

PRESIDENT CHAIN STORE CORP.
General shareholders' meeting 2011
Parliamentary Minute



June 22, 2011

President Chain Store Corp.
PRESIDENT CHAIN STORE CORP.

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
 - 1st Motion: Operational Report in 2010
 - 2nd Motion: Supervisors' report for the statement of final accounts in 2010
 - 3rd Motion: Report of the Company's investment in Mainland China
 - 4th Motion: Report of Asset Impairment in 2010

4. Ratification and Discussion

1st Motion: Please ratify the statement of final accounts for 2010.

2nd Motion: Please resolve the allocation of earnings for 2010.

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

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

5th Motion: Please resolve the amendments to Operational Procedure for Granting Loans.

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

5. Other Motions and Preliminary Motions

6. Dissolution

II. Report

1st Motion

Cause: Operational Report in 2010

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

2nd 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).

3rd 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).

4th 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

1st 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. 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:

2nd 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:

3rd 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:

4th 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:

5th 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:

6th 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%
(Shanghai) Cold Stone Ice Cream Corporation		14,454,640	100%
(Shanghai) President Logistic 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

	December 31, 2010		December 31, 2009	
	Amount	%	Amount	%
Assets				
Current assets				
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>
Funds and long-term investments				
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>
Fixed assets (Note IV(VII))				
Costs				
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>
Intangible assets				
1750	171,030	-	282,820	-
Other assets				
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	%
Liabilities and Shareholders' Equity				
Current liabilities				
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>
Long-term liabilities				
2420	5,000,000	10	7,100,000	15
Other liabilities				
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>
Shareholders' equity				
Capital (Note IV(XV))				
3110	10,396,222	21	10,396,222	21
Additional paid-in capital				
3240	5,082	-	5,082	-
Retained earnings ((Note IV(XV)) (XVI))				
3310	4,046,004	8	3,640,091	8
3320	4,660	-	-	-
3350	5,752,901	12	4,180,357	9
Other adjustments in SH's equity				
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>
Commitment or contingency (Notes V & VII)				
Total Liabilities and Shareholders' Equity				
	<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 Chung-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 (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
 <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 Chun-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	%
Assets					Liabilities and Shareholders' Equity				
Current assets					Current liabilities				
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
Funds and long-term investments					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	Long-term liabilities				
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
Fixed assets (Note IV(VIII)(X), VI, and VII)					2450 Long-term notes and accounts payable-related parties (Note V)	138,834	-	144,104	-
Original cost of fixed assets					24XX Total long-term liabilities	5,526,538	8	7,661,884	11
1501 Land	2,207,181	3	2,206,281	3	Other liabilities				
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	-	Shareholders' equity				
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))				
Intangible assets (Note IV (X))					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	-	Other adjustments in SH's equity				
17XX Total intangible assets	921,472	1	983,098	1	3420 Cumulative translation adjustment	(222,559)	-	56,081	-
Other assets					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)				
					Total Liabilities and Shareholders' Equity	\$ 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>
	<u>Pre-tax</u>	<u>After tax</u>	<u>Pre-tax</u>	<u>After tax</u>
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	
2009												
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>	
2010												
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	
CASH FLOWS FROM OPERATING ACTIVITIES				
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
CASH FLOWS FROM INVESTING ACTIVITIES:				
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)
CASH FLOWS FROM FINANCING ACTIVITIES:		
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
Supplement disclosures of cash flow information		
Interest paid	\$ 66,157	\$ 144,742
Income tax paid	\$ 696,616	\$ 1,560,647
Investing activities of partial payment on cash		
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
Financing activities which doesn't impact cash flow		
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	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: 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	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	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 33. F301010 Department store 34. F301020 Supermarket 35. F399010 Convenient store 36. F501030 Beverage shop 37. F501060 Restaurant 38. G902011 2 nd 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 54. J303010 Magazine (journal) publisher 55. IZ12010 Staffing	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 2 nd 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 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. 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) 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> <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> <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> <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) <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. 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: <u>2%</u> 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.	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: (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.	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 st amendment was made on June 26, 1990. 2 nd amendment was made on June 28, 1991. 3 rd amendment was made on May 29, 1992. 4 th amendment was made on August 21, 1992. 5 th	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 st amendment was made on June 26, 1990. 2 nd amendment was made on June 28, 1991. 3 rd amendment was made on May 29, 1992. 4 th amendment was made on August 21, 1992. 5 th	Add the dates of amendments

Article No.	Amended Provision	Current Provision	Remark
	<p>amendment was made on May 26, 1993. 6th amendment was made on May 20, 1994. 7th amendment was made on December 27, 1994. 8th amendment was made on May 16, 1996. 9th amendment was made on May 20, 1997. 10th amendment was made on May 21, 1998. 11th amendment was made on June 10, 1999. 12th amendment was made on June 15, 2000. 13th amendment was made on June 12, 2001. 14th amendment was made on June 25, 2002. 15th amendment was made on June 24, 2003. 16th amendment was made on June 29, 2004. 17th amendment was made on June 14, 2005. 18th amendment was made on June 14, 2006. 19th amendment was made on June 15, 2007. 20th amendment was made on June 13, 2008. 21st amendment was made on June 10, 2009. 22nd amendment was made on June 15, 2010. 23rd amendment was made on June 22, 2011.</p>	<p>amendment was made on May 26, 1993. 6th amendment was made on May 20, 1994. 7th amendment was made on December 27, 1994. 8th amendment was made on May 16, 1996. 9th amendment was made on May 20, 1997. 10th amendment was made on May 21, 1998. 11th amendment was made on June 10, 1999. 12th amendment was made on June 15, 2000. 13th amendment was made on June 12, 2001. 14th amendment was made on June 25, 2002. 15th amendment was made on June 24, 2003. 16th amendment was made on June 29, 2004. 17th amendment was made on June 14, 2005. 18th amendment was made on June 14, 2006. 19th amendment was made on June 15, 2007. 20th amendment was made on June 13, 2008. 21st amendment was made on June 10, 2009. 22nd 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. 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: a. Where the ballots are not <u>those produced by the Company</u> ; b. Where ballots cast into the ballot box remain blank; c. Where the writing is too illegible to be recognizable; 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> ; e. Where there are other words on the ballots in addition to the candidate's name and shareholder account number; f. Where the candidate's name is identical with another shareholder's name and no shareholder account number is specified for recognition; g. <u>Where the ballots were not cast into the ballot box</u> ; h. <u>Where any of the candidate's account name (name), account number (ID No.) and vote already filled in is altered</u> ; 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: a. Where the ballots are not those required by the Regulations; b. Where ballots cast into the ballot box remain blank; c. Where the writing is too illegible to be recognizable, or is altered illegally; d. Where the candidate's name does not match the roster of shareholders; e. Where there are other words on the ballots in addition to the candidate's name and shareholder account number; 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: 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: 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: 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: 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: 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: 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: 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: 1. The aggregate endorsement/guarantee amount shall be no more than 50% of the Company's net value.</p>	<p>Amended and added pursuant to laws to insert the aggregate endorsements/guarantees amount to be made by the Company and its subsidiaries</p>
<p>4. Limit of endorsements/guarantees: 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: 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 pursuant to laws to insert the limit of endorsements/guarantees amount to be made by the Company and its subsidiaries for any single entity</p>
<p>5. The operational procedure for making endorsements/guarantees: 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: 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: 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: 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>