

The Directors have pleasure in presenting the 2008 report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the development and operation of stylish department store chain in the People's Republic of China (the "PRC"). The principal activities of the subsidiaries of the Company are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 39.

The Directors now recommend the payment of a final dividend of RMB0.308 (2007: RMB0.043) per share to the shareholders on the register of members of the Company on 20 May 2009, amounting to approximately RMB545 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2008, pursuant to the general mandate given to the Directors of the Company, the Company repurchased 43,367,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at a total consideration of approximately HK\$180,951,000 (equivalent to approximately RMB159,536,000).

Subsequent to the year ended 31 December 2008 and up to the date of this report, the Company repurchased 6,629,000 ordinary shares on the Stock Exchange at a total consideration of approximately HK\$32,673,000 (equivalent to approximately RMB29,079,000).

The repurchases were effected by the Directors for the enhancement of shareholders' value. All the repurchased shares were cancelled upon repurchase.

Details of the share repurchase and other movements in share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

Save as disclosed above, during the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.



DISTRIBUTABLE RESERVES

As at 31 December 2008, the Company's reserves available for distribution to shareholders amounted to approximately RMB1,051,687,000 (2007: RMB796,891,000).

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Wang Hung, Roger (*Chairman*)

Han Xiang Li

Independent non-executive Directors

Wong Chi Keung

Wang Yao

Lau Shek Yau, John

Biographical details of the Directors and senior management of the Group are set out in "Biographies of Directors and Senior Management" section of this report.

According to Article 87 of the Articles of Association of the Company, Messrs. Lau Shek Yau, John and Wang Yao should retire by rotation and Messrs. Lau Shek Yau, John and Wang Yao, being eligible, had offered themselves for election at the forthcoming annual general meeting.

Mr. Han Xiang Li was re-designated as a non-executive Director and Ms. Zheng Shu Yun has been appointed as executive Director all with effect from 15 April 2009.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a contract of service which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long position in shares of HK\$0.10 each of the Company ("Shares")

Name of Director	Nature of Interest	Number of Shares held	Percentage of shareholding
Wang Hung, Roger ("Mr. Wang") (<i>Note</i>)	Interest in controlled corporation	1,323,844,000	74.60%

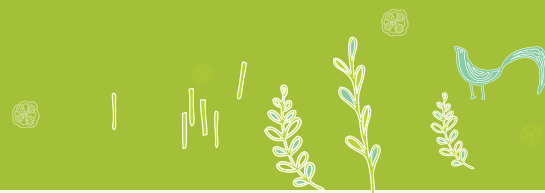
Note : These 1,323,844,000 Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Limited which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang. Mr. Wang is deemed to be interested in 50,000 shares of GEICO Holdings Limited, 1 share of Golden Eagle International Retail Group Limited and the 1,323,844,000 Shares under the SFO.

Long position in underlying Shares

On 26 May 2006, options to subscribe for 250,000 Shares were granted under the share option scheme of the Company (the "Scheme") to Mr. Han Xiang Li at the exercise price of HK\$4.35 per Share exercisable from 28 April 2007 to 27 April 2012. On 20 November 2006, options to subscribe for 750,000 Shares were further granted under the Scheme to Mr. Han Xiang Li at the exercise price of HK\$4.80 per Share exercisable from 20 October 2007 to 19 October 2012. On 20 November 2006, options to subscribe for a total of 400,000 Shares were granted under the Scheme to the independent non-executive Directors at the exercise price of HK\$4.80 per Share exercisable from 20 October 2007 to 20 March 2009. Of which, options to subscribe for 100,000 Shares held by Mr. Wang Yao were exercised in 2007. Details of the remaining options are as follows :

Name of Director	Number of underlying Shares under outstanding options	Percentage of shareholding
Han Xiang Li	1,000,000	0.06%
Wong Chi Keung	200,000	0.01%
Lau Shek Yau, John	100,000	0.01%

Save as disclosed above, as at 31 December 2008, none of the Directors, chief executive nor their associates had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed under the SFO or the Model Code.



INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2008, the register of substantial shareholders and other persons maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executive of the Company, the following shareholders had notified the Company of their relevant interests and short positions in the shares and underlying shares of the Company:

Long position in Shares

Name	Nature of Interest	Number of Shares held	Percentage of shareholding
GEICO Holdings Limited (<i>Note</i>)	Interest in controlled corporation	1,323,844,000	74.60%
Golden Eagle International Retail Group Limited (<i>Note</i>)	Beneficial owner	1,323,844,000	74.60%

Note: These Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Limited which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang.

