
DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

GENERAL

The Board consists of nine Directors, three of which are independent non-executive Directors. The Directors were elected at a meeting of the shareholders of the Company for a term of three years, renewable upon re-election and re-appointment.

The executive Directors have each entered into a service contract with the Company dated 29 July 2005 and under which they have agreed to act as executive director of the Company until 31 October 2007. Since the Company's financial year end is on 31 December, therefore the Company's annual general meeting cannot be held immediately prior to the expiry date of the Directors' and the Supervisors' engagement. Accordingly, in the Company's circular to its shareholders dated 29 March 2007, the Board proposed to re-elect all the then Directors and Supervisors (other than Ms. Chen Jie and Ms. Qu Xinhua) but with effect as from 1 November 2007 such that the Group could enjoy the uninterrupted service of the Directors and the relevant Supervisors for a three year term commencing 1 November 2007. The aforesaid re-elections were approved at the 2006 AGM. At the meeting of the staff representatives of the Company held on 18 May 2007, Ms. Yao Jie and Ms. Wang Shuying (both being staff appointed Supervisor) has each been appointed for a term of three years commencing 1 November 2007.

In accordance with the Company Law, the Company has established a committee of supervisors that is responsible for monitoring the financial matters of the Group, and for supervising the actions of the Board and the management personnel. The supervisory committee consists of six members, with one member acting as the chairman. Two members of the supervisory committee is a representative elected by the Group's employees, and the remaining members are elected by the shareholders in a general meeting. Members of the supervisory committee may not serve as Director, president, vice president or financial controller of the Company.

EXECUTIVE DIRECTORS

Mr. Wei Tingzhan, aged 53, is the Chairman of the Company and an executive Director. Mr. Wei obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001 and a Doctor of Business Administration from Pacific States University in 2004. He was elected as a representative of the 12th Beijing People's Congress. From 1991 to 1994 and 1999 to 2004, he was the general manager of Beijing Chaoyang Auxillary Food Company ("Chaoyang Auxillary"). From 1994 to 2002, he was the general manager of Beijing Jingkelong Shang Sha ("Jingkelong Shang Sha"), the predecessor of Beijing Jingkelong Supermarket Chain Group Company Limited ("Jingkelong Supermarket"). He was the managing director of Jingkelong Supermarket from 2002 to 2004. Since November 2004, he has been the Chairman of the Board. In September 2006, he was recognized as one of the prominent figures of the chain-store industry in 2005-2006 by the China General Chamber of Commerce and China Business Herald News Weekly.

Mr. Li Jianwen, aged 46, is the general manager of the Company and an executive Director. Mr. Li obtained his graduation in legal studies from College of the Central Party in 2001. He also worked in Jingkelong Shang Sha as the deputy general manager from 1998 to 2002. From 2002 to 2004, he was a director and the deputy general manager of Jingkelong Supermarket. He has been the Managing Director of the Company since November 2004.

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Ms. Li Chunyan, aged 34, is an executive Director. Ms. Li obtained a bachelor's degree from China University of Politics & Law in 1994. Subsequently, she obtained a master's degree in Private International Law from China University of Politics & Law in 1997. She was the Officer of the Bureau of Law of Jingkelong Shang Sha from 2001 to 2002. In addition, she was the Officer of the Bureau of Law and the Secretary to the board of directors of Jingkelong Supermarket from 2002 to 2004. Since November 2004, she has been one of the executive Directors and the Secretary to the Board.

Mr. Liu Yuejin, aged 47, is an executive Director. Mr. Liu obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2004. From 2000 to 2004, he was the general manager of Beijing Jingkelong (Langfang) Company Limited. Between 2002 and 2004, he was one of the directors of Jingkelong Supermarket. Since November 2004, he has been an executive Director. During part of 2005 and 2006, he was the manager of the First Division, Operations of the Company. Since September 2006, he has been the head of the Jiuxianqiao Community Shopping Centre coordination team.

NON-EXECUTIVE DIRECTORS

Mr. Gu Hanlin, aged 54, is a non-executive Director. Mr. Gu obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001 and a Doctor of Business Administration from Pacific States University in 2004. Since May 2004, Mr. Gu has been the Manager of Chaoyang Auxillary. From 2002 to 2004, he was a chairman of the Board of Jingkelong Supermarket. The Directors confirm that Mr. Gu was a secretary of Jingkelong Supermarket's committee of the PRC Communist Party while he was serving as the chairman of the board of Jingkelong Supermarket. During the Track Record Period, he was not involved in the daily management and operations of the Group. He was also not responsible for the formation of the overall corporate strategies of the Group. Therefore, the Directors confirm that his resignation as the chairman did not have any significant impact on the management continuity of the Group. Mr. Gu is currently the manager of Chaoyang Auxillary and is not involved in the daily management and operations of the Group.

