> and these Rules, and submit the procedure to each supervisor and report it to the shareholders' meeting for approval after being approved by the Board of Directors. The same shall apply where it is amended.</p>	<p>Amended this provision to cope with the change of the competent authority's name.</p>
<p>Chapter III. Control over derivative product transactions</p> <p>XV. Periodic appraisal and response to extraordinary circumstances:</p> <p>1. The supervisors authorized by the President or Board of Directors shall manage the financial product transactions in the following manner:</p> <p>(1) Appraise whether the current risk management policies comply with the "Guidelines Governing Acquisition or Disposition of Assets" defined by <u>FSC</u> and these Rules on a periodic basis.</p>	<p>Chapter III. Control over derivative product transactions</p> <p>XV. Periodic appraisal and response to extraordinary circumstances:</p> <p>1. The supervisors authorized by the President or Board of Directors shall manage the financial product transactions in the following manner:</p> <p>(1) Appraise whether the current risk management policies comply with the "Guidelines Governing Acquisition or Disposition of Assets" defined by <u>SFC</u> and these Rules on a periodic basis.</p>	<p>Amended this provision to cope with the change of the competent authority's name.</p>

Amended provisions	Existing provisions	Contents
<p>Chapter IV. Merger or consolidation, split, acquisition or assignment of shares</p> <p>XVIII. Companies participating in a merger or consolidation, split, or acquisition shall convene their directors' meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, and companies participating in an assignment of shares shall call a directors' meeting on the same day, unless another act provides otherwise or there are extraordinary circumstances reported in advance to and consented to by <u>FSC</u>.</p>	<p>Chapter IV. Merge, split, acquisition or assignment of shares</p> <p>XVIII. Companies participating in a merger or consolidation, split, or acquisition shall convene their directors' meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, and companies participating in an assignment of shares shall call a directors' meeting on the same day, unless another act provides otherwise or there are extraordinary circumstances reported in advance to and consented to by <u>SFC</u>.</p>	<p>Amended this provision to cope with the change of the competent authority's name.</p>
<p>XXI: Instructions to the Company's participation in merger or consolidation, split, or acquisition or assignment of shares:</p> <ol style="list-style-type: none"> 1. Persons who participate in, or know, the merger or consolidation, split or acquisition or assignment of shares shall be required to issue a written non-disclosure agreement undertaking that they will not disclose the contents of the project to the public or trade any companies' stock and other marketable securities of equity related to the transactions personally or in another person's name. 2. Upon disclosure of the information about merger or consolidation, where the Company intends to proceed with merger or consolidation, split, acquisition or assignment of shares with other companies, the procedure or legal action completed in the original case shall be conducted again, unless the number of participants decreases, and the shareholders' meeting 	<p>XXI: Instructions to the Company's participation in merger or consolidation, split, or acquisition or assignment of shares:</p> <ol style="list-style-type: none"> 1. Persons who participate in, or know, the merger or consolidation, split or acquisition or assignment of shares shall be required to issue a written non-disclosure agreement undertaking that they will not disclose the contents of the project to the public or trade any companies' stock and other marketable securities of equity related to the transactions personally or in another person's name. 2. Upon disclosure of the information about merger or consolidation, where the Company intends to proceed with merger or consolidation, split, acquisition or assignment of shares with other companies, the procedure or legal action completed in the original case shall be conducted again, unless the number of participants decreases, and the shareholders' meeting 	<ol style="list-style-type: none"> 1. Paragraph 3 is added in order to strengthen the management of merger and acquisition, providing that the listed companies or companies trading stocks in the business place of a securities company participating in merger and acquisition shall record the personnel's basic information and

Amended provisions	Existing provisions	Contents
<p>resolves and authorizes that the Board of Directors may change the authority and it is not necessary to call a shareholders' meeting to make a further resolution.</p> <p><u>3. Listed companies participating in a merger or consolidation, split, acquisition, or assignment of shares, or companies trading stocks in the business place of a securities company shall record the following information in writing and maintain the record for five years for inspection. Particularly, the information referred to in the paragraphs (1) and (2) shall be published and reported in the prescribed format on the designated website within two days upon resolution of the Board of Directors:</u></p> <p><u>(1) Personnel's basic information: including job titles, names, ID Nos. (Passport Nos., in the case of foreigners) of the personnel participating a merger or consolidation, split, acquisition, or assignment of shares prior to release of the news.</u></p> <p><u>(2) Dates of milestones: including dates of conclusion of letters of intent or memorandum, appointment of financial or legal advisors, conclusion of contracts and directors' meetings.</u></p> <p><u>(3) Important instruments and minutes of meetings: including the plans for merger or consolidation, split, acquisition or assignment of shares, letters of intent or memorandum, important contracts and minutes of directors' meetings.</u></p>	<p>resolves and authorizes that the Board of Directors may change the authority and it is not necessary to call a shareholders' meeting to make a further resolution.</p> <p>3. Where any companies participating in merger or consolidation, split, acquisition or assignment of shares are not public companies, the Company shall conclude an agreement with them and comply with Article XVIII of these Rules and the preceding <u>two</u> subparagraphs.</p>	<p>dates of milestones, and report the information.</p> <p>2. Where any companies participating in merger or consolidation, split, acquisition or assignment of shares are not listed companies or companies trading stocks in the business place of a securities company, the listed companies or companies trading stocks in the business place of a securities company shall sign the contract with them, and apply the requirements referred to in Paragraph 4.</p>

Amended provisions	Existing provisions	Contents
<p>4. Where any companies participating in merger or consolidation, split, acquisition or assignment of shares are not public companies, the Company shall conclude an agreement with them and comply with Article XVIII of these Rules and the preceding <u>three</u> subparagraphs.</p>		

Appendix 9

President Chain Store Corp.