Save as disclosed above, as at 31 December 2008, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Pursuant to the Scheme, the Company's board of directors (the "Board") may grant options to any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants, agents and legal and financial advisors of the Company or its subsidiaries which, in the opinion of the Board have contributed to the Group to subscribe for Shares for a consideration of HKD1.00 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees. The Scheme will remain effective for a period of ten years commencing on 26 February 2006.

During the year ended 31 December 2008, 695,000 share options were exercised and 1,453,000 share options were forfeited. In addition, on 5 December 2008, 18,000,000 share options were granted under the Scheme at the exercise price of HK\$4.20 per Share exercisable from 5 December 2009 to 4 December 2014. Details of the Scheme and the movements of the share options are set out in note 31 to the consolidated financial statements.

There were a total of 37,948,000 Shares available for issue pursuant to options that may be granted under the Scheme, representing about 2.14 per cent. of the issued share capital of the Company as at the date of this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Scheme as disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS

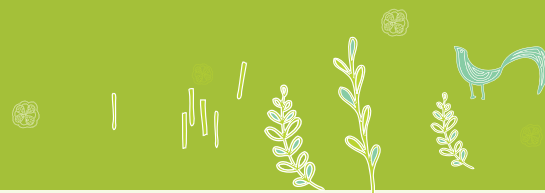
Save as disclosed under the section headed "Annual Review of Continuing Connected Transactions" below, no contracts of significance, to which the Company, its holding company, subsidiaries or fellow subsidiaries was party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Lease of office premise from Golden Eagle Hi-tech by Nanjing Xinjiekou Store

On 18 December 2007, a supplementary agreement to the original lease agreement dated 28 December 2004 for the lease of the entire eighth floor (about 5,420 square metres) of the Golden Eagle International Plaza (the "Xinjiekou Tenancy Agreement") was entered into between Golden Eagle International Retail Group (China) Co., Ltd.*, or where the context so requires, the department store operated by such company ("Nanjing Xinjiekou Store") and Nanjing Golden Eagle International Group Hi-tech Industry Co., Ltd.* ("Golden Eagle Hi-tech") for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010. Golden Eagle Hi-tech is a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang. The entering of the Xinjiekou Tenancy Agreement allows the Group to secure tenancy for an office premise which is of close proximity to Nanjing Xinjiekou Store.

Under the Xinjiekou Tenancy Agreement, annual rent is approximately RMB7.1 million. The annual rent was determined after arm's length negotiation between the parties and with reference to the prevailing market rate. The consideration paid by Nanjing Xinjiekou Store to Golden Eagle Hi-tech under the Xinjiekou Tenancy Agreement for the year ended 31 December 2008 amounted to approximately RMB6 million.



Lease of property for department store from Nanjing Zhujiang No. 1 by Nanjing Zhujiang Store

On 28 August 2007, Nanjing Golden Eagle G-City Shopping Centre Co., Ltd.*, or where the context so requires, the department store operated by such company ("Nanjing Zhujiang Store") entered into a tenancy agreement in respect of the lease of first to fifth floors of the Zhujiang No.1 Plaza (the "Zhujiang Tenancy Agreement") with Nanjing Zhujiang No. 1 Industry Co. Ltd.* ("Nanjing Zhujiang No.1"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years. The aforesaid parties have entered into a supplemental agreement (the "First Supplemental Agreement") on 4 June 2008 amending the area of the property to be leased to the Group from 22,780 square metres to 24,545.46 square metres in order to provide more space for the Group to use for its department store operation.

On 29 December 2008, the aforesaid parties entered into a second supplemental agreement (the "Second Supplemental Agreement"), pursuant to which Nanjing Zhujiang No. 1 shall lease to Nanjing Zhujiang Store the south additional units and north additional units for the period between the date on which the south additional units and north additional units commence operation to 27 December 2027. The entering of the Zhujiang Tenancy Agreement, the First Supplemental Agreement and the Second Supplemental Agreement (collectively referred to as the "Amended Zhujiang Tenancy Agreement") allows the Group to secure tenancy for a department store which is located in Nanjing.

