

Overall Performance

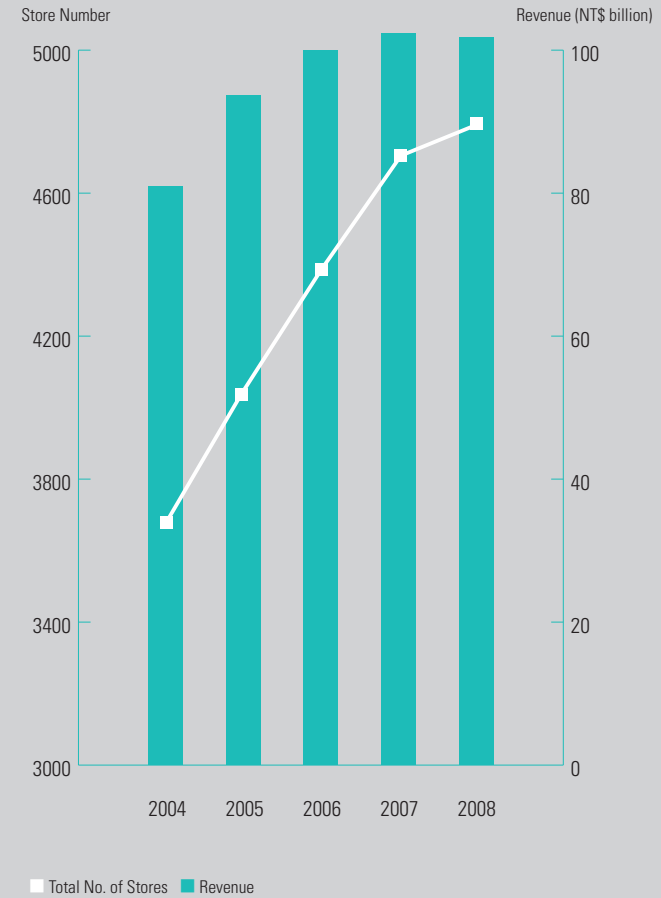
Item / Year	2008	2007	YOY%
Total No. of Store	4,800	4,705	2.02%
Market Share (Note)	52.21%	51.55%	-
Total No. of Franchise Stores	4,304	4,061	5.98%
Franchise Store Proportion	89.67%	86.31%	-

Note: The calculation of market share is based on the number of stores, using the total number of stores operated by the four leading convenience store chains in Taiwan to represent overall market size. (Data source: PCSC internal data).

Item / Year (NT\$1,000)	2008	2007	YOY %
Revenue	102,191,258	102,363,841	-0.17%
Gross Profit	32,734,914	31,744,297	3.12%
Operating Profit	4,606,927	4,853,533	-5.08%
Pre-tax Profit	4,381,744	4,810,066	-8.9%
Net Profit	3,519,681	3,622,413	-2.84%
EPS(NT\$)	3.85	3.96	-
Weighted Average Outstanding Shares	915,160,436	915,160,436	-

