

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a summary of comparison of the Group's actual business progress with its business objectives as set out in the Prospectus for the period from 5 September 2006, being the latest practicable date as stated in the Prospectus, to 31 December 2006 and from 1 January 2007 to 30 April 2007 or, if applicable, the changes in such business objectives for the corresponding periods.

	<b>From 5 September 2006 to 31 December 2006</b>	<b>From 1 January 2007 to 30 April 2007*</b>
<b>Expansion of retail distribution network in the PRC</b>		
<b>Hypermarkets</b>		
<i>Business objectives as stated in the Prospectus</i>	Open not less than 1 hypermarket in the Greater Beijing Region	Open not less than 2 hypermarkets in the Greater Beijing Region in 2007
<i>Actual business progress</i>	Opened 1 hypermarket in Daxing District with a net operating area of approximately 6,300 sq.m.	Preparation works are being done for 2 hypermarkets which are expected to open during the last quarter of 2007
<b>Supermarkets</b>		
<i>Business objectives as stated in the Prospectus</i>	Open not less than 3 supermarkets in the Greater Beijing Region	Open not less than 8 supermarkets in the Greater Beijing Region in 2007
<i>Actual business progress</i>	Opened a total of 3 supermarkets with each in Chaoyang District, Tongzhou District and Haidian District, respectively with a total net operating area of approximately 3,900 sq.m.	<ul style="list-style-type: none"> <li>• Opened a total of 2 supermarkets with each in Xuanwu District and Haidian District, respectively with a total net operating area of approximately 5,200 sq.m.</li> <li>• Preparation works are being done for 1 supermarket which is expected to open in Chaoyang District in the second half of 2007.</li> <li>• A lease agreement has been signed for 1 supermarket which is expected to open in Chongwen District in the second half of 2007.</li> <li>• A lease agreement with a period of 6 months has been signed for the temporary operation of a supermarket nearby to the hypermarket preparing for renovation and upgrading.</li> </ul>

\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007.

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## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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**From 5 September 2006 to 31  
December 2006**

**From 1 January 2007 to 30  
April 2007\***

Convenience stores

*Business objectives as stated in  
the Prospectus*

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Open not less than 3 convenience stores in the Greater Beijing Region</li> <li>• Open not less than 5 convenience stores in the Greater Beijing Region through franchise arrangements</li> </ul> | <ul style="list-style-type: none"> <li>• Open not less than 8 convenience stores in the Greater Beijing Region in 2007</li> <li>• Open not less than 15 convenience stores in the Greater Beijing Region through franchise arrangements in 2007</li> </ul> |  |
|---|--|--|

*Actual business progress*

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Opened a total of 3 directly-operated convenience stores in Chaoyang District with a total net operating area of approximately 650 sq.m.</li> <li>• Opened a total of 9 convenience stores through franchise arrangements, of which 5 were located in Chaoyang District, 2 in Fengtai District and 2 in Chongwen District with a total net operating area of approximately 2,200 sq.m.</li> </ul> | <ul style="list-style-type: none"> <li>• No directly-operated convenience stores were opened during that period.</li> <li>• Opened a total of 4 convenience stores through franchise arrangements, with three in Chaoyang District and one in Haidian District with a total net operating area of approximately 640 sq.m.</li> </ul> |  |
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\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007.

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## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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**From 5 September 2006 to 31  
December 2006**

**From 1 January 2007 to 30  
April 2007\***

### **Increase operating efficiency**

#### Logistics Centre

*Business objectives as stated in  
the Prospectus*

Continue to upgrade Logistics  
Centres

Further consolidate the logistics  
capacity for retail distribution

*Actual business progress*

Live and fresh produce Logistics  
Centre

Dry product Logistics Centre

- Acquired and installed equipment and fixed assets for the upgrade;

- Expanded the scope of its centralized distribution and replenishment function to all directly-operated Retail Outlets for pork, beef, mutton, vegetables and fruits;

- Obtained ISO9000 quality management system accreditation; and

- Obtained food safety management system certification and ISO14001 environmental management system accreditation.

- Re-designed the operational procedures of centralized handling pass-through products of Retail Outlets and piecemeal distribution arrangements of convenience stores for preparing the implementation of the semi-automatic logistics classifying and picking equipment.

Live and fresh produce Logistics  
Centre

- Continued in enhancing the establishment of live and fresh produce supply bases at their places of origin. Direct supply bases have been established in 54 counties and districts within 16 provinces and cities in the PRC.

#### Information management systems

*Business objectives as stated in  
the Prospectus*

Develop internet purchase  
system

Develop enterprise data resources  
excavation system

*Actual business progress*

Conducted feasibility study on  
the development of the internet  
purchase system.

- Conducted feasibility study on the enterprise data resources excavation system

- Completed the safety reformation of membership card system, upgraded the efficiency of network system, enhancing the safety of information management system.

\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007.

