



	Gross Floor Area (square metres)		
	Owned	Leased	Sub-total
Nanjing Xinjiekou Store	33,447		33,447
Nantong Store	8,795		8,795
Yangzhou Store	37,562	3,450	41,012
Suzhou Store		14,960	14,960
Xuzhou Store	51,266		51,266
Xi'an Guomao Store		10,029	10,029
Xi'an Gaoxing Store	25,476		25,476
Taizhou Store	47,327		47,327
Kunming Store	33,702		33,702
Nanjing Zhujiang Store		30,823	30,823
Huai'an Store	48,000		48,000
Yancheng Store	62,000		62,000
<b>Total</b>	<b>347,575</b>	<b>59,262</b>	<b>406,837</b>
Percentage	85.4%	14.6%	100%



## **DEVELOP A STORE CHAIN NETWORK SPANNING NATIONWIDE WITH A STRONG Foothold IN JIANGSU PROVINCE**

Since the opening of Nanjing Xijiekou Store, our first department store, the Group has, with its devoted efforts in the past 12 years, successfully opened 12 self-owned stores as at the date of this report. The self-owned stores spanned across Jiangsu province, Shaanxi province, Yunnan province, covering ten cities, namely, Nanjing, Nantong, Yangzhou, Suzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Xi'an and Kunming, with the total gross floor area of approximately 400,000 square meters and the total operation area of approximately 270,000 square meters.

The Group has successfully established a leading position in Jiangsu province, the major market of the Group. The Group accumulated valuable experience in cross-district expansion and operation management through the opening of Xi'an Guomao Store, Xi'an Gaoxin Store and Kunming Store, laying a solid foundation for achieving the target of building a nationwide chain store network.

## **FOCUS ON STRATEGY OF DEVELOPING AT SELF-OWNED PROPERTIES WITH ESTABLISHMENT OF LONG TERM LEASES AS ALTERNATIVE**

The Group's department stores are situated at the prime shopping areas in their respective cities. Except for Suzhou Store, Xi'an Guomao Store and Nanjing Zhujiang Store, all the Group's department stores are located in self-owned properties, with its proportion reaching 85.4%. The strategy of developing at self-owned properties enables the Group to be immune from rental increase in the future. In order to seize development opportunities, the Group also occupies high quality properties by entering into long-term leasing agreements, which can minimize the impact of rental increase on the operations of department stores. The target term of leasing agreements is above ten years.

## **STRENGTHEN VIP CUSTOMER EXPANSION PLAN TO ATTRACT LOYAL VIP CUSTOMERS**

Through the provision of value-added services exclusively for VIPs and continuous improvement in the quantity and quality of our services, the Group has secured a group of loyal customers, which further strengthened the Group's foundation for development in the long run. As at 31 December 2008, the Group had approximately 600,000 VIP customers. VIP customers' spending accounted for approximately 64.6% of the gross sales proceeds of the Group.

## **ADOPT STANDARDIZED MANAGEMENT SYSTEM AND LEADING ERP MANAGEMENT SYSTEM IN THE INDUSTRY**

The Group has obtained ISO9001 quality management system and manages every department store with a standardized management system. In order to exercise centralized management for all chain stores, the Group has successfully developed the ERP management system, which provides the headquarter and the management with operational, financial and human resources data in a timely and efficient manner. Such system enables the Group to monitor the operational status of the Group's chain stores effectively and formulate its development strategy in response to the ever-changing market conditions.

## **ENHANCE INSIGHT FOR INTERNATIONAL MANAGEMENT AND IMPLEMENT LOCALIZED OPERATING STRATEGIES**

The Group highly respects the efforts and contribution of its employees. The Group organizes regular professional training sessions and overseas study trips for the management and employees, so as to enhance their sustainable development capabilities and their insight for international management. The Group has implemented a localized management system which is suitable for relevant local markets. The Group recruits local talents who are familiar with the local market to form its management team for its department stores. As at 31 December 2008, the Group has approximately 3,200 employees.