SHIRBLE DEPARTMENT STORE
歲寶百貨

Shirble Department Store Holdings (China) Limited
歲寶百貨控股(中國)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 312

Global Offering

Sole Sponsor

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BOC INTERNATIONAL

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**625,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**62,500,000 Shares (subject to adjustment)**
Number of International Placing Shares	:	**562,500,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$2.55 per Offer Share payable in full on application, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%**
Nominal value per Share	:	**HK$0.10**
Stock code	:	**312**

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A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and Available for Public Inspection in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or before 12:00 noon, Thursday, 11 November 2010. The Offer Price will be not more than HK$2.55 per Offer Share and is currently expected to be not less than HK$1.85 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum issue price of HK$2.55 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% subject to refund if the Office Price should be lower than HK$2.55. If, for any reason, the Offer Price is not agreed by 12:00 noon of Thursday, 11 November 2010 by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our website at www.shirble.net and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If applications for the Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, then even if the indicative Offer Price range and/or the number of Offer Shares is so reduced, such applications cannot be subsequently withdrawn. For more details, please see the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.

Prospective investors of the Offer Shares should note that the Joint Global Coordinators have the right, in their sole and absolute discretion may, on behalf of the Hong Kong Underwriters, terminate the Hong Kong Underwriting Agreement by notice in writing to our Company given by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), upon occurrence of any of the events set forth in the section headed "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offer – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the day that trading in the Shares commences on the Stock Exchange. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulation S.

5 November 2010

We will issue an announcement in Hong Kong to be published on our website at www.shirble.net, the website of the Stock Exchange at www.hkexnews.hk and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offer.

	2010[1]
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at www.eipo.com.hk[4]	11:30 a.m. on Wednesday, 10 November
Application lists of the Hong Kong Public Offer open[2]	11:45 a.m. on Wednesday, 10 November
Latest time to lodge **WHITE** and **YELLOW** Application Forms[2]	12:00 noon on Wednesday, 10 November
Latest time to give **electronic application instructions** to HKSCC via CCASS[3]	12:00 noon on Wednesday, 10 November
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 10 November
Application lists of the Hong Kong Public Offer close[2]	12:00 noon on Wednesday, 10 November
Price Determination Date[5]	Thursday, 11 November
Announcement of: (i) the Offer Price; (ii) indication of level of interest in the International Placing; (iii) the level of applications in the Hong Kong Public Offer; and (iv) the basis of allotment of the Hong Kong Offer Shares to be published on our website at www.shirble.net, the website of the Stock Exchange at www.hkexnews.hk and in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Tuesday, 16 November
Result of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see "How to apply for Hong Kong Offer Shares – Publication of results")	Tuesday, 16 November

Result of allocations in the Hong Kong Public Offer will be available at www.iporesults.com.hk with a "search by ID" function	Tuesday, 16 November
Despatch of White Form e-Refund payment instructions/refund cheques in respect of wholly successful (if applicable) and wholly or partially unsuccessful applications under the Hong Kong Public Offer on or before(6)	Tuesday, 16 November
Despatch of the Share certificates of the Offer Shares or deposit of certificates of the Offer Shares into CCASS in respect of wholly or partially successfully applications pursuant to the Hong Kong public offer on or before(6)	Tuesday, 16 November
Dealings in Shares on the Stock Exchange expected to commence on	Wednesday, 17 November

Notes:

(1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "**black**" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 10 November 2010, the application lists will not open on that day. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares – Applying by using a WHITE or YELLOW Application Form – Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Wednesday, 10 November 2010, the dates mentioned in this section headed "Expected timetable" may be affected. A press announcement will be made by us in such event. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Hong Kong Offer Shares – Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

(3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the paragraph headed "How to apply for Hong Kong Offer Shares – Applying by giving **electronic application instructions** to HKSCC" in this prospectus.

(4) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(5) The Price Determination Date is expected to be on or before 12:00 noon, Thursday, 11 November 2010. If, for any reason, the Offer Price is not agreed by 12:00 noon of Thursday, 11 November 2010, the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse.

(6) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly partially successful applications if the final Offer Price is less than the price payable on application. Refund cheques will be crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first named applicant on your Application Form. Part of your Hong Kong Identity Card number/passport number or if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

(7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares and have indicated in their applications that they wish to collect any refund cheques and share certificates in person, may do so from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Tuesday, 16 November 2010. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Computershare Hong Kong Investor Services Limited at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applications are the same as those for **WHITE** Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "Applying by giving **electronic application instructions** to HKSCC" under the section headed "How to apply for Hong Kong Offer Shares" in this prospectus for details. Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant applications. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares – Despatch/collection of share certificates and refund cheques" in this prospectus.

Share certificates will only become valid if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 am on the Listing Date, which is expected to be Wednesday, 17 November 2010. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.

You should read carefully the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering and how to apply for Hong Kong Offer Shares.

This prospectus is issued by Shirble Department Store Holdings (China) Limited solely in connection with the Hong Kong Public Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, any of the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

Please note that the totals set forth in the tables in the prospectus may differ from the sum of individual items in such tables due to rounding.

CONTENTS

This summary aims at giving you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the section headed "Definitions" in this prospectus.

OVERVIEW

We are one of the leading and long established Shenzhen-based department store chains according to the Survey Report issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*)[(1)], operating under the well-known brand of "歲寶百貨". We principally target the mid-market segment, i.e. customers falling within the middle level income bracket in Shenzhen and other cities in Southern China, aiming to offer our customers with a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable "one-stop" shopping environment. We believe this market position enables us to capture high growth potential in the PRC retail sector.

We have achieved a proven operation history of more than 14 years under a stable and experienced management. Our operations began with our first department store, Hongling store in Shenzhen in 1996, and since then our business and retail network grew with the opening of new stores at various strategic locations within Shenzhen. In 2004, leveraging our established reputation and household brand name and, at that time, over eight years of retail industry experience, including our in-depth understanding of consumer preferences and our relationships with merchandise suppliers and concessionaires, we successfully expanded our department stores beyond Shenzhen to Shanwei, a coastal city in the eastern Guangdong Province.

According to the Survey Report, we are one of the Four Key Enterprises in the department store industry in Shenzhen. The Survey Report further highlights that we are ranked first among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty rating.

We currently own and operate 12 "歲寶百貨" department stores, of which 10 are within Shenzhen and two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in the eastern Guangdong Province), respectively. Currently, 11 of our stores are operated on leased premises and only one of our stores is operated on our own premises. Going forward, after Listing, we intend to continue our strategy of setting up and operating our stores mostly on leased premises. However, we also intend to acquire a

Note:

(1) Our chief executive officer, Madam YANG Xiaomei (楊筱妹女士), is a vice chairman of Shenzhen Retail Business Association and she does not participate in the management of the association. Our Directors confirm that Shenzhen Retail Business Association is an Independent Third Party and confirm that the preparation of the Survey Report was not commissioned by us and such report was prepared in the ordinary course of business by Wanren Market Research as commissioned by Shenzhen Retail Business Association.

parcel of land in Shenzhen to construct a building complex which will contain a new store. Please refer to the sections headed "Our business – Our business strategies" and "Future plans and use of net proceeds from the Global Offering – Use of net proceeds from the Global Offering" in this prospectus for further information.

All our stores are having similar exterior and interior designs including layouts, colour schemes and decors, thereby enhancing customers' awareness of our brand "歲寶百貨". Apart from our existing 12 stores, we have also entered into a lease agreement in May 2010 in respect of our Minzhi store in the Bao'an District, Shenzhen, which is expected to commence business in or around November 2010. We will also open another new store in Futian District, Shenzhen, which is part of the development project above the Yitian station of Shenzhen metro railway system. This new store is expected to commence business in 2012. The location, merchandise mix, layout, customer and complementary services as well as the promotion activities of each of our stores are designed and organised to cater for the preferences, daily needs and spending patterns of our target customers. Our strategy to focus on daily necessities and consumer goods helps us to establish strong customer relationships and brand loyalty within the local population.

Our 12 stores currently in operation occupy an aggregate Gross Floor Area of approximately 179,000 sq. m., three of which have an individual Gross Floor Area of over 20,000 sq. m., six of the remaining stores have an individual Gross Floor Area of over 10,000 sq. m. and the other three stores have an individual Gross Floor Area ranging from more than 2,000 sq. m. to approximately 8,000 sq. m. All our 12 department stores are strategically located and enjoy high pedestrian flow and high visibility, and are within close proximity to the residential areas and public transportation systems.

We offer a broad range of merchandise in our stores, including footwear, textiles, apparel, cosmetics, children's and households' goods, electrical appliances, daily consumer products and household necessities, which enables us to capture a wide and diverse range of customers. Our Directors believe that the comprehensive range of mid-market products (with over 200,000 items of quality products) offered by us distinguishes us from our competitors.

We also cater for the upper-end segment of the retail market in respect of certain categories of products, through offering well-known international and domestic branded products in our stores, to satisfy the demand of customers with relatively higher consumption power. Further, we are an authorised sales enterprise and an authorised collection enterprise under the Change of the Old for New Program in Shenzhen for household electrical appliances. The Change of the Old for New Program is a short term incentive policy which the PRC Government implemented from June 2009 on a trial basis for one year and subsequently extended until 31 December 2011, but it is uncertain whether such program will be further extended when it expires. Please refer to the paragraph headed "Expiration of, or changes to, certain favourable government policies applicable to us may have a material adverse effect on our operation results or may obstruct our expansion plan in our targeted markets" under the section headed "Risk factors – Risks relating to our business" in this prospectus for further details.

Our Turnover grew from approximately RMB1,004.5 million in 2007 to approximately RMB1,148.0 million in 2009, representing a CAGR of approximately 6.9%. Our profit and total comprehensive income attributable to equity holders increased from approximately RMB100.7 million in 2007 to approximately RMB140.3 million in 2009, representing a CAGR of approximately 18.0%. Our Turnover grew 10.8% from approximately RMB562.7 million for the six months ended 30 June 2009 to approximately RMB623.4 million for the six months ended 30 June 2010. Our profit and total comprehensive income attributable to equity holders for the same period increased by 71.9% from approximately RMB52.4 million to approximately RMB90.1 million.

Sales in our stores can be generally divided into direct sales and concessionaire sales. Our Directors believe that the synergies between direct and concessionaire sales allow us to have better inventory control whilst at the same time being able to leverage on the competencies of our concessionaires. Overall store revenue and efficiencies of resource management are thereby increased.

A part of our profit was derived from a net gain on the disposal of held-for-trading investments (which represent investments in listed securities and financial products). The net gains from our disposal of held-for-trading investments amounted to approximately RMB11.1 million, RMB4.9 million, RMB32.7 million and RMB0.2 million for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 respectively, which accounted for 11.0%, 5.5%, 23.3% and 0.2% of our profit and total comprehensive income for those three years and six months ended 30 June 2010 respectively. Further information regarding our held-for-trading investments is set out in the section headed “Financial Information – Description of Certain Items of Statements of Comprehensive Income – Finance Income” in this prospectus.

Our Group started issuing pre-paid gift cards in January 1996. As at the Latest Practicable Date, all of our stores issued pre-paid gift cards. Cash that we receive from the issuance of pre-paid gift cards is an advance we receive from customers that increases trade and other payables on our balance sheet, but does not constitute part of Turnover or Gross Sales Proceeds until the customers pay for our goods or services using balance in pre-paid gift cards rather than other methods of payment such as cash, credit cards or other charge cards. For each of the three years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2010, Gross Sales Proceeds derived from sale of goods or services where the customers settled our invoices by way of balances on pre-paid gift cards were approximately RMB480.2 million, RMB565.3 million, RMB592.6 million and RMB334.2 million, respectively, representing 30%, 33%, 32% and 33% of total Gross Sales Proceeds in each of those years and the six months ended 30 June 2010 respectively. Our PRC Legal Advisers are of the view that by offering pre-paid gift cards, we have breached the requirements under《關於嚴禁發放使用各種代幣券(卡)的緊急通知》(Emergency Notice on Prohibition of Issuing and Using Tokens (or Token Cards)*) (“**Emergency Notice**”) jointly promulgated by 國家經濟貿易委員會 (State Economic and Trade Commission*), 國務院糾正行業不正之風辦公室 (Office of Correcting Industrial Improper Practice at the State Council*) and the PBOC on 19 January 2001 and relevant laws and regulations. Please refer to the paragraph headed “We have issued pre-paid gift cards, which have breached the applicable PRC laws, regulations and regulatory policies and we may be subject to enforcement action for the breach” in the section headed “Risk Factors – Risks relating to our business” in this prospectus for further details.

COMPETITIVE STRENGTHS

We believe that the following are our key competitive strengths:

- Well-known brand with “Time-honoured Brand” award
- Advantageous store locations
- Superior shopping experience, customer satisfaction, and loyalty
- Innovative customer services and marketing campaigns
- Comprehensive product offering and competitive pricing
- Economies of scale
- Proven ability to identify and develop new retail markets with high growth potential
- Experienced and stable management team
- Leading position in the affluent Shenzhen special economic zone

BUSINESS STRATEGIES

We endeavour to maintain sustainable growth and to bring value to our shareholders. In order to achieve such goal, we intend to adopt the following business strategies, which are supported by our solid retail industry experience and other competitive edges.

- Increase sales per square metre, revenue and profit from our existing stores
- Continue to develop and expand our private-label product offerings
- Enhance our leading position in Shenzhen and continue geographical expansion into neighbouring areas of Shenzhen or areas with good business potentials
- Upgrade our information technology system and explore the potential of developing our online shopping business
- Enhance our distribution capability and services by relocation of our Shenzhen Distribution Centre and establishment of a staff training centre

RESULTS OF OPERATIONS

The following tables set forth the summary consolidated financial information of our Group for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 and as of 31 December 2007, 2008 and 2009 and 30 June 2010. We have derived the summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The below summary should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes.

Our consolidated financial information was prepared in accordance with IFRS.

Consolidated statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Turnover(1)	1,004,464	1,079,940	1,148,030	562,717	623,363
Other operating revenue	63,341	78,886	85,448	40,736	68,446
Other net income	532	364	187	296	799
Purchase of and changes in inventories	(702,839)	(770,260)	(812,712)	(402,081)	(431,357)
Personnel costs	(87,999)	(101,837)	(87,619)	(43,401)	(45,672)
Depreciation	(32,469)	(30,874)	(34,798)	(17,894)	(15,234)
Operating lease rental expense	(79,077)	(82,155)	(90,153)	(44,434)	(53,651)
Other expenses	(65,532)	(69,648)	(70,042)	(32,464)	(33,953)
Profit from operations	100,421	104,416	138,341	63,475	112,741
Finance income	13,822	8,685	37,729	2,591	3,841
Finance costs	(7,059)	(4,380)	(1,238)	(1,091)	(929)
Net finance income	6,763	4,305	36,491	1,500	2,912
Profit before tax	107,184	108,721	174,832	64,975	115,653
Income tax expense	(6,437)	(19,205)	(34,528)	(12,559)	(25,573)
Profit and total comprehensive income for the year/period	100,747	89,516	140,304	52,416	90,080
Profit and total comprehensive income attributable to:					
Equity holders of the Company	100,747	89,516	140,304	52,416	90,080
Earnings per Share					
Basic earnings per Share (RMB)	0.05	0.05	0.07	0.03	0.05

Note:

(1) As disclosed in Note 2 of the Accountants' Report set out in Appendix I to this prospectus, turnover represents direct sales, commission from concessionaires sales and rental income. The amount of each significant category of revenue recognised is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Direct sales	810,602	882,280	945,651	464,086	503,003
Commission from concessionaire sales	168,152	169,494	172,502	84,517	102,661
Rental income	25,710	28,166	29,877	14,114	17,699
	1,004,464	1,079,940	1,148,030	562,717	623,363

Consolidated balance sheets

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	220,968	262,174	193,375	196,875
Deferred tax assets	24,811	26,253	30,850	35,056
	245,779	288,427	224,225	231,931
Current assets				
Inventories	166,071	173,650	177,411	161,232
Trade and other receivables	323,065	430,189	413,110	448,606
Held-for-trading investments	–	30,190	151	–
Pledged deposits	–	–	136,532	132,032
Cash and cash equivalents	343,108	322,038	317,914	336,294
	832,244	956,067	1,045,118	1,078,164
Current liabilities				
Trade and other payables	675,863	781,449	842,824	833,304
Interest-bearing borrowings	26,400	26,400	132,032	132,032
Income tax payables	7,932	5,701	32,266	22,458
	710,195	813,550	1,007,122	987,794
Net current assets	122,049	142,517	37,996	90,370
Total assets less current liabilities	367,828	430,944	262,221	322,301
Non-current liabilities				
Interest-bearing borrowings	44,800	18,400	–	–
	44,800	18,400	–	–
NET ASSETS	323,028	412,544	262,221	322,301
CAPITAL AND RESERVES				
Share capital	117,380	117,380	107,380	8
Reserves	205,648	295,164	154,841	322,293
TOTAL EQUITY	323,028	412,544	262,221	322,301

GLOBAL OFFERING STATISTICS

	Based on the expected minimum Offer Price of HK$1.85	Based on the expected maximum Offer Price of HK$2.55
Market capitalisation of the Shares(1)	HK$4,625 million	HK$6,375 million
Prospective price/earnings multiples on a pro forma basis(2)	20.4 times	28.1 times
Unaudited pro forma adjusted net tangible assets value per Share(3)	RMB0.49	RMB0.64

Notes:

(1) The calculation of market capitalisation is based on 2,500,000,000 Shares expected to be in issue following completion of the Global Offering and the Capitalisation Issue, but takes no account of any Shares which may be issued upon exercise of the Over-allotment Option and the Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

(2) The calculation of the prospective price/earnings multiples on a pro forma basis is based on the forecast earnings per Share on a pro forma basis of approximately HK$0.09 for the year ending 31 December 2010 at the respective Offer Prices of HK$1.85 and HK$2.55; and

(3) The unaudited pro forma adjusted net tangible assets value per Share is arrived at after making the adjustments set forth under "Unaudited pro forma financial information" in Appendix II to this prospectus and on the basis of a total of 2,500,000,000 Shares expected to be in issue following completion of the Global Offering and the Capitalisation Issue, but takes no account of any Shares which may be issued upon exercise of the Over-allotment Option and the Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

PROFIT FORECAST

We forecast that, in the absence of unforeseen circumstances and on the basis and assumptions set forth in Appendix III to this prospectus, the consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 will not be less than RMB195 million.

