

# President Chain Store Corp.

**General Shareholders' Meeting 2011**

**Parliamentary Manual**



June 22, 2011

**President Chain Store Corp.**  
**PRESIDENT CHAIN STORE CORP.**

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## General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2011

### I. Agenda

Time: 9:00 a.m. on June 22, 2011 (Wednesday)

Place: 1F, Training Center, No. 301, Zhongzhen Road, Yongkang District, Tainan City

Parliamentary procedure:

1. Announce opening (Report equity represented by attendance)
2. Chairperson's speech
3. Report
  - 1<sup>st</sup> Motion: Operational Report in 2010
  - 2<sup>nd</sup> Motion: Supervisors' report for the statement of final accounts in 2010
  - 3<sup>rd</sup> Motion: Report of the Company's investment in Mainland China
  - 4<sup>th</sup> Motion: Report of Asset Impairment in 2010

#### 4. Ratification and Discussion

1<sup>st</sup> Motion: Please ratify the statement of final accounts in 2010.

2<sup>nd</sup> Motion: Please resolve the allocation of earnings in 2010.

3<sup>rd</sup> Motion: Please resolve the amendments to Articles of Incorporation.

4<sup>th</sup> Motion: Please resolve the amendments to Regulations for Election of Directors/Supervisors.

5<sup>th</sup> Motion: Please resolve the amendments to Operational Procedure for Granting Loans.

6<sup>th</sup> Motion: Please resolve the amendments to Operational Procedure for Making Endorsements/Guarantees.

#### 5. Other Motions and Preliminary Motions

#### 6. Dissolution

## II. Report

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

#### **Cause: Operational Report in 2010**

Contents: Please see Pages 12-13 of this Manual for the business report 2010 (Appendix 1).

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

#### **Cause: Supervisors' report for the statement of final accounts in 2010**

Contents:

1. The Company's statement of final accounts has been audited and certified by the CPA, and supervisors have issued the supervisors' report for it.
2. Please refer to Pages 14-15 of this Manual for the supervisors' report (Appendix 2).

### **3<sup>rd</sup> Motion**

#### **Cause: Report of the Company's investment in Mainland China**

Contents: Please refer to Page 16 of this Manual for the Company's investment in Mainland China until December 31, 2010 (Appendix 3).

### **4<sup>th</sup> Motion**

#### **Cause: Report of Asset Impairment in 2010**

Contents: The Company stated the impairment totaling NT\$729,928,190 in accordance with the Statement of Financial Accounting Standards No. 34.

### III. Ratification and Discussion

#### 1<sup>st</sup> Motion

(Proposed by Board of Directors)

**Cause: Please ratify the statement of final accounts in 2010.**

Contents:

- I. The Company's statement of final accounts for 2010 includes the business report, financial statement and table for allocation of earnings, and the financial statement has been audited and certified by PwC Taiwan.
- II. said the aforementioned statement of final accounts has been approved by the Board of Directors and examined by the supervisors.
- III. Please refer to Pages 12-13 of this Manual for the business report (Appendix 1). Please refer to Pages 17-30 of this Manual (Appendix 4) and Pages 60-94 and Pages 95-135 of the annual report for the financial statement.
- IV. Please ratify.

Resolution:

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

**(Proposed by Board of Directors)**

**Cause: Please resolve the allocation of earnings in 2010.**

Contents:

- I. Please refer to Page 31 of this Manual for the allocation of earnings for 2010 (Appendix 5).
- II. The Company's distributable earnings for 2010 are NT\$5,184,986.643. The cash dividends to be distributed are NT\$4.90 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.
- III. Please resolve.

Resolution:

### **3<sup>rd</sup> Motion**

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

**Cause: Please resolve the amendments to Articles of Incorporation.**

Contents:

- I. To meet the operational need, addition of “J303010 Magazine (Journal) Publishing” and “IZ12010 Staffing” into the business lines is proposed (Article 2).
- II. To deal with inauguration of independent directors/auditing committee and meet the practical needs, Article 17, Article 23, Article 23-1 and Article 29 were amended, and Article 17-1 and Article 17-2 were added.
- III. The date of amendments to the Articles was added into Article 33.
- IV. Amend the Contrast Table. Please refer to Pages 33-37 of this Manual (Appendix 7).
- V. Please resolve.

Resolution:

#### **4<sup>th</sup> Motion**

**(Proposed by Board of Directors)**

**Cause: Please resolve the amendments to Regulations for Election of Directors/Supervisors.**

Contents:

- I. To deal with the inauguration of independent directors and auditing committee and to meet the operational needs, the amendments were made to the "Regulations for Election of Directors/Supervisors".
- II. Amend the Contrast Table. Please refer to Pages 38-39 of this Manual (Appendix 8).
- III. Please resolve.

Resolution:

## **5<sup>th</sup> Motion**

**(Proposed by Board of Directors)**

Cause: Please resolve the amendments to Operational Procedure for Granting Loans.

Contents:

- I. To deal with the latest Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by Financial Supervisory Commission, Executive Yuan on March 19, 2010, the amendments to the Company's operational procedure for granting loan are proposed.
- II. Amend the Contrast Table. Please refer to Page 40 of this Manual (Appendix 9).
- III. Please resolve.

Resolution:

## 6<sup>th</sup> Motion

(Proposed by Board of Directors)

**Cause: Please resolve the amendments to Operational Procedure for Making Endorsements/Guarantees.**

Contents:

- I. To deal with the latest Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by Financial Supervisory Commission, Executive Yuan on March 19, 2010, the amendments to the Company's operational procedure for making endorsements/guarantees are proposed.

Amend the Contrast Table. Please refer to Page 41 of this Manual (Appendix 10).

3. Please resolve.

Resolution:

IV. Other Motions and Preliminary Motions

V. Dissolution

Business Report 2010

To All Shareholders:

Driven by the global economic recovery, Taiwan's domestic and overseas market demands have been growing simultaneously. The yearly increasing rates for export and private investment amounted to 25.59% and 32.79%, resulting in Taiwan's annual economic growth rate amounting to 10.82%.

Under the economic recovery, the President Chain Stores Management worked very hard to adjust the constitution of 7-ELEVEN and created an innovative business model by integrating large-scale group consolidated marketing activities. As a result, its total operating revenue and earnings after tax in 2010 both hit records, amounting to \$114.6 billion and \$5.7 billion respectively.

In the respect of commodity management, given that modern people tend to pursue the catering culture valuing good taste and health at the same time, 7-ELEVEN was dedicated to offering diversified fresh and light foods to meet consumers' needs. The emerging fair-price consumption trend has driven 7-ELEVEN to develop more than 300 premium own-brand products ranging from foods to supplies, which were also consolidated and communized under the brand of "7-SELECT" to create new consumption needs. The fine-quality CITY CAFÉ has successfully attracted more customers to become the lovers of CITY CAFÉ, raising the operating revenue growth amount to 60% in 2010. A cup of CITY CAFÉ has become an indispensable part of the people's daily life in Taiwan, enabling 7-ELEVEN to be the largest coffee chain store in Taiwan.

In respect to business opportunity development, the Company released the 7nET shopping website as the virtual second floor of any tangible 7-ELEVEN chain store in July 2010, in order to provide consumers with more complete and diversified shopping options. Meanwhile, the Company integrated the two strengths residing in intensive store network and complete logistic system, making the rapid delivery service highlighting "Order Today, Pick Up Tomorrow" an important competitive strength for 7nET in developing e-shopping. Additionally, the ibon MRT booking service, C2C, and telecommunication service program's well-founded 7-ELEVEN community service centers function better.

In respect to re-invested businesses, the Company introduced SATO and Royal Host in 2010 to better complete its restaurant business. Further, Hankyu Department Store Taipei was inaugurated in October 2010. Positioned as a department store for beauty and with the geographical convenience from transfer stations, Hankyu Department Store created a brand new shopping experience for consumers. The excellent business performance of PRESIDENT TRANSET CORP. for the past decade was highly recognized by Yamato Transport, a Japan-based company, and it received the permanent license under the brand "Yamato", which is also the second permanently licensed brand received by 7-ELEVEN following the brand "7-ELEVEN". In respect to overseas expansion, the Philippines' 7-ELEVEN also achieved the important milestone of 500 stores on July 30, 2010.

Adhering to the management philosophy highlighting "what is taken from society is used in the interest of society", the Company is used to sparing no efforts to fulfill its corporate social responsibility, including rescuing victims from disasters and attending underprivileged groups and environmental protection. On January 12, 2010, Haiti suffered the terrible earthquake. 7-ELEVEN immediately worked with World Vision Taiwan and the Red Cross Society of the Republic of China to raise funds, and was the first enterprise in Taiwan dedicated to raising funds for the Haiti Earthquake aftermath. Total of \$36,000 thousand was raised through the collection boxes and ibon at the stores to help Haiti's people get through the aftermath. This year, the Company took the initiative to release the environmental protection activity for "recycled goods in exchange for a cash discount". The public responded

to the activity enthusiastically, and the recycling quantity was more than 600 tons within 8 months, making the Company be the largest environmental protection recycling platform throughout the country.

The Company's efforts in fulfilling the corporate social responsibility have been awarded by the public. In 2010, we won the commendation for "Excellence in Corporation Social Responsibility" and "Most Admired Company in Taiwan" of Commonwealth again, as well as the "Corporate Hero for Taiwan Environment Award" of Global Views Monthly Magazine.

Looking forward to 2011, the Company will continue building modern and fashionable 7-ELEVEN stores making wide and bright outlets and comfortable and clean seats available to customers for shopping, having meals and relaxing. Meanwhile, the Company will integrate the 7nET shopping network and ibon to release more distinguishable commodities and creative services, and keep working hard to make 7-ELEVEN the most idealistic community service center in consumers' mind.

In respect to reinvestment layouts, with consolidation of the group's resources and synergy improvement, the overall performance of reinvested companies in Taiwan will get better. 7-ELEVEN in the Philippines will expand rapidly this year and make every endeavor to achieve the goal of 1,000 stores in 2013. The resources and experience accumulated by Shanghai Starbucks constitute an important foundation for the Company to develop its restaurant business in the district of Shanghai. The Company will continue introducing more fine-quality restaurant brands.

In the future, the Company will continue to fulfilling its unshakable mission, namely "determined to be the most outstanding retailer, achieve the mission for provide the most convenient services in life, and perform a good citizen's responsibility", and will make every endeavor to provide consumers with convenient life, seek stable profitability for franchisees, create happy work environments for employees, and upgrade the Company's value for shareholders.

Chairman: Kao Chin-Yen

**President: Hsu Chung-Jen**

Chief Accountant: Lai Hsin-Ti

**Appendix 2**

**President Chain Store Corp.**

Supervisors' report

I hereby state as following:

**I have examined the business report, financial statements and motions for allocation of earnings for 2010 submitted by the Board of Directors and consider that they should be true and correct, and hereby present this report in accordance with Article 219 of the Company Law.**

To:

General Shareholders' Meeting 2011

President Chain Store Corp.

**Supervisor: Ying Chien-Li**

March 23, 2011

**President Chain Store Corp.**

**Supervisors' report**

I hereby state as following:

I have examined the business report, financial statements and motions for allocation of earnings for 2010 submitted by the Board of Directors and consider that they should be true and correct, and hereby present this report in accordance with Article 219 of the Company Law.

To:

General Shareholders' Meeting 2011

President Chain Store Corp.

Supervisor: Kai Yu Investment Co., Ltd.

Institutional Representative: Wu Tsung-Ping

March 23, 2011

Appendix 3

**President Chain Store Corp.**

Statistics of Investment in Mainland China 2010

Unit: USD

| Name of Investee in Mainland China                 | Investment in 2010 | Accumulated Investment | Indirect Shareholding |
|--|--------------------|------------------------|-----------------------|
| Starbucks-( Shanghai ) Coffee Corp.                |                    | 2,000,000              | 30%                   |
| Presiclerc Treasury (Qingdao) Supermarket Co.      |                    | 3,185,000              | 48.93%                |
| Presiclerc Treasury (Beijing) Supermarket Co.      |                    | 2,217,625              | 36.94%                |
| President Chain Store (Shanghai) Ltd.              |                    | 14,633,429             | 100%                  |
| Mister Donut Shanghai Co., Ltd.                    |                    | 3,562,187              | 50%                   |
| PCSC AFTERNOON TEA SHANGHAI LTD.                   |                    | 2,550,000              | 51%                   |
| President Cosmed Chain Store (Shen Zhen) Co., Ltd. |                    | 8,696,008              | 65%                   |
| Wuhan Uni-President Oven Fresh Bakery Co., Ltd.    | 579,980            | 4,794,980              | 100%                  |
| Shan Dong President Yinzuo Commercial Limited      |                    | 4,078,354              | 55%                   |
| PCSC (sichuan) Hypermarket Limited                 |                    | 10,150,000             | 100%                  |
| PCSC (chengdu) Hypermarket Limited                 |                    | 13,012,500             | 100%                  |
| Cold Stone (Shanghai) Ice Cream Corporation        |                    | 14,454,640             | 100%                  |
| President Logistic (Shanghai) Co., Ltd.            |                    | 2,000,000              | 100%                  |
| Sato (Shanghai) Catering Mathematics Co., Ltd.     | 535,811            | 535,811                | 81%                   |
| Royal Host (Shanghai) Restaurant Management Co.    | 1,020,510          | 1,020,510              | 51%                   |
| Total  | 2,136,301          | 86,891,044             |                       |

## Appendix 4

### Independent Auditor's Report

(100) MOF.FS.Tzi No. 10003414

To: President Chain Store Corporation

We have audited the accompanying balance sheet of President Chain Store Corporation as of December 31, 2010 and 2009 and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. The investment income/loss recognized for some of the long-term equity investment valued with Equity Method in 2010 and 2009 and the information disclosure of the invested company in conformity with Note XI to Financial Statements were valued in accordance with the financial statements audited by other CPAs of the invested company instead of us. The net investment income recognized in accordance with the financial statements audited by other CPAs amounted to NT\$44,208 thousand and NT\$21,354 thousand in 2010 and 2009, respectively. The relevant long-term equity investment amounted to NT\$441,865 thousand and NT\$497,064 thousand on December 31, 2010 and 2009, respectively.