Information about employees' bonus and remuneration to directors/supervisors in allocation of earnings for 2006 proposed by the Board of Directors :

According to the official letter of the Securities and Futures Bureau under Tai-Tsai-Cheng-6-Tze No. 0920000457 dated January 30, 2003, the Company hereby discloses the information about employees' bonus and remuneration to directors/supervisors in allocation of earnings for 2006 proposed by the Board of Directors as following:

- I. The total employees' bonus proposed to be allocated is NT\$275,250,128, and the total remuneration to directors/supervisors proposed to be allocated is NT\$34,406,266.
- II. Number of employees' stock dividends proposed to be allocated and proportion thereof in increase in capital from earnings:
The employees' bonus will be granted in cash.
- III. The initial EPS was NT\$4.18 per share. Imputed EPS is NT\$3.84 per share after allocation of employees' bonus and remuneration to directors/supervisors as proposed.

Appendix 10

Table for shareholding by directors/supervisors

- I. 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 5% of the Company's total issued shares (45,758,022 shares), and the total shares of registered stock held by all supervisors shall be no less than 5/1000 of the Company's total issued shares (4,575,802 shares).
- II. The shares held by individual 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 Co. Ltd. Kao Chin-Yen	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. Ling 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. Tu Te-Cheng	415,489,816
Director	Representative of Uni-President Enterprises Corp. Yang Long-long	415,489,816
Director	Representative of Uni-President Enterprises Corp. Wu Kuo-Hsuann	415,489,816
Director	Representative of Uni-President Enterprises Corp. Chang JenYun-Huei	415,489,816
Total		418,402,688

Job title	Name	Shares held
Supervisor	Representative of Nan Shan Life Insurance Co. Ltd. Tse, Koon Hang Ada	16,241,814
Supervisor	Ying Chien-Li	0
Total		16,241,814

Appendix 11

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

Amended on June 25, 2002

- I. Unless otherwise provided in 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 the 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 based 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 the meeting time can not before 9 a.m. or after 3 p.m..
- VI. Unless otherwise provided in 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 authority with reasons, 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, which procedure 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 speeches 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 as never giving the speech. In the event of any 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 a vote, he may announce suspension of the debate and put the motion to vote.
- XVI. Scrutinizers and ballot counters in the process of voting shall be appointed by the chairperson, provided that where the scrutinizers are 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 expressing a dissenting opinion towards the motions in the process of voting, the chairperson may ask those expressing a dissenting 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 inspection personnel (or security guards) to help maintain the order at the meeting. The inspection personnel (or security guards) shall bear 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 12

Parliamentary Rules of Directors' Meeting of President Chain Store Corp. (Prior to amendments)

Enacted in March 2005

- Article I. Unless otherwise provided in laws or articles of incorporation, the parliamentary rules of Board of Directors of President Chain Store Corp. (hereinafter referred to as "the Company") shall be subject to these Rules.
- Article II. The Board of Directors shall hold a meeting at least once every six months. In calling a meeting of the Board of Directors, a notice setting forth the time, place and the subject(s) to be discussed at the meeting shall be given to each director and supervisor within 7 days prior to the meeting, provided that in the case of emergency, the meeting may be convened at any time.
- Article III. When calling the directors' meeting, the Company shall first draft the subjects to be discussed and the agenda, and provide directors, supervisors and the relevant attendants with the relevant information.
- Article IV. An attendance book shall be provided for the present directors' affixation of their signatures when the Board of Directors' meeting is held. Directors taking part in the meeting in the form of videoconference shall be deemed attending the meeting personally, provided that they shall fax the attendance forms to replace to affixation of signature in the attendance book. Where any director appoints another director to attend the meeting on their behalf, such director 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 two paragraphs shall act on behalf of no more than one person.
- Article V. The directors' meeting shall be held at the Company's location and during the Company's business hours, provided that if necessary for business, the meeting may be held at the location and time convenient for directors to attend the meeting and suitable for calling of the meeting

- Article VI. 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 elected from the present directors.
- Where the Chairman of the Board fails to exercise his authority with reasons, he shall appoint one managing director to be his proxy.
- Article VII. When calling the Board of Directors' meeting, the managerial department shall prepare the relevant information for the present directors' reference at any time.
- The managerial personnel of the relevant departments shall attend the meeting to report the Company's current operational and business condition and respond to directors' questions to help directors verify the condition of the Company and make the appropriate resolutions. Subject to the circumstances, CPA, attorneys-at-law or other experts may be invited to attend the meeting to provide experts' opinion to the Board of Directors for reference.
- Supervisors may take part in the discussion of motions when attending the meeting to state their opinion, provided that they shall have no voting right with respect to the issues subject to functions of the Board of Directors.
- Article VIII. 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 one year. 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, free from the requirements referred to in the preceding paragraph.
- 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 minutes and be maintained permanently.
- Article IX. The chairperson of the Board of Directors' meeting may announce opening of the meeting at the meeting time and when there are a majority of the whole directors attending the meeting. 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 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, the chairperson shall announce the postponement of the meeting, and shall not resolve any motions.

Where the meeting is announced postponed by the chairperson, another meeting shall be called again pursuant to Article 2 herein.

Article X. The motions to be discussed in the Board of Directors' meeting shall follow the parliamentary procedure 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 prior to conclusion of the motions (including preliminary motions), unless the scheduled parliamentary procedure referred to in the preceding paragraph is resolved.

The chairperson may determine the time to announce a break or negotiation in the process of the meeting.

Article XI. After any present director makes a speech, the chairperson may, personally or appoint the relevant personnel to, respond to the speech, or appoint the present experts to provide any necessary information.

Where any director makes speeches with respect to the same motion repeatedly or any director's speech is beyond the subject and thereby prevents the other directors from making speeches or hinders the parliamentary procedure, the chairperson may prohibit him from making speeches.

Article XII. 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. Where any present director expresses dissent upon the chairperson's inquiry, the motion shall be put to a vote.

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:

- I. By raising hands.
- II. By roll-call voting.
- III. By voting.

Article XIII. Unless otherwise provided in Company Law and the Company's articles of incorporation, the motions proposed in the Board of Directors' meeting shall be voted subject to agreement of a majority of the present directors.

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 voting is required. Where it is necessary to install scrutinizers and ballot counters in the process of voting, they shall be appointed by the chairperson, provided that the scrutinizers shall be directors.

The voting result shall be reported on the spot and recorded.