Forecast consolidated profit attributable to equity holders of our Company(1)	Not less than RMB195 million (equivalent to approximately HK$227 million)
Unaudited pro forma forecast earnings per Share(2)	Not less than RMB0.08 (equivalent to approximately HK$0.09)

The forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 is based on the audited consolidated results of our Group for the six months ended 30 June 2010, the unaudited management accounts for the three months ended 30 September 2010 and our forecast of the consolidated results for the remaining three months ending 31 December 2010.

Notes:

(1) The bases and principal assumptions on which the above profit forecast has been prepared are summarised in Parts A and B of Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010, assuming that the Global Offering were completed on 1 January 2010 and a total of 2,500,000,000 Shares were in issue throughout such year.

DIVIDENDS AND DIVIDEND POLICY

As part of the Reorganisation, Shirble Department Store (Shenzhen) and Shirble Chain Store declared dividends to their then respective equity holders. In 2009, dividend in the amount of RMB10.6 million was declared by Shirble Chain Store as approved by its equity holders on 31 March 2009, and dividend in the amount of RMB270.0 million was declared by Shirble Department Store (Shenzhen) on 28 August 2009. These dividends have been fully settled. Pursuant to the written resolutions of our Directors dated 17 June 2010, our Company declared a special dividend of RMB30.0 million. Pursuant to the written resolutions of our Directors dated 17 September 2010, our Company declared a special dividend of RMB10.0 million. The amounts of these dividends of our Company will be paid to our existing Shareholders from our internal resources after Listing and will not be available to any new Shareholders.

We financed the payment of all such dividends out of our internal financial resources. Our historical dividend distributions in the past should not be indicative of our future dividend policy.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends declared by our Company. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders, as applicable. In addition, our Controlling Shareholders will be able to influence our dividend policy.

Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider legal, fair and practicable.

We expect to declare a final dividend in respect of the year ending 31 December 2010 of not less than 30% of our distributable profit attributable to the period commencing from the Listing Date to 31 December 2010. For all subsequent years in the near future, our Directors currently intend to declare dividends to all our Shareholders of not less than 30% of our annual distributable profit subject to the availability of cash and distributable reserves, our cash flow and working capital requirements and the approval of our Shareholders.

Please refer to the section headed “Financial information – Dividends and dividend policy” in this prospectus for further information.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering accruing to our Group (after deduction of underwriting fees and estimated expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.20 per Share, being the mid-point of the proposed Offer Price range from HK$1.85 to HK$2.55 per Share) are estimated to be approximately HK$1,275.5 million (approximately RMB1,097.7 million). We currently intend to use the net proceeds from the Global Offering as follows:

- as to about HK$406.6 million (or approximately 31.8% of the net proceeds) for the establishment of eight new stores by 2012, in particular:

  (i) as to about HK$104.5 million (or approximately 8.2% of the net proceeds) for the opening of two stores in Shenzhen by 2012 (including our Yitian store in the Futian District by 2012);

  (ii) as to about HK$98.8 million (or approximately 7.7% of the net proceeds) for the opening of two stores in Changsha, Hunan Province by 2012;

  (iii) as to about HK$98.8 million (or approximately 7.7% of the net proceeds) for the opening of two stores in Shanwei, Guangdong Province by 2012; and

  (iv) as to about HK$104.5 million (or approximately 8.2% of the net proceeds) for the opening of two stores in Guangzhou, Guangdong Province by 2012;

  It is our plan that except the building complex which contains a new store to be constructed on a piece of land in Shenzhen to be acquired by us (as mentioned below), the aforementioned eight stores will be set up on leased lands. However, depending on the market condition in the future and after detailed feasibility study of the construction projects, expected capital expenditure and the source of financing associated with the acquisition of land, our Directors may consider other alternatives of setting up any one or more of the aforementioned eight stores on acquired lands if it is appropriate under the circumstances in the future to do so.

  No part of the HK$406.6 million will be used towards the acquisition of land.

- as to about HK$174.3 million (or approximately 13.7% of the net proceeds) for the construction of a building complex which will contain a new store in Shenzhen by 2012. Please refer to the section headed "Our business – Our business strategies" in this prospectus for further information.

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for part of the construction cost of establishment of a new Shenzhen Distribution Centre of an area of about 55,000 sq.m. and a staff training centre of an area of about 5,000 sq.m., in particular:

  (i) as to about HK$81.4 million (or approximately 6.4% of the net proceeds) for the building construction cost of the new Shenzhen Distribution Centre and the staff training centre; and

(ii) as to about HK$11.6 million (or approximately 0.9% of the net proceeds) for the installation of storage facility and equipment;

Please refer to the section headed "Our business – Our business strategies" in this prospectus for further information.

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for upgrading our existing information technology and management systems;

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for renovating, upgrading and face-lifting our existing stores;

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for development and promotion activities of our own private-label products.

- as to about HK$207.8 million (or approximately 16.3% of the net proceeds) for potential mergers and acquisitions; and

- as to about HK$114.8 million (or approximately 9.0% of the net proceeds) for general working capital.

We believe that the plan to establish nine new stores by 2012 is achievable for the following reasons:

(a) As of the Latest Practicable Date, we have identified the location of five stores. We are currently negotiating the locations of the remaining four stores, which are estimated to be confirmed by the end of this year;

(b) We have groomed management talent who are currently holding various positions in our Group. In the event that we set up a new store, we will be able to re-allocate these talent to positions in the new store. Further, the upgrade and optimization of our information system will result in the standardization of our store's trading operations and will result in less human resources being required. We may also liaise with the local government where the new store will be located in terms of employing suitable front-end staff candidates; and

(c) The suppliers of our main products (including food, daily necessities, clothes, bedding, home electrical appliances) can increase the supply and sales volume to cater for our expanding business need. Further, new products in the market will generally seek to sell their products in stores. As such, we believe that we will have a stable source of supplies to support our expansion plan.

If the Offer Price is determined at the highest point of the proposed Offer Price range, the net proceeds to our Company would be increased by approximately HK$213.3 million (approximately RMB183.5 million). We intend to apply such additional net proceeds for developing distribution centres for our stores in Changsha and Shanwei in the future, while the amounts to be applied for other purposes would remain unchanged. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

If the Offer Price is determined at the lowest point of the proposed Offer Price range, the net proceeds to our Company would be decreased by approximately HK$213.3 million (approximately RMB183.5 million). In such event, we will reduce our use of net proceeds for development of our own private-label products, and will not apply the net proceeds for the opening of our store in Guangzhou, Guangdong Province and our general working capital. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

In the event that the Over-allotment Option is exercised in full, assuming an Offer Price of HK$2.20 (being the mid-point of the proposed Offer Price range), the additional net proceeds of approximately HK$201.1 million (approximately RMB173.0 million) will be used for the opening of additional new stores in 2013. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

To the extent that the net proceeds from the Global Offering accruing to our Group are not immediately required for the above purposes or if we are unable to effect any of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong and/or the PRC for so long as it is in our best interests. We will also disclose the same in the relevant annual report.

Although from time to time, we may identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment, as at the Latest Practicable Date, we did not have any finalised understanding, commitments or agreements, and we had not entered into any letter of intent (whether legally binding or not) with respect to any acquisitions, alliances, joint ventures or strategic investments. We may or may not proceed with any or all of these investment and/or acquisition projects.

As advised by our PRC Legal Advisers, subject to the relevant PRC governmental approvals, registrations and/or filings, the net proceeds from the Global Offering to the Company can be applied in the PRC according to the above intended use under the relevant existing PRC laws and regulations by: (i) increasing the registered capital of our subsidiaries in the PRC; (ii) establishing a new PRC subsidiary; (iii) acquiring equity interests in other companies in the PRC; and/or (iv) providing shareholder's loan to our subsidiaries in the PRC in the amount not exceeding the difference between the investment amount and the registered capital of such subsidiaries.

RISK FACTORS

Our Directors consider that there are risks and uncertainties relating to our business industry, the PRC and the Global Offering:

Risks relating to our business

- We have issued pre-paid gift cards, which have breached the applicable PRC laws, regulations and regulatory policies and we may be subject to enforcement action for the breach
- We currently conduct substantially all of our operations in, and derive substantially all of our revenue from, Shenzhen, Guangdong Province
- We may encounter difficulties in exploring new markets and implementing our expansion plan, and the expansion may strain our management and administration resources

- Maintaining and expanding our department store chain requires substantial expenditures, for which we may not have adequate financial resources

- We may incur greater capital expenditure on setting up our new stores on acquired land

- If we cannot find stores in suitable locations and on commercially acceptable terms, our growth prospects may be adversely affected

- The business environment surrounding our stores may adversely affect our performance

- A part of our consolidated net profit for the year ended 31 December 2009 was attributable to gains from our disposal of held-for-trading investments, which were non-recurrent in nature and were not generated from our core business. We do not expect that we will continue to enjoy the same extent of such exceptional gains from non-operating income after Listing

- We rely on key management personnel and may not be able to retain and attract talented personnel

- We may fail to obtain or renew certain relevant certificates, licenses and permits on time

- Our costs may increase as a result of relocation of our Shenzhen Distribution Centre and the establishment of a staff training centre

- We may fail to anticipate and provide attractive goods to satisfy customer tastes and demands

- We rely on our relationship with suppliers and concessionaires

- We rely on our intellectual property rights

- We may face liabilities for infringement of intellectual property rights of third parties

- We may not be able to effectively manage our inventory

- We may face product liability claims

- Our insurance coverage may not be sufficient to cover all losses

- Our business operations may be adversely affected by any information technology system failure

- Our sales may decline if we fail to effectively market and promote our stores

- Our business operation may be interrupted and our financial conditions may be adversely affected due to defects of our leased properties or properties leased by us

- Expiration of, or changes to, certain favourable government policies applicable to us may have a material adverse effect on our operation results or may obstruct our expansion plan in our targeted markets

- We may be subject to acts of God, acts of war and epidemics or pandemics which are beyond our control and which may cause damage, loss or disruption to our business

Risks relating to the PRC retail industry

- We face intense competition in the PRC retail industry

- A downturn in the retail market in China will adversely affect our business and results of operations

- Changes in consumer preferences and/or purchasing power may adversely affect our business and results of operations

- Seasonality affects our sales

Risks relating to conducting business in the PRC

- Any adverse change in the political and economic policies of the PRC Government may materially and adversely affect our business, financial condition and operating results and may result in our inability to sustain our growth and expansion strategies

- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations

- PRC regulations relating to acquisitions of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects

- Implementation of the PRC Labour Contract Law and other labour-related regulations in China may materially and adversely affect our business, financial condition and operating results

- Failure to comply with the SAFE regulations relating to the establishment of special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries or limit the ability of our PRC subsidiaries to distribute profits to us or subject us to fines

- PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries

- Our company is a holding company that relies on payments from our subsidiaries for funding

- We may not be able to continue to enjoy our current preferential tax treatment
- We may be deemed to be a PRC tax resident under the EIT Law and be subject to the PRC taxation on our worldwide income
- Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business, financial condition, operating results and our ability to remit payments
- Income in respect of our Shares or dividends from our PRC subsidiaries may become subject to PRC taxes
- Our operating cost may be increased due to the provision of staff benefits as required by the PRC Government
- It may be difficult to effect service of process upon our Directors or executive officers who live in the PRC or to enforce against them in the PRC any judgments obtained from non-PRC courts

Risks relating to the Global Offering

- There has been no prior public market for the Shares and an active trading market may not develop
- The trading volume and share price of the Shares may fluctuate
- Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares
- Shareholders' interests in our Company may be diluted in the future
- Dividends paid in the past may not be indicative of the amount of future dividend payments or our future dividend policy
- Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our public shareholders
- Forward-looking information included in this prospectus may not be accurate
- There can be no guarantee as to the accuracy of facts and other statistics with respect to the economies and the industry in which we operate contained in this prospectus
- Investors should not rely on any information contained in press articles or other media regarding our Company or the Global Offering

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s), or where the context so requires, any of them, used in the Hong Kong Public Offer
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on 18 June 2010, a summary of which is set forth in Appendix V to this prospectus
"associates"	has the meaning ascribed to it under the Listing Rules
"BNP Paribas", or "Sole Sponsor"	BNP Paribas Capital (Asia Pacific) Limited, acting as the Sole Sponsor, a Joint Global Coordinator, a Joint Bookrunner and a Joint Lead Manager of the Global Offering, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"BOCI"	BOCI Asia Limited, acting as a Joint Global Coordinator, a Joint Bookrunner and a Joint Lead Manager of the Global Offering, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 1,874,900,000 Shares to be made upon capitalisation of part of the share premium account of our Company upon completion of the Global Offering referred to in the paragraphs under "Further information about our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Change of the Old for New Program"	以舊換新, a program launched by the State Council in June 2009. Pursuant to this program, a 10% rebate, subject to cap, on the retail price will be granted to qualified consumers who replace their selected existing household electrical appliances for new ones at an authorised sales enterprise
"chief executive"	the chief executive (as defined in SFO) of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau Special Administrative Region of China and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Shirble Department Store Holdings (China) Limited (歲寶百貨控股(中國)有限公司), a company incorporated in the Cayman Islands with limited liability on 5 November 2008
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the case of our Company, means our Individual Controlling Shareholders and our Corporate Controlling Shareholders
"Corporate Controlling Shareholders"	Shirble BVI, Xiang Rong Investment, Homey Enterprises and Kwan Mei Enterprises
"Deed of Common Control"	the deed of common control dated 20 October 2008, together with a supplement dated 2 November 2010, and entered into by and among our Individual Controlling Shareholders confirming that they were acting collectively in conducting and managing our business during the Track Record Period

"Deed of Indemnity"	the deed of indemnity dated 30 October 2010 and entered into between our Controlling Shareholders and our Company with particulars set forth in the paragraphs under "Other information – 1. Deed of Indemnity" in Appendix VI to this prospectus
"Director(s)"	the directors of our Company
"EIT"	enterprise income tax
"EIT Law"	中華人民共和國企業所得税法 (the PRC Enterprise Income Tax Law*) enacted by the PRC National People's Congress
"EIT Rules"	中華人民共和國企業所得税法實施條例 (the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC*)
"Final Share Exchange Deed"	the deed dated 15 June 2010 entered into between all of the Controlling Shareholders and our Company pursuant to which Homey Enterprises and Kwan Mei Enterprises transferred all their shares in Shirble BVI to Xiang Rong Investment, in consideration of (a) Xiang Rong Investment paying an aggregate amount equal to the par value of the new Shares as consideration for our Company allotting and issuing new Shares to Homey Enterprises and Kwan Mei Enterprises and (b) our Individual Controlling Shareholders transferring all their Shares to Shirble BVI, Homey Enterprises and Kwan Mei Enterprises
"First Share Exchange Agreement"	the agreement dated 9 December 2009 and entered into between our Company, Shirble BVI and Shirble Hong Kong pursuant to which Shirble BVI transferred the entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong at a consideration of HK$100,000,000 which was settled by the issue and allotment of 87,751 Shares to Shirble BVI
"Four Key Enterprises"	our Group, Rainbow Shopping Mall, Maoye Department Store and Haiya Department Store as referred to in the Survey Report
"Global Offering"	the Hong Kong Public Offer and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited

"Group"	our Company and our subsidiaries at the relevant time, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, its present subsidiaries and the businesses carried on by its subsidiaries, or as the case may be, its predecessors
"Haerbin Hatou Investment"	哈爾濱哈投投資股份有限公司 (Haerbin Hatou Investment Co. Ltd*), formerly known as 哈爾濱歲寶熱電股份有限公司 (Haerbin Shirble Electric-Heat Co. Ltd.*), a joint stock limited company established in the PRC on 12 August 1994 with its shares listed on the Shanghai Stock Exchange since 1994
"Hengda Investment"	深圳市恒大投資發展有限公司 (Shenzhen Hengda Investment Development Company Limited*), a limited liability company established in the PRC on 10 February 2002, was one of the registered holders of the equity interest of Shirble Department Store (Shenzhen) and Shirble Chain Store during the Track Record Period and a Connected Person
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Homey Enterprises"	Homey Enterprises Limited, one of our Corporate Controlling Shareholders and a company incorporated in the BVI on 3 October 2008 and wholly-owned by Madam YANG Xiaomei (楊筱妹女士), our chief executive officer, one of our executive Directors and one of our Individual Controlling Shareholders
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 62,500,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offer (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offer"	the issue and offer of the Hong Kong Offer Shares to members of the public in Hong Kong for subscription (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) for cash at the Offer Price and on the terms and conditions described in this prospectus and the related Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in the section headed "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement dated 4 November 2010 relating to the Hong Kong Public Offer and entered into between, amongst others, the Joint Global Coordinators, the Sole Sponsor, the Hong Kong Underwriters, our Controlling Shareholders, our executive Directors and us, as further described in the section headed "Underwriting – Underwriting arrangements and expenses"
"IFRS"	International Financial Reporting Standards
"Independent Third Parties"	persons or companies which are independent of and not connected with any of our Directors, chief executives of our Company, our Controlling Shareholders, our Substantial Shareholders and the directors and shareholders of any other member of our Group and our respective associates, and "Independent Third Party" means any of them
"Individual Controlling Shareholders"	Mr. YANG, Madam YANG Xiaomei (楊筱妹女士), both are our executive Directors, and Mr. LI Zuolin (李作霖先生), a member of our senior management team
"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters, acting on behalf of us, at the final Offer Price, with professional, institutional and/or other investors, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 562,500,000 Shares initially offered for subscription under the International Placing (subject to adjustment and the Over-allotment Option as described in the section headed "Structure of the Global Offering" in this prospectus)