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

In our opinion, based on our audit and the audit report issued by other CPAs, the financial statements of President Chain Store Corporation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers,” “Business Accounting Law,” “Business Accounting Guidelines” and accounting principles generally accepted in the Republic of China.

We have issued an unqualified opinion on the 2010 and 2009 consolidated financial statements of President Chain Store Corporation.

PRICEWATERHOUSECOOPERS

CPA                      Chen Mei-Tzu

                                 Tsai Chin-Pao

Former SEC, Ministry of Finance

Certificate No.:    (82) Tai-chai-Jen (VI) No. 39230  
                                 (76) Tai-chai-Jen (I) No. 11412

March 17, 2011

President Chain Store Corp.  
Balance Sheet  
December 31, 2010 and 2009

Currency unit: NT\$1,000

補翻譯

|  | December 31, 2010    |            | December 31, 2009    |            |
|--|----------------------|------------|----------------------|------------|
|  | Amount               | %          | Amount               | %          |
| <b>Assets</b>                          |                      |            |                      |            |
| <b>Current assets</b>                  |                      |            |                      |            |
| 1100                                   | \$ 4,626,008         | 9          | \$ 5,303,500         | 11         |
| 1310                                   |                      |            |                      |            |
|  |                      |            |                      |            |
|  | 9,060,250            | 18         | 7,260,695            | 15         |
| 1140                                   | 457,829              | 1          | 348,249              | 1          |
| 1178                                   | 813,207              | 2          | 608,406              | 1          |
| 120X                                   | 2,931,645            | 6          | 2,945,944            | 6          |
| 1260                                   | 147,000              | -          | 167,794              | -          |
| 1298                                   | 283,413              | 1          | 282,418              | 1          |
| 11XX                                   | <u>18,319,352</u>    | <u>37</u>  | <u>16,917,006</u>    | <u>35</u>  |
| <b>Funds and long-term investments</b> |                      |            |                      |            |
| 1450                                   |                      |            |                      |            |
|  | 1,533,932            | 3          | 860,639              | 2          |
| 1480                                   |                      |            |                      |            |
|  | 8,613,020            | 17         | 10,317,015           | 21         |
| 1421                                   |                      |            |                      |            |
|  | 10,603,067           | 22         | 10,102,814           | 21         |
| 14XX                                   | <u>20,750,019</u>    | <u>42</u>  | <u>21,280,468</u>    | <u>44</u>  |
| <b>Fixed assets (Note IV(VII))</b>     |                      |            |                      |            |
| <b>Costs</b>                           |                      |            |                      |            |
| 1501                                   | 1,432,614            | 3          | 1,431,598            | 3          |
| 1521                                   | 906,835              | 2          | 905,216              | 2          |
| 1571                                   | 11,844,551           | 24         | 11,308,631           | 23         |
| 1631                                   | 5,589,022            | 11         | 5,223,737            | 11         |
| 1681                                   | 9,660                | -          | 10,513               | -          |
| 15X8                                   | 55,374               | -          | 55,374               | -          |
| 15XY                                   | 19,838,056           | 40         | 18,935,069           | 39         |
| 15X9                                   | ( 12,073,247 )       | ( 24 )     | ( 11,315,244 )       | ( 23 )     |
| 15XX                                   | <u>7,764,809</u>     | <u>16</u>  | <u>7,619,825</u>     | <u>16</u>  |
| <b>Intangible assets</b>               |                      |            |                      |            |
| 1750                                   | 171,030              | -          | 282,820              | -          |
| <b>Other assets</b>                    |                      |            |                      |            |
| 1800                                   | 1,262,561            | 3          | 1,276,728            | 3          |
| 1820                                   | 995,245              | 2          | 974,008              | 2          |
| 1888                                   | 8,842                | -          | 9,907                | -          |
| 18XX                                   | <u>2,266,648</u>     | <u>5</u>   | <u>2,260,643</u>     | <u>5</u>   |
| 1XXX                                   | <u>\$ 49,271,858</u> | <u>100</u> | <u>\$ 48,360,762</u> | <u>100</u> |

|  | December 31, 2010    |            | December 31, 2009    |            |
|--|----------------------|------------|----------------------|------------|
|  | Amount               | %          | Amount               | %          |
| <b>Liabilities and Shareholders' Equity</b>          |                      |            |                      |            |
| <b>Current liabilities</b>                           |                      |            |                      |            |
| 2120   | \$ 168,893           | -          | \$ 326,141           | 1          |
| 2130   | 3,848,885            | 8          | 3,826,373            | 8          |
| 2140   | 302,886              | 1          | 283,709              | 1          |
| 2150   | 5,536,314            | 11         | 5,789,587            | 12         |
| 2160   | 792,563              | 2          | 10,466               | -          |
| 2170   | 2,536,808            | 5          | 2,024,935            | 4          |
| 2228   | 6,523,484            | 13         | 5,938,701            | 12         |
| 2260   | 1,782,382            | 4          | 1,546,617            | 3          |
| 21XX   | <u>21,492,215</u>    | <u>44</u>  | <u>19,746,529</u>    | <u>41</u>  |
| <b>Long-term liabilities</b>                         |                      |            |                      |            |
| 2420   | 5,000,000            | 10         | 7,100,000            | 15         |
| <b>Other liabilities</b>                             |                      |            |                      |            |
| 2810   | 357,617              | 1          | 337,752              | 1          |
| 2820   | 1,853,952            | 4          | 1,887,719            | 4          |
| 2882   | 62,857               | -          | 80,612               | -          |
| 2888   | 293,016              | -          | 287,298              | -          |
| 28XX   | <u>2,567,442</u>     | <u>5</u>   | <u>2,593,381</u>     | <u>5</u>   |
| 2XXX   | <u>29,059,657</u>    | <u>59</u>  | <u>29,439,910</u>    | <u>61</u>  |
| <b>Shareholders' equity</b>                          |                      |            |                      |            |
| <b>Capital (Note IV(XV))</b>                         |                      |            |                      |            |
| 3110   | 10,396,222           | 21         | 10,396,222           | 21         |
| <b>Additional paid-in capital</b>                    |                      |            |                      |            |
| 3240   | 5,082                | -          | 5,082                | -          |
| <b>Retained earnings ((Note IV(XV) (XVI))</b>        |                      |            |                      |            |
| 3310   | 4,046,004            | 8          | 3,640,091            | 8          |
| 3320   | 4,660                | -          | -                    | -          |
| 3350   | 5,752,901            | 12         | 4,180,357            | 9          |
| <b>Other adjustments in SH's equity</b>              |                      |            |                      |            |
| 3420   | ( 222,559 )          | -          | 56,081               | -          |
| 3430   | ( 55,514 )           | -          | ( 4,660 )            | -          |
| 3450   |                      |            |                      |            |
|  | 234,124              | -          | 595,033              | 1          |
| 3460   | 51,281               | -          | 52,646               | -          |
| 3XXX   | <u>20,212,201</u>    | <u>41</u>  | <u>18,920,852</u>    | <u>39</u>  |
| <b>Commitment or contingency (Notes V &amp; VII)</b> |                      |            |                      |            |
| <b>Total Liabilities and Shareholders' Equity</b>    |                      |            |                      |            |
|  | <u>\$ 49,271,858</u> | <u>100</u> | <u>\$ 48,360,762</u> | <u>100</u> |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.

Chairman: Kao Chin-Yen

President: Hsu Chun-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp.  
Income Statements  
January 1~December 31, 2010 and 2009

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

|   | 2010           |           | 2009           |           |
|---|----------------|-----------|----------------|-----------|
|   | Amount         | %         | Amount         | %         |
| Operating revenue   |                |           |                |           |
| 4110 Sales revenue  | \$ 111,074,306 | 97        | \$ 98,381,852  | 97        |
| 4800 Other operating revenue (Note V)                                       | 3,589,587      | 3         | 3,374,534      | 3         |
| 4000 Total operating revenue  | 114,663,893    | 100       | 101,756,386    | 100       |
| Operating cost (Note III, IV(III) and V)                                    |                |           |                |           |
| 5110 Cost of goods sold   | ( 78,741,282 ) | ( 69 )    | ( 68,790,619 ) | ( 68 )    |
| 5910 Gross profit   | 35,922,611     | 31        | 32,965,767     | 32        |
| Operating expense (Note V)  |                |           |                |           |
| 6100 Selling expenses   | ( 27,612,957 ) | ( 24 )    | ( 25,955,712 ) | ( 25 )    |
| 6200 General & administrative expenses                                      | ( 2,782,166 )  | ( 2 )     | ( 2,116,592 )  | ( 2 )     |
| 6000 Total operating expenses   | ( 30,395,123 ) | ( 26 )    | ( 28,072,304 ) | ( 27 )    |
| 6900 Operating income   | 5,527,488      | 5         | 4,893,463      | 5         |
| Non-operating income  |                |           |                |           |
| 7121 Investment loss (gain) recognized under equity method<br>(Note IV(VI)) | 861,330        | 1         | 547,390        | -         |
| 7122 Dividend income  | 42,558         | -         | 36,214         | -         |
| 7140 Gain on disposal of investments (Note IV(V))                           | 244,941        | -         | 5,290          | -         |
| 7210 Rent income (Note V)   | 72,467         | -         | 76,072         | -         |
| 7480 Other income (Note V)  | 710,410        | 1         | 698,893        | 1         |
| 7100 Total non-operating income   | 1,931,706      | 2         | 1,363,859      | 1         |
| Non-operating expenses and losses   |                |           |                |           |
| 7510 Interest expenses  | ( 34,005 )     | -         | ( 41,494 )     | -         |
| 7530 Loss on disposal of fixed assets                                       | ( 15,039 )     | -         | ( 53,885 )     | -         |
| 7630 Impairment loss (Note IV (V))  | ( 729,928 )    | ( 1 )     | ( 1,450,438 )  | ( 1 )     |
| 7880 Other expenses   | ( 51,286 )     | -         | ( 67,765 )     | -         |
| 7500 Total non-operating expenses and losses                                | ( 830,258 )    | ( 1 )     | ( 1,613,582 )  | ( 1 )     |
| 7900 Continuing operation income before tax                                 | 6,628,936      | 6         | 4,643,740      | 5         |
| 8110 Income tax expenses (Note IV(XIV))                                     | ( 903,179 )    | ( 1 )     | ( 584,616 )    | ( 1 )     |
| Gain (loss) from discontinued operations                                    |                |           |                |           |
| 9600 Net Income:  | \$ 5,725,757   | 5         | \$ 4,059,124   | 4         |
|   |                |           |                |           |
|   | Pre-tax        | After tax | Pre-tax        | After tax |
| Earnings per share (Note IV(XVII))  |                |           |                |           |
| Basic earnings per share  |                |           |                |           |
| 9750 Net Income   | \$ 6.38        | \$ 5.51   | \$ 4.47        | \$ 3.90   |
| Diluted earnings per share  |                |           |                |           |
| 9850 Net Income   | \$ 6.36        | \$ 5.50   | \$ 4.45        | \$ 3.89   |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.  
Chairman: Kao Chin-Yen                      President: Hsu Chung-Jen                      Chief Accountant: Lai Hsin-Ti



President Chain Store Corp.  
Statement of Cash Flows  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|  | 2010          | 2009          |
|--|---------------|---------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>                                      |               |               |
| Net Income   | \$ 5,725,757  | \$ 4,059,124  |
| Adjustments to reconcile net income to net cash provided by operating activities |               |               |
| Loss (Gain) on valuation of financial asset                                      | 445 (         | 465 )         |
| Uncollectible account  | 6,029         | 5,502         |
| Depreciation   | 1,748,365     | 1,744,345     |
| Accumulated depreciation – assets leased to other                                | 14,167        | 14,170        |
| Amortization   | 142,340       | 106,796       |
| Gain on disposal of financial assets measured at cost                            | ( 227,045 )   | -             |
| Financial assets measured at cost - impairment losses                            | 729,928       | 1,450,438     |
| Cash dividend from Long-term investments (Equity method)                         | 628,245       | 328,458       |
| Net investment gain recognized under the equity method                           | ( 861,330 )   | ( 547,390 )   |
| Net loss from the disposal of fixed assets                                       | 15,039        | 53,885        |
| Changes in assets and liabilities:   |               |               |
| Financial assets at fair value through income statement                          | ( 1,800,000 ) | ( 1,109,972 ) |
| Accounts receivable  | ( 116,356 )   | 26,069        |
| Other receivables  | ( 204,051 )   | 21,731        |
| Inventories  | 14,299        | 348,261       |
| Prepayments  | 20,794        | 569,339       |
| Deferred income tax assets (current)   | ( 614 )       | ( 5,400 )     |
| Other current assets   | ( 382 )       | ( 60,565 )    |
| Notes payable  | ( 134,736 )   | ( 533,356 )   |

