

Overall Performance

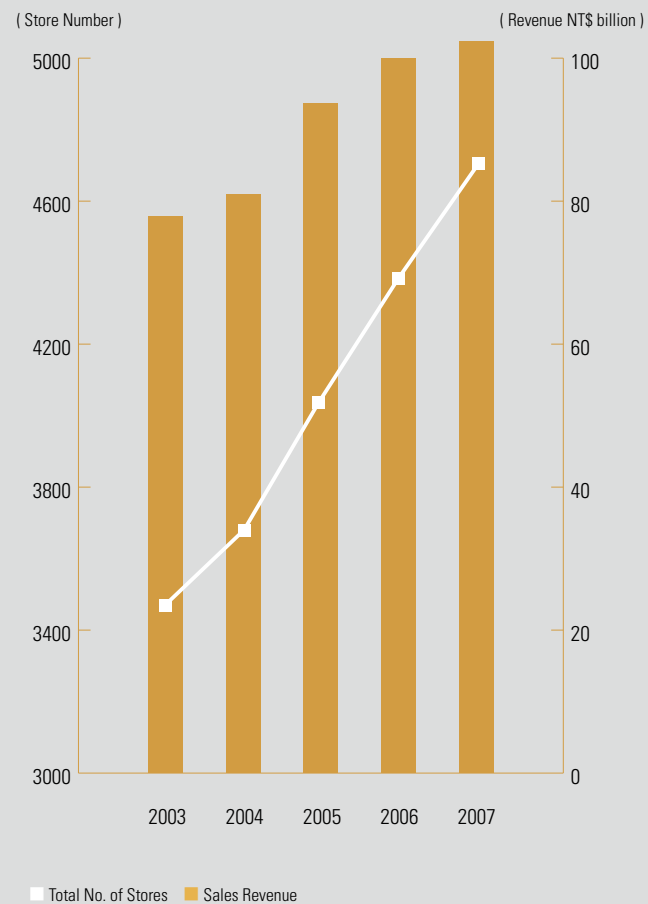
Item / Year	2007	2006	YOY%
Total No. of Stores	4,705	4,385	7.30%
Market Share (Note)	51.55%	48.25%	—
Total No. of Franchise Stores	4,061	3,657	11.05%
Franchise Store Proportion	86.31%	83.40 %	—

Note: Source from Distribution Magazine. The calculation is based on the number of stores.

Item / Year (NT\$1,000)	2007	2006	YOY%
Sales Revenue	102,363,841	99,979,618	2.38%
Gross Profit	31,744,297	30,242,681	4.97%
Operating Profit	4,853,533	4,514,001	7.52%
Pre-tax Profit	4,810,066	5,057,588	-4.89%
Net Profit	3,622,413	3,822,328	-5.23%
EPS(NT\$)	3.96	4.18	—
Weighted Average Outstanding Shares	915,160,436	915,160,436	—

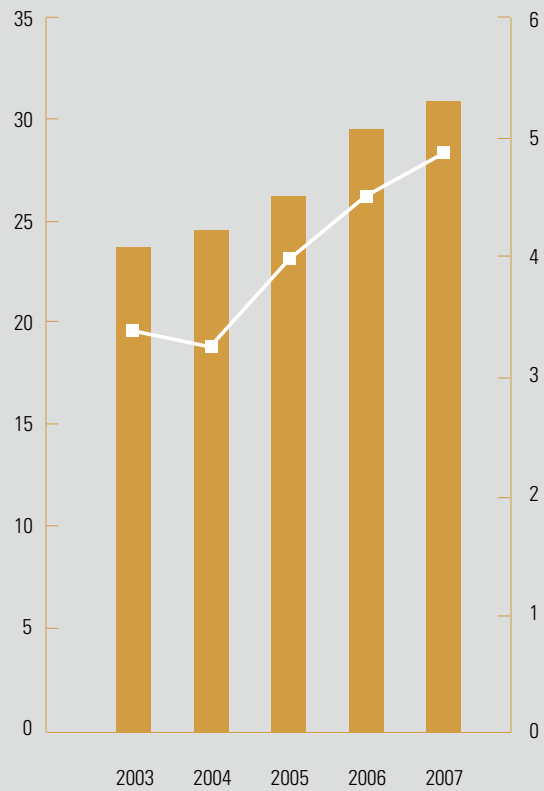
Financial Ratios	2007	2006
Gross Margin	31.01%	30.25%
Operating Expense Ratio	26.27%	25.73%
Operating Margin	4.74%	4.51%
Net Margin	3.54%	3.82%
ROA	9.43%	11.07%
ROE	22.47%	24.53%
Inventory Turnover (times)	24.00	24.42
Fixed Asset Turnover (times)	13.39	14.59