"International Underwriters"	the underwriters of the International Placing as listed in the section headed "Underwriting – International Underwriters"
"International Underwriting Agreement"	the conditional underwriting agreement relating to the International Placing expected to be entered into on or about the Price Determination Date, between, amongst others, the Joint Global Coordinators, the Sole Sponsor, the International Underwriters, our Controlling Shareholders, our executive Directors and us, as further described in the section headed "Underwriting – International Placing"
"Issuing Mandate"	the general unconditional mandate granted to our Directors by our Shareholders in relation to the issue of new Shares, further information on which is set forth in the paragraphs under "Further information about our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus
"Joint Bookrunners", "Joint Global Coordinators" and "Joint Lead Managers"	BNP Paribas and BOCI
"Kwan Mei Enterprises"	Kwan Mei Enterprises Limited, one of our Corporate Controlling Shareholders and a company incorporated in the BVI on 3 October 2008 and wholly-owned by Mr. LI Zuolin (李作霖先生), a member of our senior management team and one of our Individual Controlling Shareholders
"Latest Practicable Date"	1 November 2010, being the latest practicable date for the inclusion of information in this prospectus prior to the printing of this prospectus
"Listing"	listing of the Shares on the Main Board
"Listing Date"	the date on which dealings of the Shares on the Main Board first commence, which is currently expected to be on Wednesday, 17 November 2010
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
"M&A Rules"	關於外國投資者併購境內企業的規定 (The Rules on Acquisition of Domestic Enterprises by Foreign Investors in the PRC*)

"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Commerce" or "MOFCOM"	中華人民共和國商務部 (The Ministry of Commerce of the PRC*)
"Ministry of Finance"	中華人民共和國財政部 (The Ministry of Finance of the PRC*)
"Mr. YANG"	Mr. YANG Xiangbo (楊祥波先生), our Chairman, one of our executive Directors and one of our Individual Controlling Shareholders
"Offer Documents"	this prospectus, the Application Forms, and documents published or issued by or on behalf of us or the International Underwriters for the purposes of or in connection with the Global Offering, including any offering circular in connection with the International Placing and any supplement or amendment in relation thereto, and any press announcement, notice and marketing materials in connection with the Global Offering
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003%) and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed pursuant to the Global Offering and to be determined on or before the Price Determination Date, which price will not be higher than HK$2.55 per Offer Share and is currently expected to be not less than HK$1.85 per Offer Share
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the Joint Global Coordinators, exercisable by the Joint Global Coordinators pursuant to the International Underwriting Agreement, to be exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 93,750,000 additional Offer Shares representing 15% of the initial number of the Offer Shares, at the Offer Price, to cover, among other things, over-allocations in the International Placing, if any, and/or the obligations of the Joint Global Coordinators to return securities borrowed under the Stock Borrowing Agreement

"PBOC"	中國人民銀行 (The People's Bank of China*), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC including all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisers"	Jingtian & Gongcheng, our legal advisers as to PRC law
"Price Determination Date"	Thursday, 11 November 2010 but no later than 12:00 noon of Thursday, 11 November 2010, on which the Offer Price is fixed for the purposes of the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing, further information on which is set forth in the section headed "Reorganisation" in this prospectus
"Repurchase Mandate"	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further information on which is set forth in the paragraphs under "Further information about our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Ruizhuo Investment"	深圳市瑞卓投資發展有限公司 (Shenzhen Ruizhuo Investment Development Company Limited*), a limited liability company established in the PRC on 20 March 2000, was one of the registered holders of the equity interest of Shirble Department Store (Shenzhen) and Shirble Chain Store during the Track Record Period and a Connected Person
"SAFE"	中華人民共和國國家外匯管理局 (the State Administration of Foreign Exchange of the PRC*), the PRC governmental agency responsible for matters relating to foreign exchange administration

"SAT"	中華人民共和國國家稅務總局 (The State Administration of Taxation of the PRC*)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	our ordinary shares with a nominal value of HK$0.10 each
"Shareholders"	holders of Shares
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 30 October 2010, a summary of its principal terms is set forth in the paragraphs under "Share Option Scheme" in Appendix VI to this prospectus
"Shenzhen"	a PRC city of sub-provisional administrative status in Guangdong Province, China, and one of the special economic zones in China
"Shenzhen Distribution Centre"	our integrated logistic centre and warehouse which is currently located at the leased properties at Shangbu North Road, Bagualing Zone 7-1, Futian District, Shenzhen, the PRC
"Shenzhen Guozhan"	深圳市國展投資發展有限公司 (Shenzhen Guozhan Investment Development Company Limited*), a limited liability company established in the PRC on 12 September 2008 and a Connected Person
"Shirble Acquisition Agreements"	the two agreements both dated 29 September 2009 and entered into between Shirble BVI and (a) Hengda Investment whereby Shirble BVI acquired 37.8% equity interest in Shirble Department Store (Shenzhen) at a consideration of RMB48,260,000 and (b) Ruizhuo Investment whereby Shirble BVI acquired 10.0% equity interest in Shirble Department Store (Shenzhen) at a consideration of RMB12,767,000
"Shirble Apparel"	長沙歲寶服裝有限公司 (Changsha Shirble Apparel Company Limited*), a limited liability company established in the PRC on 21 April 2009 and a wholly-owned subsidiary of our Company

"Shirble BVI"	Shirble Department Store Limited (formerly known as Shirble (01) Limited), one of the Corporate Controlling Shareholders and a company incorporated in the BVI on 5 August 1994 with its entire issued share capital beneficially owned by Mr. YANG
"Shirble Chain Store"	深圳歲寶連鎖商業發展有限公司 (Shenzhen Shirble Chain Store Limited Liability Company*), a limited liability company established in the PRC on 19 December 2003 and a wholly-owned subsidiary of our Company
"Shirble Chain Store Acquisition Agreements"	the two agreements both dated 25 May 2009 and entered into between Shirble Department Store (Shenzhen) and each of Hengda Investment and Ruizhuo Investment whereby Shirble Department Store (Shenzhen) acquired the equity interest in Shirble Chain Store, each at a consideration of RMB5,000,000
"Shirble Department Store (Changsha)"	長沙市歲寶百貨有限公司 (Changsha Shirble Department Store Limited Liability Company*), a limited liability company established in the PRC on 1 July 2008 and a wholly-owned subsidiary of our Company
"Shirble Department Store (Hong Kong)"	Shirble Department Store (Hong Kong) Limited (歲寶百貨(香港)有限公司), a company incorporated in Hong Kong with limited liability on 21 September 2009 and a wholly-owned subsidiary of our Company
"Shirble Department Store (Shenzhen)"	深圳歲寶百貨有限公司 (Shenzhen Shirble Department Store Co., Ltd.), a sino-foreign joint venture limited company established in the PRC on 9 November 1995, which has become a wholly-foreign owned enterprise in the PRC since 19 November 2009, and a wholly-owned subsidiary of our Company
"Shirble Hong Kong"	Shirble Department Store Investment Limited (歲寶百貨投資有限公司), a company incorporated in Hong Kong with limited liability on 27 October 2008 and a wholly-owned subsidiary of our Company
"Shirble Inn"	陸河縣歲寶賓館 (Luhe County Shirble Inn), a company established in the PRC on 6 December 1993 and a Connected Person
"Shirble Mingxing Trading"	深圳市歲寶明星貿易有限公司 (Shenzhen Shirble Mingxing Trading Company Limited*), a limited liability company established in the PRC on 22 September 2009 and a wholly-owned subsidiary of our Company

"Shirble Property Management"	歲寶物業管理(深圳)有限公司 (Shirble Property Management (Shenzhen) Co., Ltd.*), a limited liability company established in the PRC on 29 July 1994 and a Connected Person
"Shirble Ruizhuo"	深圳市瑞卓貿易有限公司 (Shenzhen Ruizhuo Trading Company Limited*), a limited liability company established in the PRC on 4 February 2010 and a wholly-owned subsidiary of our Company
"Shirble Xiangzhixuan"	深圳市象之選貿易有限公司 (Shenzhen Xiangzhixuan Trading Company Limited*), a limited liability company established in the PRC on 1 December 2009 and a wholly-owned subsidiary of our Company
"Shirble Yuzhixiang"	深圳市昱之象貿易有限公司 (Shenzhen Yuzhixiang Trading Company Limited*), a limited liability company established in the PRC on 5 March 2010 and a wholly-owned subsidiary of our Company
"sq. m."	square metre(s)
"State Council"	中華人民共和國國務院 (State Council of the PRC)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Shirble BVI and the Sole Sponsor pursuant to which the Sole Sponsor may borrow up to an aggregate of 93,750,000 Shares from Shirble BVI for the purpose of covering over-allocation in the International Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Survey Report"	2009年度深圳市特區內百貨商場顧客滿意度調查報告 (Survey Report on the Customer Satisfaction Levels of the Shopping Malls in Shenzhen, 2009*) issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*)
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Track Record Period"	the period comprising the three years ended 31 December 2009 and the six months ended 30 June 2010

"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"USD" or "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Wanren Market Research"	深圳市萬人市場調查有限公司 (Shenzhen Wanren Market Research Co., Ltd.*), a provider of market research services based in Shenzhen
"White Form eIPO"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WTO"	World Trade Organisation
"Xiang Rong Investment"	Xiang Rong Investment Limited, one of our Corporate Controlling Shareholders and a company incorporated in the BVI on 3 October 2008 with its entire issued share capital beneficially owned by Mr. YANG, one of our Individual Controlling Shareholders
"%"	per cent.

For illustration purposes only and unless otherwise specified in this prospectus, amounts denominated in RMB and USD have been translated into HK$ at the rate of RMB1.00 = HK$1.162 and USD1.00 = HK$7.752. No representation is made that the RMB and USD amounts could have been, or could be, converted into HK$ at such rates or at any other rate on such date or on any other date.

Unless expressly stated or the context requires otherwise:

- all percentages and figures, including share ownership and operating data, have been rounded, and accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items;

- where information is presented in thousands or millions of units, amounts may have been rounded up or down; and

- all references to any shareholdings in our Company assume no exercise of the Over-allotment Option unless otherwise specified.

For ease of reference, the names of the PRC established companies or entities have been included in this prospectus in both the Chinese and English languages. The name in Chinese language is the official name of each such company or entity, while the name in English language is only an unofficial translation, and in the event of any inconsistency, the Chinese version shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus in connection with our Group. As such, these terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"CAGR"	compound annual growth rate
"Daily Unit Area Sales"	the average daily Gross Sales Proceeds generated from each sq. m. of the Gross Floor Area
"ERP systems"	the enterprise resource planning systems, a comprehensive software designed to integrate business processes and functions, by permitting the sharing of common data and practices in a real-time environment
"GDP"	gross domestic product
"Gross Floor Area"	the area of title of the buildings recorded in the building ownership certificates
"Gross Sales Proceeds"	the gross proceeds received or receivable by us from direct sales and from concessionaire sales
"GRP"	gross regional product
"Internet"	an international network that links together computers and allows data to be transferred between each computer. These computers are called the servers and individual users can use a modem to connect to the server computer and have access to the international network
"Operation Area(s)"	for the purpose of this prospectus, the areas for direct operation use on each floor, including the display area of operating counters of the brands/concessionaires and areas for public corridors and public storerooms
"POS"	Point(s) of Sale, the cashier system which uses swiping and reading record cards or credit cards for payment of products and services in retail shops or restaurants
"Turnover"	the sum of revenue from direct sales, commission from concessionaire, and rental income from store leases at our stores

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that most of our operations are conducted in the PRC and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We have issued pre-paid gift cards, which have breached the applicable PRC laws, regulations and regulatory policies and we may be subject to enforcement action for the breach

As at the Latest Practicable Date, all of our stores issued pre-paid gift cards. Cash that we receive from the issuance of pre-paid gift cards is an advance we receive from customers that increases trade and other payables on our balance sheet, but does not constitute part of Turnover or Gross Sales Proceeds until the customers pay for our goods or services using balance in pre-paid gift cards rather than other methods of payment such as cash, credit cards or other charge cards. For each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, Gross Sales Proceeds derived from sale of goods or services where the customers settled our invoices by way of balances on pre-paid gift cards were approximately RMB480.2 million, RMB565.3 million, RMB592.6 million and RMB334.2 million, respectively, representing 30%, 33%, 32% and 33% of total Gross Sales Proceeds in each of those years and the six months ended 30 June 2010, respectively. The outstanding balance of pre-paid gift cards issued by our stores totalled approximately RMB255.5 million, RMB327.3 million, RMB352.5 million and RMB324.5 million, respectively, as at 31 December 2007, 2008 and 2009 and 30 June 2010.

Our PRC Legal Advisers are of the view that by offering pre-paid gift cards, we have breached the requirements under 《關於嚴禁發放使用各種代幣券(卡)的緊急通知》 (Emergency Notice on Prohibition of Issuing and Using Tokens (or Token Cards)*) ("**Emergency Notice**") jointly promulgated by 國家經濟貿易委員會 (State Economic and Trade Commission*), 國務院糾正行業不正之風辦公室 (Office of Correcting Industrial Improper Practice at the State Council*) and the PBOC on 19 January 2001 and relevant laws and regulations. Our Directors understand from their industry information that, irrespective of the current regulatory restrictions in the PRC, it is a common industry practice in the PRC for department stores to issue pre-paid gift cards and a number of retail operators located in various cities in the PRC have issued and are still issuing pre-paid cards. As at the Latest Practicable Date, our Directors and our PRC Legal Advisers are not aware of any administrative action having been taken by the relevant authorities against us in respect of such non-compliance.

There is a possibility that the relevant PRC governmental authorities will enforce the provisions of the Emergency Notice and relevant laws and regulations against our stores and we may be subject to enforcement action for the breach of such laws and regulations. If the Emergency Notice and relevant laws and regulations are enforced, with regards to our stores, the PBOC may order us to stop issuing pre-paid gift cards. If the use of pre-paid gift cards is required to be abruptly scaled down or even be terminated within a short period of time before we manage to implement any alternative programs, our customers may lose confidence in us when they are unable to conduct business with us in the usual manner by means of pre-paid gift cards. This will inevitably cause disruption to the business of our Group. Further, this is an area of changing rules and regulations and there can be no certainty that the relevant PRC governmental authorities may not promulgate new, or change the existing, rules and regulations or require us to modify or immediately terminate our issuance of pre-paid gift cards, and in which case, there is no assurance that we would be able to continue to operate in such manner and/or comply with any such requirement, which may have an adverse effect on our operational and financial conditions.

Our PRC Legal Advisers have advised us that in the event that the Emergency Notice and relevant laws and regulations are enforced, the PBOC may pursuant to《中華人民共和國中國人民銀行法》(The Law of the People's Bank of China of The People's Republic of China*) impose a maximum aggregate fine of up to RMB600,000 on us (on the basis of a fine of RMB200,000 per operating entity) for issuing such pre-paid gift cards. As advised by our PRC Legal Advisers, the current PRC laws and regulations concerning the issue of pre-paid gift cards are regulatory in nature and do not involve any criminal liability or provisions with criminal sanctions, and the penalty involved for non-compliance with such laws and regulations are administrative in nature. In the event that the fine is not paid within the stipulated timeline, the relevant authorities may impose a further penalty, freeze and seize relevant assets or bring the matter to court. Our PRC Legal Advisers have advised us that the current PRC laws and regulations governing the issuance of pre-paid gift cards do not provide any measures to the relevant authority to order the issuer of such cards to redeem all the outstanding pre-paid gift cards, or to require us to refund the relevant income generated from the funds of the pre-paid gift cardholders. However, in the event that the relevant authorities strictly enforce the Emergency Notice or relevant laws or regulations and we are ordered to immediately rectify any non-compliance, including immediate redemption of all outstanding pre-paid gift cards issued by us, and the holders of pre-paid gift cards may also take civil actions against our Group for refund of the outstanding amount of the pre-paid gift cards, and our maximum exposure in such civil actions will be all such outstanding amounts of the pre-paid gift cards interest and court litigation fees involved in such civil actions. However, our Directors believe that our Group should have sufficient financial resources to meet the obligations and would not have any material negative impact on our liquidity position and the business of our Group as a whole. Although we may seek indemnity from our Controlling Shareholders pursuant to the Deed of Indemnity, the enforcement of the Emergency Notice relevant laws and regulations may require us to immediately stop issuing the pre-paid gift cards, which could materially affect our business if we fail to implement any alternative programs in a timely manner.

We currently conduct substantially all of our operations in, and derive substantially all of our revenue from, Shenzhen, Guangdong Province

We are a Shenzhen-based department store chain, and 10 out of our 12 stores that we are currently operating are located in Shenzhen. Approximately 99.1%, 98.6%, 94.9% and 94.7% of our Gross Sales Proceeds for the three years ended 31 December 2009 and the six months ended 30 June 2010, respectively, were generated from our department stores in Shenzhen. Our operations and profitability are currently largely dependent on the sustainability of the economic vigorousness and growth of the Shenzhen, particularly in the retail sector, and in addition to our Shajing store in the Bao'an District, Shenzhen that has commenced operations in August 2010, we intend to further enlarge our retail network within Shenzhen by opening four new stores (including our Minzhi store in the Bao'an District, which is currently expected to commence operations in or around November 2010 and our

Yitian store in the Futian District, which is currently expected to commence operations in 2012) by 2012. The per capita GDP, per capita consumption expenditure and retail consumption of Shenzhen have been increasing rapidly and substantially in the past years, which have benefited our Shenzhen operations significantly. The scale and pace of the growth of our Shenzhen operations, which is our major income and profit source, will highly depend on whether Shenzhen can continue to sustain the same growth rate. Our operations and financial performance are also vulnerable to, and will be adversely affected by, any unfavourable change in the business environment of Shenzhen, such as change in local government policies, occurrence of epidemics, fire, water damage, or the imposition of new legal restrictions, which may lead to a decline in retail demand or an increase in operating costs.

We may encounter difficulties in exploring new markets and implementing our expansion plan, and the expansion may strain our management and administration resources

Our continued success in the future will largely depend on our ability to implement our expansion plans, to maintain our market leader position in our home base and to explore and tap into new markets in other retail markets of the PRC. We intend to continue to explore and open new stores both within the districts that we currently operate, and also in regions outside the prominent resident or business districts of Shenzhen which presents good commercial potential.