(To be continued)

President Chain Store Corp.  
Statement of Cash Flows  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|   | 2010          | 2009          |
|---|---------------|---------------|
| Accounts payable  | ( 234,096 )   | 364,659       |
| Income tax payable  | 782,097       | ( 264,690 )   |
| Accrued expenses  | 511,873       | 225,188       |
| Other accounts payable  | 465,632       | 552,527       |
| Unearned receipts   | 235,765       | 97,571        |
| Accrued pension liabilities   | ( 426 )       | ( 1,305 )     |
| Net cash provided by operating activities                                     | 7,461,739     | 7,444,920     |
| <br><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>                              |               |               |
| Proceeds refunded for the invested company's de-capitalization valued at cost | \$ -          | \$ 4,656      |
| Acquisition of financial assets at cost noncurrent                            | -             | ( 199,300 )   |
| Proceeds from disposal of financial assets carried at cost                    | 252,853       |               |
| Acquisition of long-term investments under equity method                      | ( 893,111 )   | ( 2,352,075 ) |
| Proceeds from capital reduction of long-term investment under equity method   | 223,441       | 145,494       |
| Proceeds from liquidation of long-term investment under equity method         | 7,355         | 19,200        |
| Purchase of fixed assets  | ( 1,845,114 ) | ( 1,297,814 ) |
| Proceeds from disposal of fixed assets  | 36,677        | 14,104        |
| Purchase of computer software   | ( 28,647 )    | ( 113,268 )   |
| Decrease (increase) in refundable deposits                                    | ( 21,237 )    | 8,466         |
| Decrease (increase) in other assets- other                                    | 4,959         | ( 389 )       |
| Net cash outflow from investing activities                                    | ( 2,262,824 ) | ( 3,770,926 ) |

(To be continued)

President Chain Store Corp.  
Statement of Cash Flows  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|   | 2010           | 2009           |
|---|----------------|----------------|
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>            |                |                |
| Increase (decrease) in long-term liabilities            | 22,300,000     | 32,200,000     |
| Repayment of long-term borrowings                       | ( 24,400,000 ) | ( 34,200,000 ) |
| Decrease in guarantee deposits received                 | ( 33,767 )     | ( 15,510 )     |
| Cash dividend distributed                               | ( 3,742,640 )  | ( 1,866,928 )  |
| Net cash outflow from financing activities              | ( 5,876,407 )  | ( 3,882,438 )  |
| Cash and cash equivalents decrease                      | ( 677,492 )    | ( 208,444 )    |
| BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS          | 5,303,500      | 5,511,944      |
| ENDED BALANCE OF CASH AND CASH EQUIVALENTS              | \$ 4,626,008   | \$ 5,303,500   |
| <u>Supplement disclosures of cash flow information</u>  |                |                |
| Interest paid   | \$ 11,560      | \$ 42,988      |
| Income tax paid   | \$ 121,696     | \$ 854,706     |
| <u>Investing activities of partial payment on cash:</u> |                |                |
| Total payment for purchase of fixed assets              | \$ 1,964,265   | \$ 1,359,928   |
| Add: beginning balance of accounts payable on equipment | 432,846        | 370,732        |
| Less: ended balance of accounts payable on equipment    | ( 551,997 )    | ( 432,846 )    |
| Cash purchase of property, plant and equipment          | \$ 1,845,114   | \$ 1,297,814   |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

## Independent Auditor's Report

(100) MOF.FS.Tzi No. 10003875

To: President Chain Store Corporation

We have audited the accompanying balance sheet of President Chain Store Corporation and subsidiaries as of December 31, 2010 and 2009 and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. The subsidiary's financial statements included in the consolidated financial statements were audited by other CPAs instead of us. Therefore, the amount of the financial statements reported is based on the audit reports of other CPAs. The subsidiary's total assets amounted to NT\$2,531,900 thousand and NT\$2,417,538 thousand representing 3.66% and 3.65% of total consolidated assets on December 31, 2010 and 2009, respectively. The net operating income amounted to NT\$6,292,617 thousand and NT\$4,983,765 thousand representing 3.70% and 3.36% of total consolidated net operating income in 2010 and 2009, respectively.

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

In our opinion, based on our audit and the audit report issued by other CPAs, the financial statements of President Chain Store Corporation and its subsidiaries as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

PRICEWATERHOUSECOOPERS

Chen Mei-Tzu

CPA

Tsai Chin-Pao

Former SEC, Ministry of Finance

Certificate No.: (82) Tai-chai-Jen (VI) No. 39230  
(76) Tai-chai-Jen (I) No. 11412

March 17, 2011

**President Chain Store Corp. and Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2010 and 2009**

Currency unit: NT\$1,000

|  | December 31, 2010 |        | December 31, 2009 |        |  | December 31, 2010 |       | December 31, 2009 |       |
|--|-------------------|--------|-------------------|--------|--|-------------------|-------|-------------------|-------|
|  | Amount            | %      | Amount            | %      |  | Amount            | %     | Amount            | %     |
| <b>Assets</b>  |                   |        |                   |        | <b>Liabilities and Shareholders' Equity</b>                              |                   |       |                   |       |
| <b>Current assets</b>  |                   |        |                   |        | <b>Current liabilities</b>   |                   |       |                   |       |
| 1100 Cash and cash equivalents (Note IV (I))                                     | \$ 10,806,847     | 16     | \$ 10,856,951     | 16     | 2100 Short-term debt (Note IV(XI))                                       | \$ 1,460,587      | 2     | \$ 2,958,329      | 5     |
| 1310 Financial assets at fair value through profit or loss-current (Note IV(II)) | 10,143,908        | 15     | 8,298,798         | 13     | 2110 Short-term notes and bills payable                                  | 395,919           | -     | 312,751           | -     |
| 1140 Net accounts receivable (Note V)  | 2,730,017         | 4      | 2,096,879         | 3      | 2120 Notes payable (Note V)  | 1,018,570         | 1     | 1,027,254         | 2     |
| 1164 Other receivables (Note V)  | 1,806,147         | 2      | 3,019,958         | 5      | 2140 Accounts payable  | 13,602,095        | 20    | 12,021,071        | 18    |
| 120X Inventories (Notes III & IV(III))   | 9,259,690         | 13     | 7,948,555         | 12     | 2150 Accounts payable-related parties (Note V)                           | 2,524,931         | 4     | 2,105,358         | 3     |
| 1260 Prepayments   | 1,127,994         | 2      | 900,922           | 1      | 2160 Income taxes payable (Note IV(XIV))                                 | 1,116,953         | 2     | 302,481           | -     |
| 1281 Other current assets (Note IV (XVI))  | 579,543           | 1      | 524,987           | 1      | 2170 Payable expenses (Notes IV(XII) & V)                                | 5,584,840         | 8     | 4,295,403         | 7     |
| 11XX Total current assets  | 36,454,146        | 53     | 33,647,050        | 51     | 2228 Other accounts payable-other (Note IV(XIII))                        | 8,687,694         | 13    | 7,780,287         | 12    |
| <b>Funds and long-term investments</b>   |                   |        |                   |        | 2260 Unearned receipts   | 2,485,707         | 4     | 2,646,920         | 4     |
| 1450 Financial assets in available-for-sale – noncurrent (Note IV (IV)(V))       | 1,854,622         | 3      | 863,835           | 2      | 2270 Long-term liabilities - current portion (Notes IV(XIV) & V)         | 161,906           | -     | 265,506           | -     |
| 1480 Financial assets at cost – noncurrent (Note IV(V))                          | 8,699,938         | 12     | 10,752,981        | 16     | 21XX Total current liabilities   | 37,039,202        | 54    | 33,715,360        | 51    |
| 1421 Long-term investments (Equity method) (Note IV(VI) and V)                   | 681,540           | 1      | 726,968           | 1      | <b>Long-term liabilities</b>   |                   |       |                   |       |
| 14XX Total funds and long-term investments                                       | 11,236,100        | 16     | 12,343,784        | 19     | 2420 Long-term debt (Note IV(XII))                                       | 5,387,704         | 8     | 7,517,780         | 11    |
| <b>Fixed assets (Note IV(VIII)(X), VI, and VII)</b>                              |                   |        |                   |        | 2450 Long-term notes and accounts payable-related parties (Note V)       | 138,834           | -     | 144,104           | -     |
| <b>Original cost of fixed assets</b>   |                   |        |                   |        | 24XX Total long-term liabilities   | 5,526,538         | 8     | 7,661,884         | 11    |
| 1501 Land  | 2,207,181         | 3      | 2,206,281         | 3      | <b>Other liabilities</b>   |                   |       |                   |       |
| 1521 House and building  | 2,699,539         | 4      | 2,702,594         | 4      | 2810 Accrued pension liabilities (Note IV(XIII))                         | 624,265           | 1     | 532,298           | 1     |
| 1551 Transportation equipment  | 2,920,296         | 4      | 2,516,838         | 4      | 2820 Guarantee Deposit received  | 2,087,816         | 3     | 2,091,729         | 3     |
| 1571 Operating equipment   | 17,086,770        | 25     | 16,076,818        | 24     | 2888 Other liabilities-other   | 413,288           | -     | 409,013           | 1     |
| 1631 Lease improvement   | 9,832,917         | 14     | 9,016,669         | 14     | 28XX Total other liabilities   | 3,125,369         | 4     | 3,033,040         | 5     |
| 1681 Other equipment   | 3,664,469         | 6      | 2,939,142         | 5      | 2XXX Total liabilities   | 45,691,109        | 66    | 44,410,284        | 67    |
| 15X8 Revaluation increments  | 55,374            | -      | 55,374            | -      | <b>Shareholders' equity</b>  |                   |       |                   |       |
| 15XY Total costs and revaluation increments                                      | 38,466,546        | 56     | 35,513,716        | 54     | Capital (Note IV(XVII))  |                   |       |                   |       |
| 15X9 Less: accumulated depreciation  | ( 22,101,394 )    | ( 32 ) | ( 20,190,523 )    | ( 31 ) | 3110 Capital-common stock  | 10,396,222        | 15    | 10,396,222        | 16    |
| 1599 Less: accumulated impairment  | ( 12,405 )        | ( - )  | ( 17,596 )        | ( - )  | Additional paid-in capital   |                   |       |                   |       |
| 1670 Construction in progress and prepayments for equipment                      | 344,715           | -      | 203,522           | -      | 3240 Gain from assets disposed   | 5,082             | -     | 5,082             | -     |
| 15XX Total fixed assets - net  | 16,697,462        | 24     | 15,509,119        | 23     | Retained earnings (Note IV(XVIII))                                       |                   |       |                   |       |
| <b>Intangible assets (Note IV (X))</b>   |                   |        |                   |        | 3310 Legal reserve   | 4,046,004         | 6     | 3,640,091         | 6     |
| 1750 Cost of computer software   | 300,953           | -      | 409,036           | 1      | 3320 Special reserve   | 4,660             | -     | -                 | -     |
| 1760 Goodwill  | 397,800           | 1      | 377,210           | -      | 3350 Retained earnings-unappropriated                                    | 5,752,901         | 8     | 4,180,357         | 6     |
| 1780 Other intangible assets   | 222,719           | -      | 196,852           | -      | <b>Other adjustments in SH's equity</b>                                  |                   |       |                   |       |
| 17XX Total intangible assets   | 921,472           | 1      | 983,098           | 1      | 3420 Cumulative translation adjustment                                   | ( 222,559 )       | -     | 56,081            | -     |
| <b>Other assets</b>  |                   |        |                   |        | 3430 Net loss not recognized as pension cost (Notes IV (XV))             | ( 55,514 )        | ( - ) | ( 4,660 )         | ( - ) |
| 1800 Assets leased to others (Notes IV(IX))                                      | 971,735           | 2      | 983,692           | 2      | 3450 Unrealized gain or loss on financial instrument (Notes IV (IV) & X) | 234,124           | -     | 595,033           | 1     |
| 1810 Idling assets   | 177,306           | -      | 176,384           | -      | 3460 Unrealized revaluation increments                                   | 51,281            | -     | 52,646            | -     |
| 1820 Refundable deposits (Note VII)  | 1,970,447         | 3      | 1,826,002         | 3      | 361X Total shareholders' equity of the parent company                    | 20,212,201        | 29    | 18,920,852        | 29    |
| 1888 Other assets – others (Note IV(XVI))  | 659,664           | 1      | 734,941           | 1      | 3610 Minority Interests  | 3,185,022         | 5     | 2,872,934         | 4     |
| 18XX Other assets, net   | 3,779,152         | 6      | 3,721,019         | 6      | 3XXX Total shareholders' equity  | 23,397,223        | 34    | 21,793,786        | 33    |
| 1XXX Total Assets  | \$ 69,088,332     | 100    | \$ 66,204,070     | 100    | Commitment or contingency (Notes V & VII)                                |                   |       |                   |       |
|  |                   |        |                   |        | <b>Total Liabilities and Shareholders' Equity</b>                        | \$ 69,088,332     | 100   | \$ 66,204,070     | 100   |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries  
Consolidated Income Statement  
January 1~December 31, 2010 and 2009

