

MINUTES
OF
2004 REGULAR SHAREHOLDERS' MEETING
OF
PRESIDENT CHAIN STORE CORP.
(Translated Version)

Time and Date of Meeting: 9:30 a.m., June 29, 2004

Place of Meeting: 2F., No.252, Sec. 3, Beishen Rd., Shengkeng Township, Taipei County 222, Taiwan (R.O.C.)

Total outstanding shares of President Chain Store Corp. (PCSC): 858,499,471 shares

Total shares represented by shareholders present: 769,636,955 shares

Percentage of shares held by shareholders present: 89.65%

Chairman: Kao, Chin Yen, the Chairman of the Board of Directors

Recorder: Cheng, Yea-Yun

Meeting Procedure

- A. The voting shares represented by the attending shareholders constituted a quorum, and the Chairman called the meeting to order.
- B. Introductory speech delivered by the Chairman.
- C. Reported Items
 - I. Reported the business operations of 2003 (Attachment I).
 - II. Supervisor's report (Attachment II).
 - III. Reported the status of guarantee provided by PCSC:

The amount endorsed and guaranteed provided for the subsidiaries by PCSC totaled NT\$1,256,190,000 as of the end of 2003. The practice was conducted in accordance with the established corporate policy, "Procedures for Endorsement". The details of guarantee and endorsement were shown as follows:

Parties of being Endorsed	Amount as of 2003/12/31
Mech-President Corp.	NTD 300,000,000
President Transnet Corp.	510,000,000
President Drugstore Business Corp.	320,000,000
President Information Corp.	8,000,000
	USD 2,000,000 (NTD67,690,000)
Philippine Seven Corp.	PESO 80,000,000 (NTD50,500,000)
Total	<u>NTD 1,256,190,000</u>

Note 1: As of the end of 2003, the maximum amount of guarantee that could be provided for an individual subsidiary by PCSC was NT\$2,761,385,000, and the aggregate amount could not exceed NT\$6,903,395,000.

Note 2: The exchange rate used was the prevailing rate at the time the guarantee was provided.

IV. Reported the status of acquisition or disposal of assets with related parties for 2003:

1. In accordance with "Acquisition or Disposal of Assets" procedures, acquisition of assets by the Company with amount exceeding the prescribed limit and the transaction being one with related party, the Company shall report the details of transaction to the meeting of shareholders.
2. PCSC transferred 62,800,000 shares of Tonpal Optoelectronics Corp. for an amount of NT\$690,037,332 to Ren-Hui Investment Corp. in exchange for 69,003,733 newly-issued shares of Ren-Hui Investment Corp. in 2003.

V. Reported the investments in Mainland China:

As of the end of 2003, PCSC invested in the following companies in Mainland China:

Names of the Investees	Investing Amount	Percentage of Controlling Shares
Shanghai President Coffee Corp.	USD 2,000,000	30%
Presiclerc(Shautou) Ltd.	2,470,000	47.5%
Presiclerc(Qingdao) Ltd	997,500	47.5%
Presiclerc(Beijing) Ltd.	1,308,625	30.875%
Total	<u>USD 6,776,125</u>	

D. Resolutions

- I. The 2003 Business Report (Attachment I) and Financial Statements (Attachment IV) were submitted at the meeting for acceptance.

Explanation: 1. PCSC's 2003 Financial Statements were audited by Certified Independent Auditors, reviewed by the Supervisor, and approved at the Board of Directors' Meeting.

2. The 2003 Business Report is attached hereto as Attachment I, and Financial Statements as Attachment IV and pages from 56 to 78 in the Annual Report.

Upon solicitation of comments by the Chairman, there was no objection raised and the following resolution was adopted unanimously by the shareholders present:

Resolved, that the 2003 Business Report and Financial Statements hereby are accepted as submitted.

- II. The proposal for distribution of 2003 profits was submitted at the meeting for discussion and approval.

Explanation: 1. According to the Article of Incorporation, PCSC will first pay bonus to employees, and remuneration to directors and supervisors out of PCSC's 2003 un-appropriated retained earnings. Then 80% to 100% of the remaining portion will be subject to distribution as shareholders dividends, and of which cash dividends will account for 50% to 80%.

2. To avoid over expansion of capital and to enhance stable long-term performance, the Board of Directors proposed that the shareholders dividends to be composed of 20% stock dividends and 80% cash dividends.

