

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### MISSION STATEMENT AND STRATEGIES

The mission of the Group is to enhance its leading position in the Hong Kong market for its main businesses, namely motor vehicles, food and consumer products, and logistics, and to become a leading player and partner of choice for its suppliers and customers in Hong Kong and the PRC.

The Group views the Hong Kong and the PRC markets as the two major markets of the Group. In view of the different market conditions in Hong Kong and the PRC, the Group has different objectives in these two markets. For its Hong Kong business, the Group will maintain growth in its core businesses and to continue to generate strong and stable recurring cash flows. The Group has adopted a high growth strategy in its PRC business to capture the continuously expanding market growth in the PRC.

The Group intends to achieve its 2 business objectives by pursuing the following business strategies:

- Motor vehicle business
  - to expand its national and city dealership and motor vehicle related services in the PRC through strategic partnership with local partners or merger and acquisition exercises
  - to diversify motor vehicle related services in Hong Kong and Macao
- Food and consumer product business
  - to enlarge the Group's scale and market share in Hong Kong, Macao and major cities in the PRC
  - focus on expanding the distribution network in the branded imported FMCG products in major cities in the PRC through strategic partnership with local partners or merger and acquisition exercises
- Logistics business
  - to establish integrated logistics centres to provide services such as warehousing, food processing, repacking, and food safety assurance to customers in the PRC, Hong Kong, and Macao
  - to provide fully integrated food supply chain solutions to its customers, with a longer term plan to provide total supply chain solutions for other industries

### FUTURE PLANS

For its motor vehicle business in Hong Kong and Macao, the Group seeks to maintain a strong organic profit growth by pursuing an increase in the unit sales and market share through the communication with principals on supplying and developing models that can comply with the latest regulation and cope with customers demand. The Group will also invest in facilities and brand building for better service and to meet customers' satisfaction. The Group will keep watching for potential brands to introduce to the Hong Kong and Macao markets so as to enhance the competitiveness of the Group's brand portfolio and profitability. These plans aim to optimise the market share and profitability while continuously strengthening the Group's major market player position in Hong Kong. The Group will also seek to enhance profitability from its motor vehicle related business such as motor leasing, used car trading, environmental products, aviation supporting business, parts trading, auto finance and insurance. While the Group has yet to identify any

---

## FUTURE PLANS AND USE OF PROCEEDS

---

specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. The Group has developed and launched since mid 2006 its self-owned brands of lubricants, batteries, wiper blades and filters which were manufactured by third party sub-contractors in the PRC, Malaysia and Korea for the Group for the Hong Kong, Macao, PRC and overseas markets. It will continue to work with these third party sub-contractors or other third party sub-contracted manufacturers on other types of self-owned brands parts and source good quality and price competitive vehicle spare parts and accessories from the PRC and other countries for the overseas markets over the next 3 years.

In the PRC, the Group plans to achieve high growth by expanding the number of city dealership with a target to add on average 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnerships. As at the Latest Practicable Date, the Group has yet to identify any potential targets for acquisition but any potential targets must be with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. The Group will strive to secure national distributorships of niche market brands so as to complement its current brand portfolio. The Group aims to enhance its profitability of existing dealerships by integrating its Hong Kong experience, modern management system, and advance business model with local business know-how. It also plans to expand sources of revenue from every aspect in the trade, such as to provide value added service accessories, and agency service of automobile insurance and other financing products so as to be a one stop centre for its vehicle customers. Riding on its expertise gained in Hong Kong, the Group will also develop the motor vehicle related business in the PRC, including motor leasing, used car trading, aviation support business, vehicle examination centre and environmental products. The Group will further work together with 中遠實業有限公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), to expand and set up an extensive leasing network in the PRC by increasing the number of fleet size as well as by extending such motor leasing business to other major cities in PRC. The Group will continue to seek other opportunities to establish strategic partnership in other areas in the motor industry in the PRC such as to be involved in sales network management, automobile finance and insurance service, and parts manufacturing.

In the food and consumer products trading business, the Group seeks to grow its food processing business by providing HACCP accredited, value-added services through expanding product range and introducing more portion control foods and semi-processed foods. It will further expand its market share in the catering and hospitality sectors. The Group will also diversify its food retail business by building on the success of the Group's current retail chain which comprises 48 DCH Food Mart outlets for the mass markets and 4 DCH Food Mart Deluxe outlets which concentrate on premium food products. The Group plans to open an additional 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong in the next three years to expand market share and to capture the rising demand for high end food products. In addition, it will continue to enhance the Group's competitive edge in the trading and distribution of cosmetics and electrical appliances.