Currency unit: NTS1,000  
(EPS: NTS, Unless Otherwise Specified)

|   | 2010                   |                | 2009                   |                |
|---|------------------------|----------------|------------------------|----------------|
|   | Amount                 | %              | Amount                 | %              |
| Operating revenue (Note V)  |                        |                |                        |                |
| 4110 Sales revenue  | \$ 158,314,056         | 93             | \$ 138,662,527         | 94             |
| 4800 Service and other operating revenue                          | 11,602,863             | 7              | 9,615,633              | 6              |
| 4000 Total operating revenue                                      | <u>169,916,919</u>     | <u>100</u>     | <u>148,278,160</u>     | <u>100</u>     |
| Operating cost (Note III, IV(III)(XX) and V)                      |                        |                |                        |                |
| 5110 Cost of goods sold   | ( 108,951,887 )        | ( 64 )         | ( 94,247,029 )         | ( 64 )         |
| 5610 Service and other operating cost                             | ( 7,009,241 )          | ( 4 )          | ( 5,890,906 )          | ( 4 )          |
| 5000 Total operating cost   | <u>( 115,961,128 )</u> | <u>( 68 )</u>  | <u>( 100,137,935 )</u> | <u>( 68 )</u>  |
| 5910 Gross profit   | <u>53,955,791</u>      | <u>32</u>      | <u>48,140,225</u>      | <u>32</u>      |
| Operating expense (Note IV(XX) and V)                             |                        |                |                        |                |
| 6100 Selling expenses   | ( 39,310,250 )         | ( 23 )         | ( 34,989,331 )         | ( 23 )         |
| 6200 General & administrative expenses                            | ( 6,994,712 )          | ( 4 )          | ( 7,038,215 )          | ( 5 )          |
| 6000 Total operating expenses                                     | <u>( 46,304,962 )</u>  | <u>( 27 )</u>  | <u>( 42,027,546 )</u>  | <u>( 28 )</u>  |
| 6900 Operating income   | <u>7,650,829</u>       | <u>5</u>       | <u>6,112,679</u>       | <u>4</u>       |
| Non-operating income  |                        |                |                        |                |
| 7110 Interest income  | 29,451                 | -              | 30,739                 | -              |
| 7122 Dividend income  | 42,572                 | -              | 36,214                 | -              |
| 7140 Gain on disposal of investments (Note IV(V))                 | 335,076                | -              | 956,496                | 1              |
| 7210 Rental income  | 83,686                 | -              | 95,081                 | -              |
| 7480 Other income   | 984,454                | 1              | 636,440                | -              |
| 7100 Total non-operating income                                   | <u>1,475,239</u>       | <u>1</u>       | <u>1,754,970</u>       | <u>1</u>       |
| Non-operating expenses and losses                                 |                        |                |                        |                |
| 7510 Interest expenses  | ( 88,359 )             | -              | ( 133,253 )            | -              |
| 7521 Investment loss recognized under equity method (Note IV(VI)) | ( 140,610 )            | -              | ( 95,149 )             | -              |
| 7530 Loss on disposal of fixed assets                             | ( 44,658 )             | -              | ( 114,853 )            | -              |
| 7630 Impairment loss (Note IV (V)(X))                             | ( 757,831 )            | ( 1 )          | ( 1,671,805 )          | ( 1 )          |
| 7880 Other expenses   | ( 203,724 )            | -              | ( 300,655 )            | -              |
| 7500 Total non-operating expenses and losses                      | <u>( 1,235,182 )</u>   | <u>( 1 )</u>   | <u>( 2,315,715 )</u>   | <u>( 1 )</u>   |
| 7900 Continuing operation income before tax                       | 7,890,886              | 5              | 5,551,934              | 4              |
| 8110 Income tax expenses (Note IV(XVI))                           | ( 1,522,471 )          | ( 1 )          | ( 1,145,932 )          | ( 1 )          |
| 9600XX Net income   | <u>\$ 6,368,415</u>    | <u>4</u>       | <u>\$ 4,406,002</u>    | <u>3</u>       |
| Attributed to:  |                        |                |                        |                |
| 9601 shareholders of the company                                  | \$ 5,725,757           | 3              | \$ 4,059,124           | 3              |
| 9602 Minority Interests   | 642,658                | 1              | 346,878                | -              |
|   | <u>\$ 6,368,415</u>    | <u>4</u>       | <u>\$ 4,406,002</u>    | <u>3</u>       |
|   |                        |                |                        |                |
|   | Pre-tax                | After tax      | Pre-tax                | After tax      |
| Earnings per share (Note IV(XIX))                                 |                        |                |                        |                |
| Basic earnings per share  |                        |                |                        |                |
| 9710 Continuing Operation Income                                  | \$ 7.59                | \$ 6.13        | \$ 5.34                | \$ 4.23        |
| 9740AA Minority Interests   | ( 0.81 )               | ( 0.62 )       | ( 0.52 )               | ( 0.33 )       |
| 9750 Net Income   | <u>\$ 6.78</u>         | <u>\$ 5.51</u> | <u>\$ 4.82</u>         | <u>\$ 3.90</u> |
| Diluted earnings per share  |                        |                |                        |                |
| 9810 Continuing Operation Income                                  | \$ 7.58                | \$ 6.12        | \$ 5.33                | \$ 4.22        |
| 9840AA Minority Interests   | ( 0.81 )               | ( 0.62 )       | ( 0.52 )               | ( 0.33 )       |
| 9850 Net Income   | <u>\$ 6.77</u>         | <u>\$ 5.50</u> | <u>\$ 4.81</u>         | <u>\$ 3.89</u> |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.  
Chairman: Kao Chin-Yen      President: Hsu Chung-Jen      Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries  
Consolidated Statement of Retained Earnings  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|   | Retained earnings    |                           |                     |                 |                                  |                                   |   |   |                                   |                     |                      |  |
|---|----------------------|---------------------------|---------------------|-----------------|----------------------------------|-----------------------------------|---|---|-----------------------------------|---------------------|----------------------|--|
|   | Capital-common stock | Gain from assets disposed | Legal reserve       | Special reserve | Retained earnings-unappropriated | Cumulative translation adjustment | Net loss not recognized as pension cost | Unrealized gain or loss on financial instrument | Unrealized revaluation increments | Minority Interests  | Total                |  |
| <b>2009</b>   |                      |                           |                     |                 |                                  |                                   |   |   |                                   |                     |                      |  |
| Balance January 1, 2009   | \$ 9,151,604         | \$ -                      | \$ 3,288,123        | \$ -            | \$ 3,584,747                     | \$ 110,608                        | \$ -                                    | \$ 258,551                                      | \$ 54,010                         | \$ 2,337,787        | \$ 18,785,430        |  |
| Appropriation and distribution of retained earnings in 2008 (Note 1): |                      |                           |                     |                 |                                  |                                   |   |   |                                   |                     |                      |  |
| Legal reserve   | -                    | -                         | 351,968             | -               | ( 351,968 )                      | -                                 | -                                       | -   | -                                 | -                   | -                    |  |
| Stock dividend  | 1,244,618            | -                         | -                   | -               | ( 1,244,618 )                    | -                                 | -                                       | -   | -                                 | -                   | -                    |  |
| Cash dividends  | -                    | -                         | -                   | -               | ( 1,866,928 )                    | -                                 | -                                       | -   | -                                 | -                   | ( 1,866,928 )        |  |
| Changes in unrealized revaluation increment of fixed assets           | -                    | -                         | -                   | -               | -                                | -                                 | -                                       | ( 1,364 )                                       | -                                 | -                   | ( 1,364 )            |  |
| Gain from assets disposed   | -                    | 5,082                     | -                   | -               | -                                | -                                 | -                                       | -   | -                                 | -                   | 5,082                |  |
| Unrealized gain or loss on financial assets                           | -                    | -                         | -                   | -               | -                                | -                                 | -                                       | 336,482   | -                                 | -                   | 336,482              |  |
| Net loss not recognized as pension cost                               | -                    | -                         | -                   | -               | -                                | -                                 | ( 4,660 )                               | -   | -                                 | -                   | ( 4,660 )            |  |
| Changes in translation adjustments to foreign long-term investments   | -                    | -                         | -                   | -               | -                                | ( 54,527 )                        | -                                       | -   | -                                 | -                   | ( 54,527 )           |  |
| Statement of Minority Equity  | -                    | -                         | -                   | -               | -                                | -                                 | -                                       | -   | -                                 | 188,269             | 188,269              |  |
| Net income - 2009   | -                    | -                         | -                   | -               | 4,059,124                        | -                                 | -                                       | -   | -                                 | 346,878             | 4,406,002            |  |
| Balance at December 31, 2009  | <u>\$ 10,396,222</u> | <u>\$ 5,082</u>           | <u>\$ 3,640,091</u> | <u>\$ -</u>     | <u>\$ 4,180,357</u>              | <u>\$ 56,081</u>                  | <u>( \$ 4,660 )</u>                     | <u>\$ 595,033</u>                               | <u>\$ 52,646</u>                  | <u>\$ 2,872,934</u> | <u>\$ 21,793,786</u> |  |
| <b>2010</b>   |                      |                           |                     |                 |                                  |                                   |   |   |                                   |                     |                      |  |
| Balance at January 1, 2010  | \$ 10,396,222        | \$ 5,082                  | \$ 3,640,091        | \$ -            | \$ 4,180,357                     | \$ 56,081                         | ( \$ 4,660 )                            | \$ 595,033                                      | \$ 52,646                         | \$ 2,872,934        | \$ 21,793,786        |  |
| Appropriation and distribution of retained earnings in 2009 (Note 2): |                      |                           |                     |                 |                                  |                                   |   |   |                                   |                     |                      |  |
| Legal reserve   | -                    | -                         | 405,913             | -               | ( 405,913 )                      | -                                 | -                                       | -   | -                                 | -                   | -                    |  |
| Provision of Special reserve  | -                    | -                         | -                   | 4,660           | ( 4,660 )                        | -                                 | -                                       | -   | -                                 | -                   | -                    |  |
| Cash dividends  | -                    | -                         | -                   | -               | ( 3,742,640 )                    | -                                 | -                                       | -   | -                                 | -                   | ( 3,742,640 )        |  |
| Changes in unrealized revaluation increment of fixed assets           | -                    | -                         | -                   | -               | -                                | -                                 | -                                       | ( 1,365 )                                       | -                                 | -                   | ( 1,365 )            |  |
| Unrealized gain or loss on financial assets                           | -                    | -                         | -                   | -               | -                                | -                                 | ( 360,909 )                             | -   | -                                 | -                   | ( 360,909 )          |  |
| Changes in net loss not recognized as pension cost                    | -                    | -                         | -                   | -               | -                                | -                                 | ( 50,854 )                              | -   | -                                 | -                   | ( 50,854 )           |  |
| Changes in translation adjustments to foreign long-term investments   | -                    | -                         | -                   | -               | -                                | ( 278,640 )                       | -                                       | -   | -                                 | -                   | ( 278,640 )          |  |
| Statement of Minority Equity  | -                    | -                         | -                   | -               | -                                | -                                 | -                                       | -   | -                                 | ( 330,570 )         | ( 330,570 )          |  |
| Net income - 2010   | -                    | -                         | -                   | -               | 5,725,757                        | -                                 | -                                       | -   | -                                 | 642,658             | 6,368,415            |  |
| Balance at December 31, 2010  | <u>\$ 10,396,222</u> | <u>\$ 5,082</u>           | <u>\$ 4,046,004</u> | <u>\$ 4,660</u> | <u>\$ 5,752,901</u>              | <u>( \$ 222,559 )</u>             | <u>( \$ 55,514 )</u>                    | <u>\$ 234,124</u>                               | <u>\$ 51,281</u>                  | <u>\$ 3,185,022</u> | <u>\$ 23,397,223</u> |  |

Note 1: Bonus to employees amounting to \$190,063 and remuneration to directors amounting to \$31,677 were deducted from the consolidated statement of income for 2008.

Note 2: Bonus to employees amounting to \$218,913 and remuneration to directors amounting to \$36,486 were deducted from the consolidated statement of income for 2009.