Mr. Li Shunxiang, aged 54, is a non-executive Director. Mr. Li obtained his graduation certificate in Administration from College of the Party, Beijing Branch in 2001. From 2000 to present, he is the General Manager of Beijing Zhonglianjian Construction Company Limited. From 2002 to 2004, he was a non-executive Director of Jingkelong Supermarket. Since November 2004, he has been a non-executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan Faming, aged 53, is an independent non-executive Director. Mr. Fan obtained a master's degree in Business Administration from Monash University, Australia in 1995 and a doctorate degree from Central South University of Technology in 1988. He is currently a professor at the Institute of Finance and Commerce Management Beijing and a visiting professor at Asia International Open University (Macau). He is also a senior member of Hong Kong Quality Management Association. Since January 2005, he has been an independent non-executive Director.

Mr. Huang Jiangming, aged 43, is an independent non-executive Director. Mr. Huang obtained a master's degree in Economics from Renmin University of China and a PhD in Commercial Science from Kobe University in 1989 and 2002, respectively. He is currently an assistant professor at the School of Business, Renmin University of China. Since January 2005, he has been an independent non-executive Director.

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Mr. Chung Chi Kong, aged 36, is an independent non-executive Director. Mr. Chung is also the chairman of the Company's audit committee. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has over nine years audit experience in international accounting firms and two years accounting experience in Datasys Technology Holdings Limited, a Hong Kong listed company. He is currently a director of Ascension Financial Services Group Limited and Ascension (Beijing) Financial Advisory Company Limited. Since July 2005, he has been an independent non-executive Director.

SUPERVISORS

Ms. Chen Jie, aged 56, graduated from Taiyuan University of Industry and College of the Party, Beijing Branch in 1984 and 1998, respectively. Ms. Chen was a member, industry section assistant section chief and Assistant Officer, respectively of Beijing Chaoyang Municipal Commission of Reform from 1990 to 1997. From 1997 to 2001, she worked in Chaoyang Commission for Restructuring Economy as an Assistant Officer and then Officer. From 2001 to 2002, she was the Officer of Beijing Chaoyang Committee and Policy, Research Bureau Peoples' Government of Chaoyang. From 2002 to 2004, she was the Officer of Beijing Chaoyang Municipal Commission of Development and Planning. Since June 2004, she has been the Officer of Beijing Chaoyang Municipal Commission of Development and Reform. Since November 2004, she has been the chairman of the Company's committee of Supervisors.

Mr. Yang Baoqun, aged 54, is a supervisor of the Company. Mr. Yang obtained a diploma in Business Management from Beijing Nong Gong Shang Lian He Zong Gong Si Zhi Gong University in 1994. He was a supervisor of Jingkelong Supermarket from 2002 to 2004. Since November 2004, he has been a supervisor of the Company.

Mr. Chen Zhong, aged 43, is a supervisor of the Company. Mr. Chen obtained his master's degree and doctorate from Peking University in 1986 and 1989, respectively. He is a professor in the School of Software and Microelectronics at the Peking University. He has been the Dean of the School of Software of the University since June 2002. Since January 2005, he has been a supervisor of the Company.

Ms. Cheng Xianghong, aged 35, is a supervisor of the Company. Ms. Cheng obtained her bachelor's degree from Renmin University of China in 1994. She is a qualified accountant, certified public valuer and registered tax agent. She has previously worked in Beijing Ding Xin Li accounting firm. She has been the deputy general manager and financial controller of Beijing Zhongguancun City Construction Company since December 2003. Since January 2005, she has been a supervisor of the Company.

Ms. Qu Xinhua, aged 53, is a Supervisor. Ms. Qu obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001. From 2002 to 2004, she was the deputy general manager of Jingkelong Supermarket. Since November 2004, she has been a supervisor of the Company.

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Ms. Wang Shuying, aged 51, is a Supervisor. Ms. Wang obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2002. From 2003 to 2004, she was a manager of the Third Division, Operations of Jingkelong Supermarket. She was a supervisor of the Jingkelong Supermarket from 2003 to October 2004. During part of 2005 and 2006, she was the manager of the Third Division, Operations of the Company. From September 2006 to February 2007, she was the manager of the First Division, Operations of the Company. Since February 2007, she has been the general manager of Shou Lian. Since February 2006, she has been a supervisor of the Company.

