
FUTURE PLANS

FUTURE PLANS AND PROSPECTS

The Directors are optimistic about the prospects of the domestic and overseas furniture markets. In the long run, the Group aims to become a leading home furniture provider in both the PRC and overseas markets.

In order to achieve sustainable growth for the Group’s business and to maximise the return on the Shareholders’ investments, the Group intends to adopt the following strategies:

- Increasing brand recognition and enhancing corporate profile

The Group will continue to promote its corporate image and brands through advertising on a variety of media including billboards, buses and bus-stops, magazines, trade publications and newsletters in the PRC. The Group will also continue to participate in major trade fairs including international trade shows held in Guangzhou and Shanghai, the PRC in 2009 and Shenzhen and Guangzhou, the PRC in 2010. In addition, the Group will put more efforts in promoting its “CHINATAG” products in the PRC through distribution of product brochures and participation in trade fairs.

- Strengthening design and development capabilities and expanding product range

The Group will (i) on a regular basis provide in-house training by senior designers in relation to product knowledge and characteristics of the Group’s products; (ii) invite renowned furniture design and development experts to conduct professional courses covering use of materials, color, latest product development and use of technology; and (iii) send designers to participate in furniture trade fairs in the PRC and abroad to gain firsthand knowledge of international furniture trend and development. The Group also intends to engage international renowned furniture designers to act as its consultants. In addition, the Group plans to set up a testing center for development of new production technology and materials and testing of newly developed products and materials used in the production.

- Increasing market penetration in the PRC

The Group will continue its present practice of providing training to the existing distributors on sales and marketing skills and customer services as well as holding seminars on specifications for the design and display at retail outlets. The Group intends to conduct the training and seminars by in-house senior sales officers and industry experts.

- Increasing production capacity and improving production efficiency by deployment of new production equipment

The Group has ordered advanced woodworking machineries from local and overseas suppliers to be installed at the Shenzhen Xingli Production Base.

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- Growth through value-accretive acquisition strategies

The Group will identify the alliance or joint venture partners or merger or acquisition targets based on their sales network, product portfolio, quality of products and services as well as production capacities.

The Group has developed specific plans for achieving these strategies and details of which are set out in the paragraph headed “Strategies” in the section headed “Business” in this document.