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries  
Consolidated Statement of Cash Flow  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|  | 2010 |             | 2009 |             |
|--|------|-------------|------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |      |             |      |             |
| Net income   | \$   | 6,368,415   | \$   | 4,406,002   |
| Adjustments to reconcile net income to net cash provided by operating activities |      |             |      |             |
| Loss (Gain) on valuation of financial asset                                      |      | 2,107       | (    | 1,240 )     |
| Uncollectible account  |      | 5,662       |      | 32,686      |
| Loss on market decline of inventory (Gain from price recovery of inventory)      |      | 28,356      | (    | 68,862 )    |
| Depreciation   |      | 3,686,102   |      | 3,221,276   |
| Accumulated depreciation – assets leased to other                                |      | 14,170      |      | 14,170      |
| Amortization   |      | 330,799     |      | 344,028     |
| Gain on disposal of financial assets measured at cost                            | (    | 315,283 )   |      | -           |
| Financial assets measured at cost - impairment losses                            |      | 751,818     |      | 1,555,707   |
| Impairment loss of non-financial assets  |      | 6,013       |      | 116,098     |
| Investment losses valued with the Equity Method                                  |      | 140,610     |      | 95,149      |
| Cash dividend of the long-term equity investment valued with equity method       |      | 8,067       |      | -           |
| Gain on disposal of long-term equity investments under the equity method         |      | -           | (    | 900,984 )   |
| Net loss from the disposal of fixed assets                                       |      | 44,658      |      | 114,853     |
| Changes in assets and liabilities:   |      |             |      |             |
| Financial assets at fair value through profit or loss                            | (    | 1,847,217 ) | (    | 1,415,707 ) |
| Accounts receivable  | (    | 501,645 )   | (    | 113,517 )   |
| Other receivables  |      | 1,076,656   | (    | 1,042,990 ) |
| Inventories  | (    | 1,339,491 ) |      | 487,182     |
| Prepayments  | (    | 227,072 )   |      | 432,734     |
| Deferred income tax assets   | (    | 13,078 )    |      | 4,485       |
| Other current assets   | (    | 27,856 )    | (    | 145,769 )   |
| Notes payable  | (    | 8,684 )     | (    | 1,104,529 ) |
| Accounts payable   |      | 2,000,597   | (    | 292,003 )   |
| Income tax payable   |      | 814,472     | (    | 164,341 )   |
| Payable expenses   |      | 1,289,437   |      | 488,707     |
| Other accounts payable   |      | 186,259     |      | 1,328,725   |
| Unearned receipts  | (    | 161,213 )   |      | 207,266     |
| Accrued pension liabilities  |      | 91,967      |      | 36,872      |
| Net cash inflow from operating activities  |      | 12,404,626  |      | 7,635,998   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                     |      |             |      |             |
| Decrease in financial assets in available-for-sale                               |      | -           |      | 1,000       |
| Payment for acquisition of financial assets at cost                              |      | -           | (    | 200,313 )   |
| Proceeds from disposal of financial assets carried at cost                       |      | 252,853     |      | -           |
| Proceeds refunded for the invested company's de-capitalization valued at cost    |      | -           |      | 4,656       |
| Payment for acquisition of long-term investments under equity method             | (    | 127,070 )   | (    | 160,713 )   |
| Proceeds from liquidation of long-term investment under equity method            |      | 7,355       |      | -           |

President Chain Store Corp. and Subsidiaries  
Consolidated Statement of Cash Flow  
January 1~December 31, 2010 and 2009

Currency unit: NT\$1,000

|  | 2010             | 2009           |
|--|------------------|----------------|
| Proceeds from disposition of long-term investments under equity method |                  | 1,185,816      |
| Purchase of fixed assets   | ( \$ 4,452,242 ) | ( 3,135,323 )  |
| Proceeds from disposal of fixed assets                                 | 268,232          | 198,016        |
| Increase in other intangible assets                                    | ( 159,060 )      | ( 300,560 )    |
| Increase in refundable deposits  | ( 144,445 )      | ( 37,160 )     |
| Increase in other assets- other  | ( 91,070 )       | ( 385,962 )    |
| Net cash outflow from investing activities                             | ( 4,445,447 )    | ( 2,830,543 )  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                           |                  |                |
| Increase (decrease) in short-term loans                                | ( 1,497,742 )    | 974,495        |
| Increase (decrease) in short-term notes and bills payable              | 83,168           | ( 26,879 )     |
| Borrowing of long-term loans   | 22,382,257       | 32,226,250     |
| Repayment of long-term loans   | ( 24,615,933 )   | ( 34,870,996 ) |
| Long-term notes and accounts payable                                   | ( 5,270 )        | 81,706         |
| Decrease in guarantee deposits received                                | ( 3,913 )        | ( 11,770 )     |
| Cash dividend distributed  | ( 3,742,640 )    | ( 1,866,928 )  |
| Increase (decrease) in minority Interest                               | ( 330,570 )      | 188,269        |
| Net cash outflow from financing activities                             | ( 7,730,643 )    | ( 3,305,853 )  |
| Accumulated effect of foreign exchange rate on financial statements    | ( 278,640 )      | ( 54,527 )     |
| Effect of first consolidation of subsidiaries                          | -                | 278,176        |
| Increase (decrease) in cash and cash equivalents                       | ( 50,104 )       | 1,723,251      |
| BALANCE OF CASH AND CASH EQUIVALENTS- beginning                        | 10,856,951       | 9,133,700      |
| BALANCE OF CASH AND CASH EQUIVALENTS-ending                            | \$ 10,806,847    | \$ 10,856,951  |
| <b>Supplement disclosures of cash flow information</b>                 |                  |                |
| Interest paid  | \$ 66,157        | \$ 144,742     |
| Income tax paid  | \$ 696,616       | \$ 1,560,647   |
| <b>Investing activities of partial payment on cash</b>                 |                  |                |
| Total payment for purchase of fixed assets                             | \$ 5,173,390     | \$ 3,442,396   |
| Add: balance of accounts payable on equipment - beginning              | 717,074          | 410,001        |
| Less: balance of accounts payable on equipment - ending                | ( 1,438,222 )    | ( 717,074 )    |
|  | \$ 4,452,242     | \$ 3,135,323   |
| <b>Financing activities which doesn't impact cash flow</b>             |                  |                |
| Long-term liabilities – current portion                                | \$ 161,906       | \$ 265,506     |

Please refer to the notes to financial statements and the audit report dated March 17, 2011 by CPA Chen Mei-Tzu and Tsai Chin-Pao of PRICEWATERHOUSECOOPERS.

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

## Appendix 5

### Allocation of Earnings 2010

| <u>Item</u>   | <u>Amount</u>        |
|---|----------------------|
| Unit: NTD   |                      |
| Income after tax 2010   | 5,725,757,388        |
| Less: Legal reserve   | (572,575,739)        |
| Add: Reverse of special reserve                                   | 4,659,789            |
| Earnings distributable  | 5,157,841,438        |
| Add: Retained earnings-unappropriated in previous year            | 27,145,205           |
| Accumulated distributable earnings                                | <u>5,184,986,643</u> |
| Less: Earnings to be allocated in 2010                            |                      |
| Cash dividends to be distributed were NT\$4,900 per 1,000 shares. | 5,094,149,049        |
| Retained earnings-unappropriated, ending                          | 90,873,594           |

Note:

1. The earnings of 2010 were allocated as the first priority in the current year, and the deficit was made up by the earnings unappropriated in last period.
2. The total cash dividends allocated to each individual shareholder were rounded off to NT\$.
3. The fractional stocks less than NT\$1 in the allocation were transferred to Employee Welfare Committee.
4. The cash bonus to be allocated to employees totaled NT\$309,470,486; and remuneration to directors/supervisors totaled NT\$51,578,414.

Chairman: Kao Chin-Yen

President: Hsu Chung-Jen

Chief Accountant: Lai Hsin-Ti

## Appendix 6

### Effect of Dividend Distribution on the Company's Business Performance, EPS and ROE

N/A. The Company does not distribute dividends this year.

#### Information about Employees; Bonus and Remuneration to Directors/Supervisors

According to SFC's official letter under Ching-Kuan-Chen-6-Tze No. 0960013218 dated March 30, 2007, the allocation of earnings proposed by the Board of Directors is disclosed as following:

1. The cash bonus to be allocated to employees totaled NT\$309,470,486, and remuneration to directors/supervisors totaled NT\$51,578,414. The bonus to employees was distributed in cash.
2. For the year ended December 31, 2010, estimated accrued bonus to employees and remuneration to directors and supervisors amounted to NT\$309,470,486 and NT\$51,578,414 respectively, The total of employees' bonus and remuneration to directors and supervisors to be allocated is not different from the estimated accrued bonus to employees and remuneration to directors and supervisors.

**Appendix 7**

**Contrast Table for Amendments to Articles of Incorporation of President Chain Store Corporation**

| Article No. | Amended Provision   | Current Provision   | Remark                              |
|-------------|---|---|-------------------------------------|
| Article 2   | The Company's business lines include:<br>1. F203020 Tobacco and alcohol retail<br>2. F206020 Daily supplies retail<br>3. F203010 Foods, groceries and beverage retail<br>4. F208040 Cosmetics retail<br>5. F399990 Other retails<br>6. IZ01010 Photocopy<br>7. F201070 Flowers and plants retail<br>8. F209060 Education, musical instruments and entertainment appliances retail<br>9. JE01010 Lease<br>10. IE01010 Agent of telecommunication subscribers' numbers<br>11. I401010 General advertising service<br>12. F207050 Fertilizer retail<br>13. F210010 Timepiece retail<br>14. F210020 Eyeglasses retail<br>15. F216010 Photographic equipment retail<br>16. JZ99030 Photographing<br>17. F204110 Clothe, dresses, shoes, hats, umbrellas and apparels retail<br>18. A102060 Food supply<br>19. F213010 Electric appliances retail<br>20. F208031 Medical facilities retail<br>21. F205040 Furniture, bedding, kitchenware and fixtures retail<br>22. F207030 Sanitary appliances retail<br>23. F401010 International trade<br>24. JA01010 Motor repair service<br>25. F214030 Auto and motorcycle spare parts and outfit retail<br>26. G202010 Parking lot management<br>27. IZ14011 Public welfare lottery agency<br>28. JZ99050 Intermediary service<br>29. IZ99990 Other industrial and commercial service<br>30. F401161 Cigarette products importer<br>31. F401171 Alcohol drinks importer | The Company's business lines include:<br>1. F203020 Tobacco and alcohol retail<br>2. F206020 Daily supplies retail<br>3. F203010 Foods, groceries and beverage retail<br>4. F208040 Cosmetics retail<br>5. F399990 Other retails<br>6. IZ01010 Photocopy<br>7. F201070 Flowers and plants retail<br>8. F209060 Education, musical instruments and entertainment appliances retail<br>9. JE01010 Lease<br>10. IE01010 Agent of telecommunication subscribers' numbers<br>11. I401010 General advertising service<br>12. F207050 Fertilizer retail<br>13. F210010 Timepiece retail<br>14. F210020 Eyeglasses retail<br>15. F216010 Photographic equipment retail<br>16. JZ99030 Photographing<br>17. F204110 Clothe, dresses, shoes, hats, umbrellas and apparels retail<br>18. A102060 Food supply<br>19. F213010 Electric appliances retail<br>20. F208031 Medical facilities retail<br>21. F205040 Furniture, bedding, kitchenware and fixtures retail<br>22. F207030 Sanitary appliances retail<br>23. F401010 International trade<br>24. JA01010 Motor repair service<br>25. F214030 Auto and motorcycle spare parts and outfit retail<br>26. G202010 Parking lot management<br>27. IZ14011 Public welfare lottery agency<br>28. JZ99050 Intermediary service<br>29. IZ99990 Other industrial and commercial service<br>30. F401161 Cigarette products importer<br>31. F401171 Alcohol drinks importer | To meet the Company's business need |

| Article No.  | Amended Provision   | Current Provision   | Remark   |
|--------------|---|---|--|
|              | 32. ZZ99999 Any business not prohibited or restricted by laws and regulations other than the business requiring special approval<br>33. F301010 Department store<br>34. F301020 Supermarket<br>35. F399010 Convenience store<br>36. F501030 Beverage shop<br>37. F501060 Restaurant<br>38. G902011 2 <sup>nd</sup> class telecommunication business<br>39. I301010 Information software service<br>40. I301030 Electronic information supply service<br>41. F206010 Ironware retail<br>42. F212011 Gas station<br>43. F212050 Petroleum product retail<br>44. JA01990 Other automobile services<br>45. F212061 CNG station<br>46. 1101090 Food consultation service<br>47. IZ09010 Management system certification<br>48. J701020 Theme park<br>49. F102040 Beverage wholesale<br>50. F102170 Foods and groceries wholesale<br>51. F106020 Daily supplies wholesale<br>52. 1103060 Management advisor<br>53. J304010 Book publisher<br>54. J303010 Magazine (journal) publisher<br>55. IZ12010 Staffing | 32. ZZ99999 Any business not prohibited or restricted by laws and regulations other than the business requiring special approval<br>33. F301010 Department store<br>34. F301020 Supermarket<br>35. F399010 Convenience store<br>36. F501030 Beverage shop<br>37. F501060 Restaurant<br>38. G902011 2 <sup>nd</sup> class telecommunication business<br>39. I301010 Information software service<br>40. I301030 Electronic information supply service<br>41. F206010 Ironware retail<br>42. F212011 Gas station<br>43. F212050 Petroleum product retail<br>44. JA01990 Other automobile services<br>45. F212061 CNG station<br>46. 1101090 Food consultation service<br>47. IZ09010 Management system certification<br>48. J701020 Theme park<br>49. F102040 Beverage wholesale<br>50. F102170 Foods and groceries wholesale<br>51. F106020 Daily supplies wholesale<br>52. 1103060 Management advisor<br>53. J304010 Book publisher |  |
| Article 17   | The Company shall have 12-13 directors and 2 supervisors, who shall be elected from persons with legal capacity at a shareholders' meeting. The term of office of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election pursuant to Article 198 of the Company Law.<br>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.   | The Company shall have 9 directors and 2 supervisors, who shall be elected from persons with legal capacity at a shareholders' meeting. The term of office of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election pursuant to Article 198 of the Company Law. The total shares of registered stock held by the directors and supervisors shall not be less than a prescribed percentage of the issued and outstanding shares of the Company. The percentage and audit implementation rules thereof are determined pursuant to the regulations of government authority in regard to stocks.  | To inaugurate independent directors pursuant to laws |
| Article 17-1 | (Added)<br>3 independent directors shall be elected from the directors referred   | None.   | Added in order to deal with inauguration of          |