In the PRC, the Group will strengthen its presence in trading and distribution of food commodities in major cities such as Guangzhou, Beijing, and Shanghai, and further expand to second-tier cities by leveraging on the Group's nationwide logistics network. The Group intends to expand its product range to cater for food service and retail customers. Focus will be on leveraging the Group's HACCP and ISO-accredited food processing facilities to supply processed food products that meet the increasingly stringent requirements of chain buyers amidst the society's increasing awareness of food safety. The Group will further penetrate the food service sector by acquiring companies which have strong foothold in this segment as well as to

---

## FUTURE PLANS AND USE OF PROCEEDS

---

develop house brand food products to lower influence from the cyclical fluctuations that are associated with these food commodities in order to fetch higher profits through the brand equity built. It will continue to secure more distributorships of world-renowned FMCG brands in food and beverage by building on the Group's professional distribution and trading platform and expertise in these segments. The Group will widen its product range through agency pitching. Focus will be on establishing links or identifying targets at international FMCG trade shows, like the Food Marketing Institute show held in Chicago, US, and other important food shows like Anuga in Germany and SIAL in France. The Group may further venture into developing its house brands to provide more choices to customers. In addition, the Group will line up more electrical appliances manufacturers or brand owners in the PRC to secure new product distributorships as well as to explore opportunities for equity participation in exceptional cases where there are good business prospects.

For its logistics business, the Group will further develop into a leading regional logistics service provider capable of sourcing globally and providing nationwide distribution coverage for Hong Kong, Macao, and the PRC. The Group will ride on its know-how, recognised expertise and experience and develop its food supply chain management which comprises services such as processing, inspection certification, and other value-added aspects for the markets in which the Group operates. The Group also plans to diversify its value added services into food processing, laboratory testing and certification services, which will be provided in its new food processing centres. The Company believes that fully integrated total supply chain solutions could be provided to its customers with one-stop services on the basis of the expanded facilities.

Other manufacturing opportunities which the Group is currently pursuing include the setting up of a peanut oil manufacturing plant in the PRC through joint venture for the manufacturing, sales and export of peanut oil as well as the setting up of a repackaging materials manufacturing plant in its Xinhui logistics hub for sales to its readily available customers.

### USE OF PROCEEDS

The Directors believe that the Global Offering will raise the corporate profile and enhance the capital base of the Group, enabling it to further expand the scale and scope of its operations.

The net proceeds of the Global Offering to be received by the Company after deduction of underwriting commission and estimated expenses payable by the Group, and assuming an Offer Price of HK\$5.22 (being the mid-point of the Offer Price between HK\$4.55 and HK\$5.88 per Offer Share), are estimated to be approximately HK\$893.9 million. The Directors currently plan to use such net proceeds as follows:

- approximately 45% or HK\$400 million will be spent over the next three years for expansion of the Group's motor vehicle business, including approximately HK\$300 million for future expansion of city dealerships in the PRC, including acquisition of quality city dealerships with a target to add on average 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnerships; and approximately HK\$100 million for the development of motor vehicle related business in Hong Kong and the PRC. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. A substantial part of the budgeted sum of HK\$300 million allocated for merger and acquisition exercises will be spent as acquisition costs mainly comprising the purchase price of the target companies. As the Group is only interested in acquiring potential targets which are profitable and are able to generate profits immediately, the Group expects no or minimal

---

## FUTURE PLANS AND USE OF PROCEEDS

---

additional investment or that start up costs required to run these newly acquired companies, if any, would have been capable of being funded through the operating cash flow of these newly acquired companies. The Group will spend approximately HK\$80 million in developing motor leasing business in Hong Kong and the PRC, including for fleet replacement of its Hong Kong motor leasing business. It will continue to work with its existing third party sub-contractors or other third party sub-contractors manufacturers on other types of parts with self-owned brands and source good quality and price competitive vehicle spare parts and accessories from the PRC and other countries for the overseas markets over the next 3 years. In aggregate, HK\$10 million is planned for other motor related business development. The Group will spend approximately HK\$10 million as capital injection to further work together with 中遠實業有限公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), to expand and set up an extensive leasing network in the PRC by increasing the number of fleet size as well as by extending such motor leasing business to other major cities in the PRC.

- approximately 22% or HK\$200 million will be spent over the next three years for the expansion of the Group's food and consumer products trading business, including approximately HK\$160 million for acquisition of and investment in food commodities or FMCG businesses especially in companies which have strong foothold in this segment as well as companies with the right FMCG distributorship to synergise with the existing operations and further enlarge market penetration in the PRC, Hong Kong, Macao and South East Asia. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential targets in the PRC, Hong Kong, Macao and South East Asia to acquire. These potential targets include food trading, distribution, processing and manufacturing companies as well as food related FMCG marketing and distribution companies which have successful trading histories with proven track records, are willing to sell a majority stake, have good potential for future business expansion especially those with a business focus in the PRC, and can create synergy with the Group's existing business. Approximately HK\$40 million for expansion of the Group's retail business by opening 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong. Among other plans, the Group is pursuing the opportunity to set up a peanut oil manufacturing plant in the PRC through joint venture for the manufacturing, sales, and export of peanut oil as well as to develop other house brand food products. In this regard, the Group has not, as at the Latest Practicable Date, identified any specific investment targets nor entered into any legally binding agreement or arrangement with respect to the aforementioned investments and manufacturing opportunities and there is no such acquisition in progress. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" above.
- approximately 29% or HK\$260 million will be spent over the next three years for expansion of the Group's logistics and food supply chain business, including approximately HK\$110 million for the establishment of sizable warehouse and food processing facilities to provide value added services, and a food safety inspection center in Hong Kong.