In addition to our Shajing store in the Bao'an District, Shenzhen, which has commenced operations in August 2010, we currently target to establish four new stores (including our Minzhi store in the Bao'an District, which is currently expected to commence operations in or around November 2010 and our Yitian store in the Futian District, which is currently expected to commence operations in 2012) in Shenzhen, aiming at making our presence in all the six administrative districts under the Shenzhen Municipal Government, and to establish two new stores in Changsha, Hunan Province, two new stores in Guangzhou, Guangdong Province, and two new stores in Shanwei, Guangdong Province, in each case by 2012. We will also consider expanding into different regions with market potentials and/or acquisitions of suitable department stores or retail chain business when appropriate opportunities arise. The successful implementation of such plans may be influenced by various factors, including the availability of sufficient resources such as funding and manpower, the identification of suitable sites and the negotiation of acceptable terms or leases for these sites, the adaptation of logistics and other operational and management systems to an expanded network, the ability and willingness of merchandise suppliers to supply on a timely basis at competitive prices and to provide us with various forms of support in the new markets, our ability to attract the concessionaires who can provide attractive and popular merchandise to satisfy consumer demand and continued consumer demand for our products at levels which can support acceptable profit margins etc. Some of these factors are beyond our control.

We may not be able to achieve our planned expansion, or to effectively integrate any new stores into our existing chain. In particular, our newly opened or acquired stores may not achieve the desired sales and profitability levels, and the opening of additional outlets in new geographic markets could present challenges different from those we currently or previously faced within our existing geographic markets. As we enter new markets, we may not be able to accurately assess and adjust to the consumer tastes, preferences and demands in the relevant markets, and we may incur higher costs in terms of lease, administration, distribution, logistics and advertising costs associated with the opening of new stores, which may lead to insufficiency of our capital resource. In addition, our expansion will continue to strain our management, manpower, operational, financial and other resources.

Our expansion plans into new markets may also be subject to changing promulgation and/or implementation of local government policies and development plans. In the event that the economies of these regions will not develop in accordance with our expectation, we may incur losses for opening new stores at pre-mature stages or operating our certain stores at unsatisfactory locations, as a result of which our results of operation and financial conditions may be adversely affected.

Furthermore, the success of our planned expansion will depend on our ability to implement the existing operational, financial and management procedures at our new stores within the organisation and information technology system, and to hire and train suitable personnel to operate new stores and cope with the additional managerial and administrative work loads. If we are unable to manage our growth effectively, our overall operational results may be adversely affected.

Maintaining and expanding our department store chain requires substantial expenditures, for which we may not have adequate financial resources

To maintain our department store chain, we need to incur capital expenditures from time to time on decorating, renovating and face-lifting our stores, upgrading our information technology system and on other improvements. Our expansion plan, whether through establishment of our own new stores or acquisition of existing stores, will also require us to make substantial capital expenditures. Our competitors, particularly international retail operators (which entered the PRC market either through joint ventures or establishment of retail outlets), may have stronger financial resources than us, resulting in our inability to compete with our competitors in securing prime locations for our new stores or in acquiring new shops from third party operators. In addition, we may need to continue to contribute additional capital to a newly established or acquired store after its commencement of operation within our chain, if the store is not as profitable as we anticipate. After Listing, we intend to continue our strategy of setting up and operating our stores mostly on leased premises. We intend to acquire a parcel of land in Shenzhen to construct a building complex which will contain a new store. Please refer to the sections headed "Our business – Our business strategies" and "Future plans and use of net proceeds from the Global Offering – Use of net proceeds from the Global Offering" in this prospectus for further information. We may incur greater capital expenditures and may need to deal with cash flow requirements due to such acquisition. We may need to raise additional funds through bank borrowing or issuance of debt or equity securities to finance these capital expenditures. Our ability to obtain additional financing in the future is subject to a variety of uncertainties, including but not limited to (i) our future financial condition, results of operations and cash flows; (ii) general market conditions for capital raising activities by retail and similar companies; and (iii) economic, political and other conditions in China and elsewhere.

We may be unable to obtain additional financing in a timely manner or on acceptable terms or at all. Furthermore, the terms and amount of any additional capital raised through any issuance of equity securities may result in significant shareholder dilution. Further financing activities or the remittance of the proceeds into the PRC may also require PRC regulatory approvals, which may not be granted in a timely manner or at all. If adequate funding is not available, our ability to develop and expand our business may be adversely affected.

We may incur greater capital expenditure on setting up our new stores on acquired land

As stated above, we plan to acquire a parcel of land in Shenzhen to construct a building complex which will contain a new store. Depending on the market condition in the future and if opportunities arise, we may consider the alternative of setting up our other new stores on acquired land instead of leased land after detailed feasibility study of the construction projects, expected capital expenditure and the source of financing associated with the acquisition of land. We may incur greater capital expenditures and cash flow requirements due to such acquisition. The capital expenditure which we may incur in this regard will depend on the acquisition cost of the individual land which our Group may acquire and the condition of the volatile property market in the future. We are, therefore, unable to estimate at the current moment the amount of capital expenditures involved for the acquisition of land. We may also incur other costs such as construction costs for setting up our stores on acquired land and depreciation costs of the acquired land. We may need to raise additional funds through bank borrowing or issuance of debt or equity securities to finance these capital expenditures, which will involve costs of financing such as interest expenses. Furthermore, we may expose to risks and problems associated with acquisition of land and construction of our stores on acquired land, including but not limited to the risk of delay in the construction, the requirement of different management expertise for the construction work and the risk of volatility in property price for the acquired land. All these risks and costs associated with acquisition of land and construction of our stores on acquired land may have a material negative impact on our business and financial position in the long term.

If we cannot find stores in suitable locations and on commercially acceptable terms, our growth prospects may be adversely affected

Our retail business depends significantly upon our ability to secure prime and prominent locations with high human traffic and easy accessibility for our stores. Currently, most of our stores are operated at properties leased by us from Independent Third Parties, exposing us significantly to fluctuations in the rental market. Most tenancies of our leased stores are negotiated on a long term basis ranging from 12 to 20 years. Among these leases, none of them (except Luhe store) will expire in the next three years. Significant investments are made in the external and internal decorations and improvements of our stores. Before expiry of the lease agreement for each of our existing leased properties, we have to negotiate the terms and conditions on which such lease agreement may be renewed. If we are unable to renew such lease agreements on favourable terms and conditions, in particular at acceptable rental rates, we may be required to relocate to alternative premises, and we will incur additional and potentially significant costs in doing so. Considering the scarcity of such locations and their relatively high rental rates, there is no assurance that we will be able to secure or obtain such alternative sites at a suitable locations or leased on favourable terms. For more information on the payment terms of our leases, see the section headed “Property valuation” in Appendix IV to this prospectus.

In addition, given the robust demand in the property market as a result of economic growth in the PRC, our Directors anticipate that the rental costs of our existing leased stores will increase. Failure to establish or maintain our stores successfully in such prime and prominent locations on favourable terms may lead to reduced sales and/or increased operating costs of the business carried out in such locations which may in turn have an adverse effect on our overall financial position and future growth potential.

We also plan to expand our retail operations further into selected retail markets of the PRC. Our Directors believe that supply of prime and prominent retail locations in such areas will be scarce, thereby the competition to secure prime properties will be intense. If we are unable to secure desirable properties, we may not be able to achieve our expansion plans as scheduled, and our continued growth may be adversely affected.

The business environment surrounding our stores may adversely affect our performance

Our retail business mainly relies on customers visiting and patronising our stores, and our performance depends significantly on the location of our stores. Location with high pedestrian flow and easy accessibility for our stores may provide favourable business environment for our operation. Conversely, location with low pedestrian flow or any unfavourable change in the business environment surrounding our stores beyond our expectation or control may adversely affect the business performance and results of our Group. Factors which may adversely affect the pedestrian flow in the location of our stores include but not limited to any road repair work affecting the easy accessibility for our stores, any district development or redevelopment plan, any delay in the completion of any new residential development or any delay of residents moving in such residential development. Any factors adversely affecting the pedestrian flow for our stores may therefore adversely affect the financial performance of our Group.

A part of our consolidated net profit for the year ended 31 December 2009 was attributable to gains from our disposal of held-for-trading investments, which were non-recurrent in nature and were not generated from our core business. We do not expect that we will continue to enjoy the same extent of such exceptional gains from non-operating income after Listing

For the financial year ended 31 December 2009, our profit before tax amounted to approximately RMB174.8 million. A part of such profit in the sum of approximately RMB32.7 million, however, was attributable to gains on disposal of held-for-trading investments (which represent investments in listed securities and financial products), which were non-recurrent in nature and were not generated from our operating core business. The disposal of such held-for-trading investments during the year 2009 formed part of our finance income. Due to such disposal, our finance income was significantly increased by 333.3% from RMB8.7 million in the year ended 31 December 2008 to RMB37.7 million in the year ended 31 December 2009, as opposed to only RMB4.9 million in such gains from our sale of securities held for investment in the year ended 31 December 2008. The fluctuation in our finance income can also be seen in 2007. Finance income decreased by 37.0% to RMB8.7 million in the year ended 31 December 2008 from RMB13.8 million in the year ended 31 December 2007. This decrease was primarily attributable to the fact that we had only RMB4.9 million in net gains from the sale of securities held for investment, whereas we had RMB11.1 million in such gains in the year ended 31 December 2007. Our effective tax rate, which is our income tax expense divided by our profit before tax, for the three years ended 31 December 2009 was 6%, 18% and 20%, respectively. Based on our effective tax rate, net gains after tax from our sale of held-for-trading investments amounted to approximately RMB10.4 million, RMB4.0 million and RMB26.2 million for the three years ended 31 December 2009 respectively.

We have reduced our securities investment substantially since January 2010, and for the six months ended 30 June 2010, the gain from such investment activities was reduced to approximately RMB0.2 million, which accounted for 0.2% of our profit and total comprehensive income for the same period. Hence, we do not expect that we will continue to enjoy such exceptional gains from non-operating income after Listing and will not engage in such investments in such amount as compared with the investment amount made by us during the Track Record Period. In addition, investments in listed securities and other financial products involve risks. Such held-for-trading investments are not our core business and there is no assurance that we may be able to continue to make profit from such investments.

We rely on key management personnel and may not be able to retain and attract talented personnel

We maintain an experienced and stable management team, most of whom have been with us since our inception. While all of our executive Directors have over 20 years of experience working in the China retail market, most of our senior management have over 15 years of experience working in the China retail market. Our success has been, and will continue to be, heavily dependent upon the strategies and vision of our key management team, including members of our Board and our senior management team. Further information on our Directors and senior management is set forth in the section headed "Directors, senior management and staff" in this prospectus. Most of them have played a pivotal role in our daily operations and are responsible for formulating strategies to deal with the changing market environment. Any unanticipated departure of our key management personnel or other members of the senior management could have a material adverse impact on our business.

Furthermore, we cannot assure you that we will be able to manage our expansion by retaining our existing executives and other experienced personnel and/or by recruiting additional appropriate employees, as competition for such personnel is and is likely to continue to be intensive.

We may fail to obtain or renew certain relevant certificates, licenses and permits on time

Pursuant to the relevant PRC laws and regulations, we are required to obtain various certificates, licenses and permits from certain PRC governmental authorities in relation to our operation, such as cigarette monopoly permits and pollutant discharge permits. Obtaining and renewing such certificates, licenses and permits may take time and there is no assurance that we will be able to secure that all requisite certificates, licenses and permits are obtained or renewed in a timely manner or at all. To the extent that any of the foregoing occurs, our business and operations may be adversely affected.

In addition, as our business is expected to further expand into new markets, we might require other relevant certificates, licenses and permits under the relevant PRC laws and regulations. There is no assurance that we are able to obtain or renew all relevant certificates, licenses and permits, and any failure to obtain or renew them in a timely manner or at all may interrupt or delay our expansion plan.

Our Controlling Shareholders have agreed to indemnify us pursuant to the Deed of Indemnity for, among others, all damages which we may incur as a result of our failure to obtain the relevant pollutant discharge permits.

Our costs may increase as a result of relocation of our Shenzhen Distribution Centre and the establishment of a staff training centre

Our Shenzhen Distribution Centre is currently located at Futian District, Shenzhen, which is the central commercial and administrative district of Shenzhen. The current location of our Shenzhen Distribution Centre is convenient and allows comparatively shorter transportation lead time between our Shenzhen Distribution Centre and each of our stores in Shenzhen, which enables us to efficiently replenish our store inventories and adjust the product mix in our stores in response to the changing customer requirements in particular locations within a relatively short period of time. However, given that our Shenzhen Distribution Centre is currently located in an area which is not a traditional district for warehouses and depots, coupled with its limited remaining lease term until 31 December 2012, we plan to relocate our Shenzhen Distribution Centre to an industrial area in Shenzhen by the end of 2012.

As of the Latest Practicable Date, we did not enter into any binding agreement for the relocation plan. We are in discussions with an Independent Third Party for a possible acquisition of a parcel of land for the construction of new premises to replace the Shenzhen Distribution Centre and to establish a new training centre for our staff. The discussions are taking place and no detailed terms and conditions (including the structure of the proposed transaction) have been agreed for the acquisition. Alternatively, we may consider identifying other location and may negotiate with other parties for the acquisition plan. In selecting the location of the new distribution centre, we consider various factors such as the land cost and the transportation cost that may need to be incurred by us. The establishment of the training centre will provide systematic training to our staff on sales and servicing skills and substantive knowledge in operating our stores. We believe that the establishment of a staff training centre will provide better training to our staff and will improve our quality of service to our customers. We intend to use our internal resources to finance the acquisition of such piece of land and to use part of the net proceeds from the Global Offering for building construction and establishment on such piece of land of a new distribution centre with modern warehouse and storage facility and equipment as well as a staff training centre. It is expected that the new distribution centre and staff training centre will occupy an area of approximately 60,000 sq. m., of which an area of about 55,000 sq. m. will be used for the new distribution centre and the remaining area of about 5,000 sq. m. will be used for the staff training centre. It is currently expected that the new distribution centre and staff training centre will commence operation by the end of 2012. Such relocation may result in adjustment problems, longer transportation lead times and higher transportation costs for our Group, which may negatively impact our operations and financial results.

We may fail to anticipate and provide attractive goods to satisfy customer tastes and demands

We believe that we have been successful in maintaining a comprehensive range of merchandise and services which suit a broad range of customers. Our Directors believe that our success in sustaining business growth depends, in part, on our ability to both maintain the comprehensiveness of our stock and at the same time anticipate and respond in a timely manner to changing customer demands and preferences and provide relevant merchandise and services accordingly. Some of the products we offer, especially electronics products, may be characterised by frequent introductions of new models and technologies. Consumer demands and fashion trends in the PRC, in particular in the fast-growing Shenzhen region, are changing at a rapid pace constantly and customer acceptance of new products is affected by a number of factors, including prevailing economic conditions, disposable income, global lifestyle trends, price, functionality, technology, appearance and many other factors. It is possible that some of the merchandise we offer in our stores will never achieve widespread consumer acceptance and may become outdated. The success of our operations depends in part on our continued ability to select products from suppliers, or secure concession merchandise, that gain customer acceptance, and our ability to make available sufficient quantities of attractive, popular merchandise to satisfy consumer demand. If we fail to accurately foresee or quickly adjust to general trends in consumer demands and preferences and to provide new and attractive goods, our operations and financial results will be adversely affected.

We rely on our relationship with suppliers and concessionaires

The success of our business and growth strategy depends to a significant extent on our relationships with merchandise suppliers and concessionaires. If we are unable to maintain good relationships with our existing merchandise suppliers and concessionaires, or develop and maintain our relationships with new merchandise suppliers and concessionaires for new products that suit our customers, we may not be able to secure competitive terms and our cost of sales will increase. We cannot assure you that our suppliers or concessionaires will not consolidate their businesses, such that they will be in a stronger bargaining position in their contract negotiations with us. If we are unable to maintain our arrangements with our suppliers and concessionaires on commercially acceptable terms, our costs of sales will increase, and our profitability may be adversely affected.

Furthermore, our ability to set up additional stores in existing markets and to penetrate new markets depends in part on the willingness and ability of suppliers to provide current and new products on favourable terms to our new stores, and our ability to attract concessionaires who can provide attractive and popular merchandise to satisfy consumer demands. As we continue to expand our department store network, the unwillingness and inability of suppliers to supply some or all of their products to us at acceptable prices, and/or our inability to attract concessionaires could lead to a decrease in our profits.

In addition, our market image depends to a certain extent on the branded products and services available at our stores. We enter into contracts with major brand suppliers, concessionaires and store tenants typically for a term of one year although the terms for leases with some types of store tenants, such as restaurants, telecommunications companies and beauty salons, often range from three to ten years. Competition is intense among department stores and other retail outlets for popular and fashionable brands and products. In the event that any major brand suppliers or concessionaires terminate the commercial contracts with us and we fail to find other suitable suppliers and concessionaires as replacements, or their supply to us is not on terms commercially favourable to us, our market image and business results could be adversely affected.

We rely on our intellectual property rights

All our stores are operated under the same logo “[illegible]” and similar exterior and interior designs including layouts, colour schemes and decors, in order to promote and reinforce customer awareness and brand recognition of our stores.

We are susceptible to third parties' infringement of our intellectual property rights, and there is no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without authorisation. Should we fail or be unable to assert our rights over such intellectual property, there may be an adverse impact on our business and marketing plans. In enforcing our rights against third parties' infringements of our intellectual property rights, we may incur costs in any intellectual property infringement claims initiated by us which may have an adverse impact on our business reputation and profitability.