3. The 2003 Profit Allocation Proposal is displayed as follows:

	Unit: NT\$
Net Income of 2003	3,681,606,130
Less: Adjustment of capital reserve due to the PCSC's disproportionate subscription to the subsidiaries issuance of new shares	(70,926,526)
10% Legal Reserve	<u>(361,067,960)</u>
2003 Earnings Available for Distribution	3,249,611,644
Plus: Un-appropriated Retained Earnings of Previous Years	<u>69,738,628</u>
Earnings Available for Distribution as of December 31, 2003	3,319,350,272
Distirbution Items:	
- 2% Bonus to Directors and Supervisors (in cash)	(64,992,233)
- 2% Bonus to Employees (in cash)	(64,992,233)
- Stock Dividends to Common Shareholders (NT\$0.66 per share at par val	(566,609,650)
- Cash Dividends to Common Shareholders (NT\$2.64 per share)	<u>(2,266,438,603)</u>
Unappropriated Earnings	<u>356,317,553</u>

Upon solicitation of comments by the Chairman, there was no objection raised and the following resolution was adopted unanimously by the shareholders present:

Resolved, that the distribution of 2003 profits hereby is approved as proposed, and the Board of Directors is authorized to determine the record date and distribution date. In addition, the calculation of cash dividend to individual shareholder will be rounded to the dollar.

- III. The proposal to approve the capitalization of 2003 stock dividends to shareholders was submitted at the meeting for discussion and approval.

Explanation: 1. It is proposed that PCSC's capital be increased by capitalizing the stock dividends to common share holders of NT\$566,609,650 allocated from 2003 Earnings Available for Distribution and Un-appropriated Retained Earnings of Previous Years. There will be 56,660,965 common shares at par value NT\$10 issued for such capital increase, and the rights and obligations embedded in the newly issued shares are identical to those of the existing shares. The distribution of stock dividends to common share holders will be based on their shareholdings as registered in the shareholder register on the record date. Each holder of common share will be entitled to receive a stock dividend of 66 share for each 1,000 shares owned by such shareholder.

2. For fractional dividend shares, the shareholders concerned may arrange for pooling together their fractional shares to form one share

and register such poking within 5 days after the record date. For the fractional shares which cannot be pooled, the distribution will be made in cash in dollar amount calculated at par value, and will be purchased by the Employee Welfare Committee of PCSC.

- 3 After the issuance of new shares is approved by the regulatory authority, the Board of Directors will determine the record date and the distribution date.
4. Subsequent to the capital increase, the common stock of PCSC will be NT\$9,151,604,360.

Upon solicitation of comments by the Chairman, there was no objection raised and the following resolution was adopted unanimously by the shareholders present:

Resolved, that the proposal to approve the capitalization of 2003 stock dividends to shareholders hereby is approved as proposed.

- IV. The proposal to approve modification of current Articles of Incorporation was submitted at the meeting for discussion and approval.

Explanation: 1. In regard to the company's future operations, the Board proposed to include the following lines of business that the company can engage into in its Articles: department stores, supermarkets, general retailing shops, convenience stores, dining and beverage.

2. The maximum authorized amount of capital of PCSC was proposed to increase from its current NT\$9 billion to NT\$9.6 billion.
3. Proposal to revise the qualification of consultant that the company can hire.
4. To match the corporate dividend policy, the Board proposed to have the current cash dividend payout ratio increased from the range of 50% to 80% to the range of 50% to 100%.
5. The date of amendments was proposed to include in the Articles.

Upon solicitation of comments by the Chairman, there was no objection raised and the following resolution was adopted unanimously by the shareholders present:

Resolved, that the modification of current Articles of Incorporation hereby is approved as proposed.

E. The Election of Seventh Supervisor

Explanation: 1. The proxy of Allianz President Life Insurance resigned from the position of supervisor on December 26, 2003, and currently PCSC had only one supervisor on the Board.

2. According to the provisions of Article 216 of the Company Law, the minimum number of supervisors shall not be less than two persons. The Articles of Incorporation also states that the company shall have two supervisors serving the Board. Based on such regulations, one supervisor was to be elected at the meeting of shareholders.

3. The term of service of the supervisor elected will be from June 29, 2004 to June 23, 2006.

Result of Election

Profile of Shareholder Elected as Supervisor

Account Code of Shareholder	Name of Shareholder	Shares Voted
2303	Kao Chuan Co. Ltd – Yin, Chien Li	398,488,317

F. Special Motions : None.

G.. Meeting Adjourned

Kao, Chin Yen
Chairman of the Board of Directors

Cheng, Yea-Yun
Recorder

ATTACHMENT I

Business Report

Please refer to “Letter to Shareholders”, Page 2 of the Annual Report

ATTACHMENT II

Supervisor’s Report

The Board of Directors has prepared and submitted to the Supervisor the Company’s 2003 Business Report, Financial Statements, and proposed for allocation of profits, which have been examined and determined to be correct and accurate by the undersigned, the supervisor of President Chain Store Corporation. According to the provisions of Article 219 of the Company Law, I hereby submit this report.

President Chain Store Corporation

Supervisor Tu, Te Cheng

April 13, 2004

ATTACHMENT III

Report of Independent Accountants and Financial Statements

Please refer to Page 49 ~55 of the Annual Report

ATTACHMENT IV

Comparison Table of Articles of Incorporation Before and After Modification

Omitted