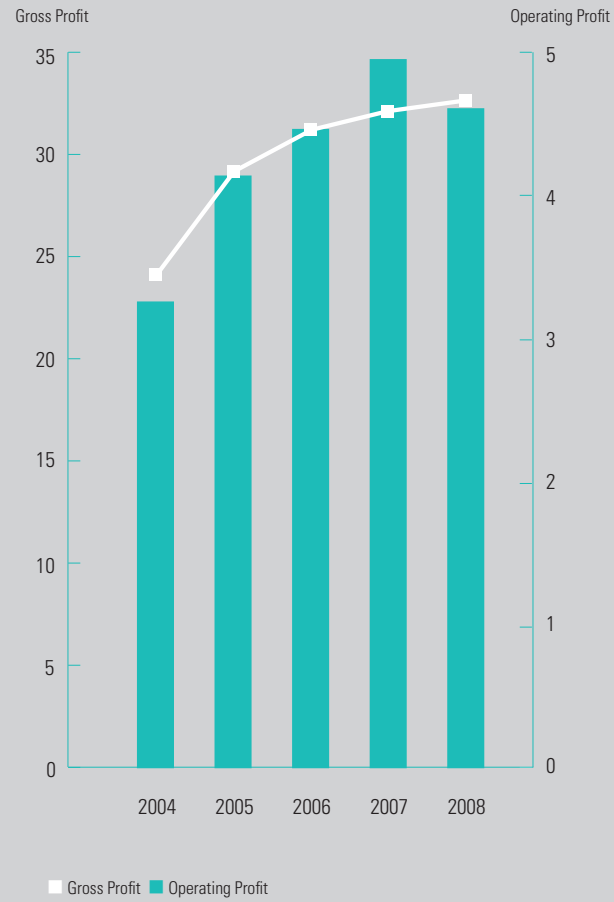
Financial Ratios	2008	2007
Gross Margin	32.03%	31.01%
Operating Expense Ratio	27.52%	26.27%
Operating Margin	4.51%	4.74%
Net Margin	3.44%	3.54%
ROA	8.10%	9.34%
ROE	21.53%	22.47%
Inventory Turnover (times)	22.09	24.00
Fixed Asset Turnover (times)	13.09	13.39

Total No. of Stores & Revenue



Gross Profit & Operating Profit

NT\$ billion



ROE & ROA



Cash Dividend Yield



I. Letter to Shareholders

Dear Shareholders,

In 2008, the impact of the sub-prime mortgage crisis in the U.S. spread throughout the global economy, making for a challenging business environment. Undaunted by the unfavorable environment, PCSC has continued to improve its operational performance, achieving steady expansion while also fulfilling its responsibilities as a good corporate citizen.

Financial Performance

The global financial crisis has led to a worldwide recession. Despite the adverse environment, thanks to the continuing hard work of both the PCSC management team and all PCSC employees, by the end of 2008 the store number of 7-ELEVEN in Taiwan had risen to 4,800; PCSC posted annual revenue of NT\$102.2 billion, and gross margin rose to a record 32%. Consolidated revenue totaled NT\$145.9 billion; the overall scale of PCSC's operations has continued to expand.

Business Development

In response to the growing popularity of LOHAS (Lifestyles of Health and Sustainability), PCSC has been working actively to promote consumption of lighter, healthier food in our convenience store operations. PCSC has developed a wide range of new sandwiches, salads, rice-balls and cold noodles, and has expanded its range of Japanese-style tempura products to include more vegetables, so that customers can enjoy healthy food choices. There have also been some revolutionary new developments in our private label products. By the end of 2008, City Café, fresh-brewed coffee, was available in 2,500 stores, establishing 7-ELEVEN as Taiwan's largest coffee chain, and making it easy and convenient for customers to enjoy a cup of delicious, high-quality coffee anywhere, anytime. Our private label product lines expand to beverages, stationeries and household goods; the total number of product items now exceeds 200, providing customers with a wide range of high-quality, reasonable price products to choose from. In 2008, the first joint marketing activity with various PCSC Group brands – President Starbucks Coffee, Muji, Cold Stone Creamery, Cosmed, and Mister Donut – collaborated on a point redemption scheme; the response to this activity from customers has been very positive. In addition, PCSC has deployed more than 4,700 "ibon" kiosks, which serve as a convenient, multi-function digital service platform, providing a range of services that include ticket sales,



Kao, Chin Yen
Chairman

A handwritten signature in black ink, appearing to read 'CY Kao'.



loyalty points redemption, credit card and utility bill payment, mobile office services, etc. ibon kiosks have enabled 7-ELEVEN to provide services beyond the geographical restriction and made virtual service provision broader and more diversified. With the introduction of a wide range of new services, 7-ELEVEN is well on the way to fulfilling its corporate vision of becoming a full-function community service center.