Where any resolutions made by the Board of Directors' meeting are the important information required under laws, the Company shall transmit the information to M.O.P.S. within the specific time limit.

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

- I. 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.
- II. Where the director considers that he should avoid the voting voluntarily.
- III. The Board of Directors' meeting resolves that the director should avoid the voting.

Article XV. The motions shall be recorded in the meeting minutes. The meeting minutes shall be signed or

sealed by the chairperson and recorder taker and submitted to each director, supervisor and the relevant attendants within 20 days upon the meeting.

The abstract of the various motions, directors' dissent opinion, method of resolution and resolution result shall be specified in detail and factual, truly pursuant to the relevant requirements.

The meeting minutes shall be included in the Company's important files and maintained permanently in the duration of the Company's existence.

Article XVI. The Board of Directors shall grant the authority pursuant to the Company's articles of incorporation and the relevant laws and regulations.

Article XVII. 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 13

Articles of Incorporation of President Chain Store Corp. (Prior to amendments)

Amended on June 14, 2006

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:

- 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 Photographing.
- XVII. F204110 Clothes, dresses, shoes, hats, umbrellas and apparels retail.
- 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.
- 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 (agent of enrollment information, registration form, tickets sold on a consignment basis, collection of goods on a consignment, collection of payment commissioned by enterprises).
- 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 store.
- XXXVII. F501060 Restaurant.
- XXXVIII. G902011 2nd class telecommunication business.

Article III. The Company's headquarter is based in 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 Board of Directors.

Article IV. Deleted.

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

Chapter II Shares

Article VI. The total capital stock of the Company shall be in the amount of 9,600,000,000, divided into 960,000,000 shares, at a par value of NT\$10, and the un-issued shares 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 name or title and residence or domicile of the transferee has been recorded in the shareholders' roster.

- 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 summons, the applicant may apply to the Company for issuance 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 regular 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 distribution by the Company.

Chapter III Shareholders' Meeting

- Article XI. Shareholders' meetings of the Company are of two kinds:
- I. Regular shareholders' meetings shall be convened once a year by the Board of Directors within six months after the close of each fiscal year.

II. 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 reason, 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 regular 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 holder.

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

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

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

Article XVI-I. The shareholders' meeting shall resolve the following:

- I. Amendments to these Articles.
- II. Election and discharge of directors and supervisors.
- III. Permitted activities engaged in by directors for their own or others within the scope of the Company's business.
- IV. Conclusion, alteration or termination of the contract related to lease of business, consignment of business or permanent joint venture.
- V. Assignment of all or substantial business or property.
- VI. Succeeding to another persons' whole business or property which affects the Company's operation materially.
- VII. 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 of 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 every six months. 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 with 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-I. 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:

- I. Audit the financial condition of the Company.
- II. Audit the Company's account books and documents.
- III. Inquire the business condition of the Company.
- IV. Supervise employees' performance of business and investigation on violations of laws and duties.
- V. Other functions as authorized by the Company Law.

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

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-I. 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 an ordinary shareholders' meeting pursuant to Article 228 of the Company Law.

- I. Business report.
- II. Financial statements.
- III. 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 the current 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. 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:

- (I) Remuneration to directors/supervisors: 1% of the earnings.
- (II) Employees' bonus: no less than 0.2% of the earnings.
- (III) Shareholders' dividend and bonus: 80%-100% of the distributable accumulated earnings less

the preceding subparagraphs (I) and (II), 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 of Incorporation were made upon agreement of all incorporators on June 4, 1987 and enforced as of the date when the competent authority approves registration of these Articles. 1st amendment was made on June 26, 1990. 2nd amendment was made on June 28, 1991. 3rd amendment was made on May 29, 1992. 4th amendment was made on August 21, 1992. 5th amendment was made on May 26, 1993. 6th amendment was made on May 20, 1994. 7th amendment was made on December 27, 1994. 8th amendment was made on May 16, 1996. 9th amendment was made on May 20, 1997. 10th amendment was made on May 21, 1998. 11th amendment was made on June 10, 1999. 12th amendment was made on June 15, 2000. 13th amendment was made on June 12, 2001. 14th amendment was made on June 25, 2002. 15th amendment was made on June 24, 2003. 16th amendment was made on June 29, 2004. 17th amendment was made on June 14, 2005. 18th amendment was made on June 14, 2006.

Appendix 14

President Chain Store Corp. Operational procedure for granting loan (Prior to amendments)

Amended on June 24, 2003

- I. Counterparts:
 1. Where it has business transactions with the Company.
 2. Where short-term loan of funds is required.
- II. Criteria for evaluating the granting of funds
 1. The granting of loans resulting from business transactions shall be subject to occurred transactions. The amount of loan shall be equivalent to the higher of the Company's purchase amount or sale amount.
 2. Where the counterparts who meet the requirement for granting loans need the short-term loan of funds to repay the loan, purchase equipment and circulate funds, the Company shall evaluate the validity and essentiality of the loan.
- III. Total of granted loan and limit on single counterpart:
 1. All of granted loan: 40% of the Company's net worth.
 2. Limit on single counterpart:
 - (1) In the case of business transactions: no more than NT\$100,000,000 per company, provided that it shall not exceed the business transaction amount.
 - (2) In the case of need for short-term loan of funds: no more than NT\$50,000,000 per company.
- IV. Deadline of loan and method to accrue interest:
 1. The fund loan shall be effective for one year and may be repaid in installments.
 2. Method to accrue interest: no less than the minimum interest rate of bank's short-term loan.
- V. Operational procedure for loaning funds:
 1. The borrower shall apply for the fund with the Company by submitting the relevant information. Upon examining the application, the Company's finance unit will submit it to the President for approval and have it resolved by the Board of Directors.
 2. Upon resolution of the Board of Directors, the borrower shall sign the "Agreement for Fund Loaning" with

the Company and issue the corresponding note to secure repayment.