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## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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	<b>From 5 September 2006 to 31 December 2006</b>	<b>From 1 January 2007 to 30 April 2007*</b>
<b>Operating System</b>		
<i>Business objectives as stated in the Prospectus</i>	Continue to promote and improve a uniform operating format	Continue to promote and improve a uniform operating format and services standard
<i>Actual business progress</i>	<ul style="list-style-type: none"> <li>• Adjusted the layout of the Retail Outlets and commodity display.</li> <li>• Organised commodity of vegetable and fruits and pork display competitions.</li> <li>• Enhanced monitoring and checking of service quality and hygiene of and the quality of the products and fresh produce displayed at Retail Outlets.</li> </ul>	<ul style="list-style-type: none"> <li>• Laid out scheme for streamlining the organization and structure of the Retail Outlets.</li> <li>• Organised promotional activities during various festivals.</li> <li>• Conducted competition activities of display, service, hygiene, etc. among the Retail Outlets during the Spring Festival to inspire the Retail Outlets in making great efforts to achieve better operating results.</li> </ul>
<b>Staff training</b>		
<i>Business objectives as stated in the Prospectus</i>	Offer training courses to store managers and staff at new Retail Outlets	Offer training courses to store managers and staff at new Retail Outlets
<i>Actual business progress</i>	<ul style="list-style-type: none"> <li>• Conducted 4 training seminars for about 200 staff in preparations for new store opening.</li> <li>• Conducted 8 training seminars for about 700 store managers, assistants to store managers and regional managers.</li> </ul>	Conducted specialised training seminars such as pre-job training, staff back-up support, etc. for about 1000 staff.

\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007.

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## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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**From 5 September 2006 to 31  
December 2006**

**From 1 January 2007 to 30  
April 2007\***

### **Further brand-building**

Existing Retail Outlets

*Business objectives as stated in  
the Prospectus*

Renovating and upgrading the  
existing Retail Outlets

Renovating and upgrading the  
existing Retail Outlets

*Actual business progress*

Renovated and upgraded 4  
supermarkets.

Preparation works are being done  
for renovation and upgrading of  
1 hypermarket which is expected  
to re-open in the second half of  
2007.

Enhancing customer services  
quality

*Business objectives as stated in  
the Prospectus*

Establish e-platform for  
sharing of information among  
customers

Perform survey on customer  
satisfaction

*Actual business progress*

- Established internet website  
for communication with  
customers and provided  
assistance to customers  
through customer postbox.
- Established internet website  
for enquiry of membership  
card scheme details.
- Established reconciliation of  
transaction balances with,  
and notification of services  
to, suppliers through the  
internet.

- Arranged customers as  
voluntary inspectors to visit  
the supply bases for live and  
fresh produce.
- Conducted customer satisfaction  
survey in March 2007.
- Conducted conferences with  
suppliers to understand their  
opinions and suggestions.
- Realised the reconciliation  
of transaction balances with  
all suppliers through the  
internet.

\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007.

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	<b>From 5 September 2006 to 31 December 2006</b>	<b>From 1 January 2007 to 30 April 2007*</b>
<i>Business objectives as stated in the Prospectus</i>	Provide delivery services to elderly and disabled customers	Provide delivery services to elderly and disabled customers
<i>Actual business progress</i>	Provided free delivery services to elderly and disabled customers according to their requests for nearby Retail Outlets.	Continued to provide delivery services to elderly and disabled customers, according to their requests for nearby Retail Outlets.
Introducing own branded products		
<i>Business objectives as stated in the Prospectus</i>	Introduce other own branded products	Introduce other own branded products
<i>Actual business progress</i>	Introduced 31 types of own branded products making a total of 216 types.	Further introduced 20 types of own branded products making a total of 236 types.

\* Compares with business objectives stated in the Prospectus for the six months ending 30 June 2007

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### USE OF PROCEEDS FROM THE PLACING AND PUBLIC OFFER IN SEPTEMBER 2006

The Company raised approximately HK\$584.6 million of net proceeds through the Placing and Public Offer in September 2006. Set out below is the intended use of proceeds since the GEM Listing up to 31 December 2008 according to the same percentages as stated in the Prospectus:

- approximately HK\$356.6 million for the expansion of the Group's retail distribution network in the PRC to open not less than five hypermarkets, 19 supermarkets and 19 convenience stores in the Greater Beijing Region;
- approximately HK\$175.4 million for the increase of the Group's operating efficiency in respect of its Logistics Centres and information management system; and
- approximately HK\$52.6 million for general working capital purposes, including but not limited to continued brand building.

During the period from GEM Listing to 31 December 2006, the Group conducted its business in accordance with the business plan and business objectives as stated in the Prospectus. The Group expects to achieve the business objectives as set out in the Prospectus for 2007 as scheduled.

The Group's actual use of proceeds for the period since the GEM Listing and up to 30 April 2007 was approximately HK\$265.1 million in the following manners:

- approximately HK\$187.9 million for expansion of retail distribution network in the PRC;
- approximately HK\$29.3 million for increasing operating efficiency in respect of its Logistics Centres and information management system;
- approximately HK\$47.9 million for general working capital, including further brand-building.

The Group will use the remaining unutilised net proceeds of approximately HK\$319.5 million in accordance with its plans as set out in the Prospectus. The Group will from time to time review its business plans in the best interests of the Shareholders.