Total No. of Stores & Sales Revenue



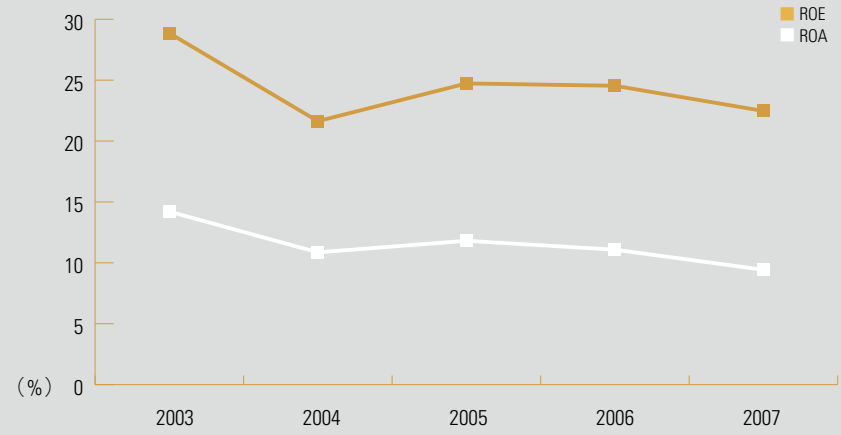
Gross Profit & Operating profit

NT\$ billion

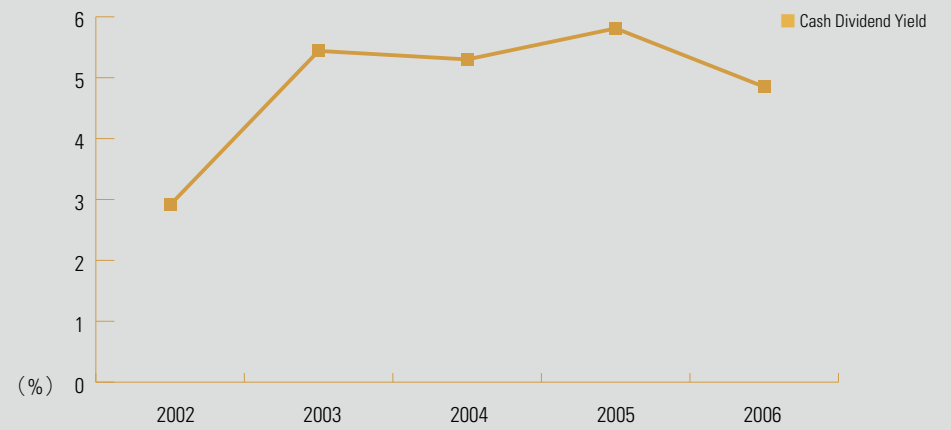


Operating Profit Gross Profit

ROE & ROA



Cash Dividend Yield



I. Letter to Shareholders

Dear Shareholders,

The drastic changes in the political and economic landscape around the world in 2007 presented many challenges to corporates. However, PCSC continued to march steadily with progress in operating performances, business expansions and corporate social responsibility.

Financial Performance

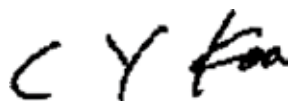
The impact of inflation around the globe and the effects of sub-prime mortgage crisis in the U.S. brought down the Taiwan Consumer Confidence Index by 2.51 points in 2007 from 2006. As a result, the retail industry saw a growth of sales only 3.45% in 2007 compared to 2006. Despite the adverse environment, PCSC exceeded its guidance with a total of 4,705 7-ELEVEN stores and revenue of NT\$102.364 billion at the end of 2007. Both its gross margin and operating margin reached record highs over the past ten years by hitting 31.01% and 4.74%, respectively. The consolidated revenue amounted to NT\$141.982 billion, continuing to show a growing momentum.

Growth & Expansion

PCSC launched the concept of “the whole city as my café” in its convenience stores by promoting premier quality City Café brewed and ground on the premises so that consumers are able to enjoy aromatic coffee anytime and anywhere. In addition, in order to make payments faster and more secure for consumers, PCSC launched icash wave, a new payment tool that combines e-wallet and credit card functions, so that shoppers no longer have to carry petty cash around. This makes shopping a whole new experience. Meanwhile, the MultiMedia Kiosk, ibon, has been deployed across the 4,600 stores throughout Taiwan. As a new generation digital service platform, ibon provides services such as ticketing, bonus point schemes, payments, and mobile offices. It is an extension of the virtual business scope for 7-ELEVEN and a big leap for 7-ELEVEN’s dream to serve as Community Service Center.

In terms of investees in Taiwan, Uni-President Department Store Corp. (Hankyu), President FN Business Corp. (PLAZA) and Cold Stone Creamery Taiwan Ltd. have all operated in 2007, as an expansion of PCSC’s footprint in the retail and

Chairman Kao, Chin Yen





department store markets. In terms of overseas investments, Shangdong unimart supermarket and Shanghai Starbucks reported impressive growth in profits. This indicates that PCSC's efforts in developing the Chinese market have started to pay off and sets a new milestone for PCSC's overseas investments.