The consideration for the lease shall be equivalent to 5% of the gross sales proceeds derived from the operations of the Nanjing Zhujiang Store less the relevant value-added tax, subject to the use of the minimum guaranteed gross sales proceeds of the sub-lessees of the south additional units (if any) in the calculation of consideration if the gross sales proceeds are lower than the minimum guaranteed gross sales proceeds. The consideration was determined after arm's length negotiation between the parties and with reference to the prevailing market rate. The rental expenses paid by Nanjing Zhujiang Store for the year ended 31 December 2008 amounted to approximately RMB8 million.

Lease of property for department store from Shanghai Fude by Shanghai Store

On 29 December 2008, Shanghai Golden Eagle Industry Company Limited*, or where the context so requires, the department store operated by such company ("Shanghai Store") entered into a lease agreement (the "Shanghai Tenancy Agreement") in respect of the lease of the entire first to fifth floors, part of the sixth floor and relevant accessory room of the Golden Eagle Shopping Plaza (the "Shanghai Properties") with Shanghai Fude Shiji Investment Limited ("Shanghai Fude"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang for a term of 20 years commencing from the date on which the Shanghai Store commences operation.

The purpose of entering into the Shanghai Tenancy Agreement is to use the Shanghai Properties, which is located in a prime location in Shanghai, for the Group to commence its own business operations in Shanghai. The Shanghai Store will become a platform for the Group to cooperate with international brands.

The consideration for the lease shall be equivalent to 5% of the gross sales proceeds derived from the operations of the Shanghai Store less the relevant value-added tax. The consideration was determined after arm's length negotiation between the parties and with reference to the prevailing market rate. Since the Shanghai Store has not yet commence operation as at the balance sheet date, no rental expenses has been paid or payable under the Shanghai Tenancy Agreement during the year ended 31 December 2008.

Property Management Services Agreements

On 18 December 2007, Nanjing Xinjiekou Store and Nanjing Golden Eagle International Properties Management Co., Ltd.* ("Nanjing Golden Eagle Properties"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, entered into a property management services agreement, pursuant to which Nanjing Golden Eagle Properties shall provide property management services to Nanjing Xinjiekou Store and a number of department stores under its control, including Nantong, Yangzhou, Suzhou, Xuzhou, Taizhou and Kunming for a term of three years commencing from 1 January 2008 and expiring on 31 December 2010.

On 29 December 2008, Nanjing Zhujiang Store and Nanjing Zhujiang No. 1 entered into an additional property management services agreement, pursuant to which Nanjing Zhujiang No. 1 shall provide property management services to Nanjing Zhujiang Store for a term of two years commencing from 1 January 2009 and expiring on 31 December 2010.

The entering into of the aforesaid property management services agreements allow the Group to focus on the development and operations of department stores. The property management services shall include the provision of property (interior) maintenance, cleaning, environmental and greenery services and a fee equivalent to the actual cost incurred plus a mark-up of 10% will be charged. These fees were determined after arm's length negotiation between the respective parties and with reference to the prevailing market rate. The property management services fees paid by the Group under the aforesaid property management services agreements for the year ended 31 December 2008 amounted to approximately RMB18.2 million.

Carpark Management Services Agreement and New Carpark Management Services Agreement

On 18 December 2007, Nanjing Xinjiekou Store and Nanjing Golden Eagle International Properties Management Co., Ltd.* ("Nanjing Golden Eagle Properties"), Nanjing Zhujiang Store and Nanjing Golden Eagle Properties, as well as Xuzhou Golden Eagle International Industry Co., Ltd.*, or where the context so requires, the department store operated by such company ("Xuzhou Store Co.") and Xuzhou Golden Eagle International Properties Management Co., Ltd.* ("Xuzhou Golden Eagle Properties") entered into a carpark management services agreement (the "Carpark Management Services Agreement") for a term of three years commencing from 1 January 2008 and expiring on 31 December 2010. Nanjing Golden Eagle Properties and Xuzhou Golden Eagle Properties are connected person (as defined in the Listing Rules) of the Company as they are companies ultimately and wholly-owned by Mr. Wang,

Pursuant to the Carpark Management Services Agreement, Nanjing Golden Eagle Properties and Xuzhou Golden Eagle Properties shall provide free carparks to the customers of Nanjing Xinjiekou Store, Nanjing Zhujiang Store and Xuzhou Store. Each of Nanjing Xinjiekou Store and Nanjing Zhujiang Store shall pay to Nanjing Golden Eagle Properties the carpark fees at a rate of RMB4.0 per hour. Xuzhou Store shall pay to Xuzhou Golden Eagle Properties the carpark fee at a rate of RMB1.8 per hour. The carpark fees which have been incurred by the respective stores are part of the value-added services provided to the customers. The entering into of the Carpark Management Services Agreement allows the Group to provide better services to customers in order to generate sale. The carpark management services fee paid by the Group for the year ended 31 December 2008 amounted to approximately RMB4.1 million.