We may face liabilities for infringement of intellectual property rights of third parties

Although we have adopted measures to minimise potential infringement of intellectual property rights of third parties and there has not been any claim by any third party against us for alleged infringement of intellectual properties, it is possible that we may inadvertently infringe the intellectual property rights of others and face liabilities for such infringements in the course of carrying on our business. Our reputation and financial conditions may be adversely affected should there be any future litigation cases against us for infringement of intellectual property rights of third parties. In the ordinary course of our operations, we sell products supplied by various manufacturers and suppliers, and it is possible that some of such products may themselves infringe the intellectual property rights of other third parties. In the capacity as a vendor, we may attract liability for such infringement, and it is common for intellectual property owners to first take action against vendors (rather than manufacturers) to stop further sale and circulation of the infringing products and compel vendors to pay damages. If our concessionaries and store tenants sell merchandise that infringes third party intellectual property rights in our stores, they may also be considered jointly liable under PRC law. Although manufacturers and our suppliers and concessionaries are obligated to indemnify us for any claims in connection with any infringement of intellectual property rights of products provided or sold in our stores, there is no assurance that these manufacturers and suppliers and/or concessionaries will have adequate financial resources or insurance coverage to perform such indemnification.

In the aforementioned events, if we inadvertently infringe third parties' intellectual property rights, we may incur costs in defending ourselves in any intellectual property infringement claims initiated by the third parities, which may have an adverse impact on our business reputation and profitability.

We may not be able to effectively manage our inventory

Our Gross Sales Proceeds derived from direct sales accounted for 50.3%, 50.7%, 51.0% and 50.2% of our total Gross Sales Proceeds for the three years ended 31 December 2009 and the six months ended 30 June 2010, respectively. As at 31 December 2009, we had an inventory balance of RMB177.4 million. Our inventory turnover days for each of the three years ended 31 December 2009 and the six months ended 30 June 2010 were 86.2 days, 82.3 days, 79.7 days and 67.7 days, respectively. Our inventory represented 15.4%, 14.0%, 14.0% and 12.3% of our total assets as at 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. We have not made provisions for any obsolete and slow moving inventory items as we may return such items to the relevant suppliers. In the event that we under-stock our inventory, our ability to meet consumer demand and our operational results could be adversely affected. If we over-stock our inventory, our cash flow may be adversely affected. Warehousing inventory involves costs. In addition, in the event that our inventory is damaged (for example by fire), this may disrupt our business and may affect our profitability adversely. Our business and profitability may further be adversely affected if we cannot fully recover our losses from our insurers.

We may face product liability claims

Under prevailing PRC laws and regulations, manufacturers and vendors who produce or sell defective goods in the PRC may incur liability for loss or injury caused by such products. Pursuant to《中華人民共和國民法通則》(General Principles of the Civil Law of the People's Republic of China*) ("**PRC Civil Law**"), which took effect in 1987, defective products leading to any property damages or physical injuries to any person may expose the manufacturer or vendor of such product to civil liability. In 1994,《中華人民共和國消費者權益保護法》(Law of the People's Republic of China on Protection of Consumers' Rights and Interest*) ("**Consumers Protection Law**") was put into effect which accords further protection to the legal rights and interests of consumers in connection with the purchase or use of goods and services. At present, all business entities must observe and comply with the Consumers Protection Law in providing goods and/or services for sale.

We source our direct-sales products from third party merchandise suppliers. We also rely on products sold by concessionaires in our stores. Notwithstanding the quality controls adopted on sourcing products or criteria on selecting concessionaires, if any of our customers is subject to any undesirable effects resulting from products bought in any of our stores, those customers may make product liability claims against us.

As there is no PRC law compulsively requiring us to maintain insurance for product liability, we do not maintain any such insurance in line with market practice. We have obtained written indemnities from our suppliers and concessionaires in connection with any claims which may be brought against us concerning merchandise provided by the suppliers and/or sold by the concessionaires. Although these indemnities help protect us and are risk reduction strategies, there is no assurance that the suppliers and concessionaries will have adequate financial resources to perform under such indemnities or that the indemnity payment we receive will fully cover all of our costs associated with the product liability claims, such as costs for our investigative efforts and administrative costs.

In the event that a customer institutes product liability claims against us, regardless of merit, our reputation may be adversely affected. If we fail to pay or discharge such claims according to their nature and scope, our financial position may be adversely affected. In addition, there is no assurance that we will be able to successfully claim any compensation from the relevant manufacturers, suppliers and/or concessionaires or that any such recovered sum will be sufficient to cover our exposure to the relevant product liability claims.

Our insurance coverage may not be sufficient to cover all losses

Although we have obtained insurance coverage for the operation of our business that is customary in the PRC retail industry, covering risks such as loss or damage of properties, theft of cash and other public liabilities, we do not carry insurance in respect of certain risks that are typically not insured under normal industry practice in the PRC, such as product liability claims. Therefore, there may be circumstances in which we will not be covered or compensated for specific losses, damages and liabilities, which may adversely affect our financial condition and results of operations.

Our business operations may be adversely affected by any information technology system failure

We have implemented an integrated and flexible information technology system that supports all the stores we operate, covering our store operation and management, sales and promotion management, customer loyalty program, supplier management, financial management and office administration. Our information technology system also provides real time inventory control and tracking for each store. Any system failure or inadequacy that causes interruptions to the input, retrieval and transmission of data, or increases the response time of our networks, could disrupt our normal operation, and thus reduce customer satisfaction. In addition, we are also exploring the potential of developing our online shopping business. In the event that there is failure in internet operation and/or the associated information technology system, our business operations may be adversely affected. Although our Directors believe that the disaster recovery plan adopted by us to handle the failure of our information technology system is adequate, there is no assurance that this disaster recovery plan can be effectively carried out and that we will be able to restore our operations within a sufficiently short time frame to avoid our business being adversely affected.

Further, there may also be inherent risks to the use of new software in our systems in the future, including our ability to integrate them successfully with the existing network systems. If our current or future information technology systems do not function properly to meet our specific needs as a retail operator, our performance and profitability may be adversely affected.

Our sales may decline if we fail to effectively market and promote our stores

We have been launching and organising promotional events since we commenced our retail businesses. Our Directors believe that our promotional and marketing events have not only increased our Turnover but have also promoted and enhanced the brand name and market image of our stores. We may not be able to continue to design, develop and organise promotional events that are popular among and appealing to our customers. Accordingly, our competitors may rival us by organising such similar events or developing more attractive activities. Consequently, our efforts in marketing and promotional events may not be effective in the future. In particular, major marketing campaigns that do not produce a favourable outcome and incur material costs may negatively impact our Turnover and results of operations. As a result of any of the foregoing, we may suffer increased expenses and/or a decreased profit margin, which would materially adversely affect our results of operations.

Our business operation may be interrupted and our financial conditions may be adversely affected due to defects of our leased properties or properties leased by us

As at the Latest Practicable Date, landlords of four of our leased properties have not obtained the building ownership certificates of the said leased properties, two of which have also not obtained the construction work planning permit. As advised by our PRC Legal Advisers, in the event that any of such landlords fail to obtain the building ownership certificates or the construction work planning permit for two of such leased properties, the landlords may be required to demolish the said properties and we may then be required to relocate our operations. This would result in us incurring additional costs due to the business interruption.

Pursuant to the Deed of Indemnity, our Controlling Shareholders have agreed to indemnify us and to keep us at all times fully indemnified against all claims, demands, costs, expenses, fines, penalty and charges suffered by us due to the title defects, failures of registration and absence of relevant landlords' consents regarding our leased properties or properties leased by us.

Although we may seek indemnity from our Controlling Shareholders pursuant to the Deed of Indemnity, the imposition of penalties or charge may adversely affect our business reputation. Please refer to the paragraph headed "Leased properties" under the section headed "Our business – Property" of this prospectus for further information of our leased properties.

Expiration of, or changes to, certain favourable government policies applicable to us may have a material adverse effect on our operation results or may obstruct our expansion plan in our targeted markets

We have been benefited from the recent promulgation of the Change of the Old for New Program by the PRC Government. We are one of the first 15 retailers which were appointed as authorised sales enterprises under the Change of the Old for New Program in Shenzhen in October 2009, and since May 2010, we were also appointed as an authorised collection enterprise under the program. We believe that our status as an authorised sales enterprise under the Change of the Old for New Program has placed us in an advantageous position to capture the vast potential customer base underlying the program.

In the event that we fail to maintain our status as an authorised sales enterprise under the Change of the Old for New Program, we may lose a certain number of potential customers under the program.

In addition, the Change of the Old for New Program is also a short term incentive policy which was implemented from June 2009 on a trial basis for one year by the PRC Government. According to the 《商務部、財務部、環境保護部關於印發家電以舊換新推廣工作方案的函》(Letter of Ministry of Commerce, Ministry of Finance and Ministry of Environmental Protection regarding the Promotion Program of the Change Old for New Program of Household Electrical Appliances*) issued by MOFCOM, Ministry of Finance of the PRC and Ministry of Environmental Protection of the PRC on 3 June 2010, the Change of the Old for New Program has been extended in provinces and cities including Guangdong and Shenzhen provisionally until 31 December 2011 and expanded to provinces including Hunan. However, the relevant implementation rules for the extension of the Change of the Old for New Program have not yet been put in place, and further details of the program for the extended period such as the list of appointed sales enterprises and other terms have not yet been announced as at the Latest Practicable Date. We cannot assure you that the PRC Government will further extend such program or implement other programs with similar intended benefits. As a result, our business and financial performance expansion plans may be adversely affected.

We may be subject to acts of God, acts of war and epidemics or pandemics which are beyond our control and which may cause damage, loss or disruption to our business

Our business is subject to general economic and social conditions in the PRC, particularly Guangdong Province and Hunan Province. Natural disasters, epidemics or pandemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought. For instance, a severe snowstorm hit the Southern China, in particular, Yangtze River Delta in January and February of 2008, resulting in a breakdown of the transportation system in Southern China and a loss of agriculture products in said area. In May and June 2008, a serious earthquake and its successive aftershocks hit Sichuan Province, leading to a tremendous loss of lives, injury and the destruction of assets in the region. In April 2009, a H1N1 swine influenza ("**H1N1 Swine Flu**") broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. Our business, operating results and financial condition may be adversely affected in a material respect if such natural disasters occur. Certain areas of China, including Guangdong Province, are susceptible to epidemics, such as severe acute respiratory syndrome ("**SARS**") or swine or avian influenza. A recurrence of SARS, an outbreak of swine or avian influenza, or any epidemic, in Guangdong Province or other areas of China, could result in material disruptions to our operations or a slowdown of China's economy, which could materially and adversely affect our business, financial condition and results of operations. Further, any possible recurrence of a snowstorm in Southern China resulting in a breakdown of the transportation system in the China may disrupt our communication and logistics arrangements with our store in Changsha, Hunan Province. Acts of war and terrorism may also injure our employees, cause loss of lives, damage our facility, disrupt our distribution channels and destroy our markets, any of which could materially impact our sales, costs, overall financial condition and results of operations. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. Our business, financial condition and results of operations may be materially and adversely affected as a result.

In addition, as our stores are usually located in public areas with high pedestrian flow, they are potential sites for terrorist attacks, public demonstrations and other unpredictable events. Any such unpredictable events, especially in Guangdong and Hunan provinces, may have an adverse effect on our business and results of operations.

RISKS RELATING TO THE PRC RETAIL INDUSTRY

We face intense competition in the PRC retail industry

The retail industry in the PRC is highly competitive, in particular as a result of China's accession to the WTO in December 2001, and the consequent opening of the PRC retail market.

We face strong competition from both domestic and international operators of department stores, supermarkets, hypermarkets, convenience stores, specialty retailers and discount stores. In particular, foreign retail enterprises have strong brand recognition, extensive capital resources, strong operational experience, global purchasing and sales networks, high-technology logistics management systems and high-quality services concepts.

Aside from foreign entrants to the PRC market, we compete with other domestic retail operators in the PRC, some of which may carry out cross-territory expansions and supply chain integration with a view to overcoming competition from foreign competitors. In addition, the opening of specialty stores in the PRC, especially the entrance of internationally-renowned brands in the form of chain specialty stores and franchises, increases competition generally and gives the concessionaires, some of whom are internationally-renowned brands, a new retail avenue that they could pursue. There is no assurance that our strategies will remain competitive or that they will continue to be successful in the future, and our sales and profitability may be adversely affected as a result.

A downturn in the retail market in China will adversely affect our business and results of operations

The retail industry in China is very sensitive to general economic trends as retail purchasing power of consumers tends to decline during recessionary periods. Substantially all of our annual Turnover during the Track Record Period was derived from retail sales made at our stores in the PRC. Although in recent years the PRC economy has maintained rapid growth, and increases in GDP and per capita disposable income have strengthened consumers' spending power, such growth has been slowed down by the occurrence of the global economic downturn in the second half of 2008. In addition, the global outbreak of the H1N1 Swine Flu may affect consumer confidence, and therefore, defer economic recovery in China. In either case, consumer expenditure may decrease and our financial condition and results of operations may be harmed as a result.

Changes in consumer preferences and/or purchasing power may adversely affect our business and results of operations

The performance of our retail businesses depends primarily on customers' selection of department stores, hypermarkets, supermarkets, convenience stores, electrical appliance stores, their disposable income, their confidence in the economy and many other factors beyond our control. There can be no assurance that our customers will continue to purchase from our stores in the future. If the customers' purchasing habits change in the future, our business and financial results may be adversely affected. In addition, although the PRC has experienced rapid economic growth in recent years, there can be no assurance that such a rate of growth can be sustained in the future. A prolonged period of slow economic development or economic recession in the PRC or, more specially, in Guangdong and Hunan Provinces, may lead to a reduction in spending by customers in these regions and in turn may have a material adverse impact on our overall financial results.

Seasonality affects our sales

Our Gross Sales Proceeds are affected by seasonal shopping patterns such as the "Peak Period" which covers New Year, Chinese New Year, Mid-autumn Festival, Labour Day, National Day, Christmas and other festival and holidays. We typically record, and are expected to continue to record, a higher proportion of sales around these periods. Due to these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our performance. As such, we will suffer greater adverse impact on our profitability if our operations are disrupted or affected by infectious disease outbreaks and other unpredictable events taking place during the Peak Period.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Any adverse change in the political and economic policies of the PRC Government may materially and adversely affect our business, financial condition and operating results and may result in our inability to sustain our growth and expansion strategies

A substantial part of our operations are conducted in the PRC and most of our revenues are sourced from the PRC. Accordingly, our operating results, financial condition and prospects are subject to a significant degree to the economic, political and legal developments of the PRC.

The PRC economy has largely been a centrally planned economy, which differs from other developed economies of the world in many respects, including:

- its structure;
- the level of governmental involvement;
- the level of development;
- growth rate;
- the control of foreign exchange; and
- the allocation of resources;

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the Chinese economy were similar to those of other developed countries. The PRC economy has been transitioning from a planned economy to a more market oriented economy. The PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies.

We cannot, however, predict whether changes in the political, economic and social conditions and policies in the PRC, or in the relevant laws, rules and regulations, will have any material adverse effect on our current or future business, financial condition and operating results.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations

A substantial part of our operations are conducted in the PRC. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC Government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade.

However, due to the fact that these laws, rules and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations involve some degree of uncertainties with respect to the outcome of any legal action that may be taken against us in the PRC.

PRC regulations relating to acquisitions of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects

The M&A Rules issued by six PRC administrative authorities, which became effective on 8 September 2006 and revised on 22 June 2009, provide the rules with which foreign investors must comply should they seek to (i) purchase the equities of the shareholders of a domestic non-foreign-invested enterprise, or subscribe to the increased capital of a domestic non-foreign-invested enterprise, and thus change the domestic non-foreign-invested enterprise into a foreign-funded enterprise, or (ii) set up foreign-funded enterprises to acquire assets from domestic enterprises, or to procure acquisitions of assets from domestic enterprises and set up foreign-invested enterprises by contribution of such acquired assets. The M&A Rules stipulate that the business scope upon acquisition of domestic enterprises must conform to《外商投資產業指導目錄》(the Foreign Investment Industrial Guidance Catalogue*) issued by the National Development and Reform Commission and the MOFCOM. The M&A Rules also provide the takeovers procedures for equity interest in domestic enterprises.

Our PRC Legal Advisers have advised us that there are uncertainties as to how the M&A Rules will be interpreted or implemented. If we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully complete all necessary approval requirements under the M&A Rules. This may restrict our ability to implement our acquisition strategies and may materially and adversely affect our business and prospects.

Implementation of the PRC Labour Contract Law and other labour-related regulations in China may materially and adversely affect our business, financial condition and operating results

《中華人民共和國勞動合同法》(the PRC Labour Contract Law*) and《中華人民共和國勞動合同法實施條例》(the PRC Labour Contract Law Implementation Rules*) took effect on 1 January 2008 and 18 September 2008, respectively. These labour laws and rules impose additional stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of part-time employees and dismissing employees. Pursuant to the PRC Labour Contract Law, since 1 January 2008, we have been required to enter into non-fixed term employment contracts with employees who have worked for us for more than 10 consecutive years or, unless otherwise provided in the PRC Labour Contract Law, for whom a fixed term employment contract has been concluded for two consecutive terms. We may not be able to efficiently terminate non-fixed term employment contracts under the PRC Labour Contract Law without cause unless there exists special circumstances as stipulated in the PRC Labour Contract Law Implementation Rules as well as other PRC laws for the termination of the employment contracts by the employer. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, except for certain circumstances prescribed in the PRC Labour Contract Law including such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in the circumstances (i) where the term of service is more than six months but less than a year, the amount of severance payment shall be calculated the same as a full year of service; (ii) where the term of service is less than six months, the employer shall pay half a month's wage to the employee as severance payment; and (iii) where the employee's monthly wage is more than three times the local average monthly wage of the proceeding year announced by the local relevant PRC Government, the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by the number of years of service which cannot exceed a maximum of 12. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labour Contract Law. In addition, under《職工帶薪年休假條例》(the Regulations on Paid Annual Leave for Employees*), which became effective 1 January 2008, employees who have continuously worked for more than one year are entitled to paid holidays ranging from 5 to 15 days, depending on their length of service. Employees who agree to waive their holiday time at the request of their employers must be compensated with three times their normal daily salaries for each holiday waived. As a result of these PRC laws, rules and regulations, our labour costs have increased. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future. Further, there can be no assurance that there will be additional or new labour laws, rules and regulations in the PRC, which may lead to potential increases in our labour costs and future disputes with our employees. In such events, our business, financial condition and operating results may be materially and adversely affected.