3. To disburse the fund under the Agreement, the borrower shall complete the “application form for disbursement” and submit it to the Company.
4. The Company’s financial unit shall prepare the memorandum book to control the said fund loan activities.
5. Where the balance of loan exceeds the limit due to a change in circumstances, it is necessary to define the corrective action plan and submit the relevant plan to each supervisor.
6. The Company’s internal auditors shall audit the operational procedure for granting loans and execution thereof on a quarterly basis and record the audit in writing. Where they find any material violation of rules, they shall inform each supervisor in writing immediately.

VI. Examination on granting of funds:

1. To verify the counterpart’s purpose for the loan and the limit and balance of the loan to be granted by the Company, and to evaluate the necessity and validity.
2. Repayment plan and evaluated risk for the granted loan.
3. Analyze the financial statements of companies granted the loan.
4. Notes to secure repayment.
5. Submit the application to Board of Directors for resolution.

VII. Publication and declaration:

Publication and declaration of the Company’s granting of loan shall be subject to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated” by Securities and Futures Commission, Ministry of Finance.

VIII. Follow-up control over granted loans and procedures for processing NPA:

1. Analysis of the solvency of the enterprise granted the loan on a periodical basis.
2. Evaluate the granting of loans and provide adequate allowance for bad debt.
3. Follow up the development and reason of NPA on a periodical basis, and appoint the Legal Department to take care of it.

IX. Penalty to managers and persons-in-charge in violation of these Rules:

Where the competent staff fails to comply with these Rules and thereby cause the Company to be disciplined by the competent authority, the staff will be disciplined according to the Company’s relevant rules

for reward and punishment.

X. Procedure for controlling subsidiaries' granting of loans:

1. Where any subsidiary intends to grant loan to others due to the need for business, it shall define the "operational procedure for granting loans", and submit it to the Board of Directors for approval and report it to the shareholders' meeting for ratification. The same shall apply where it is amended.
2. Subsidiaries shall grant the loan of funds to others subject to the "operational procedure for granting loan" defined by them individually, and entrust the Company to publish and declare it in accordance with the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by Securities and Futures Commission, Ministry of Finance.
3. Where any subsidiary intends to grant others the loan of more than NT\$50,000,000 due to need for business, the loan shall be granted upon approval of the Board of Directors.

Appendix 15

President Chain Store Corp. Operational procedure for acquisition or disposition of assets (Prior to amendments)

Amended on June 24, 2003

Chapter I General Provisions

- I. Basis:
These Rules are enacted in accordance with Article 36-1 of the Securities and Exchange Act.
- II. Scope of assets:
 1. Such long-term and short-term investment as stocks, debentures, corporate bonds, financial debentures, local beneficiary certificates, off-shore mutual funds, receipts of depository, option (put) warrants, beneficiary securities and asset-backed securities, etc..
 2. Real estate (including inventory of the construction industry) and other fixed assets.
 3. Membership card.
 4. Intangible assets, including patent right, copyright, trademark right and franchise, etc..
 5. Credit of financial organizations (including accounts receivable, rebate and loan, receivables on demand).
 6. Derivative products.
 7. Assets acquired or disposed of upon merger or consolidation, split, acquisition or assignment of shares under laws.
 8. Other substantial assets.
- III. Definition of terms used herein:
 1. Derivative products: forward contracts, option contracts, futures contracts, leverage security contracts

and swap contracts, of which the value is derivative from assets, interest rate, exchange rate, index or other interest, and portfolio of said products. The “forward contract” excludes insurance contracts, performance contracts, after-sale contracts, long-term lease contracts and long-term purchase (sale) agreements.

2. Assets acquired or disposed of upon merger or consolidation, split, acquisition or assignment of shares under laws: assets acquired or disposed of upon merger or consolidation, split or acquisition under BUSINESS MERGERS AND ACQUISITIONS ACT, Financial Holding Company Act, Financial Institutions Merger Act or other laws, or succeeding to another company’s shares by issuing new shares pursuant to Paragraph 6 of Article 156 of the Company Law (hereinafter referred to as “assignment of shares”).
3. Related party: as defined in Statement of Financial Accounting Standards No. 6 promulgated by Accounting Research and Development Foundation in Taiwan (hereinafter referred to the “Foundation”).
4. Subsidiary: as defined in Statement of Financial Accounting Standards Nos. 5 & 7 promulgated by the Foundation.
5. Professional appraiser: real estate appraiser or others competent to be engaged in appraising real estate and other fixed assets under laws.
6. Date of occurrence: the earlier of dates of concluding contracts, payment, transactions, transfer registration and resolution of the Board of Directors or other dates of confirming trading counterparts and transaction amounts, provided that where the investment shall be made subject to the competent authority’s approval, the earlier of said dates or the date of receipt of the competent authority’s approval shall apply.

IV. Assessment and operational procedure:

1. Transaction of fixed assets: In addition to conducting the relevant evaluation on transactions of fixed assets in accordance with Paragraph IV.9 herein, the real estate shall be evaluated by the developing unit and other fixed assets evaluated by the managing unit, in the form of tendering, price comparison or negotiation and by taking the appraisal result into consideration, and then be traded subject to the President’s approval. The transactions of real estate not used for stores shall be subject to ratification (recognition) of the Board of Directors, and the transactions of more than NT\$500,000,000 shall be reported to the shareholders’ meeting for record.

2. The transactions of real estate acquired by the Company from related parties shall be conducted upon approval of the Board of Directors and ratification of supervisors after the real estate is evaluated and processed and the relevant information is provided in accordance with Paragraph IV.9 and Chapter II herein.
3. The transactions of marketable securities not traded in centralized markets or the business place of securities firms (other than those with available market price) shall be submitted by the financial group, in the form of price negotiation, to the President for approval and the Board of Directors for ratification (recognition) in accordance with Paragraph IV.9 herein.
4. After the transactions of marketable securities traded in centralized markets or business place of securities firms are processed in accordance with Paragraph IV.9 herein, they shall be approved by the supervisor of financial group in writing.
5. Transactions of derivative products shall be submitted to the President for approval, after the financial department considers the need for business and the trading condition in the market, confirms the object and position of transactions, and analyzes and judges the relevant market intelligence to researches and drafts the concrete hedging policies and submits the relevant evaluation report to the President. The relevant operational procedures and controls are referred to in Chapter III herein.
6. In the case of a merger or consolidation, split, acquisition or assignment of shares, in addition to the net worth per share, value of assets, technology and profitability, output and potential growth, the relevant procedure and information shall be conducted and provided in accordance with Chapter IV herein. The merger or consolidation, split and acquisition shall be conducted only upon the resolution of the shareholders' meeting, provided that this shall not apply where it is not necessary to call the shareholders' meeting pursuant to other laws. The assignment of shares shall be conducted upon approval of the Board of Directors.
7. The acquisition or disposition of membership cards shall be concluded after the execution unit approved by the President takes the most recent price into consideration and complies with the relevant procedure referred to in Paragraph IV.9 herein. Acquisition or disposition of such intangible assets as patent right, copyright, trademark right and franchise shall be concluded after the execution unit approved by the President takes the international or market customs, useful life and affect to the Company's technology and business and complies with the operational procedure referred to in Paragraph IV-9 herein.