| Article No.  | Amended Provision  | Current Provision | Remark   |
|--------------|--|-------------------|--|
|              | <p><u>to in the preceding Article in accordance with Article 14-2 and Article 14-3 of the Securities and Exchange Act.</u><br/> <u>The independent directors shall be nominated and elected in accordance with Article 192-1 of the Company Law. The shareholders shall elect independent directors from the list of candidates for independent directors.</u><br/> <u>Acceptance and publication of nomination of candidates for independent directors shall be handled in accordance with the Company Law and Securities and Exchange Act, et al.</u><br/> <u>Independent and non-independent directors shall be elected concurrently and the number of the elected shall be calculated separately.</u></p>  |                   | independent directors  |
| Article 17-2 | <p>(Added)<br/> <u>The Company may install an auditing committee in accordance with Article 14-4 and Article 181-2 of Securities and Exchange Act. The supervisors shall be discharged on the same day when the auditing committee is installed. The functions to be assumed by supervisors under the Company Law and Securities and Exchange Act shall be transferred to the auditing committee. The auditing committee shall consist of the whole independent directors, which shall be no less than three members. One of them shall be the convenor, and at least one of them shall be specialized in accounting or finance. The Company's Board of Directors may install other functional committees, and the organizational charts shall be defined by the Board of Directors.</u></p> | None.             | Added in order to deal with the inauguration of auditing committee |

| Article No.  | Amended Provision   | Current Provision  | Remark  |
|--------------|---|--|---|
| Article 23   | The remuneration to directors ( <u>including independent directors</u> )/supervisors shall be paid subject to the normal standards.   | The remuneration to directors/supervisors shall be paid subject to the normal standards.   | Amended in order to deal with inauguration of independent directors |
| Article 23-1 | The Company may purchase the liability insurance for directors ( <u>including independent directors</u> ) 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.   | 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.  | Amended in order to deal with inauguration of independent directors |
| Article 29   | 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 year. Where the balance stated below the items of shareholders' equity is reversed later, the reversed amount may be included into the allocation of earnings in the year. If the remainder, if any, and unallocated accumulated earnings for prior year, shall be referred to as distributable accumulated earnings, which shall be allocated according to the motion drafted by the Board of Directors subject to the need for business or reinvestment in the industrial circumstance and approved at a general shareholders' meeting.<br>The Company's distributable accumulated earnings shall be allocated on the basis of the following proportions resolved by the shareholders' meeting:<br>(1) Remuneration to directors/supervisors: <u>2%</u> of the earnings;<br>(2) Employees' bonus: no less than 0.2% of the earnings;<br>(3) Shareholders' dividend and bonus: 80%-100% of the distributable accumulated earnings less the preceding subparagraphs (1) and (2), and 50%-100% of such dividend and bonus shall be granted in the form of cash dividends, and the remainder shall be unallocated earnings. | 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 year. Where the balance stated below the item of shareholders' equity is reversed later, the reversed amount may be included into the allocation of earnings in the year. If the remainder, if any, and unallocated accumulated earnings for prior year, shall be referred to as distributable accumulated earnings, which shall be allocated according to the motion drafted by the Board of Directors subject to the need for business or reinvestment in the industrial circumstance and approved at a general shareholders' meeting. The Company's distributable accumulated earnings shall be allocated on the basis of the following proportions resolved by the shareholders' meeting:<br>(1) Remuneration to directors/supervisors: 1% of the earnings;<br>(2) Employees' bonus: no less than 0.2% of the earnings;<br>(3) Shareholders' dividend and bonus: 80%-100% of the distributable accumulated earnings less the preceding subparagraphs (1) and (2), and 50%-100% of such dividend and bonus shall be granted in the form of cash dividends, and the remainder shall be unallocated earnings. | To meet the practical needs   |
| Article 33   | 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. 1 <sup>st</sup> amendment was made on June 26, 1990. 2 <sup>nd</sup> amendment was made on June 28, 1991. 3 <sup>rd</sup> amendment was made on May 29, 1992. 4 <sup>th</sup> amendment was made on August 21, 1992. 5 <sup>th</sup>  | 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. 1 <sup>st</sup> amendment was made on June 26, 1990. 2 <sup>nd</sup> amendment was made on June 28, 1991. 3 <sup>rd</sup> amendment was made on May 29, 1992. 4 <sup>th</sup> amendment was made on August 21, 1992. 5 <sup>th</sup>   | Add the dates of amendments   |

| Article No. | Amended Provision  | Current Provision   | Remark |
|-------------|--|---|--------|
|             | <p>amendment was made on May 26, 1993. 6<sup>th</sup> amendment was made on May 20, 1994. 7<sup>th</sup> amendment was made on December 27, 1994. 8<sup>th</sup> amendment was made on May 16, 1996. 9<sup>th</sup> amendment was made on May 20, 1997. 10<sup>th</sup> amendment was made on May 21, 1998. 11<sup>th</sup> amendment was made on June 10, 1999. 12<sup>th</sup> amendment was made on June 15, 2000. 13<sup>th</sup> amendment was made on June 12, 2001. 14<sup>th</sup> amendment was made on June 25, 2002. 15<sup>th</sup> amendment was made on June 24, 2003. 16<sup>th</sup> amendment was made on June 29, 2004. 17<sup>th</sup> amendment was made on June 14, 2005. 18<sup>th</sup> amendment was made on June 14, 2006. 19<sup>th</sup> amendment was made on June 15, 2007. 20<sup>th</sup> amendment was made on June 13, 2008. 21<sup>st</sup> amendment was made on June 10, 2009. 22<sup>nd</sup> amendment was made on June 15, 2010. 23<sup>rd</sup> amendment was made on June 22, 2011.</p> | <p>amendment was made on May 26, 1993. 6<sup>th</sup> amendment was made on May 20, 1994. 7<sup>th</sup> amendment was made on December 27, 1994. 8<sup>th</sup> amendment was made on May 16, 1996. 9<sup>th</sup> amendment was made on May 20, 1997. 10<sup>th</sup> amendment was made on May 21, 1998. 11<sup>th</sup> amendment was made on June 10, 1999. 12<sup>th</sup> amendment was made on June 15, 2000. 13<sup>th</sup> amendment was made on June 12, 2001. 14<sup>th</sup> amendment was made on June 25, 2002. 15<sup>th</sup> amendment was made on June 24, 2003. 16<sup>th</sup> amendment was made on June 29, 2004. 17<sup>th</sup> amendment was made on June 14, 2005. 18<sup>th</sup> amendment was made on June 14, 2006. 19<sup>th</sup> amendment was made on June 15, 2007. 20<sup>th</sup> amendment was made on June 13, 2008. 21<sup>st</sup> amendment was made on June 10, 2009. 22<sup>nd</sup> amendment was made on June 15, 2010.</p> |        |

## Appendix 8

### Contrast Table for Amendments to Regulations for Election of Directors/Supervisors of President Chain Store Corporation

| Amended Provision   | Old Provision   | Remark   |
|---|---|--|
| 1. <u>Unless otherwise provided in laws or the Articles of Incorporation</u> , the Company's directors and supervisors shall be elected in accordance with these Regulations.   | 1. The Company's directors and supervisors shall be elected in accordance with these Regulations.   | Amended to meet the practical needs                            |
| 3. <u>The independent directors shall be nominated and elected in accordance with Article 192-1 of the Company Law and the election shall be specified in the Articles of Incorporation. The shareholders shall elect independent directors from the list of candidates for independent directors.</u>  | None.   | Added to deal with the inauguration of independent directors   |
| 4. The ones who <u>are elected by the shareholders' meeting from competent candidates</u> and win more votes shall be elected to be <u>the independent directors, non-independent directors or supervisors in turn</u> according to the quorum referred to in the Company's Articles of Incorporation and <u>the ballots statistics</u> . Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, the elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on behalf of them.<br>The shareholders who are elected to be directors or supervisors in the manner referred to in the preceding paragraph shall decide to assume directors or supervisors to their sole discretion, and the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them. Where the elected directors or supervisors waive to assume the directors or supervisors prior to the registration with the competent authority, the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them. | 3. The ones who win more votes shall be elected to be the directors or supervisors according to the quorum referred to in the Company's Articles of Incorporation. Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, the elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on behalf of them. The shareholders who are elected to be directors or supervisors in the manner referred to in the preceding paragraph shall decide to assume directors or supervisors to their sole discretion, and the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them. Where the elected directors or supervisors waive to assume the directors or supervisors prior to the registration with the competent authority, the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them. | Amended to deal with the inauguration of independent directors |
| 5. When the election commences, the chairperson shall designate several scrutineers, ballot callers and ballot recorder dedicated to performing the various tasks.  | 4. When the election commences, the chairperson shall designate several scrutineers, ballot callers and ballot recorder dedicated to performing the various tasks.  | Amend Article No.  |
| 6. The ballots shall be produced by the Company and assigned number according to attendance certificate numbers, and shall specify the number of each shareholder's voting right.   | 5. The ballots shall be produced by the Company and assigned number according to attendance certificate numbers, and shall specify the number of each shareholder's voting right.   | Amend Article No.  |

| Amended Provision  | Old Provision   | Remark  |
|--|---|---|
| 7. Electors shall specify the candidate's name in the box of "candidate" and also denote the shareholder account number. Where the candidate is a corporation, it is also necessary to specify the corporation's name and representative and denote the corporation's name and its representative's name.  | 6. Electors shall specify the candidate's name in the box of "candidate" and also denote the shareholder account number. Where the candidate is a corporation, it is also necessary to specify the corporation's name and representative and denote the corporation's name and its representative's name.   | Amend Article No.   |
| 8. In the event of any of the following circumstances, ballots shall become invalid:<br>a. Where the ballots are not <u>those produced by the Company</u> ;<br>b. Where ballots cast into the ballot box remain blank;<br>c. Where the writing is too illegible to be recognizable;<br>d. <u>Where the account name or shareholder account number of the candidate who is a shareholder does not match the roster of shareholders; the name and ID No./uniform invoice No. of the candidate who is not a shareholder are found inconsistent upon verification</u> ;<br>e. Where there are other words on the ballots in addition to the candidate's name and shareholder account number;<br>f. Where the candidate's name is identical with another shareholder's name and no shareholder account number is specified for recognition;<br>g. <u>Where the ballots were not cast into the ballot box</u> ;<br>h. <u>Where any of the candidate's account name (name), account number (ID No.) and vote already filled in is altered</u> ;<br>i. <u>Where more than two candidates are specified in the same ballot.</u> | 7. In the event of any of the following circumstances, ballots shall become invalid:<br>a. Where the ballots are not those required by the Regulations;<br>b. Where ballots cast into the ballot box remain blank;<br>c. Where the writing is too illegible to be recognizable, or is altered illegally;<br>d. Where the candidate's name does not match the roster of shareholders;<br>e. Where there are other words on the ballots in addition to the candidate's name and shareholder account number;<br>f. Where the candidate's name is identical with another shareholder's name and no shareholder account number is specified for recognition; | Amend Article No., and amended to deal with the practices |
| 9. <u>No supervisors will be elected if the Company installs an auditing committee.</u>  |   | Added to deal with the inauguration of auditing committee |
| 10. <u>Failure to comply with Paragraph 3 or Paragraph 4 of Article 26-3 of the Securities and Exchange Act shall constitute invalid election.</u>   |   | Added to meet the practical needs                         |
| 11. The ballots shall be counted and announced upon completion of the voting. The ballot counting result shall be announced by   | 8. The ballots shall be counted and announced upon completion of the voting. The ballot counting result shall be announced by   | Amend Article No.   |

| Amended Provision   | Old Provision   | Remark            |
|---|---|-------------------|
| the chairperson on the spot.  | the chairperson on the spot.  |                   |
| 12. The Company will send the notice for the elected to each director and supervisor elected.   | 9. The Company will send the notice for the elected to each director and supervisor elected.  | Amend Article No. |
| 13. Other matters not provided herein shall be handled in accordance with the Company Law, the Company's Articles of Incorporation and the relevant laws. | 10. Other matters not provided herein shall be handled in accordance with the Company Law, the Company's Articles of Incorporation and the relevant laws. | Amend Article No. |
| 14. These Regulations shall be enforced upon agreement of the shareholders' meeting. The same shall apply where these Regulations are amended.            | 11. These Regulations shall be enforced upon agreement of the shareholders' meeting. The same shall apply where these Regulations are amended.            | Amend Article No. |

## Appendix 9

### Contrast Table for Amendments to Operational Procedure for Granting Loans of President Chain Store Corporation

| Amended Provision  | Old Provision   | Remark   |
|--|---|--|
| <p>3. Total of granted loan and limit on single counterpart:<br/>2. Limit on single counterpart: the lower of NT\$50,000,000 per company <u>below or 10% of the net worth of the most recent financial statement</u></p>   | <p>3. Total of granted loan and limit on single counterpart:<br/>2. Limit on single counterpart: no more than NT\$50,000,000 per company</p>  | <p>The laws require that the limit on single enterprises shall be no more than 10% of the net worth; therefore, the lower thereof applies.</p>   |
| <p>4. Deadline of loan and method to accrue interest:<br/>2. Method to accrue interest: <u>The lending interest rate shall be adjusted subject to the Company's funding cost from time to time, but shall be no less than the average interest rate applicable to the loan from a financial organization, accruing on a monthly basis. In the case of special circumstances, it may be adjusted upon approval of the Board of Directors.</u></p>   | <p>4. Deadline of loan and method to accrue interest:<br/>2. Method to accrue interest: no less than the minimum interest rate of bank's short-term loan.</p>   | <p>To define the method to accrue interest on loans more expressly</p>   |
| <p>5. Operational procedure for loaning funds:<br/>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. <u>Meanwhile, the Chairman of Board may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</u></p> | <p>5. Operational procedure for loaning funds:<br/>1. The borrower shall apply for the funds 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.</p> | <p>The provision was amended in order to deal with the practical need for elastic allocation of funds. The Chairman of Board may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> |