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

Corporate Social Responsibility

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

The Outlook for the Future

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

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

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

Hsu, Chung Jen
President

A handwritten signature in black ink, appearing to read 'Chung Jen Hsu', written in a cursive style.



II. CORPORATE OVERVIEW

1. Established on June 10th, 1987

2. Corporate Milestones

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| <p>1987 Formally part of Uni-President, PCSC was established as an independent entity.</p> <p>1988 Gradual roll-out Electronic Order System (EOS) to enhance distribution efficiency and increase sales opportunities.</p> <p>1989 300th store opened; PCSC became the third largest 7-ELEVEN chain in the world.</p> <p>1990 Established Retail Support International Corp.
Started 7-ELEVEN franchise system in Taiwan</p> <p>1991 100th franchise store opened.</p> <p>1994 Established Duskin Serve Taiwan Co.</p> <p>1995 1000th store opened.
Established President Drugstore Business Corp. and President Direct Marketing Corp.</p> <p>1996 POS (Point-of-Sales) I implemented to fully understand customers' demands and market intelligence.</p> <p>1997 Introduced a new financial accounting system, enabling more efficient accounting and providing more information and real-time query features.

PCSC listed in Taiwan Stock Exchange.

Established President Coffee Corp., Starbucks Taiwan.</p> | <p>1999 Expansion into off-shore islands such as Pinggu and Kinmen, to provide convenient services to local residents.
2000th store opened.
Established Wisdom Distribution Corp., Uni-President Cold Chain Corp., President Musashino Corp., and President Transnet Corp.</p> <p>2000 Signed perpetual area licensing agreement with 7-ELEVEN Inc.
Established Shanghai President Starbucks Coffee Corp.
Acquired Philippine Seven Corp., extending overseas convenience store businesses.</p> <p>2002 Issued the first secured corporate bond in the amount of NT\$700 million.
3000th store opened.
7-ELEVEN lunch box is certified by the Chinese Frozen Food Institute to meet CAS standards and is Taiwan's first certified lunch box that can be stored at 18°C.</p> <p>2003 7-ELEVEN won the first prize of the 2002 International MCEI Marketing Excellence Awards.

With regard to the development of new outlets, 7-ELEVEN first time open stores in large composite markets that include the Dongshan Service Area, the recreation center in Cingjing Farm and the shopping area of Tainan Municipal Hospital.

Issued the second secured corporate bond in the amount of NT\$1.5 billion.

Established MUJI Taiwan Co., Ltd.</p> | <p>2004 POS (Point-of-Sales) II implemented.
Debut of 7-ELEVEN icash card.
7-ELEVEN lunch box was the first Taiwanese boxed meals to pass Customers' Foundation inspections and be attested as free from MSG, preservations and bleaching agents.
Established President YiLan Art and Culture Corp., Mister Donut Taiwan Corp. and President Cosmed Chain Store (Shen Zhen) Co., Ltd.</p> <p>2005 7-ELEVEN launched the first integrated marketing promotion in the convenience store industry in Taiwan.
4000th store opened.
Established PCSC (Vietnam) Supermarket Ltd.
Expansion into the hypermarket and supermarket business in China with the establishment of Shan Dong President Yinzuo Commercial Limited and PCSC (SICHUAN) Hypermarket Limited.
Honored with the Executive Yuan's 2005 Taiwan Sustainable Development Award and the Ministry of Economic Affairs' first Green Accounting Award as the first company in the service industry to receive such awards.</p> <p>2006 PCSC introduced the new concept of LOHAS (Lifestyles of Health and Sustainability) to once again, set the trend of new life in Taiwan.
Re-launch of Slurpee with a new face of "Fun & Cool."
Debut of ibon, the Multi Media Kiosk.
Introduction of Cold Stone Creamery from the U.S. to both in China and Taiwan.
Established Uni-President Department Store Corp. and President FN Business Corp. to expand our footprint in the retail and department store markets.</p> |
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Received Corporate Social Responsibility Award offered by Global Views Monthly Magazine for the second year and ranking No. 1 in Next Magazine's ranking of best service-oriented company for the third year.