8. Acquisition or disposition of assets shall be handled in accordance with the Company's internal control system and operational procedure for authorization and report.
9. Other instructions to assessment and operational procedure:
 - (1) Before acquiring or disposing of securities, the Company shall first obtain the most recent financial statement, audited and attested to by a certified public accountant, of the underlying company for reference in appraising the transaction price.

In the event of either of the following circumstances and where the transaction amount reaches 20% or more of the company's paid-in capital, or NT\$300 million or more, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price.

 - a. Acquiring or disposing of securities not traded on the stock exchange or the securities companies' places of business.
 - b. Acquiring or disposing of privately placed securities.
 - c. No CPA's opinion is required upon approval of the competent authority.
 - (2) Where the transaction amount in acquisition or disposition of real estate or other fixed assets, except In the event that transactions with governmental authorities, construction on the owned land on a consignment basis, construction on the leased land on a consignment, or acquisition or disposition of machine and equipment used for business, reaches 20% or more of the company's paid-in capital or NT\$300 million or more , the Company shall first obtain the appraisal report issued by the expert (the notes to be specified are shown in Appendix 1) and comply with the following requirements:
 - a. Where due to special circumstances, a limited price or specified price must be given as a reference basis for the transaction price, the transaction shall be subject to the prior approval of the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
 - b. Where the transaction amount is more than NT\$1 billion, it is necessary to invite more than two professional appraisers to make the appraisal.
 - c. In the event of any of the following circumstances, it is necessary to ask the CPA to apply the Statement of Financial Accounting Standard No. 20 promulgated by the Foundation and provide his expert opinion towards the cause of the difference and adequacy of transaction price:
 - (i) Where the difference in appraisal results and transaction amount is more than 20% of the

- transaction amount.
- (ii) Where the difference in appraisal results made by more than two appraisers and transaction amount is more than 10% of the transaction amount.
 - d. Where the appraisal is made prior to conclusion of the agreement, the interval period between the dates of issuing the report and concluding the agreement shall be no more than three months, provided that it may apply the current value published in the same period and is less than six months, the written expert opinion may be issued by the original appraiser.
- (3) Unless the real estate is acquired by the related party due to inheritance or gift, or it has been more than five years since the related party concluded an agreement to acquire the real estate until the date of concluding the agreement of the transaction, or the real estate is acquired due to the joint construction agreement with the related party, the reasonableness of the transaction cost of real estate acquired by the Company from a related party shall be evaluated in the following manners, and it is necessary to ask the CPA to double check the transaction and provide his expert opinion:
- a. Based on the related party's transaction price plus the interest accruing on necessary funds and the costs to be borne by the buyer pursuant to laws. The interest costs on necessary funds shall be imputed based on the weighted average interest rate of the Company's loan in the year in which the assets are purchased, provided that it shall be no more than the maximum lending interest rate applicable to non-financial organizations as promulgated by the Ministry of Finance.
 - b. Where the related party has mortgaged the object to a financial organization for loan, the total of loan granted by the financial organization after evaluating the object shall be based, provided that the actual total loan granted by the financial organization shall be more than 70% of the evaluated total loan and the loaning period is more than one year, and this shall not apply where the financial organization and trading counterpart are related parties.
 - c. Where the land and house of the same object are purchased altogether, the transaction cost may be evaluated with respect to the land and house in the manner referred to in the preceding subparagraph (1) or (2).
- (4) Where the transaction amount for the Company's acquisition or disposition of membership cards or intangible assets reaches more than 20% of the Company's paid-in capital or NT\$300,000,000, the Company shall ask the CPA to provide his opinion about the reasonableness of the transaction price,

and the CPA shall follow the Statement of Financial Accounting Standard No. 20 promulgated by the Foundation.

- (5) Where the Company acquires or disposes of the assets through court's auction, the certified documents issued by the court may replace the appraisal report or CPA's written opinion.

V. Criteria governing publication and declaration:

1. In the event of any of the following circumstances for the Company's acquisition or disposition of assets, where the transaction amount reaches the standard defined in Paragraph V-2 of the Procedure, the Company shall make the publication and declaration in the format and contents prescribed by Securities and Futures Commission, Ministry of Finance ("SFC") within two days upon occurrence of the fact on the website designated by SFC:
 - (1) Amount per transaction.
 - (2) Amount of the acquisition or disposition transactions of the same nature with the same counterpart accumulated within one year.
 - (3) Amount of the acquisition or disposition of the same development project accumulated within one year.
 - (4) Amount of the acquisition or disposition transactions of the same marketable securities accumulated within one year.

The "one year" referred to herein shall be the one-year period before the date of occurrence of the transaction, exclusive of the published portion.