## Appendix 10

### Contrast Table for Amendments to Operational Procedure for Making Endorsements/Guarantees

|  |  |  |
|--|--|--|
| <p>4. Limit of endorsements/guarantees:<br/>1. <u>The aggregate endorsements/guarantees made by the Company and its subsidiaries amount shall be no more than 50% of the Company's net worth.</u></p>  | <p>4. Limit of endorsements/guarantees:<br/>1. The aggregate endorsement/guarantee amount shall be no more than 50% of the Company's net value.</p>  | <p>Amended and added according to laws to insert the aggregate endorsements/guarantees amount made by the Company and its subsidiaries</p>                                   |
| <p>4. Limit of endorsements/guarantees:<br/>2. <u>The limit of the endorsement/guarantee to be made by the Company and its subsidiaries for any single entity shall be no more than 20% of the Company's net worth.</u> Notwithstanding, the amount endorsed/guaranteed by the Company for business transactions shall be equivalent to the higher of the purchase or sale amount of the endorsed/guaranteed enterprise.</p> | <p>4. Limit of endorsements/guarantees:<br/>2. The limit of the endorsement/guarantee to be made by the Company for any single entity shall be no more than 20% of the Company's net worth. Notwithstanding, the amount endorsed/guaranteed by the Company for business transactions shall be equivalent to the higher of the purchase or sale amount of the endorsed/guaranteed enterprise.</p> | <p>Amended and added according to laws to insert the limit of endorsements/guarantees amount made by the Company and its subsidiaries for any single entity</p>              |
| <p>5. The operational procedure for making endorsements/guarantees:<br/>5. <u>Where the entity to be endorsed/guaranteed by the Company is a subsidiary whose net worth is less than 1/2 of its paid-in capital, the Company shall review its financial statement quarterly and ask it to propose the financial correction plan.</u></p>   | <p>5. The operational procedure for making endorsements/guarantees:<br/>5. Added</p>   | <p>To enhance the risk control over the endorsed/guaranteed entity that is a subsidiary whose net worth is less than 1/2 of its paid-in capital</p>                          |
| <p>11. Control procedure for endorsements/guarantees made by subsidiaries:<br/>4. <u>Where the entity to be endorsed/guaranteed by the Company's subsidiary is a company whose net worth is less than 1/2 of its paid-in capital, the Company's subsidiary shall review its financial statement quarterly and ask it to propose the financial correction plan.</u></p>   | <p>11. Control procedure for endorsements/guarantees made by subsidiaries:<br/>4. Added</p>  | <p>To enhance the risk control over the entity endorsed/guaranteed by the Company's subsidiary that is a company whose net worth is less than 1/2 of its paid-in capital</p> |

## Appendix 11

### 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 4% of the Company's total issued shares (41,584,891 shares), and the total shares of registered stock held by all supervisors shall be no less than 4/1000 of the Company's total issued shares (4,158,490 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 Uni-President Enterprises Corp. | Kao Chin-Yen         | 471,996,430 |
| Managing director | Representative of Uni-President Enterprises Corp. | Lin Tsang-Sheng      | 471,996,430 |
| Managing director | Representative of Uni-President Enterprises Corp. | Hsu Chun-Jen         | 471,996,430 |
| Director          | Representative of Uni-President Enterprises Corp. | Lin Long-Yi          | 471,996,430 |
| Director          | Representative of Uni-President Enterprises Corp. | Lo Chi-Hsien         | 471,996,430 |
| Director          | Representative of Uni-President Enterprises Corp. | Yang Wen-Long        | 471,996,430 |
| Director          | Representative of Uni-President Enterprises Corp. | Su Chung-Ming        | 471,996,430 |
| Director          | Representative of Uni-President Enterprises Corp. | Chang Chien Yun-huei | 471,996,430 |
| Director          | Representative of Kao Chuan Investment Co., Ltd.  | Kao Hsiun-Ling       | 4,538,775   |
| Total             |   |                      | 476,535,205 |

| Job title  | Name  |               | Shares held |
|------------|---|---------------|-------------|
| Supervisor |   | Ying Chien-Li | 0           |
| Supervisor | Representative of Kai Yu Investment Co., Ltd. | Wu Tsung-Ping | 4,203,200   |
| Total      |   |               | 4,203,200   |

## Appendix 12

### 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 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 attending shares.
- IV. The attendance and voting at a shareholders' meeting shall be calculated based on shares.
- V. The shareholders' meeting shall be held at the Company's location or other locations convenient for shareholders to attend the meeting, and no earlier than 9:00 a.m. or no later than 3:00 p.m. on the day of meeting.
- VI. Unless otherwise provided in 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 cause, 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 that 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 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 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 according 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). Notwithstanding, where the chairperson adjourns the meeting arbitrarily and thereby violates the parliamentary rules, another chairperson may be elected subject to the agreement of a majority of the present shareholders to continue chairing the meeting.

- XI. Any present shareholder shall complete the speech form specifying the intent of his speech, shareholders' account number (or attendance certificate number) and account name before giving any speech. The priority of speech shall be determined by the chairperson. Where any present shareholder only submits the speech form but does not give the speech, he shall be deemed never giving the speech. In the event of 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 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/her from giving the speech.
- XIII. Where a corporation is appointed to attend the shareholders' meeting, the corporation may designate only one person to attend the meeting on behalf of it. Where the corporation designates more than two representatives to attend the meeting, only one of them may make a speech to the same motion.
- XIV. After any present shareholder makes a speech, the chairperson may, personally or appoint the relevant personnel to, respond to the speech.
- XV. Where the chairperson considers that the debate of a motion may be put to vote, he/she may announce suspension of the debate and put the motion to vote
- XVI. Scrutineers and ballot counters in the process of voting shall be appointed by the chairperson, provided that the scrutineers shall be assumed by shareholders, and the voting result shall be reported on the spot and recorded.
- XVII. The chairperson may determine the time to announce a break in the process of the meeting.
- XVIII. Unless otherwise provided in Company Law and the Company's articles of incorporation, the voting of motions shall pass subject to agreement of a majority of present shareholders. Where no present shareholders raise objection upon the chairperson's inquiry in the process of voting, the voting shall be deemed passing with the effect as same as that of passage by balloting.
- XIX. Where any present shareholders show dissenting opinions towards the motions in the process of voting, the chairperson may ask those showing dissenting opinions 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. Notwithstanding, where any one of the proposals passes, the other proposals shall be deemed revoked and no further voting will be required.
- XX. The chairperson may direct inspecting personnel (or security guards) to help maintain order at the meeting. The inspecting 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 13

### Articles of Incorporation of President Chain Store Corporation (Before Amendments)

Amended in June 2010

#### Chapter I. General Provisions

- Article 1. 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 2 The Company’s business lines include:
1. F203020 Tobacco and wine retail
  2. F206020 Daily supplies retail
  3. F203010 Foods, groceries and beverage retail
  4. F208040 Cosmetics retail
  5. F399990 Other retails
  6. IZ01010 Photocopy
  7. F201070 Flowers and plants retail
  8. F209060 Education, musical instruments and entertainment appliances retail
  9. JE01010 Lease
  10. IE01010 Agent of telecommunication subscribers’ numbers
  11. I401010 General advertising service
  12. F207050 Fertilizer retail
  13. F210010 Timepiece retail
  14. F210020 Eyeglasses retail
  15. F216010 Photographic equipment retail
  16. JZ99030 Photographing
  17. F204110 Clothe, dresses, shoes, hats, umbrellas and apparels retail
  18. A102060 Food supply
  19. F213010 Electric appliances retail
  20. F208031 Medical facilities retail

21. F205040 Furniture, bedding, kitchenware and fixtures retail
22. F207030 Sanitary appliances retail
23. F401010 International trade
24. JA01010 Motor repair service
25. F214030 Auto and motorcycle spare parts and outfit retail
26. G202010 Parking lot management
27. IZ14011 Public welfare lottery agency
28. JZ99050 Intermediary service
29. IZ99990 Other industrial and commercial service
30. F401161 Cigarette products importer
31. F401171 Wine products importer
32. ZZ99999 Any business not prohibited or restricted by laws and regulations other than the business requiring special approval
33. F301010 Department store
34. F301020 Supermarket
35. F399010 Convenient store
36. F501030 Beverage shop
37. F501060 Restaurant
38. G902011 2nd class telecommunication business
39. I301010 Information software service
40. I301030 Electronic information supply service
41. F206010 Ironware retail
42. F212011 Gas station
43. F212050 Petroleum product retail
44. JA01990 Other automobile services
45. F212061 CNG station
46. 1101090 Food consultation service
47. IZ09010 Management system certification
48. J701020 Theme park
49. F102040 Beverage wholesale
50. F102170 Foods and groceries wholesale
51. F106020 Daily supplies wholesale
52. 1103060 Management advisor
53. J304010 Book publisher

- Article 3 The Company's head office 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 Managing Directors.
- Article 4 (Deleted)
- Article 5 The Company may make endorsement/guarantee externally due to the business. In order to meet the business needs, the Company may reinvest in other enterprises and be free from the restriction referred to in Article 13 of the Company Law for no more than 40% of the Company's paid-in capital.

## **Chapter II. Shares**

- Article 6 The total capital stock of the Company shall be in the amount of NT\$10.5 billion, divided into 1.05 billion shares, at a par value of NT\$10, and the unissued shares of them are authorized to be issued by the Board of Directors in installments.
- Article 7 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, provided that it shall be registered at a central custody of securities.
- Article 8 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 9 Unless otherwise provided in laws, the procedure for application for reissue of stock certificates, if stock certificates are lost:
- (1) The shareholder or the legal owner shall report the event to police authorities for handling or recording, complete the loss of stock application, and send such to the Company;
  - (2) The applicant shall, within five days, apply to the courts under the Code of Civil Procedure for public announcement of the event, and a copy of the court application and the court acceptance voucher shall be sent to the Company, or the application will be revoked;
  - (3) Upon expiration of the period of public summon, the applicant may apply to the Company for issue of replacement stocks by attaching the court's judgment declaring the lost stock certificates void.
- Article 10 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 who are entitled to dividends, bonus or any other profits distribution by the Company.

## **Chapter III. Shareholders' Meeting**

- Article 11 Shareholders' meetings of the Company are of two kinds:

- (1) Regular shareholders' meetings shall be convened once a year by the Board of Directors within six months after the close of each fiscal year.
  - (2) Temporary shareholders' meetings shall be convened according to the law whenever necessary.
- Article 12 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/her power and authority for any cause, he shall designate one managing director to act on his/her behalf. Where the Chairman fails to designate a proxy, the Managing Directors shall elect among themselves an acting chairperson of the meeting.
- Article 13 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 holders.
- Article 14 If a shareholder is unable to attend a shareholders' meeting for any cause, he/she may execute and issue a proxy according to Article 177 of the Company Law and the competent authority's requirements and specify the scope of the proxy.
- Article 15 Unless otherwise provided in laws, a shareholder shall be entitled to one voting right for each share held by him/her.
- Article 16 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 16-1 The shareholders' meeting shall resolve the following:
- (1) Amendments to these Articles;
  - (2) Election and discharge of directors and supervisors;
  - (3) Permitted activities engaged in by directors for their own or others within the scope of the Company's business;
  - (4) Conclusion, alteration or termination of the contract related to lease of business, consignment of business or permanent joint venture;
  - (5) Assignment of all or substantial business or property;
  - (6) Succeeding to another persons' whole business or property which affects the Company's operation materially;
  - (7) Other motions to be resolved by the shareholders' meeting according to laws.

#### **Chapter IV. Directors, Supervisors and Managerial Staff**

- Article 17 The Company shall have 9 directors and 2 supervisors, who shall be elected from persons with legal capacity at a shareholders' meeting. The term of office of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election according 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 18 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 19 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 according to laws, these Articles and resolutions of shareholders' meetings and directors' meetings.
- Article 20 The Board of Directors shall hold a meeting at least once per quarter. In the case of emergency or upon request of a majority of directors, a temporary meeting may be convened at any time, provided that the first meeting of each term of the Board of Directors shall be called by the director winning the ballots representing the most votes according to laws.
- Article 21 Where the Chairman fails to exercise his/her authority for reasons, the Chairman shall appoint a managing director to be his/her proxy. Where any director fails to attend the meeting and appoints a proxy to attend the meeting on behalf of him/her, he/she 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 21-1 The motions shall be recorded in the director's meeting minutes. The meeting minutes shall specify the date and location of the meeting, names of present directors and chairperson, in addition to the gist and result of the parliamentary procedures, and be signed by the chairperson and recorder. Said meeting minute shall be maintained permanently in the Company together with the directors' attendance book and proxies.
- Article 22 The functions of the Supervisors are as follows:
- (1) Audit the financial condition of the Company;
  - (2) Audit the Company's account books and documents;
  - (3) Inquire the business condition of the Company;
  - (4) Supervise employees' performance of business and investigation on violations of laws and duties;
  - (5) Other functions as authorized by the Company Law.
- Article 23 The remuneration to directors/supervisors shall be paid subject to the normal standard.
- Article 23-1 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 authority.
- Article 24 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 according to the relevant requirements defined by the Company and insofar as they are authorized to do it.
- Article 24-1 The Company may retain several advisors subject to the need for business. The appointment, removal and remuneration of the advisors shall be subject to agreement of a majority of the whole directors.