Corporate Social Responsibility

To fulfill our responsibility as a corporate citizen, we incorporate corporate social responsibility into our management policies, hoping to initiate changes and progresses for the society. During Summer Time of 2007, over 4,000 7-ELEVEN stores shut down their sign lamps and walkway lights for 4 hours every day. This did not only save valuable energies but also cut down electricity bills for PCSC. The results are beneficial to both PCSC and the environment. We take a long-term view in pursuing public interests and we are dedicated to such pursuit as we are to our own businesses. We raise funds for charities by leveraging the extensive network of 7-ELEVEN stores. By gathering the love from all the Taiwanese around the clock, we have raised nearly NT\$900 million for 59 charity groups so far and helped countless disadvantaged groups and individuals. In 2007, PCSC ranked the third as "The Most Admired Company 2007" in CommonWealth Magazine Survey. Also, PCSC won the first "Excellence in Corporate Social Responsibility" by defeating over 1,100 companies. These are the best recognition to PCSC's efforts in playing its part as a corporate citizen.

Business Prospects

From the inception of the first convenience store in Taiwan, PCSC's growth is the reflection of the development of the retail industry in Taiwan. PCSC's dedications triggered a revolution in the retail & distribution industry in Taiwan and embarked on a new era of convenient life for Taiwanese. From the brick-and-mortar premises to virtual shopping platforms, from sophisticated cuisine to fashionable life necessities, we have become an integral part of consumers' lives via our interactions, communications and sharing of feelings with 6 million customers every day. Looking ahead into 2008, it is expected that the number of 7-ELEVEN stores will break the 4,900 mark. We will actively seek to introduce differentiated product mix and innovative and convenient services to customers so that the concept of our Community Service Center becomes more robust. Meanwhile, we will launch new ventures such as Afternoon Tea, Pet-Plus and Rakuten. to satisfy the needs of different lifestyles of consumers. Such efforts are meant to expand the scope of operations of our investees so that we can further enhance operating performances.

Going forward, PCSC will continue with its efforts to create shareholders' value, enhance employees' happiness, improve customers' satisfaction and drive the society's progresses, in order to establish a solid foundation for the sustainability of our company.

President Hsu, Chung Jen

II. CORPORATE OVERVIEW

1. Established on June 10th, 1987

2. Corporate Milestones

1987	Formally part of Uni-President, PCSC was established as an independent entity.	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.	2005	7-ELEVEN lunch box was the first Taiwanese boxed meals to pass Consumers' Foundation inspections and be attested as free from MSG, preservatives and bleaching agents. Established President YiLan Art & Culture Corp., Mister Donut Taiwan Corp. and President Cosmed Chain Store (Shen Zhen) Co., Ltd.
1988	Gradual roll-out Electronic Order System (EOS) to enhance distribution efficiency and increase sales opportunities.	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.	2005	7-ELEVEN launched the first integrated marketing promotion in the convenience store industry in Taiwan. 4000th store opened. Established PCSC (Vietnam) Supermarket Ltd.
1989	300th store opened; PCSC became the third largest 7-ELEVEN chain in the world.	2002	Issued the first secured corporate bond in the amount of NT\$700 million. 3000th store opened.	2005	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.
1990	Established Retail Support International Corp.	2003	Issued the second secured corporate bond in the amount of NT\$1.5 billion. Established MUJI Taiwan Co. Ltd.	2006	PCSC introduced the new motto 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."
1991	100th franchise store opened.	2004	POS (Point-of-Sales) II implemented. Debut of 7-ELEVEN icash.		
1994	Established Duskin Serve Taiwan Co, Ltd.				
1995	1000th store opened. Established President Drugstore Business Corp. and President Direct Marketing Corp.				
1996	POS (Point-of-Sales) I implemented to fully understand consumers' demands and market intelligence.				
1997	PCSC listed in Taiwan Stock Exchange. Established President Coffee Corporation, Starbucks Taiwan.				





Debut of ibon, the Multi Media Kiosk.

Introduction of Cold Stone Creamery from the U.S. to both China and Taiwan.

Established Uni-President Department Stores Corp. and President FN Business Corp. To expand our footprint in the retail and department store markets.

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 in the R.O.C. 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 their lamps from 1am to 5am every day during Summer Time, to fight against global warming.

7-ELEVEN CITY CAFÉ 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 Internet shopping site 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

TEAROOM, 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 leveraged its advantages in distributions and entered the NT\$10 billion mobile telecommunications market by launching "OPEN Talk" prepaid cards.

PCSC won the 2008 Common Wealth 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).