2. Criteria governing publication and declaration of acquisition or disposition of assets:
 - (1) Acquisition of real estate from related parties.
 - (2) Investment in the territory of Mainland China.
 - (3) Transaction of merger or consolidation, split, acquisition or assignment of shares;
 - (4) The loss in derivative product transactions reaches the limit under contracts, in whole or individually, defined in these Rules.
 - (5) In addition to the transactions of assets referred to in the preceding four subparagraphs, any transactions of the amount more than 20% of the Company's paid-in capital or NT\$300,000,000, provided that this shall not apply in the event of the following circumstances:

- a. Transactions of debentures.
 - b. Transactions of marketable securities in off-shore/domestic securities exchange and business place of securities firms for the purpose of investment exclusively.
 - c. Transactions of RP and RS debentures.
 - d. Where the assets acquired or disposed of are machines and equipment for commercial use, and the trading counterparts are not related parties, and the transaction amount is less than NT\$500,000,000.
 - e. Where the real estate is acquired under contracts for construction on owned land on a consignment basis, and joint ventures subject to shares of house, profit and sale, and the transaction amount to be invested by the Company is less than NT\$500,000,000.
3. The Company shall report the derivative product transactions conducted by the Company and its subsidiaries that are not domestic public companies until the end of the previous month, in the format prescribed by SFC and on the date required by the relevant provisions, on the website designated by SFC.
 4. Where the entries to be published are in error or omitted and should be corrected, the whole entries shall be published and declared again.
 5. In the event of any of the following circumstances upon publishing and reporting transactions are required, the Company shall publish and report the relevant information on the website designated by SFC within two days upon occurrence of the transactions:
 - (1) Where the relevant contract signed in the original transaction is altered, terminated or rescinded.
 - (2) Where any merger or consolidation, split, acquisition or assignment of shares is not completed as scheduled under the contract.
- VI. Total amount of the real estate or marketable securities other than those for business use purchased by the Company and subsidiaries thereof, and individual limits:
1. The total amount of the real estate other than that for business use purchased by the Company shall be no more than 50% of the higher of the capital or shareholders' equity. The total amount of marketable securities purchased shall be no more than 200% of the higher of capital or shareholders' equity. The limit on investment in individual marketable security shall be 50% of the higher of the capital or

shareholders' equity, provided that this shall not apply where the transactions have been approved by the directors and supervisors and ratified by the directors and supervisors of the parent company.

2. Total amount of the real estate or marketable securities other than those for business use purchasable by each of the Company's subsidiaries, and limits on investment in individual market security:
 - (1) In the case of subsidiaries that are not professional investments, the total amount of the real estate other than that for business use purchasable shall be no more than 50% of the higher of the capital or shareholders' equity. The total amount of marketable securities purchasable shall be no more than 150% of the higher of capital or shareholders' equity. The limit on investment in individual marketable security shall be 50% of the higher of the capital or shareholders' equity.
 - (2) In the case of subsidiaries that are professional investments, the total amount of the real estate other than that for business use purchasable shall be no more than 50% of the total assets. The total amount of marketable securities purchasable shall be no more than 100% of the total assets. The limit on investment in individual marketable security shall be 100% of the total assets.
 - (3) This shall not apply where any excess in the limit on investment by the individual subsidiary is subject to approval of the board of directors/supervisors of the subsidiary and ratified by the Company's directors/supervisors.

VII. Control over subsidiaries' acquisition or disposition of assets:

1. The Company's subsidiaries shall define their "operational procedure for acquisition or disposition of assets" in accordance with the "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" promulgated by SFC and these Rules, and submit the procedure to each supervisor and report it to the shareholders' meeting for approval after being approved by the Board of Directors. The same shall apply where it is amended.
2. The Company's subsidiaries shall report to the Company their transactions of derivative products and acquisition or disposition of assets until the end of the previous month on a monthly basis.
3. Where the Company's subsidiaries are not public companies and the assets acquired or disposed of by them meet the criteria for publication and declaration, they shall inform the Company on the date of occurrence, and the Company will proceed with the publication and declaration on the designated website pursuant to the requirements. The requirements regarding 20% of the paid-in capital referred

to in Paragraph V for criteria governing publication and declaration, which may be applied by the subsidiaries referred to in the preceding paragraph, shall be subject to the Company's paid-in capital.

VIII. Penalty:

Where the competent staff fails to comply with these Rules and thereby cause the Company to be disciplined by the competent authority, the staff will be disciplined according to the Company's relevant rules for reward and punishment.

Chapter II Acquisition of real estate from related parties

IX. Basis for determination:

The Company may acquire real estate from related parties through purchase or exchange. The related parties shall determine the transactions subject to the Statement of Financial Accounting Standard No. 6 promulgated by the Accounting Research and Development Foundation by taking into consideration the legal procedures and material relationship.

X. Procedure resolution:

The Company's acquisition of real estate from related parties may be concluded upon the approval of the Board of Directors and ratification of supervisors on the following information:

1. The purpose, necessity and anticipated benefit of the property acquisition.
2. The reason for choosing the related party as a trading counterpart.
3. Information regarding appraisal of the reasonableness of the preliminary transaction terms.
4. The date and price at which the related party originally acquired the real property, the counterpart, and the relationship between the counterpart and the company.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.
6. Restrictive covenants and other important stipulations associated with the transaction.

XI. Appraisal of reasonableness of transaction terms:

1. Unless the Company presents objective evidence and seeks reasonable opinion from real estate appraiser and CPA, where the transaction cost of the real estate acquired by the Company from a related party as evaluated in accordance with the procedure referred to in Paragraph IV-9-(3) herein is less than the transaction price, the requirements referred to in Paragraph XI-(2) herein shall apply:

(1) Where the related party acquires the vacant land or leased land for construction, it shall prove with respect to the following circumstances:

- a. The total amount of the vacant land evaluated based on the method referred to in the preceding article and the house evaluated based on the related party's construction cost plus reasonable construction profit is more than the actual transaction price. The so-called "reasonable construction profit" shall be the lower of the average gross margin ratio of the related party's construction department for the latest three years or the most recent gross margin ratio applicable to the construction industry as promulgated by the Ministry of Finance.
- b. The dealt transactions with other non-related parties for the other floors of the same premises or adjoining areas, with similar occupied areas, and preliminary transaction terms that are evaluated to be equivalent based on the price difference for the reasonable floors or districts provided in the real estate transaction customs.
- c. The lease with other non-related parties for the other floors of the same premises within one year, with preliminary transaction terms that are presumed to be equivalent based on the price difference for the reasonable floors provided in the real estate lease customs.