The Company plans to establish an integrated food processing and repackaging complex for fresh produce, frozen food, oil and rice, and FMCG with a laboratory for quality assurance and food safety in Hong Kong. The total investment is estimated to be HK\$320 million for a period of 7 years. It is intended that approximately HK\$110 million will be funded from proceeds of the Global Offering. Balance will be from the Company's internal resources and bank borrowing.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

The purpose-built complex will be situated on a site measuring approximately 34,186 square metres. The initial stage of the 2-storey complex will have a total floor area of over 20,000 square metres planned to be used for food processing and over 7,000 square metres to be used for covered storage and will have 40 car parks. Completion of the development of the first stage complex is expected to be within 24 months from the completion of the lease assignment.

The second phase of the complex will have a total floor area of over 9,000 square metres. A total floor area of over 8,000 square metres in the second stage complex will be used for food processing with part of the area air-conditioned for temperature-controlled food processing.

The integrated food processing complex is planned to repackage retail packs of food, fruit and vegetables from bulk for delivery to retail customers, including Food Mart, re-process portion control packs of food, fruit and vegetables for delivery to hotels and other food service outlets, and provide cold chain management services.

The Company has entered into an agreement with an Independent Third Party for the assignment of a lease in the Hong Kong Science & Technology Parks in favour of the Company. Such an assignment has been approved by the Hong Kong Science & Technology Parks. It is expected that completion of the lease assignment will take place on or before 28 November 2007.

In addition, approximately HK\$150 million will be spent in the next 3 years to develop facilities such as cold chain, an additional import bonded warehouse, logistics and distribution centres, and a re-packaging material manufacturing plant in Xinhui to provide comprehensive food supply chain logistics and management services and value added services. The Group plans to spend approximately HK\$25 million, HK\$20 million, and HK\$25 million on the cold chain facilities, additional import bonded warehouse, and logistics and distribution centres respectively, which were the three major projects planned by the Group as at the Latest Practicable Date. The construction works to develop these facilities have yet to have commenced as at the Latest Practicable Date. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for acquisition opportunities in the logistics businesses in Hong Kong, Macao, the PRC and South East Asia with a sizeable customer base, have successful trading histories with proven track records, are willing to sell a majority stake, with good potential for future business expansion, and can create synergy with the Group's existing logistics business in order to have faster access and penetration of the logistics market.

- the balance in an amount of not more than 10% of the aggregate proceeds as funding for general working capital and general corporate uses.

As at the Latest Practicable Date, the Group has not identified any specific investment targets, nor entered into any legally binding agreement or arrangement with respect to the future acquisition opportunities mentioned above. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" in the section headed "Future plans and use of proceeds".

Assuming an Offer Price of HK\$5.88 per Offer Share (being the high-end of the stated range of the Offer Price between HK\$4.55 and HK\$5.88 per Offer Share), the amount of additional net proceeds to be received by the Company are estimated to be approximately HK\$115.8 million, which the Directors intend to apply as additional funding for the Group's investments in automobile, food and consumer products and logistics businesses in the same proportion in the use of proceeds as shown above.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

Assuming an Offer Price of HK\$4.55 per Offer Share (being the low-end of the stated range of the Offer Price between HK\$4.55 and HK\$5.88 per Offer Share), the Directors intend that the respective amounts to be applied for each of the above purposes will be proportionately reduced.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Group may hold such funds in short-term deposits with banks and/or financial institutions in Hong Kong for so long as it deems to be in the best interests of the Group.

The net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering after deducting the related expenses, and assuming an Offer Price of HK\$5.22 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$4.55 and HK\$5.88 per Offer Share) and that the Over-allotment Option is not exercised in whole or in part, are estimated to amount to approximately HK\$2,985.5 million. If the Over-allotment Option is exercised in full, and assuming an Offer Price of HK\$5.88 per Offer Share (being the high-end of the stated range of the Offer Price of between HK\$4.55 and HK\$5.88 per Offer Share), the Selling Shareholder will receive additional net proceeds of approximately HK\$1,054.6 million. The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering. All of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering will be for the account of the Selling Shareholder.