Failure to comply with the SAFE regulations relating to the establishment of special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries or limit the ability of our PRC subsidiaries to distribute profits to us or subject us to fines

《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》(the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents*) ("**SAFE Circular**") promulgated by SAFE on 21 October 2005, which became effective 1 November 2005, and the relevant implementing regulations require PRC residents with direct or indirect offshore investments, including overseas special purpose vehicles, to file a《境內居民個人境外投資外滙登記表》(Registration Form of Overseas Investments Contributed by Domestic Individual Residents) and register with SAFE, and to update SAFE's records within 30 days of any major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. Failure to register may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations, from PRC entities to the relevant offshore entity in which the PRC resident has a direct or indirect investment. Due to the uncertainty concerning the reconciliation of the notices with other approval requirements, it remains unclear how the SAFE Circular and the relevant implementing regulations, and any future legislation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant PRC government authorities.

As advised by our PRC Legal Advisers, Mr. YANG, one of our Individual Controlling Shareholders, is not subject to the SAFE Circular and the relevant implementing regulations, because he is a Hong Kong resident and is not a Domestic Resident Natural Person as defined in the SAFE Circular. Madam YANG Xiaomei and Mr. LI Zuolin, two of our beneficial owners who are PRC residents and subject to the SAFE Circular and the relevant implementing regulations, have, as at the Latest Practicable Date, completed the registration for their current stage of shareholding required by the SAFE Circular. In the event of occurrence of any major change in capital of the special purpose vehicle companies in the future, any failure by the relevant PRC Shareholders to register with SAFE may result in the prohibition of distributions or contributions from capital reductions, share transfers, or liquidations of our PRC subsidiaries, and may affect our ownership structure, acquisition strategy, business operations, and ability to make dividend payments to our Shareholders.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries

On 29 August 2008, the SAFE promulgated《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》(the Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning Improving the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises*) ("**Notice 142**") which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. In addition, the SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. The use of such Renminbi capital may not be changed without the SAFE's approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans are outstanding. Violations of the Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations.

As an offshore holding company of our PRC subsidiaries, our Company may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries by utilising the proceeds we receive from the Global Offering. However, we cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to our future loans or capital contributions to our PRC subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds received from the Global Offering and to fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and ability to expand our business.

Our company is a holding company that relies on payments from our subsidiaries for funding

We are a holding company incorporated in the Cayman Islands and operate our core business primarily through our subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders and to service our indebtedness depends on payments received from these subsidiaries. If our subsidiaries incur any debts or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends or other distributions and to service our indebtedness will be restricted.

PRC laws, rules and regulations require that dividends be paid only out of the net profit calculated according to PRC generally accepted accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws, rules and regulations also require PRC-incorporated companies, such as our PRC subsidiaries, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future, if any, may also restrict the ability of our PRC subsidiaries to make distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders and to service our indebtedness.

We may not be able to continue to enjoy our current preferential tax treatment

The PRC National People's Congress enacted the EIT Law and relevant rules and regulations, which unifies the EIT rate to 25% for all enterprises, including foreign-invested enterprises and domestic companies and entities. There is a transitional period for enterprises that previously receive preferential tax treatments granted by the relevant tax authorities. Enterprises that were previously subject to an EIT lower than 25% may continue to enjoy lower rate and gradually transfer to the new tax rate within five years after the effective date of the EIT Law. Enterprises that were previously entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires. However, for enterprises that had not made any profits and thus not enjoyed such preferential treatments, the period for enjoying preferential treatments is calculated from the calendar year in which the EIT Law became effective. As such, upon expiration of the tax privileges enjoyed under the previous income tax laws, our operating PRC subsidiaries may not be subject to any preferential tax rates previously available and may instead be subject to the uniform tax rate of 25%.

During the Track Record Period, our subsidiaries Shirble Department Store (Shenzhen) and Shirble Chain Store were entitled to a preferential income tax rate of 15%, 18%, 20% and 22% in 2007, 2008 and 2009 and the six months period 30 June 2010 respectively according to then applicable PRC enterprise income tax laws and relevant rules and regulations.

However, as advised by our PRC Legal Advisers, the qualifications for some of the above preferential tax treatments are subject to annual tax inspections by the relevant taxation authorities. There is no assurance that the above preferential tax treatments will continue to be available to our subsidiaries. Any revocation of the preferential tax treatments would increase the effective income tax rate and may reduce our profits.

We may be deemed to be a PRC tax resident under the EIT Law and be subject to the PRC taxation on our worldwide income

Under the EIT Law which was implemented on 1 January 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to a uniform 25% EIT on their worldwide income. Under the EIT Rules which took effect on 1 January 2008, "de facto management bodies" are defined as bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Substantially all of our management is currently based in China, and may remain in China. Therefore, we may be treated as a PRC resident enterprise for EIT purposes and thus be subject to EIT of 25% on our worldwide income. However, a PRC resident enterprise is exempted from dividend income received from qualified resident enterprises. The tax consequences of such treatment are currently unclear, as they will depend on the implementation regulations and how local tax authorities apply or enforce the EIT Law and the EIT Rules. Our business, financial condition and operating results may be materially and adversely affected if we are subject to the PRC taxation on our worldwide income.

Furthermore, in connection with the EIT Law, the Ministry of Finance and SAT jointly issued, on 30 April 2009,《關於企業重組業務企業所得稅處理若干問題的通知》(the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business*) (the "**Notice 59**"), which became effective retrospectively on 1 January 2008. During the financial year ended 31 December 2009 and up to the Latest Practicable Date, in preparation for the Global Offering, our Group underwent the Reorganisation. For more details of the Reorganisation, please refer to the sections headed "History and Development" and "Reorganisation" in this prospectus. Pursuant to the Notice 59 and relevant rules and regulations, the transfer of equity interests in certain PRC subsidiaries held by offshore subsidiaries of our Group to other offshore subsidiaries of our Group may be subject to a 10% EIT on capital gains which may be determined as the difference between the fair value of the equity interest transferred and the cost of investment. We have paid the 10% EIT on capital gains required to be paid by us in connection with the Reorganisation. On 10 December 2009, the SAT issued《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》(the Notice on Strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer*) (the "**Notice 698**"), which became effective retrospectively on 1 January 2008. The Notice 698 clarified how the capital gains should be calculated regarding the equity transfer of a resident enterprise by non-resident enterprises directly or indirectly. For transfers of equity interest in a PRC resident enterprise between related parties, the PRC tax authorities have the discretion to make adjustment to the taxable capital gains, if the transfer price is deemed not being determined on an arm's length basis. In addition, it requires that the seller of the foreign target company (which holds, directly or indirectly, equity interest in a PRC resident enterprise) to make a submission to the PRC tax authorities within 30 days after signing of the equity transfer agreement, if certain conditions are met. We have made the relevant submission required to be made by us in connection with the Reorganisation. The SAT is entitled to redefine the nature of such indirect equity transfer and impose EIT on the seller of the foreign target company if it determines that such indirect transfer is carried out without reasonable commercial intention and evades EIT by abusing corporate structures.

However, it is currently unclear how the relevant PRC tax authorities will implement or enforce the above notices and whether such EIT on capital gains will be subject to any further change. In case we are required to pay the EIT on capital gains by the relevant PRC tax authorities, our tax liability may increase and our business, financial condition and operating results may be materially and adversely affected.

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business, financial condition, operating results and our ability to remit payments

Most of our revenue and expenditures are denominated in Renminbi, which is currently not a freely convertible currency. In addition, we will require foreign currencies for dividend payment (if any) to our Shareholders. As a result, we are exposed to foreign currency fluctuations.

In the PRC, since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and US dollars, has been based on rates set by the PBOC. The PRC Government has, with effect from 21 July 2005, reformed the exchange rate regime by permitting Renminbi to fluctuate within a narrow and managed band based on market supply and demand with reference to a basket of currencies. On 21 July 2005, this revaluation resulted in Renminbi appreciating against the US dollar and Hong Kong dollar by approximately 2%. The PRC Government has since made further adjustments to the exchange rate system. Any appreciation of Renminbi may result in the decrease in the value of our foreign currency-denominated assets, including the net proceeds from the Global Offering. Conversely, any depreciation of Renminbi may adversely affect the value of any dividends payable on our Shares in foreign currency terms.

Over the years, the PRC Government has significantly reduced its control over routine foreign exchange transactions under current accounts items, including trade and service-related foreign exchange transactions and payment of dividends. However, foreign exchange transactions under capital accounts items continue to be subject to significant foreign exchange controls and require the approval of, or registration with, SAFE. Under our current group structure, our Company's income is derived principally from dividend payments from our subsidiaries located in the PRC. Shortages in foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations.

In addition, under the current foreign exchange regulations in China, subject to the relevant registration at the SAFE, we are able to pay dividends in foreign currencies, without prior approval from the SAFE, by complying with certain procedural requirements. However, there can be no assurance that the current PRC foreign exchange policies regarding debt service and payment of dividends in foreign currencies will continue in the future. Changes in PRC foreign exchange policies might have a negative impact on our ability to service our foreign currency-denominated indebtedness and to distribute dividends to our Shareholders in foreign currencies.

Income in respect of our Shares or dividends from our PRC subsidiaries may become subject to PRC taxes

Under the EIT Law and its implementation rules, our foreign corporate Shareholders may be subject to a 10% income tax upon any gains they realise from the transfer of their Shares, if such income is regarded as income from "sources within the PRC". According to the implementation rules of the EIT Law, as to the incomes from transferring the equity investment assets, whether such income from sources within the PRC or foreign territory shall be recognised in terms of the locations in which the enterprises accepting the equity investment are located. However, it is unclear whether income received by our Shareholders will be deemed to be income from sources within the PRC and whether or not there will be any exemption or reduction in taxation for our foreign corporates Shareholders, due to the newness of the EIT Law. If our foreign corporate Shareholders are required to pay PRC income tax on the transfers of our Shares that they hold, the value of foreign corporate Shareholders' investment in our Shares may be materially and adversely affected.

We were incorporated in the Cayman Islands and substantially all of our income will come from dividends that we receive from our PRC subsidiaries. Before the commencement of the EIT Law, dividends derived from our business operations in the PRC were not subject to income tax under PRC law. Under the EIT Law, dividends payable to foreign investors that are "derived from sources within the PRC" may be subject to income tax at the rate of 10% by way of withholding, unless otherwise reduced by PRC laws, rules and regulations or through agreements between PRC government and governments of other countries or regions. Under EIT Rules, the equity investment incomes from sources within the PRC or foreign territory such as dividends and bonuses shall be recognised in terms of the locations in which the enterprises that distributed dividends and bonuses are located. As a result, dividends payable to our foreign investors may be deemed to be incomes derived from sources within the PRC.

Under《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》(Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income*) ("**Tax Agreement**") effective on 1 January 2007, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the PRC enterprise, otherwise, the dividend withholding tax rate is 10%. According to《國家稅務總局關於執行稅收協定股息條款有關問題的通知》(the Notice of the State Administration of Taxation on Issues relating to the Administration of the Dividend Provision in Tax Treaties*) promulgated on 20 February 2009, the recipients shall be the beneficial owner of relevant dividends and the recipient of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Further, SAT issued《非居民享受稅收協定待遇管理辦法(試行)》(the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties – For Trial Implementation*) on 24 August 2009 and《國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知 (the Notice on How to Understand and Identify the Owner of Benefits in Tax Agreement*) on 27 October 2009. Pursuant to these regulations, the non-resident enterprises are required to obtain approval for enjoying the treatments under tax treaties from the competent tax authority. However, if a company is deemed a pass-through entity other than a qualified beneficial owner, it cannot enjoy the favourable tax treatment provided in the Tax Agreement. In addition, if transactions or arrangements are deemed by the relevant tax authorities to be entered into mainly for the purpose of enjoying favourable tax treatments under the Tax Arrangement, such favourable tax treatments may be subject to adjustments by the relevant tax authorities in the future.

In a nutshell, if we are required under the EIT Law to pay EIT on dividends we receive from our PRC subsidiaries at an ordinary rate or to withhold PRC income tax on dividends payable to our non-PRC Shareholders, your investment in us may be materially and adversely affected.

Our operating cost may be increased due to the provision of staff benefits as required by the PRC Government

As from 1996, we have provided certain social insurance (namely, pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance) and have contributed to a housing reserve fund for certain of our employees. Our contributions towards such pension insurance, medical insurance, unemployment insurance, injury insurance, maternity insurance and housing reserve fund are calculated as a percentage of the local average monthly wage announced by the relevant local PRC government. Should the local governments further expand the scope or rate of employee insurance plans or the housing reserve fund, our operating costs would increase thereby affecting our competitiveness and profitability.

It may be difficult to effect service of process upon our Directors or executive officers who live in the PRC or to enforce against them in the PRC any judgments obtained from non-PRC courts

Most of our assets and our principal business operations are in the PRC. Except for Mr. YANG, all other members of the Board and most members of our senior management team are residing in the PRC with no permanent addresses outside the PRC. Therefore, it may not be possible for investors to effect service of process upon such persons in the PRC or to enforce against our Company or such persons in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties or arrangements providing for the recognition and enforcement of civil judgments of the courts of the United Kingdom, the United States or most other western countries. Therefore recognition and enforcement in the PRC of judgments obtained in such jurisdictions may be impossible. On 14 July 2006, the PRC and Hong Kong signed the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》)". However, investors are reminded that only enforceable final judgment requiring payment of money arising out of commercial contracts with an exclusive jurisdiction clause and granted by Hong Kong courts are recognised by PRC courts.

The PRC is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("**New York Convention**") which had historically permitted reciprocal enforcement in the PRC of awards of arbitral bodies located in other New York Convention signatory countries. On 18 June 1999, an arrangement was made between Hong Kong and the PRC for mutual enforcement of arbitration awards. This new arrangement was approved by the Supreme Court of the PRC and the Hong Kong Legislative Council, and became effective on 1 February 2000.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Global Offering, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between our Company and the Joint Global Coordinators (on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following completion of the Global Offering. In addition, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Global Offering, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors' perception of our Group and the investment environment generally;
- developments in the information technology industry;
- changes in pricing made by us or our competitors;

- the liquidity of the market for the Shares; and
- general economic and other factors.

The trading volume and share price of the Shares may fluctuate

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of new technologies, strategic alliances or acquisitions, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for the merchandise sold at our stores could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares

Except pursuant to the Global Offering and the exercise of options under the Share Option Scheme or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and unless in compliance with the requirements of the Listing Rules, our Company has agreed with the Joint Global Coordinators not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period of six months immediately following the Listing Date. Please refer to the section headed "Underwriting – Hong Kong Public Offer – Undertakings" in this prospectus for a more detailed discussion of restrictions that may apply to future sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders' interests in our Company may be diluted in the future

Our Company may issue additional Shares pursuant to the Share Option Scheme. In addition, we may need to raise additional funds in the future to finance business expansion, whether related to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Dividends paid in the past may not be indicative of the amount of future dividend payments or our future dividend policy

As part of the Reorganisation, Shirble Department Store (Shenzhen) and Shirble Chain Store declared dividends to their then respective equity holders. In 2009, dividend in the amount of RMB10.6 million was declared by Shirble Chain Store as approved by its equity holders on 31 March 2009, and dividend in the amount of RMB270.0 million were declared by Shirble Department Store (Shenzhen) on 28 August 2009. These dividends have been fully settled. Pursuant to the written resolutions of our Directors dated 17 June 2010, our Company declared a special dividend of RMB30.0 million. Pursuant to the written resolutions of our Directors dated 17 September 2010, our Company declared a special dividend of RMB10.0 million. The amounts of these dividends of our Company will be paid to our existing Shareholders from our internal resources after Listing and will not be available to any new Shareholders.

We financed the payment of all such dividends out of our internal financial resources. Our historical dividend distributions in the past should not be indicative of our future dividend policy.

Our intended dividend policy following completion of the Global Offering is set forth in the section headed "Financial information – Dividends and Dividend Policy" in this prospectus. Nevertheless, such intention is subject to a number of factors outside our control and does not amount to any guarantee, representation or indication that our Company must or will declare and pay any dividend in such manner in the future or declare and pay any dividend at all. There can be no assurance and in fact it is not expected that the amount of dividends declared by our Company in the future, if any, will be at the level declared and paid by us prior to Listing.

Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our public shareholders

Upon completion of the Global Offering, our Controlling Shareholders will own in total 75.0% of our issued share capital (assuming no exercise of the Over-allotment Option and without taking into account any shares that may be issued upon exercise of any option which may be granted under the Share Option Scheme). Our Controlling Shareholders will be in a position to exert significant influence over our affairs, and will be able to significantly influence the outcome of any shareholders' resolution, irrespective of how other shareholders may vote. The interests of our Controlling Shareholders may not necessarily be aligned with those of our independent shareholders. Our Controlling Shareholders may cause us to take actions that are not in the interests of us or our public shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other shareholders, or if our Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interests of our other shareholders, such other shareholders could be left in a disadvantageous position by such actions caused by our Controlling Shareholders.

Forward-looking information included in this prospectus may not be accurate

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures and initiatives to implement them;
- our capital expenditure plans;
- our operations and business prospects, including development plans for our existing and new businesses, products and services;

- our financial condition;
- availability of bank loans and other forms of financing;
- estimates of operating costs;
- our dividend policy;
- the future developments and competitive environment in our industry;
- the regulatory environment for our industry in general; and
- the general economic trend and conditions.

The words "aim", "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would", "with a view to", and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed "Risk factors", many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or objectives will be achieved. If any or all of these risks or uncertainties materialise, or the underlying assumptions prove to be incorrect, our financial condition may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed, estimated or expected.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

There can be no guarantee as to the accuracy of facts and other statistics with respect to the economies and the industry in which we operate contained in this prospectus

Certain facts and other statistics in this prospectus relating to the PRC, Shenzhen, Hunan, Changsha, Shanwei, their respective economies and the industry in which we operate have been derived from various official government publications and unofficial publications, including reports published by Euromonitor International and 深圳市零售商業行業協會 (Shenzhen Retail Business Association*). We believe that the sources of such facts and statistics are appropriate sources for such information and our Directors and the Sole Sponsor have exercised reasonable care to ensure that such facts and statistics presented are accurately reproduced from their respective sources. We have no reason to believe that such facts and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been prepared or independently verified by us, the Sole Sponsor, the Underwriters or any of their respective Directors, affiliates or advisers or any other party involved in the Global Offering and the quality or reliability of such source materials cannot be guaranteed. Therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the official government statistics and unofficial statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics.