SENIOR MANAGEMENT

Ms. Chen Limin, aged 58, is the Chief Financial Officer of the Company since November 2004. Ms. Chen obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001. She was the Deputy General Manager of Jingkelong Shang Sha from 1994 to 2002. She worked as a director of Jingkelong Supermarket from May 2002 to November 2004.

Mr. Gao Jingsheng, aged 52, obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001. From 2002 to 2004, Mr. Gao was the Assistant General Manager of Jingkelong Supermarket. From 1999 to 2002, he was the Assistant General Manager of Chaoyang Auxillary. From 1998 to 1999, he was the Assistant General Manager of Jingkelong Shang Sha. He has been the Assistant General Manager of the Company since November 2004.

Mr. Zhao Weili, aged 54, obtained a master's degree in Business Administration from Asia International Open University (Macau) in 2001. From 2002 to 2004, Mr. Gao was the Assistant General Manager of Jingkelong Supermarket. From 1990 to 2002, he was the Assistant General Manager of Chaoyang Auxillary. From 1998 to 1999, he was the Assistant General Manager of Jingkelong Shang Sha. He has been the Assistant General Manager of the Company since November 2004.

Mr. Keung Siu Fai, aged 48, is the Financial Controller, the Qualified Accountant and one of the joint company secretaries of the Company. Prior to joining the Company in February 2005, Mr. Keung was the company secretary of Kong Sun Holdings Limited, a Hong Kong listed company. He has over 13 years of working experience with international accountant firms in accounting, auditing and financial services. He obtained his master's degree in Commerce from the University of New South Wales and a bachelor's degree in Science from the University of London. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Practising Accountants Australia.

JOINT COMPANY SECRETARIES AND QUALIFIED ACCOUNTANT

Keung Siu Fai, one of the joint company secretaries, is the qualified accountant employed by the Company on a full time basis and an authorised representative of the Company. Mr. Keung's personal particulars are set out in the paragraph headed "Senior management".

Li Chunyan, one of the joint company secretaries, is a Director and an authorised representative of the Company. Ms. Li's personal particulars are set out in the paragraph headed "Executive Directors".

Rules 8.17 and 19A.16 Requirements

As Ms. Li Chunyan does not possess the qualifications required under Rules 8.17 and 19A.16 of the Main Board Listing Rules, she does not meet all the requirements under Rules 8.17 and 19A.16.

The Directors understand that the company secretary plays an important role in the corporate governance of the Company after the Main Board Listing, particularly in assisting the Company as well as the Directors in complying with the Main Board Listing Rules and the applicable company law. In view of this, the Company has put in place the following arrangements:

- (a) Mr. Keung Siu Fai, the Financial Controller and qualified accountant of the Group, who meets the requirements under Rule 8.17 of the Main Board Listing Rules, has been engaged as a joint company secretary to assist Ms. Li Chunyan so as to enable her to acquire the relevant experience (required under Rule 8.17(3) of the Main Board Listing Rules) to discharge the duties as company secretary of the Company; and
- (b) Mr. Keung Siu Fai has been engaged as the joint company secretary of the Company for an initial period of three years from 25 September 2006 (the "engagement period"). Upon expiry of the engagement period, the qualifications and experience of Ms. Li Chunyan as company secretary and the need for on-going assistance will be further evaluated by the Stock Exchange and the Stock Exchange will then determine whether the appointment of Ms. Li Chunyan as sole company secretary will satisfy the requirements as stipulated in the Main Board Listing Rules.

The Company has applied to the Stock Exchange for, and has been granted, a waiver from strict compliance with the requirements of Rules 8.17 and 19A.16 of the Main Board Listing Rules. Upon the expiry of the engagement period, the Stock Exchange will re-evaluate the qualifications of Ms. Li Chunyan to determine whether the requirements of the Main Board Listing Rules can be satisfied. The Company has already obtained a waiver from the Stock Exchange in respect of qualifications of company secretary under the requirements of the GEM Listing Rules upon the GEM Listing.

PRC LAW ON CORPORATE GOVERNANCE

The "Further Standardizing Operations and Intensifying Reform of Companies Listed outside China Opinion" jointly issued by SETC and the CSRC sets out that no more than two senior management members (including the chairman, vice-chairman and executive directors) of the controlling shareholder can be senior management members of the company at the same time. The Company's PRC legal advisers have confirmed that the appointment of the directors and the senior management of the Company comply with the requirement as mentioned above.