(2) The Company proves that the real estate purchased from the related party is of the transaction terms equivalent to those of the transactions dealt with in other non-related parties in the adjoining areas within one year and with the similar occupied areas.

The transactions dealt with in adjoining areas referred to in the preceding paragraph shall be subject to those for the same or adjoining streets and located less than 500 meters away from the objects or with similar published value. The so-called "similar occupied area" shall mean that the occupied areas in the transactions dealt with in other non-related parties are no less than 50% of the occupied area of the object. The so-called "one year" shall be one year before the date of occurrence of the real estate acquisition.

2. Where the transaction cost of the real estate acquired by the Company from a related party as evaluated in accordance with the procedure referred to in Paragraph VI-9-(3) herein is less than the transaction price, the following requirements shall be met:
 - (1) The special reserve shall be provided for the price difference between the transaction price and evaluated cost of the real estate transaction in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, which shall not be distributed, or translated to increase in capital. Where the investor which evaluates the Company's investment based on equity method is a public company, it shall also provide the special reserve subject to its shareholding percentage.
 - (2) Supervisors shall apply Article 218 of the Company Law.
 - (3) It is necessary to report to the shareholders' meeting the result of the circumstances referred to in the preceding subparagraphs 1 and 2 and to disclose the details of the transaction in the annual report and prospectus.

Chapter III Control of derivative product transactions

XII. Transaction principles and policies:

1. Type of transactions:

Forward contracts, option contracts, futures contracts, leverage security contracts and swap contracts, of which the value is derivative from assets, interest rate, exchange rate, index or other interest, and portfolio of said products. The “forward contract” excludes insurance contract, performance contract, after-sale contract, long-term lease contract and long-term purchase (sale) agreement.

2. Management or hedge strategies:

The derivative products transactions conducted by the Company are categorized as those for hedging and financial purposes (i.e. non-hedging purpose). The Company’s strategies shall be defined primarily for the purpose of avoiding operational risk. The transaction products to be selected shall be those for avoiding risk arising from foreign exchange income, expenses, assets or liabilities resulting from the Company’s operation. The Company may engage in the derivative products transactions for non-hedging purposes in a timely manner due to change in objective circumstances, in hopes of increasing the Company’s non-operating revenue or decreasing the Company’s non-operating loss. Additionally, the Company shall choose the financial organizations, which have transactions with the Company as trading counterparts as possible as it can to avoid credit risk. It is necessary to define the transactions as those for hedging purpose or pursuing investment income before conducting the transactions for the accounting entries.

3. Division of functions:

(1) Financial department:

Responsible for verifying the laws related to the various derivative products transactions, transaction operation programming and establishment of management systems, collection of market intelligence and execution of transactions, periodical evaluation on held positions and submission of evaluation report, and the relevant publication and declaration; the accounting of the transactions, production of statements of account and maintenance of transaction record and information shall be handled by the staff other than traders in the financial department.

- (2) Audit department:
Evaluate whether the current risk management procedure is appropriate and complies with the processing procedure defined by the Company on a periodic basis.
- (3) Legal department:
Responsible for reviewing the laws and provisions of the various contracts for derivative products.
- 4. Point of performance appraisal:
 - (1) Financial department shall evaluate the profit and loss in the various positions upon the close of transactions on a daily basis.
 - (2) Review the appraisal report on a periodic basis and submit it to the President or authorized supervisor for approval.
 - (3) The performance appraisal shall compare with the predetermined appraisal conditions on the date of appraisal to serve as the reference for the future performance management's policy making.
- 5. The total contract amount of derivative products transactions, and limits on loss under the whole or individual contracts:
 - (1) Hedging transactions: Because the hedging transactions are conducted to meet the Company's actual need, the potential risk has been predetermined and controlled. Therefore, there is not any problem about limit of the loss.
 - (2) Financial transactions: The total contract amount shall be no more than US\$10,000,000. The limit on loss of the whole contracts shall be set as US\$1,000,000, and the limit on loss of the individual contract shall be set as 15% of the individual contract amount.

XIII. Risk management policies:

- 1. Credit risk:
The trading counterparts shall be the Company's corresponding banks or financial organizations; otherwise, the trading counterparts shall be subject to the President's approval.
- 2. Market price:
Financial department shall evaluate the market price on a periodic basis, and pay attention to the potential effect to the income of the positions held to be caused by the fluctuation in market price.
- 3. Liquidity and cash flow: The Company shall choose the products with high liquidity and pay attention to

the Company's cash flow to ensure that there is enough cash when completing the transaction.

4. Legal risk: Any contracts shall be concluded subject to Legal department's prior approval.
5. Product risk: The Company shall ask the trading counterpart to disclose the relevant risk fully prior to the transactions.
6. Operational procedure:
 - (1) The Company's traders for derivative products shall ask Executive Financial Officer for consent and inform the Company's corresponding financial organizations. Any staff other than the traders shall not engage in the derivative products transactions.
 - (2) Traders shall not assume the position of staff acknowledging and completing the transactions, and vice versa.
 - (3) Each operation shall be subject to the authorization and supervision of the immediate supervisor.
7. The risk supervision and control staff shall come from the department from that of the said traders and staff acknowledging and completing the transactions, and shall be responsible for reporting to the Board of Directors or the supervisors who are not responsible for making policies with respect to the transactions or positions.
8. The positions held shall be evaluated at least once every week, provided that the hedging transactions to be carried out to meet the need for business shall be evaluated at least twice per month, and the evaluation report shall be submitted to the President or the supervisor designated by the President.

XIV. Internal audit system:

The Company's internal auditors shall verify the adequacy of the internal control over derivative products transactions on a periodic basis, and shall audit the trading departments' compliance with the derivative products transaction procedure on a monthly basis, and make the audit report. Where they find any material violation of rules, they shall inform each supervisor in writing.

XV. Periodic appraisal and response to extraordinary circumstances:

1. The positions arising from financial transactions shall be evaluated once every week, provided that the hedging transactions to be carried out to meet the need for business shall be evaluated once every two weeks, and the evaluation report shall be submitted to the President or the supervisor designated by the

President.

