

## Results Highlights

- ❖ The Group continued to sustain its leading position in the PRC retail chain store industry and achieved satisfactory progress in expanding its retail chain outlets. As at 31st December 2004, there were 3,123 outlets (excluding those operated by the Company's associated companies) across the nation, among which there were 49 hypermarkets, 1,340 supermarkets and 1,734 convenience stores spanning across 20 provinces and municipalities in the PRC. In order to capitalize on the advantages of regional centralization, 82.52% of the Group's outlets were located in Eastern China, where the Group occupies the greatest market share. Net addition of outlets was 620 for the year, for which about 71.45% are located in this region.
- ❖ The Group also actively explored strategic alliances with internationally renowned retail chain store operators to achieve sustained and healthy growth. For the year ended 31st December 2004, Shanghai Carhua Supermarket Company Limited ("Shanghai Carhua") opened two new hypermarkets under the brand name of "Carrefour" in Shanghai. As such, the number of hypermarkets operated and managed by Shanghai Carhua in Shanghai amounted to 8. The Group jointly developed the discount store business with Distribuidora Internacional De Alimentacion S.A. During the year under review, the Group opened a total of 63 Shanghai DIA discount stores. Meanwhile, Shanghai Century Lianhua Supermarket Development Company Limited ("Century Lianhua"), under the management of the Group, operated 26 hypermarkets under the brand name of "Century Mart".
- ❖ For the year ended 31st December 2004, the Group achieved a strategically steady and healthy growth. Turnover, operating profit and profit attributable to shareholders of the Group amounted to approximately RMB10,854,967,000, RMB255,323,000 and RMB215,540,000, respectively, representing an increase of 16.94%, 21.09% and 31.73% when compared with the previous year.
- ❖ During the year under review the hypermarket business maintained its rapid growth. Turnover amounted to approximately RMB4,717,019,300, representing an increase of approximately 39.75% as compared with the previous year.
- ❖ The Group continued to further develop its convenience store business, concentrating on six cities in the PRC, namely Shanghai, Dalian, Beijing, Guangzhou, Hangzhou and Ningbo. Turnover of its convenience store business amounted to approximately RMB1,119,819,600, representing an increase of approximately 24.45% as compared with previous year. Meanwhile, the profitability of the convenience store business in Shanghai and Dalian further increased, particularly the convenience stores in Dalian where the Group's market share was over 50%.

During the year under review, the Group further accelerated the pace of its mergers and acquisitions. It contributed approximately RMB138,844,000 to complete the acquisitions of two hypermarkets of Dalian You Jia Shopping Company Limited (大連友嘉購物有限公司) in Shenyang, one hypermarket and four supermarkets of Jiebai Group (解百集團) in Hangzhou, one hypermarket and six supermarkets of Linan (臨安) in Zhejiang and five hypermarkets of Wanlifu (萬利福) in Shijiazhuang, Hebei. These acquisitions were carried out at relatively lower costs when compared with the market rate of the industry. While expanding its market share in an effective way, the Group also enhanced the concentration of retail outlets in regions where the Group had a presence.

During the year under review, the Company successfully placed 34,500,000 H shares to investors on 4th October, raising approximately HK\$300 million, thereby providing sufficient financial resources for the Company's long-term development.