AUDIT COMMITTEE

The Board has established the Audit Committee with written terms of reference in compliance with provisions as set out in Rules C.3.1 to C.3.3 of the “Code on Corporate Governance Practices” set out in Appendix 14 of the Main Board Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and accounts and interim reports and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing the financial reporting system, internal controls and risk management processes of the Company.

The Audit Committee presently has three members who are the three independent non-executive Directors, Fan Faming, Huang Jiangming and Chung Chi Kong. Chung Chi Kong is the chairman of the Audit Committee.

REMUNERATION COMMITTEE

The Group has also established the Remuneration Committee pursuant to Appendix 14 of the Main Board Listing Rules, comprising three Directors, namely Wei Tingzhan, Fan Faming and Huang Jiangming. Wei Tingzhan is the chairman of the Remuneration Committee. The Remuneration Committee will review and determine the policy for the remuneration of Directors.

NOMINATION COMMITTEE

The Group has also established the Nomination Committee pursuant to Appendix 14 of the Main Board Listing Rules, comprising three Directors, namely Wei Tingzhan, Fan Faming and Huang Jiangming. The Nomination Committee is chaired by Wei Tingzhan. The other members of the Nomination Committee are Huang Jiangming and Fan Faming. The Nomination Committee is responsible for nominating potential candidates for directorships, reviewing the nomination of directors and making recommendations to the Board on such appointments.

REMUNERATION OF DIRECTORS AND SUPERVISORS

During the Track Record Period, the total remuneration (comprising basic salaries, housing allowances, other allowances, pension and benefits in kind) paid to the Directors and Supervisors was approximately RMB2.3 million, RMB1.9 million and RMB3.1 million respectively.

COMPLIANCE ADVISER

The Company will appoint DBS Asia as its compliance adviser pursuant to Rule 3A.19 of the Main Board Listing Rules. Pursuant to the compliance adviser agreement that will be entered between the Company and DBS Asia upon the Listing Committee granting approval for the listing of H Shares on the Main Board, DBS Asia will advise the Company on various matters as required under the Main Board Listing Rules and other applicable laws, rules and regulatory provisions in Hong Kong. DBS Asia, as the compliance adviser, undertakes to the Stock Exchange that it will comply with the Main Board Listing Rules applicable to compliance advisers and cooperate in any investigation conducted by the Stock Exchange. The term of the appointment shall commence on the Main Board Listing Date and ends on the date on which the Company complies with Rule 13.46 of the Main Board Listing Rules in respect of its financial results for the first full financial year after the Main Board Listing Date (i.e. the date of despatch of the annual report of the Company in respect of its results for the financial year ending 31 December 2008), subject to early termination.

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EMPLOYEES

As at 31 December 2006, the Group had a total of 4,601 full-time employees. The following table shows the number of employees of the Group as at 31 December 2006.

	Headquarters	Hypermarkets	Supermarkets	Convenience stores	Chaopi Trading	Logistics centres	Xinyang Tongli	Total
Management, administration and finance	144	9	54	3	152	6	2	370
Sales and marketing	215	653	1,884	431	456	222	9	3,870
Others	61	50	66	10	107	31	36	361
Total	<u>420</u>	<u>712</u>	<u>2,004</u>	<u>444</u>	<u>715</u>	<u>259</u>	<u>47</u>	<u>4,601</u>

RELATIONSHIP WITH STAFF

The Group has not experienced any disruption of its operations due to labour disputes in the past.

EMPLOYEE BENEFITS

The staff costs of the Group of continuing operations (including Directors' and Supervisors' emoluments) during the Track Record Period were approximately RMB166.4 million, RMB178.8 million and RMB206.9 million respectively.

The Group makes social insurance contributions (including industrial accidents and retirement benefits) in accordance with the applicable PRC regulations. The amount of such contributions made by the Group during the three years ended 31 December 2006 were approximately RMB25.8 million, RMB25.4 million and RMB28.7 million, respectively.

According to the PRC legal advice, the Group has fully complied with all applicable laws and regulations in relation to social insurance contributions and, apart from that, there are no other applicable laws and regulations relevant to the issue of social responsibility. Based on the PRC legal advice, the Directors confirm that the Group's operations are in compliance with the currently applicable labour and safety regulations in all respects.