Investors should not rely on any information contained in press articles or other media regarding our Company or the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding our Company and the Global Offering, including but not limited to articles in Apple Daily, Hong Kong Economic Times, Oriental Daily News and The Sun. Such press and media coverage may include references to certain events or information that do not appear in this prospectus, including certain financial information, financial projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to invest in our Shares.

We have applied to the Stock Exchange for a waiver from strict compliance with certain requirements under the Listing Rules as follows:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This will normally mean at least two of its executive directors must be ordinarily resident in Hong Kong.

As of the date of this prospectus, we have two executive Directors. Mr. YANG is ordinarily resident in Hong Kong, but Madam YANG Xiaomei is residing in China. Our company secretary Ms. CHAN Chore Man, Germaine, is ordinarily resident in Hong Kong. Because all our present business operations are in China, we do not consider it necessary to appoint an additional executive Director in Hong Kong for compliance with the requirements under Rule 8.12 of the Listing Rules.

We have applied to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules and have been granted a waiver subject to the following conditions:

(a) the two authorised representatives, namely Mr. YANG, an executive Director, and Ms. CHAN Chore Man, Germaine, our company secretary, appointed pursuant to Rule 3.05 of the Listing Rules shall act as the principal channel of communications between the Stock Exchange and us and will also ensure full compliance with the Listing Rules at all times.

    Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail. Each of the authorised representatives is authorised by our Board to communicate on behalf of our Board with the Stock Exchange;

(b) in compliance with Rule 3A.19 of the Listing Rules, we will retain a compliance adviser acceptable by the Stock Exchange for a period commencing on the Listing Date and ending on the date on which we distribute the annual report for the first full financial year commencing after the Listing Date in accordance with Rule 13.46 of the Listing Rules. The compliance adviser will provide us with advice on the obligation in compliance with the Listing Rules, all other applicable laws, rules, codes and guidelines and will act as an additional channel of communication with the Stock Exchange; and

(c) the two authorised representatives have means of contacting all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication with the Stock Exchange, we will implement a policy whereby:

    (i) each Director will have to provide his or her respective mobile phone numbers, residential phone numbers, fax numbers and email addresses to the authorised representatives;

(ii) in the event that a Director expects to travel and be out of office, he or she shall provide to the authorised representatives the valid phone number of the place of his/her accommodation or other means of communications;

(iii) our Directors will provide their respective mobile phone numbers, office phone numbers, residential phone numbers, fax numbers and email addresses to the Stock Exchange; and

(iv) all our Directors (including our independent non-executive Directors) who are not ordinarily residents in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and all our Directors and authorised representatives will be able to meet with the Stock Exchange within a reasonable period.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions which would constitute non-exempt continuing connected transactions for us under the Listing Rules following the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement set forth in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further information on such non-exempt continuing connected transactions and the conditions of the waiver are set forth in the section headed “Connected Transactions” in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FULLY UNDERWRITTEN

The Global Offering comprises the International Placing and the Hong Kong Public Offer. Details of the structure and conditions of the Global Offering are set out in the section headed "Structure of the Global Offering" in this prospectus. This prospectus is published in connection with the Global Offering and, together with the related Application Forms, set out the terms and conditions of the Global Offering.

The Global Offering is sponsored by the Sole Sponsor, and the Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters, and the International Placing is expected to be fully underwritten by the International Underwriters. Full information relating to the Underwriters and the underwriting arrangements, is set out in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before Thursday, 11 November 2010 (Hong Kong time).

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us by 12:00 noon of Thursday, 11 November 2010, the Global Offering will not proceed and will lapse.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. So far as the Global Offering is concerned, no person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Joint Global Coordinators, the Sole Sponsor, the Underwriters, any of their respective directors or any other parties involved in the Global Offering.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme. No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by the Stock Exchange.

HONG KONG REGISTER AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal registrar, Butterfield Fulcrum Group (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong. Dealings in the Shares registered on our Hong Kong Share Registrar will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal, and dealing in our Shares (exercising rights attached to them). None of us, the Sole Sponsor, the Joint Global Coordinators, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offering, the Sole Sponsor or its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Sole Sponsor, its affiliates or any person acting for it to conduct such stabilisation. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Sole Sponsor, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Global Offering, our Company has granted to the Joint Global Coordinators the Over-allotment Option, which will be exercisable in full or part by the Joint Global Coordinators at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging of applications under the Hong Kong Public Offer. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an additional 93,750,000 Shares, representing 15% of the initial number of the Offer Shares, at the Offer Price to cover, among other thing, over-allocations in the International Placing, if any and/or the obligations of the Joint Global Coordinators to return securities borrowed under the Stock Borrowing Agreement.

For further details with respect to stabilisation and the Over-allotment Option are set out in the sections headed "Structure of the Global Offering – International Placing – Over-allotment Option" and "Structure of the Global Offering – Stabilisation" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares is set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed herein are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
YANG Xiangbo (楊祥波)	House 20, Las Pinadas 33 Shouson Hill Road Hong Kong	Chinese
YANG Xiaomei (楊筱妹)	Room 01, 10/F., Block 3 Fei Cui Ming Yuan Cai Tian North Futian District Shenzhen China	Chinese
Independent non-executive Directors		
ZHAO Jinlin (趙晉琳)	Room 2B, Block 2 Bo Hai Ming Yuan No.11 Xin Gao Nan Road Nanshan District Shenzhen China	Chinese
CHEN Fengliang (陳峰亮)	Room 404, Block 8 Hualian Garden Nanshan District Shenzhen China	Chinese
JIANG Hongkai (江宏開)	Room 702, Unit 1 Meili 365 Garden Longhua Street Bao’an District Shenzhen China	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	BNP Paribas Capital (Asia Pacific) Limited 59th to 63rd Floors Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	BNP Paribas Capital (Asia Pacific) Limited 59th to 63rd Floors Two International Finance Centre 8 Finance Street Central Hong Kong BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road Central Hong Kong
Legal advisers to our Company	*as to Hong Kong law* Squire, Sanders & Dempsey 24th Floor, Central Tower 28 Queen's Road Central Hong Kong *as to PRC law* Jingtian & Gongcheng 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing 100025 China *as to Cayman Islands law* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY-1111 Cayman Islands

Legal advisers to the Sole Sponsor, the Joint Global Coordinators and the Underwriters	*as to Hong Kong law* Deacons 5th Floor Alexandra House 18 Chater Road Central Hong Kong
	as to PRC law Commerce & Finance Law Offices 6th Floor NCI Tower A12 Jianguomenwai Avenue Chaoyang District, Beijing China
Auditors and reporting accountants	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	DTZ Debenham Tie Leung Limited 16th Floor, Jardine House 1 Connaught Place Central Hong Kong
Receiving banker	Bank of China (Hong Kong) Limited 1 Garden Road Central Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in China	No. 30 Hongling South Road Futian District Shenzhen PRC
Place of business in Hong Kong registered under Part XI of the Companies Ordinance	Suite 1402, Dah Sing Financial Centre 108, Gloucester Road Wanchai Hong Kong
Company's website	www.shirble.net *(Information on this website does not form part of this prospectus)*
Company secretary	CHAN Chore Man, Germaine (陳楚雯), *CPA*
Authorised representatives	YANG Xiangbo (楊祥波) House 20, Las Pinadas 33 Shouson Hill Road Hong Kong CHAN Chore Man, Germaine (陳楚雯) Flat B, 11th Floor Kin On Mansion Taikoo Shing Hong Kong
Audit committee of our Board	ZHAO Jinlin (趙晉琳) *(Chairperson)* CHEN Fengliang (陳峰亮) JIANG Hongkai (江宏開)
Remuneration committee of our Board	CHEN Fengliang (陳峰亮) *(Chairperson)* YANG Xiangbo (楊祥波) JIANG Hongkai (江宏開)
Nomination committee of our Board	JIANG Hongkai (江宏開) *(Chairperson)* YANG Xiaomei (楊筱妹) ZHAO Jinlin (趙晉琳)

Compliance adviser	Quam Capital Limited Room 3208, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	*In China* Agricultural Bank of China (Shenzhen-Renmin North Road branch) 1/F Yongtong Building No.3146 Renmin North Road Shenzhen China Industrial and Commercial Bank of China Financial Centre Building Shennan East Road Shenzhen China Shenzhen Development Bank (Shenzhen-Jiangsu branch) 1/F, Jiangsu Building Yitian Road Shenzhen China

China Construction Bank
(Shenzhen-Central Zone branch)
1/F, Times Square Excellence
Futian Central Zone
Shenzhen
China

Bank of Shanghai
(Shenzhen branch)
1/F, Greater China Exchange Square
No.1 Fuhua Road
Shenzhen
China

In Hong Kong
The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Central
Hong Kong

This section contains certain statistics, industry data or other information relating to the industry that are derived from various government or official sources that are publicly available as well as research reports published by Euromonitor International and International Monetary Fund, World Economic Outlook Database.

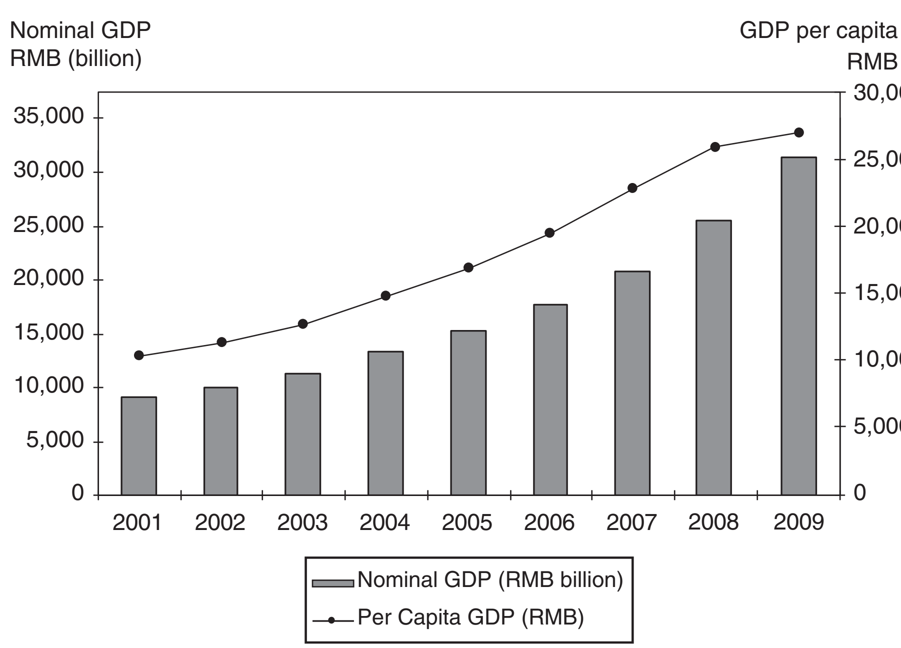
We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, Joint Global Coordinators, the Underwriters, any of their respective directors, officers, affiliates, advisers or representatives, or any other party involved in the Global Offering and no representation is given as to its accuracy.

THE ECONOMY IN PRC

Economic growth

The last few decades have witnessed the significant and rapid growth of the PRC's economy. According to the National Bureau of Statistics of China, the PRC's GDP has grown from RMB10,965.5 billion in 2001 to RMB33,535.3 billion in 2009, representing a CAGR of 15.0%, with GDP per capita increasing from RMB8,591.8 to RMB25,125.0 at a CAGR of 14.4% during the same period. The following chart illustrates the nominal GDP and GDP per capita of PRC in each of the years from 2001 to 2009.

Annual nominal GDP and GDP per capita (2001-2009)



Source: National Bureau of Statistics of China

According to the International Monetary Fund, World Economic Outlook Database, April 2010 edition, the annual growth rate of the real GDP, namely, the inflation adjusted GDP of the PRC in 2008 and 2009 are 9.6% and 8.7% respectively, while it also forecasted that the PRC's real GDP annual growth rate will be 10.0% in 2010 and 9.9% in 2011, which are far higher than most of other economies in the world in the times of worldwide economy deceleration. The table below sets out the International Monetary Fund's estimated GDP growth rate of major economies in the world for the year 2010 and 2011.

Real GDP growth rate (Forecast)

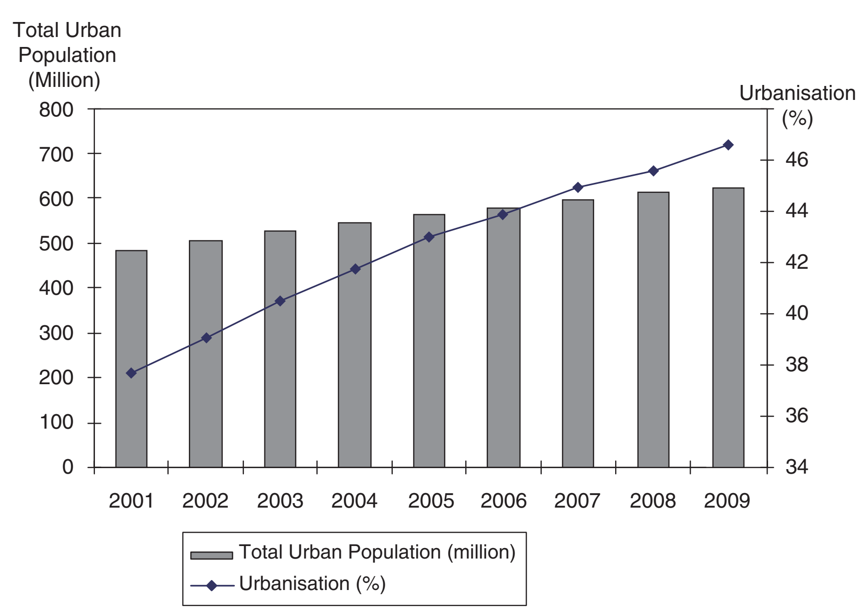
	2010 (%)	**2011 (%)**
China	10.0	9.9
Emerging Asia	8.7	8.7
Singapore	5.7	3.3
Japan	1.9	2.0
Hong Kong SAR	5.0	4.4
Euro Area	1.0	1.5
United States	3.1	2.6

Source: International Monetary Fund, World Economic Outlook Database, April 2010 edition

Urbanisation

In the same time of its impressive economic growth, the PRC also experienced a rapid rate of urbanisation. The total urban population in the PRC was enlarged from 480.6 million in 2001 to 621.9 million in 2009, representing an increase of 29.4%. The urban population as a percentage of total population increased from 37.7% to 46.6%, while the rural urban population in the PRC dropped from 62.3% to 53.4% during the same period. The chart below illustrates the change in total urban population and urban population as a percentage of total population in PRC as at the end of the period indicated.

Total urban population and urbanisation (2001-2009)



Source: National Bureau of Statistics of China

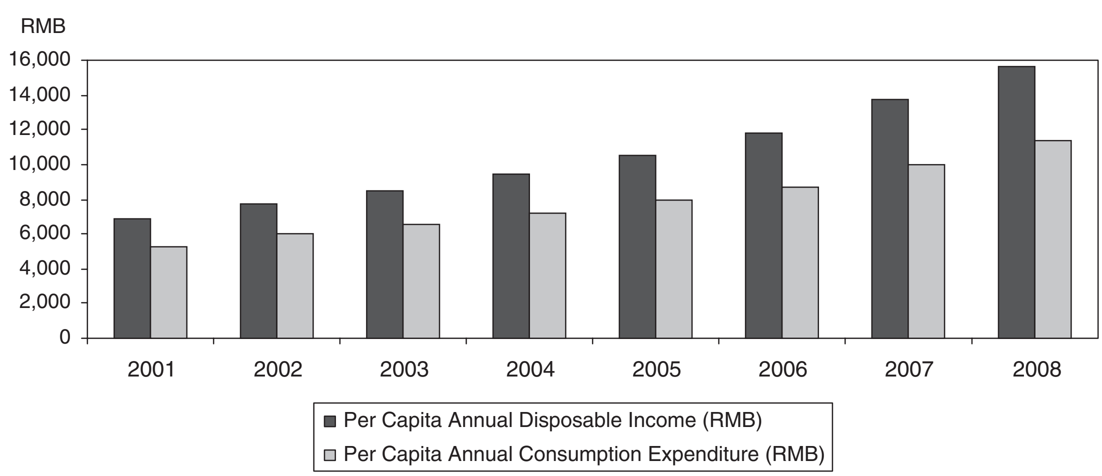
Growth in consumers' spending power

The wealth of the people in the PRC has been escalated along with the economic growth of the country. The per capita annual disposable income of urban households in the PRC rose from around RMB6,860.0 in 2001 to around RMB15,781.0 in 2008, at a CAGR of approximately 12.6% over the period.

The improvement of personal wealth has fuelled the people's consumption for better living standard. The per capita annual consumption expenditure of urban households in the PRC rose from around RMB5,309.0 in 2001 to around RMB11,242.8 in 2008, at a CAGR of approximately 11.3% over the period.

Below is a chart demonstrating the increase in per capita annual disposable income and consumption expenditure of urban households in China in each of the years from 2001 to 2008.