Both PCSC and Starbucks won the Excellent Service Award offered by Global Views Monthly Magazine.

No. 5 among Commonwealth Magazine's list of top 500 service-oriented corporations; eight companies within PCSC retail group were listed: PCSC, Retail Support International Corp., Uni-President Cold-Chain Corp., Mech-President Corp., Wisdom Distribution Service Corp., President Drugstore Business Corp. (Cosmed), President Transnet Corporation and President Coffee Corp. (Starbucks).

Received Commonwealth Magazine's first Corporate Citizenship Award; No. 4 for Commonwealth Magazine's Best Performing Company; No. 1 in the retail industry for 12 consecutive years in the same award.

PCSC once again won the gold prize of Marketing Excellence Awards with the campaign "HELLO KITTY 3D Magnetic Giveaways for Her 30th Birthday."

2007 In 7-ELEVEN Light Down Campaign promoted over 4,000 stores to shut off lamps from 1am to 5am every day during Summer Time, to fight against global warming.

7-ELEVEN CITY CAFE deployed over 1,000 coffee machines and became the largest coffee chain store in Taiwan.

PCSC won the first "Excellence in Corporate Social Responsibility" by defeating over 1,100 companies. PCSC's efforts in environmental protection were most praised.

PCSC ranked No. 3 in the top ten best enterprises by Commonwealth Magazine in Taiwan, following only TSMC and Foxconn. Among all the ten assessment indicators, PCSC was listed among the top ten for nine indicators. We are the best performing company in the service industry.

PCSC won the top award offered by Global Views Monthly in its survey of the ten major service industries in 2007. It is the second time PCSC topped the list of convenience stores.

PCSC ranked No. 1 for fourth consecutive year in Next Magazine's Award for Best Company in the Service Industry. PCSC also won the Golden Award as the Best Service Company and Best Employees in Service Industry

2008 PCSC and the Rakuten Group, the biggest online shopping mall in Japan, established a joint-venture Rakuten Taiwan Co., Ltd. to enter the online shopping market in Taiwan.

PCSC cooperated with SAZABY LEAGUE to establish Afternoon Tea Taiwan Co., Ltd., a joint-venture in the food & beverage market in Taiwan.

PCSC cooperated with Japan's AHB Group to enter the pet market in Taiwan by establishing Pet-Plus Co., Ltd. and offering comprehensive services for pets.

7-ELEVEN entered mobile telecommunications market by launching "OPEN Talk" prepaid cards.

PCSC won the 2008 Commonwealth Corporate Citizenship, with its efforts in social commitment, social participation and environmental protection highly recognized.

PCSC received the 2008 Corporate Social Responsibility Award offered by Global Views Monthly by standing out from 670 competing businesses. It is recognition of PCSC's efforts in Corporate Social Responsibility (CSR).

As part of its ongoing efforts to promote environmental protection and energy saving, PCSC instituted a new policy of keeping the lights outside all 7-ELEVEN stores in Taiwan switched off during the daytime, thereby saving 2,868,000 kWh of electricity a year, and reducing carbon dioxide emissions by 1,831.2 tons.

The first 7-ELEVEN Self-service Filling Station, integrating convenience store and filling station operation, opened in Linkou. In line with the latest international trends in solar building design, the Self-service Filling Station design incorporated the use of renewable energy sources (solar energy and wind power). The overall goal was to conform to the LOHAS (Lifestyles of Health and Sustainability) features, giving Taiwan's citizens a whole new lifestyle.

2009 PCSC acquired a stake in Mister Donut Shanghai Co., Ltd. Establishment of President Chain Store (Shanghai) Ltd.