



Press Release

Wellcome Beats Inflation – ‘No Frills’ Further Reduced

(3 August 2008 – Hong Kong) Understanding the adversity that inflation brings to families in Hong Kong, Wellcome is immediately imposing a further 5% price reduction* on the entire line of its ‘No Frills’ corporate brand of more than 300 affordable necessities.

With a 6% jump in consumer prices in June, the way average consumers are balancing their cheque books is changing. **They show a stronger demand for well-priced basic products, as indicated by the 30% increase in demand for ‘No Frills’ products in a recent month.** With overwhelming support from customers since its launch in mid-June, the ‘No Frills’ promotion is continuing to beat inflation.

Diane Chiu, Marketing Director of Wellcome, says, “From our 60 year history of supplying Hong Kong with its daily necessities, we understand the needs of Hong Kong citizens. In the face of inflation, we are taking initiatives to offer great savings by extending our price cuts on ‘No Frills’ products until the end of the year.”

“We are committed to our ‘lowest price guaranteed’ promise. Our own ‘No Frills’ offers prices below the market average. By dealing directly with manufacturers, we are able to keep the low price constant. **For instance, despite inflation, ‘No Frills’ products are priced below other brands by 20% or more.** Some are less than half the price of the leading national brands” (refer to table on next page).

Positioned as the smartest product choice for the lowest price, ‘No Frills’ supports Wellcome’s ongoing focus on providing its customers with more choice and the best value for money since 1985.

Wellcome always strives to reduce cost and passes the savings on to customers. With a longstanding relationship with suppliers, Wellcome holds down prices as long as it can by liaising with the suppliers. Wellcome also keeps a wide selection of products at low prices by combining its bulk purchases with other retailers in the Dairy Farm Group in Asia. Understanding the market, Wellcome committed to a bulk purchase of corporate brand products, in return for the same purchase rate throughout 2008 and thus kept prices stable. In addition, Wellcome has shifted the purchase of products to the U.S., e.g., canned food, to take advantage of the favourable exchange rate with the U.S. dollar, relative to the higher Euro or Australian dollar, for example.

Through energy saving and better utilisation of resources, Wellcome is able further lower costs. For example, in addition to adopting energy-saving converters, all stores have a light zoning control system and maintain only one third of the lighting after operation hours. Wellcome has also shortened the length of receipts and has reduced the size of price tags on shelves. Without affecting service quality or convenience to customers, Wellcome has achieved cost savings and provides competitive prices to reward customers.

* ‘No Frills’ Promotion: On top of the already-discounted price, an additional 5% price reduction is offered on all ‘No Frills’ products from now until 31 December 2008.

Savings from buying 'No Frills' products in comparison to popular brands

| No Frills | | Similar items of other brands # | | Price difference ** | |
|-------------------------------|---|---------------------------------|----------------|---------------------|--|
| Product item | Discounted price w/ added 5% discount* (HK\$) | Average price (HK\$) | Save (HK\$) | | |
| 1. Corn Oil (2L) | 53.1 | 67.9 | \$14.8 | 28% | |
| 2. Canola Oil (3L) | 68.3 | 97.4 | \$29.1 | 43% | |
| 3. Peanut Oil (2L) | 62.6 | 82.9 | \$20.3 | 32% | |
| 4. Thai Fragrant rice (8kg) | 71.1 | 85.7 | \$14.6 | 21% | |
| 5. Box tissue (1 box/ 5packs) | 18.9 | 25.9 | \$7 | 37% | |
| 6. Kitchen towels 2's | 8 | 12.2 | \$4.2 | 53% | |
| 7. Toilet tissue 10Rolls | 14.7 | 31.9 | \$17.2 | 117% | |
| 8. Distilled water 1.5L | 3.6 | 5.8 | \$2.2 | 60% | |
| 9. Crackers 350g | 10.3 | 14.5 | \$4.2 | 41% | |
| 10. Wafers 200g | 6.3 | 7.5 | \$1.2 | 19% | |
| Total amount | 316.9 | 431.7 | \$114.8 | 36% | |

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** Based on the price listed on 3 August 2008

- End -

About 'No Frills'

Positioned as the smartest product choice for the lowest price since 1985, 'No Frills', Wellcome's corporate brand, aims at providing quality consumer products at the lowest prices. 'No Frills' carries 300 basic consumer necessity products ranging from the foods such as rice, oil, and freezer produce to household consumables such as toilet paper, napkins and etc. It supports Wellcome's ongoing focus on providing its customers with more choice and best value for money.

About Wellcome

Founded in 1945, Wellcome is Hong Kong's largest and longest-established supermarket chain. Since 1964, the company has been wholly owned by Dairy Farm. With a staff of around 5,000, Wellcome's network of 250 stores in Hong Kong serves more than 14 million customers every month. Wellcome is committed to maintaining its market-leading position by providing one stop shopping convenience to customers, consistently delivering value for money through Friendly Service and Low Prices. Please visit <http://www.dairyfarmgroup.com> or <http://www.wellcome.com.hk> for more details about Wellcome.

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