2. The President or other supervisors authorized by the Board of Directors shall pay attention to the supervision and control of the risk in derivative products transactions from time to time, and evaluate whether the current risk management procedure is adequate and complies with these Rules on a periodic basis. The Board of Directors shall also evaluate whether the performance of the derivative products transactions complies with the existing business strategies and whether the risk to be borne is tolerable by the Company.
3. The supervisors authorized by the President or Board of Directors shall manage the financial product transactions in the following manner:
 - (1) Appraise whether the current risk management policies comply with the “Guidelines Governing Acquisition or Disposition of Assets” defined by SFC and these Rules on a periodic basis.
 - (2) In the case of any extraordinary circumstances in supervision of transactions and income thereof, it is necessary to take the necessary response measures and report them to the Board of Directors immediately.
4. The Company shall prepare the memorandum book for derivative products transactions, specifying the type, amount, date of approval of the Board of Directors, monthly or weekly evaluation report of derivative products transactions, and periodical evaluation of the Board of Directors and supervisors authorized by the Board of Directors.

Chapter IV Merge, split, acquisition or assignment of shares

- XVI The Company shall appoint CPA, attorneys-at-law or securities underwriters to provide a reasonable opinion about the percentage of exchange, acquisition price or cash dividends distributed to shareholders or other property before calling a directors’ meeting to resolve the merger or consolidation, split, acquisition or assignment of shares, and report it to the Board of Directors for ratification.
- XVII. To complete merger or consolidation, split or acquisition, the Company shall prepare the prospectus including the important covenants and relevant matters, and submit it together with the experts’ opinion

referred to in the preceding paragraph and the notice for shareholders' meeting to each shareholder for reference when determining that the merger or consolidation, split or acquisition should be agreed, provided that this shall not apply where it is not necessary to call a shareholders' meeting to resolve the merger or consolidation, split or acquisition under other laws. Where the Board of Directors of either of the companies participating in merger or consolidation, split or acquisition fails to call a meeting to resolve the motion with reasons, or the motion is rejected by the Board of Directors, the Company shall publish the reasons, follow-up procedure and date scheduled to call the shareholders' meeting.

XVIII. Companies participating in a merger or consolidation, split, or acquisition shall convene their directors' meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, and companies participating in an assignment of shares shall call a directors' meeting on the same day, unless another act provides otherwise or there are extraordinary circumstances reported in advance, and consented to by the SFC.

XIX. Percentage of exchange and acquisition price:

Unless in the event of the following circumstances, where the Company participates in merger or consolidation, split, acquisition or assignment of shares, the percentage of exchange or acquisition price shall not be altered, and the circumstances under which the alteration should be made should be defined in the contract for merger or consolidation, split, acquisition or assignment of shares:

1. Increase in capital by cash, issue of convertible corporate bonds, dividends distribution without consideration, issue of corporate bonds with securities, warrant, special shares with securities warrant, securities warrant and other marketable securities of equity.
2. Disposition of the Company's substantial assets that may affect the Company's finance.
3. Occurrence of material disaster and technological innovation that may affect the Company's shareholders' equity or price of the securities.
4. Adjustment resulting from the repurchase of treasury stock by either of the companies participating in merger or consolidation, split, acquisition or assignment of shares.
5. Increase or decrease in subjects or number of companies participating in merger or consolidation, split, acquisition or assignment of shares.

6. Other conditions permitting the alteration have been defined in the contract and also disclosed to the public.

XX. Notes to be specified in the contract:

Where the Company participates in merger or consolidation, split, acquisition or assignment of shares, the contract shall specify the participating companies' right and obligation, percentage of exchange or acquisition price referred to in the preceding paragraph and the following:

1. Breach of contract;
2. Principles for handling the securities of equity issued and treasury stock repurchased by the extinguished or split company previously.
3. Quantity of treasury stock that may be repurchased by the participating company pursuant to laws after the record date of calculating the percentage of exchange, and the processing principles thereof.
4. Response actions to increase or decrease in subjects or the number of companies participating in merger or consolidation, split, acquisition or assignment of shares.
5. Scheduled development in execution of plans, scheduled completion date.
6. Where the plan is not completed with the prescribed time limit, it is necessary to specify the relevant procedures for scheduling the date for calling a shareholders' meeting pursuant to laws.

XXI. Instructions to the Company's participation in merger or consolidation, split, or acquisition or assignment of shares:

1. Persons who participate in, or know, the merger or consolidation, split or acquisition or assignment of shares shall be required to issue a written non-disclosure agreement undertaking that they will not disclose the contents of the project to the public or trade all companies' stock and other marketable securities of equity related to the transactions personally or in another person's name.
2. Upon disclosure of the information about merger or consolidation, where the Company intends to proceed with merger or consolidation, split, acquisition or assignment of shares with other companies, the procedure or legal action completed in the original case shall be conducted again, unless the number of participants decreases, and the shareholders' meeting resolves and authorizes that the Board of Directors may change the authority and it is not necessary to call a shareholders' meeting to make

resolution again.

3. Where any companies participating in merger or consolidation, split, acquisition or assignment of shares are not public companies, the Company shall conclude an agreement with them and comply with Article XVIII of these Rules and the preceding two subparagraphs.

Chapter V Other important notes

- XXII. Unless otherwise provided in laws, the contracts, meeting minutes, memorandum book, appraisal report, and written opinion of CPA, attorneys-at-law or securities underwriters related to the Company's acquisition or disposition of assets shall be maintained by the Company for at least five years.
- XXIII. The professional appraiser and its staff, CPA, attorneys-at-law or securities underwriters who issue the appraisal report or written opinion shall not be the related parties of the concerned party in the transaction.
- XXIV. According to these Rules or other laws, the Company shall acquire or dispose of assets subject to approval of the Board of Directors. If any director expresses a dissenting opinion and such dissenting opinion is recorded or made written, it shall be submitted to each supervisor.
- XXV. These Rules shall be enforced after they are submitted to each supervisor and ratified by the shareholders' meeting upon approval of the Board of Directors. The same shall apply where they are amended. If any director expresses a dissent opinion and such dissent opinion is recorded or written, it shall be submitted to each supervisor.