Since the connected persons have certain re-arrangements of its companies for provision of carpark management services to the Group, the services providers of carpark management services have been changed. The Group entered into a termination agreement with the aforesaid parties and on 29 December 2008, Nanjing Xinjiekou Store and Nanjing Golden Eagle International Group Co., Ltd.* ("Golden Eagle International Group"); Xuzhou Store and Xuzhou Golden Eagle International Properties Co., Ltd.* ("Xuzhou Golden Eagle International Properties") and Nanjing Zhujiang Store and Nanjing Zhujiang No. 1, entered into a new carpark management services agreement (the "New Carpark Management Services Agreement") for a term of two years commencing from 1 January 2009 and expiring on 31 December 2010. Golden Eagle International Group and Xuzhou Golden Eagle International Properties are connected person (as defined in the Listing Rules) of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

Pursuant to the New Carpark Management Services Agreement, Golden Eagle International Group, Xuzhou Golden Eagle International Properties and Nanjing Zhujiang No. 1 agreed to provide free carparks to the customers of Nanjing Xinjiekou Store, Xuzhou Store and Nanjing Zhujiang Store respectively. The pricing policy of the New Carpark Management Services Agreement is the same as the Carpark Management Services Agreement. These fees were determined after arm's length negotiation between the respective parties and with reference to the prevailing market rate.

Project Management Services Agreement

On 18 December 2007, Nanjing Xinjiekou Store and Golden Eagle International Group entered into a project management services agreement (the "Project Management Services Agreement") for a term of three years commencing from 1 January 2008 and expiring on 31 December 2010, pursuant to which Golden Eagle International Group will provide project management services for the construction of the Group's new stores.

The project management services will include design, purchase of building materials and construction of the Group's new stores. The entering into of the Project Management Services Agreement allows the Group to focus on the development and operation of department stores. Golden Eagle International Group will provide project management services to the Group at a fee equivalent to 2% of the estimated cost agreed by both parties and in the event that the actual cost is lower than the estimated cost agreed by both parties, an incentive fee equivalent to 10% of the cost saved will be paid to Golden Eagle International Group. These fees were determined after arm's length negotiation between the parties and with reference to the prevailing market rate and on terms no worse off than the Group can obtain in the market and no less favourable than terms offered by Golden Eagle International Group to other independent third parties. The consideration paid by the Group to Golden Eagle International Group under the Project Management Services Agreement for the year ended 31 December 2008 amounted to approximately RMB9.7 million.

Management Service Agreement

On 3 November 2008, the Company entered into a management service agreement (the "Management Service Agreement") with Nanjing Xinbai Co., Ltd.* ("Nanjing Xinbai"), a connected person (as defined in the Listing Rules) of the Company as it is a company in which Mr. Wang has beneficial interests, for a term of one year commencing from 1 January 2009 and expiring on 31 December 2009.

Pursuant to the Management Service Agreement, Nanjing Xinbai agreed to engage the Company to undertake and provide management service for Nanjing Orient Department Store Co., Ltd.* ("Nanjing Orient Department Store"), the business of which is the operation of stylish premium department store. The Company shall be entitled to receive a management fee equivalent to 50% of the audited net profit of Nanjing Orient Department Store generated from the business of department store operation attributable to its assets, business operation and investment scale of a particular financial year and calculated pursuant to the accounting rules and regulations with special regard to companies listed in the PRC (the "Audited Net Profit") for the year ending 31 December 2009 exceeding the reference amount of RMB7.32 million. In the event that the Audited Net Profit for the year ending 31 December 2009 is less than RMB7.32 million, the Company shall pay the shortfall to Nanjing Orient Department Store. The purpose of the Management Service Agreement is to expand the Group's business in Jiangsu Province, the PRC and to generate profits.