Article 25 Deleted

**Chapter V. Accounting**

Article 26 The Company identifies that each year from January 1 to December 31 is one fiscal year. It will settle the accounts at the end of each fiscal year.

- Article 27 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 regular shareholders' meeting according to Article 228 of the Company Law.
- (1) Business report;
  - (2) Financial statements;
  - (3) Motion for allocation of earnings or covering of loss.
- Article 28 The dividends and bonuses shall be allocated subject to the various shareholders' shareholding percentage. No dividends or bonuses will be allocated where the Company has no retained earnings.
- Article 29 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 year. 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 the year. If the remainder, if any, and unallocated accumulated earnings for prior year, shall be referred to as distributable accumulated earnings, which shall be allocated according to the motion drafted by the Board of Directors subject to the need for business or reinvestment in the industrial circumstance and approved at a general shareholders' meeting. The Company's distributable accumulated earnings shall be allocated on the basis of the following proportions resolved by the shareholders' meeting:
- (1) Remuneration to directors/supervisors: 1% of the earnings;
  - (2) Employees' bonus: no less than 0.2% of the earnings;
  - (3) Shareholders' dividend and bonus: 80%-100% of the distributable accumulated earnings less the preceding subparagraphs (1) and (2), and 50%-100% of such dividend and bonus shall be granted in the form of cash dividends, and the remainder shall be unallocated earnings.
- Article 30 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 31 The Company's articles of organization and enforcement rules thereof shall be defined separately.
- Article 32 Any matters not provided herein shall be subject to the Company Law and the relevant laws.
- Article 33 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. 1<sup>st</sup> amendment was made on June 26, 1990. 2<sup>nd</sup> amendment was made on June 28, 1991. 3<sup>rd</sup> amendment was made on May 29, 1992. 4<sup>th</sup> amendment was made on August 21, 1992. 5<sup>th</sup> amendment was made on May 26, 1993. 6<sup>th</sup> amendment was made on May 20, 1994. 7<sup>th</sup> amendment was made on December 27, 1994. 8<sup>th</sup> amendment was made on May 16, 1996. 9<sup>th</sup> amendment was made on May 20, 1997. 10<sup>th</sup> amendment was made on May 21, 1998. 11<sup>th</sup> amendment was made on June 10, 1999. 12<sup>th</sup> amendment was made on June 15, 2000. 13<sup>th</sup> amendment was made on June 12, 2001. 14<sup>th</sup> amendment was made on June 25, 2002. 15<sup>th</sup> amendment was made on June 24, 2003. 16<sup>th</sup> amendment was made on June 29, 2004. 17<sup>th</sup> amendment was made on June 14, 2005. 18<sup>th</sup> amendment was made on June 14, 2006. 19<sup>th</sup> amendment was made on June 15, 2007. 20<sup>th</sup> amendment was made on June 13, 2008. 21<sup>st</sup> amendment was made on June 10, 2009. 22<sup>nd</sup> amendment was made on June 15, 2010.

## **Appendix 14**

### **Regulations for Election of Directors/Supervisors of President Chain Store Corporation (Before Amendments)**

Amended in December 1994

1. The Company's directors and supervisors shall be elected in accordance with these Regulations.
2. The election of the Company's directors and supervisors shall be subject to roll-call and cumulative voting. Names of the candidates may be replaced by the shareholder's attendance certificate number printed on the ballots. In the process of electing directors and supervisors, the number of votes exercisable in respect of one share shall be the same as the number of directors and supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
3. The ones who win more votes shall be elected to be the directors or supervisors according to the quorum referred to in the Company's Articles of Incorporation. Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, the elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on behalf of them. The shareholders who are elected to be directors or supervisors in the manner referred to in the preceding paragraph shall decide to assume directors or supervisors to their sole discretion, and the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them. Where the elected directors or supervisors waive to assume the directors or supervisors prior to the registration with the competent authority, the vacancies left by them shall be succeeded to by the candidates who win the votes only following those won by them.
4. When the election commences, the chairperson shall designate several scrutineers, ballot callers and ballot recorder dedicated to performing the various tasks.
5. The ballots shall be produced by the Company and assigned a number according to attendance certificate numbers, and shall specify the number of each shareholder's voting rights.
6. Electors shall specify the candidate's name in the box of "candidate" and also denote the shareholder account number. Where the candidate is a corporation, it is also necessary to specify the corporation's name and representative and denote the corporation's name and its representative's name.
7. In the event of any of the following circumstances, ballots shall become invalid: Where the ballots are not those required by the Regulations; where ballots cast into the ballot box remain blank;  
Where the writing is too illegible to be recognizable, or is altered illegally;  
Where the candidate's name does not match the roster of shareholders;  
Where there are other words on the ballots in addition to the candidate's name and shareholder account number;  
Where the candidate's name is identical with another shareholder's name and no shareholder account number is specified for recognition;
8. The ballots shall be counted and announced upon completion of the voting. The ballot counting result shall be announced by the chairperson on the spot.
9. The Company will send the notice for the elected to each director and supervisor elected.
10. Other matters not provided herein shall be handled in accordance with the Company Law, the Company's Articles of Incorporation and the relevant laws.
11. These Regulations shall be enforced upon agreement of the shareholders' meeting. The same shall apply where these Regulations are amended.

## Appendix 15

### Operational Procedure for Granting Loans of President Chain Store Corporation (Before Amendments)

Amended in June 2009

1. The entities to which the Company may loan funds:  
The entities which require short-term loan of funds, and a majority of shares of which are held by the Company directly or indirectly
2. Criteria for evaluating granting of fund:  
Where the entities which meet the requirement for granting loan need the short-term loan of funds to repay loan, purchase equipment and circulate funds, the Company shall evaluate the validity and essentiality of the loan.
3. Total of granted loan and limit on single counterpart:
  1. Total of granted loan: 40% of the Company's net worth
  2. Limit on single counterpart: no more than NT\$50,000,000 per company
4. Deadline of loan and method to accrue interest:
  1. The fund loaning 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.
5. Operational procedure for loaning funds:
  1. The borrower shall apply for the funds 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 the 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 loaning activities.
  5. Where the balance of the loan exceeds the limit due to change in circumstances, it is necessary to define the corrective action plan and submit the relevant plan to each supervisor. Meanwhile, it is necessary to complete the correction as scheduled under the plan.
  6. The Company's internal auditors shall audit the operational procedure for granting loan 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.
6. Examination on granting of fund:
  1. To verify the entity'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.

7. 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 Financial Supervisory Commission, Ministry of Finance.
8. Follow-up control over granted loan and procedure for processing NPA:
  1. Analyze the solvency of the enterprise granted the loan on a periodical basis;
  2. Evaluate the granting of loan and provide adequate allowance for bad debt;
  3. Follow up the development and cause of NPA on a periodical basis, and appoint the Legal Department to deal with.
9. 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.
10. Procedure for controlling subsidiaries' granting of loan:
  1. Where any subsidiary intends to grant loan to others due to need for business, it shall define the "operational procedure for granting loan", 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 Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by Financial Supervisory 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.
  4. The granting of loans between the Company and any foreign company in which the Company holds 100% voting right directly or indirectly is free from the limit on 40% of the Company's net worth, and the funding period is also free from the limit of one year or one business cycle.
11. Revisions:
  - The initial version was revoked in June 1990.
  - The revised version was revoked in June 1991.
  - The revised version was revoked in June 1995.
  - The revised version was revoked in June 1997.
  - The revised version was revoked in June 1998.
  - The revised version was revoked in June 2002.
  - The revised version was revoked in June 2003.
  - The revised version was revoked in June 2007.
  - The revised version dated June 2009

## Appendix 16

### Operational Procedure for Making Endorsements/Guarantees of President Chain Store Corporation (Before Amendments)

Amended in June 2009

1. The Company shall make endorsement/guarantee externally in accordance with these Regulations.
2. The endorsement/guarantee made by the Company covers financing, customs duties and others. Other endorsements/guarantees mean those other than the endorsements/guarantees for financing or customs duties.
3. The entities for which the Company may make endorsements/guarantees:
  1. Entities which have business relationship with the Company;
  2. Subsidiaries in which the Company owns more than a majority of stock with voting right directly or indirectly;
  3. Investees in which the Company owns more than a majority of stock with voting right directly or indirectly;
  4. Mutual endorsements/guarantees made by the Company for fulfillment of its contractual obligations for another company in the same industry or the joint promoter for purposes of undertaking a construction project, or endorsements/guarantees by the various shareholders of the joint venture to investees subject to the proportion of shares held by them.
4. Limit of endorsements/guarantees:
  1. The aggregate endorsement/guarantee amount shall be no more than 50% of the Company's net value.
  2. The limit of the endorsement/guarantee to be made by the Company for any single entity shall be no more than 20% of the Company's net worth. Notwithstanding, the amount endorsed/guaranteed by the Company for business transactions shall be equivalent to the higher of the purchase or sale amount of the endorsed/guaranteed enterprise.
5. The operational procedure for making endorsements/guarantees:
  1. Evaluate the risk and set the limit of the guarantee subject to the endorsed/guaranteed entity's requirement, and make the endorsement/guarantee upon resolution of the board of directors. Notwithstanding, in order to meet the time-limit requirement, the board of directors may authorize the Chairman to grant some limit and the limit as granted shall be reported to the board of directors for ratification later.
  2. Where the endorsed/guaranteed entity needs to disburse the endorsement/guarantee amount within the limit, it shall report to the Company the amount of loan, duration and nature of endorsement/guarantee for examination of the Company's financial department and authorization of the head of the accounting unit and decision of the President. Upon making the repayment, the endorsed/guaranteed company shall inform the Company of the repayment to relieve the Company from the liability for endorsement/guarantee.
  3. The Company's financial unit shall prepare the memorandum book to control the said endorsements/guarantees activities.
  4. The Company's internal auditors shall audit the operational procedure for making endorsements/guarantees 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.
6. Detailed examination procedure:

The Company shall examine and evaluate the following before making endorsements/guarantees:

  1. To verify the endorsed/guaranteed entity's purpose for borrowing the loan and the limit and balance of the Company's endorsement/guarantee, and to evaluate the necessity and reasonability thereof;
  2. To analyze the guaranteed entity's operation, finance and credit, and the source of repayment, so as to measure the potential risk;

3. To consider the effect to be produced by the aggregate amount of endorsement/guarantee made by the Company on the Company's operational risk, finance and shareholders' equity;
4. To evaluate the value of collaterals, if any. If any collateral are required, it is necessary to evaluate the value thereof.
5. Where the endorsements/guarantees are made for business transactions, in addition to said issues, it is also necessary to evaluate whether the amount endorsed/guaranteed is equivalent to the transaction amount of the endorsed/guaranteed enterprise
6. Where the endorsed/guaranteed entity fails to comply with the Procedure or balance of the endorsed/guaranteed amount exceeds the limit due to change in circumstances, it is necessary to define the corrective action plan and submit the relevant plan to each supervisor. Meanwhile, it is necessary to complete the correction as scheduled under the plan.
7. Hierarchy of decision-making authority and authorization:
  1. The Company shall make the endorsements/guarantees upon resolution of the board of directors. Notwithstanding, in order to meet the time-limit requirement, the board of directors may authorize the Chairman to grant the endorsed/guaranteed amount under the limit of 10% of net worth to any single entity, and the limit as granted shall be reported to the board of directors for ratification later.
  2. The financial department is authorized to proceed with the guarantees making within the limit approved by the board of directors.
  3. When the Company makes any guarantee for a foreign company, the letter of guarantee shall be signed by the representative authorized by the board of directors.
8. The Company shall publish and report the endorsements/guarantees in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by Financial Supervisory Commission, Executive Yuan.
9. The corporate chops (seals) are exclusively for making endorsements/guarantees which shall be registered at the Ministry of Economic Affairs, and shall be kept by the dedicated personnel upon approval of the board of directors. The same shall apply where the chops are altered. The personnel shall affix the chops or issue notes in accordance with the Company's relevant procedures.
10. 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.
11. Control procedure for endorsements/guarantees made by subsidiaries:
  1. The "regulations governing endorsements/guarantees making" defined by the Company's subsidiary shall be approved by the board of directors and submitted to the shareholders' meeting for ratification. The same shall apply where they are amended.
  2. Subsidiaries shall make endorsements/guarantees for others subject to the "operational procedure for making endorsements/guarantees" 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 Financial Supervisory Commission, Ministry of Finance.
  3. The Company's subsidiary shall make an endorsement/guarantee of more than 10% of its net worth in order to meet the need for business, if any, subject to prior approval of the Company's board of directors.
12. Any matters not provided herein shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by Financial Supervisory Commission, Executive Yuan.

13. The Regulations shall be ratified upon resolution of the board of directors, and enforced upon ratification of the shareholders' meeting. The same shall apply where they are amended.

14. Revisions:

The initial version was revoked in June 1990.

The revised version was revoked in June 1996.

The revised version was revoked in June 1997.

The revised version was revoked in June 1998.

The revised version was revoked in June 1999.

The revised version was revoked in June 2003.

The revised version was revoked in June 2006.

The revised version dated June 2009