Management Consultancy Agreement

On 14 March 2008, the Company entered into a management consultancy agreement (the "Management Consultancy Agreement") with Shanghai Golden Eagle International Shopping Centre Co., Ltd.* ("Shanghai Shopping"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term commencing from 14 March 2008 and expiring on 31 December 2010.

Pursuant to the Management Consultancy Agreement, the Company agreed to provide merchandising services and management consultancy services for the daily operation of Shanghai Shopping at a quarterly fee equivalent to 1.5% of the gross sales proceeds less the relevant value-added tax plus 5% of the rental income of Shanghai Shopping. The management consultancy services will include consultancy on store planning and design, consultancy on merchandising mix, financial advice, marketing and human resources management. The transaction under the Management Consultancy Agreement allows the Group to have a steady revenue inflow and to ensure that the value of Shanghai Shopping is preserved and improved before any further action taken by the Group. The consideration was determined after arm's length negotiation between the parties and with reference to the prevailing market rate. The consideration paid by Shanghai Shopping to the Company under the Management Consultancy Agreement for the year ended 31 December 2008 amounted to approximately RMB1 million.



Decoration Services Agreement

On 18 December 2007, Nanjing Xinjiekou Store entered into a decoration services agreement (the "Decoration Services Agreement") with Nanjing Golden Eagle International Group Decoration Project Co., Ltd.* ("Nanjing Golden Eagle Decoration"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, pursuant to which Nanjing Golden Eagle Decoration agreed to provide decoration services to Nanjing Xinjiekou Store and department stores under its control for a term of three years commencing from 1 January 2008 and expiring on 31 December 2010. The entering into of the Decoration Services Agreement allows the Group to focus on the development and operation of department stores.

Pursuant to the Decoration Services Agreement, Nanjing Golden Eagle Decoration will provide the decoration services to the Group at rates to be determined after arm's length negotiations and on terms not worse than the Group can obtain in the market and no less favourable than terms offered by Nanjing Golden Eagle Decoration to other independent third parties. The consideration paid by the Group to Nanjing Golden Eagle Decoration under the Decoration Services Agreement for the year ended 31 December 2008 amounted to approximately RMB66.7 million.

* for identification purpose only

Views of the auditor and independent non-executive Directors

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported its factual findings in connection with the continuing connected transactions to the Board and the Board has made all the applicable confirmation as set out in Rule 14A.37 (1) to (3) of the Listing Rules.

Each of the independent non-executive Directors has confirmed that all the above continuing connected transactions have been entered into by the Group in the ordinary and usual course of its business, either on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties, and in accordance with the terms of the relevant agreements governing the above continuing connected transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DEED OF NON-COMPETITION

The independent non-executive Directors believe that the exercise or non-exercise of each of the Right of First Refusal, the Shanghai Shopping Option and the Xinbai Shopping Option (all as defined in the prospectus of the Company dated 8 March 2006 (the "Prospectus")) is yet to conclude, on the basis that:

- (a) Mr. Wang and the companies controlled by him will not dispose all or part of the equity interest in Shanghai Shopping and Xinbai Shopping to third parties;
- (b) the Company entered into the Shanghai Tenancy Agreement with Shanghai Fude for the leasing of the Shanghai Properties for a term of 20 years commencing from the date on which the Shanghai Store commences operation. Details of are disclosed under the section headed "Annual Review of Continuing Connected Transactions" sub-section "Lease of property for department store from Shanghai Fude by Shanghai Store"; and
- (c) the reason for not including Xinbai Shopping as part of the Group as disclosed in the Prospectus has not been changed, and the Directors are of the view that exercising the option for Xinbai Shopping is not in the interest of the Group as a whole.

Accordingly, the independent non-executive Directors do not consider it is necessary for the Company to exercise or not to exercise the Right of First Refusal, the Shanghai Shopping Option and the Xinbai Shopping Option at this moment.

Mr. Wang, GEICO Holdings Limited and Golden Eagle International Retail Group Limited (collectively referred to as the "Covenantors") have made an annual declaration confirming that they have fully complied with the Undertakings (as defined in the Prospectus). The independent non-executive Directors have also reviewed whether the Covenantors have fully complied with the Undertakings and they are satisfied that the Covenantors were in full compliance of the Undertakings.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers taken together were less than 30% of the Group's total sales for the year. The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together were less than 30% of the Group's total purchases for the year.



MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Company, there is sufficient public float as required by the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wang Hung, Roger

Chairman

25 March 2009