Per capita annual disposable income and consumption expenditure of urban households in China (2001-2008)



Source: National Bureau of Statistics of China

THE RETAIL INDUSTRY IN THE PRC

Overview

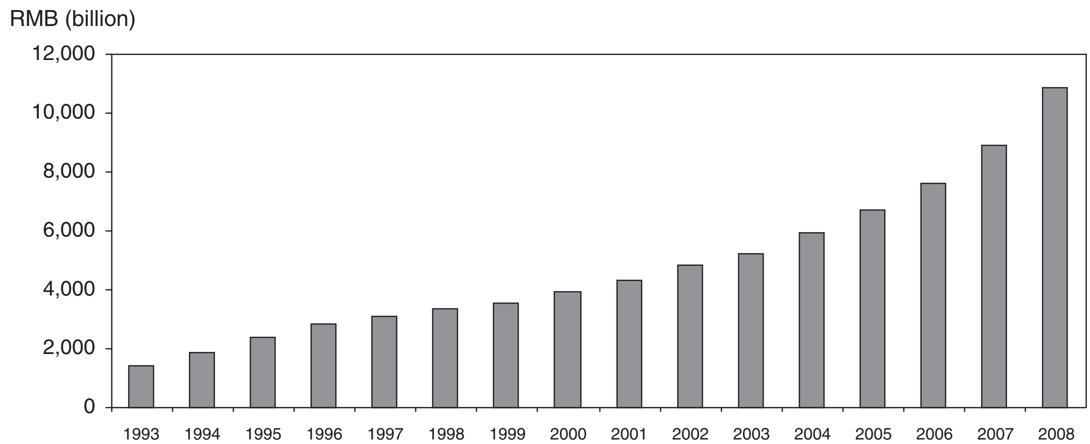
The retail industry in the PRC was gradually opened to foreign investors since the 1990s, and the permission for foreign investors to engage in the operation of distribution services on a wholly owned basis was started from the date of 11 December 2004. These relaxations, together with other reforms, have brought dramatic changes into the retail industry of the PRC.

Retail sales of consumer goods

Although each of the disposable income and consumption expenditure in the PRC has continued to grow in the past few years, the growth rates are different. The retail sales of consumer goods has seen a climb-up in the annual growth rate from 11.8% in 2002 to 21.6% in 2008, which we believe is a positive sign on the retail industry in the PRC.

As a result of the reforms in the industry and the strong growth in the national economy and consumer spending power, the retail industry has been experiencing a significant development in the past few decades. According to the National Bureau of Statistics of China, from 1993 to 2008, the retail sales of consumer goods in the PRC increased from approximately RMB1,427.0 billion to approximately RMB10,848.8 billion, representing an a CAGR of 14.5%. Retail sales as a percentage of the consumption expenditure have also increased from 64.4% to 71.2% during 2001 to 2008. The chart below sets forth the total retail sales of consumer goods in the PRC in nominal terms.

Retail sales of consumer goods in the PRC
(1993-2008)

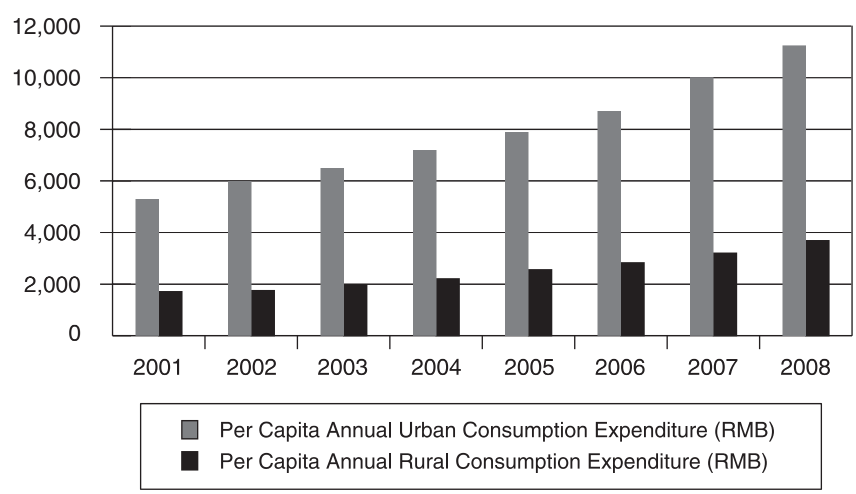


Source: National Bureau of Statistics of China

Retail sales by habitation

Compared with rural households, urban households in the PRC tend to spend more in order to improve their living standard. According to the National Bureau of Statistics of China, the per capita annual consumption expenditures of urban households and rural households in 2008 were RMB11,242.9 and RMB3,660.7, respectively in 2008.

Per capita consumption expenditure of urban and rural households
(2001-2008)



Source: National Bureau of Statistics of China

THE STORE-BASED INDUSTRY IN THE PRC

Overview

The landscape of retail industry has changed a lot in the past few decades. Consumers today are offered a broad range of goods, in various retail formats comprising department stores, supermarkets, convenience stores, specialty stores and franchised stores. There are changes in consumers' shopping habits as well. They now pay greater attention to the shopping experience, including the variety, completeness and quality of the products, shopping environment and ease of shopping than before. Our Directors believe retail sales by department stores is a better retail format to adapt to changes in consumer preferences.

The department store in the PRC

Market size

According to a report "Retailing in China 2010" ("**EI Report**") issued by Euromonitor International, an independent provider of market and competitor intelligence, in January 2010, the market size of department store industry has developed a lot in terms of store numbers, sales value and average per store sales value during the period from 2004 to 2009.

In 2004, the total number of department stores in the PRC was approximately 5,400, which climbed to approximately 6,400 in 2009, representing a CAGR of 3.46%. Compared with the relatively gentle growth rate of store numbers, the sales value of the department stores sector has increased more rapidly. The department stores sector recorded a sales value of approximately RMB348.9 billion in 2004, which subsequently went up to RMB608.8 billion in 2009, representing a CAGR of 11.78%. On the whole, the department stores sector ranked the fourth or fifth in terms of sales value among all the retail sectors in each of the years from 2004 to 2009 according to the EI Report. The average per store sales value also increased from approximately RMB64.6 million in 2004 to RMB95.1 million in 2009, representing a CAGR of 8.04%.

The table below demonstrates the store numbers, sales value and average store sales value of the department stores sector in the PRC from 2004 to 2009.

Store numbers, sales value and average store sales of department stores sector in PRC (2004-2009)

	2004	2005	2006	2007	2008	2009
Numbers	5,400	5,600	5,900	6,100	6,300	6,400
Sales value *(RMB' billion)*	348.9	397.7	441.3	498.6	558.3	608.8
Average per store sales value *(RMB' million)*	64.61	71.02	74.80	81.74	88.62	95.13

Source: © 2010 Euromonitor International

According to the EI Report, it is expected that the department store industry in the PRC will continue to grow steadily. The table below demonstrates the forecasted store numbers, sales value and average store sales value of the department stores sector in the PRC between 2010 and 2014:

Forecasted store numbers, sales value and average store sales of department stores sector in the PRC (2010-2014)

	2010	**2011**	**2012**	**2013**	**2014**
Numbers	6,600	6,700	6,800	6,800	6,900
Sales value *(RMB' billion)*	666.7	723.5	774.3	821.0	862.1
Average per store sales value *(RMB' million)*	101.02	107.99	113.87	120.74	124.94

Source: © 2010 Euromonitor International

Chain department stores

According to the China Statistical Yearbook 2008, the chain enterprises (also called chain stores or chain corporations) consist of a number of branch stores, and have the following features in general: (i) homogeneous commodities, (ii) unique name of stores and (iii) centralised purchase and delivery which is separated from distributed selling operation (most commodities are delivered from the headquarters except some items which, for logistics, quality or freshness considerations, might be delivered by suppliers directly).

Chain department stores generally offer similar store settings, layout, variety of merchandise and service throughout their network of stores. According to the EI Report, the current retail market in the PRC is rather fragmented, and the retailers will have to develop larger and better-linked chains of stores to improve the economies of scale. We believe chain store is a business model that adapts to the retailing market in the PRC.

The supermarket industry in the PRC

Market size

According to the EI Report, the supermarket industry experienced an explosive growth, and the supermarket chains are still expanding.

In 2004, the supermarket numbers in the PRC was approximately 57,600, which climbed to approximately 87,300 in 2009, representing a CAGR of 8.67%. The sales value of the supermarkets sector increased from approximately RMB627.9 billion in 2004 to approximately RMB1,299.8 billion in 2009 to represent a CAGR of 15.66%. On the whole, the supermarkets sector ranked the first in terms of sales value among all retail sectors in each of the years from 2004 to 2009 according to EI Report. The average per store sales value also increased from approximately RMB10.90 million in 2004 to approximately RMB14.89 million in 2009, representing a CAGR of 6.44%.

The table below demonstrate the store numbers, sales value and average store sales value of the supermarkets sector in the PRC from 2004 to 2009.

Store numbers, sales value and average store sales of supermarkets sector in PRC (2004-2009)

	2004	2005	2006	2007	2008	2009
Numbers	57,600	63,300	69,100	75,500	81,600	87,300
Sales value *(RMB' billion)*	627.9	750.8	885.9	1,036.5	1,181.6	1,299.8
Average per store sales value *(RMB' million)*	10.90	11.86	12.82	13.73	14.48	14.89

According to the EI Report, with accelerating urbanisation and faster pace of life in the PRC, supermarkets are expected to continue developing. The table below demonstrates the forecasted store numbers, sales value and average store sales value of the supermarkets sector in the PRC between 2010 and 2014:

Forecasted store numbers, sales value and average store sales of supermarkets sector in PRC (2010-2014)

	2010	2011	2012	2013	2014
Numbers	92,500	97,600	102,500	107,300	111,900
Sales value *(RMB' billion)*	1,410.3	1,523.1	1,629.7	1,735.6	1,839.8
Average per store sales value *(RMB' million)*	15.25	15.61	15.90	16.18	16.44

Source: © 2010 Euromonitor International

PRC GOVERNMENT INITIATIVES TO ENCOURAGE RETAIL INDUSTRY

Change of the Old for New Program

Background

For the purpose of stimulating domestic spending and improving the efficiency of energy consumption, 國務院辦公廳關於轉發發改委等部門促進擴大內需鼓勵汽車家電以舊換新實施方案的通知(國辦發【2009】44號) (Notice on Change of the Old for New Program in Motor Vehicle and Home Appliances Industry to Boost Domestic Consumption issued by the State Council of the PRC on behalf of PRC National Development and Reform Commission and other authorities (No. 44 of 2009 of the Office of State Council of the PRC)*) was promulgated and implemented on 1 June 2009 by the State Development and Reform Commission, Ministry of Finance, MOFCOM, Ministry of Industry and Information Technology, and Ministry of Environmental Protection, the PRC Government, which was followed by the issuance of 家電以舊換新實施辦法 (Implementation Rules on the Home Appliances Change of the Old for the New Program*) ("**Implementation Rules on Change of the Old for New Program**") on 28 June 2009.

Pursuant to the Implementation Rules on Change of the Old for New Program, the policy was provisionally implemented in Beijing, Tianjin, Shanghai, Jiangsu province, Zhejiang province, Shandong province, Guangdong province, Fuzhou and Changsha between 1 June 2009 and 31 May 2010. According to the《商務部、財務部、環境保護部關於印發家電以舊換新推廣工作方案的函》(Letter of Ministry of Commerce, Ministry of Finance and Ministry of Environmental Protection regarding the Promotion Program of the Change Old for New Program of Household Electrical Appliances*) issued by MOFCOM, Ministry of Finance of the PRC and Ministry of Environmental Protection of the PRC on 3 June 2010, the Change of the Old for New Program has been extended in provinces and cities including Guangdong and Shenzhen provisionally until 31 December 2011 and expanded to provinces including Hunan. However, the relevant implementation rules for the extension of the Change of the Old for New Program have not yet been put in place, and further details of the program for the extended period such as the list of appointed sales enterprises and other terms have not yet been announced as at the Latest Practicable Date.

Under the program, eligible citizens in those areas may enjoy rebates or of up to 10% of the sale price of home appliances subject to a fixed maximum amount from the government for exchanging their old home appliances for new ones.

According to the《家電以舊換新運費補貼辦法》(Measures regarding the Freight Subsidy of the Change of the Old for New Program in Home Appliances*) issued by Ministry of Finance on 21 August 2009, all home appliances recycling enterprises that are successful bidders and have acquired old home appliances from eligible buyers and have delivered and sold the same for dis-assembly and treatment purposes to designated dis-assemble and treatment enterprises that dis-assemble and treat the same and satisfy other relevant requirements shall be entitled to freight subsidies. Such freight subsidiary shall be a fixed amount subject to the category and size of the product, as well as the delivery distance, of old home appliance delivered and sold by the recycling enterprise.

Categorise of products

Eligible citizens may enjoy either a 10% rebate or a fixed amount of subsidies in respect of five categories of home appliances (whichever is lower):

Maximum amount of subsidies for purchase under the Change of the Old for New Program

Item	**Price** *(RMB)*
Air conditioner	350
Television	400
Refrigerator	300
Washing machine	250
Personal computer	400

Eligibility of authorised sales enterprises

Set out below are the major criteria for selection of authorised sales enterprises as set out in Implementation Rules on Change of the Old for New Program:

- comprehensive sales network
- technological capability for recording and examining relevant information through the information system of the Change of the Old for New Program
- relatively strong capacity in warehousing and delivery
- capability of providing comprehensive after-sales services
- good business and credit record in the past three years

Major duties and rights of authorised sales enterprises

Authorised sales enterprises are required to sell their products at normal market prices. By presenting the certificates of the Change of the Old for New Program showing the delivery of old appliances to the relevant home appliances recycling enterprises, eligible citizens are entitled to purchase new home appliances from authorised sales enterprises at a price equivalent to the normal selling price minus the rebate. Authorised sales enterprises are entitled to reimbursement of the amount of such rebates from the relevant authorities. Other major duties of authorised sales enterprises include:

- To comply with the relevant regulations under the Change of the Old for New Program
- To offer sales of the five types of products, namely, air conditioner, TV, refrigerator, washing machine and personal computer
- To undertake promotional and sales activities
- To ensure the products are sold at normal price and to provide good after-sales and delivery services
- To be responsible for problems that may arise during the sales process

COMPETITION

The retail market in the PRC is very fragmented, with the top 10 market players in aggregate accounted for about 6% value of the total retail sales in 2009 according to the EI Report issued by Euromonitor International. In Shenzhen, the retail market is also very fragmented, and there is no statistical report available for showing the Company's market share in the Shenzhen retail market.

Our Directors consider we are operating in a highly competitive market facing direct competition from both domestic and foreign operators of department stores, wholesale markets, hypermarkets, convenience stores, specially retailers and other retail sites and forms of retail business in the areas in which we currently operate or into which we plan to enter. In particular, the retail market in Shenzhen is one of the earliest markets open for foreign investment. Competition is typically based on location, shopping environment and amenities, marketing and promotional activities, customer services and pricing.

International retail operators

As a result of China's accession to the WTO and the opening up of the PRC retail industry to foreign enterprises, an increasing number of foreign retailers has entered the PRC market either through joint ventures or establishment of retail outlets. Such international competitors include Wal-Mart, Carrefour, Watson's, Amway and Parkson Retail Group, many of which have more capital resources and more experiences in operating retail business. Any increase in competition may exert pricing pressure on our goods and/or our concession rates, and thus affect our profitability.

Domestic retail operators

Aside from foreign entrants to the PRC market, we also compete with other domestic operators in PRC on the basis of the variety and quality of merchandise sold, pricing of products, and the customer service we provide in relation to our product sales. Our domestic competitors include Maoye Department Store, Haiya Department Store, Rainbow Shopping Mall, China Resources Vanguard Shop and Shenzhen A-Best Supermarket Co Ltd. In addition, when we carry out our expansion plan and enter into new regions, we may encounter competition from existing department stores that have better name recognition and better understanding of the consumer preferences in such regions. Some of these existing department stores may have an established customer base and relationships with merchandise suppliers in the region, be better located, and/or better able to effectively navigate the local legal and regulatory landscape.

Please refer to the paragraph headed "Intense competition in the PRC retail industry" under the section headed "Risk factors – Risks relating to the PRC retail industry" for further discussion of our competitive environment.

Strategies

Our Directors believe that, by our established presence since 1996 with high brand recognition, we have gained a sufficiently strong foothold in Shenzhen to counter any such competition. Our Directors also believe that our ability and strategy to offer and maintain a stable supply of a comprehensive range of value-for-money products at competitive prices has successfully enabled us to expand faster and more effectively than our competitors. In addition, while Shenzhen is one of the earliest developed retail markets in China, its growing population and rising economy make the retail market in Shenzhen remain rich in potential for further exploration and our solid foothold in Shenzhen can also serve as a platform for our further development into other regions. Further, our Directors believe that our competitive strengths as set out in the sub-section headed "Our competitive strengthens" in the section headed "Our business" and the business strategies we adopted as set out in the sub-section headed "Our business strategies" under the section headed "Our business" will distinguish us from other domestic and international competitors.

According to the Survey Report issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*) on the overall department store industry in Shenzhen, we are one of the Four Key Enterprises in the department store industry in Shenzhen. The Survey Report further highlights that we are ranked first among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty rating. The Survey's methodology is based on the American Customer Satisfaction Index modified for the Shenzhen retail segment. The model used is a set of causal equations that link customer's experience, perceived brand and store advantages, perceived value, convenience and price advantages to customer satisfaction. Satisfaction, in turn, is linked to key outcomes, defined as customer complaints and customer loyalty.

Table 1 below shows the scores and ranking among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer satisfaction level according to the Survey Report.

Table 1

	2009		2008		
Company Name	**Satisfaction Score**	**Ranking**	**Satisfaction Score**	**Ranking**	**Difference in score between 2008 and 2009**
Maoye Department (茂業百貨)	75.52	1	72.46	2	3.06
Our Group	75.06	2	69.58	4	5.48
Rainbow Shopping Mall (天虹商場)	74.16	3	74.51	1	-0.35
Haiya Department Store (海雅百貨)	73.46	4	70.15	3	3.31
Overall department stores	74.97	–	72.03	–	2.94

Table 2 below shows the scores and ranking among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty level according to the Survey Report.

Table 2

	2009		2008		
Company Name	**Satisfaction Score**	**Ranking**	**Satisfaction Score**	**Ranking**	**Difference in score between 2008 and 2009**
Our Group	73.18	1	67.36	4	5.82
Rainbow Shopping Mall (天虹商場)	71.95	2	73.52	1	-1.57
Maoye Department Store (茂業百貨)	71.53	3	69.08	2	2.45
Haiya Department Store (海雅百貨)	70.52	4	69.04	3	1.48
Overall department stores	72.38	–	69.36	–	3.02

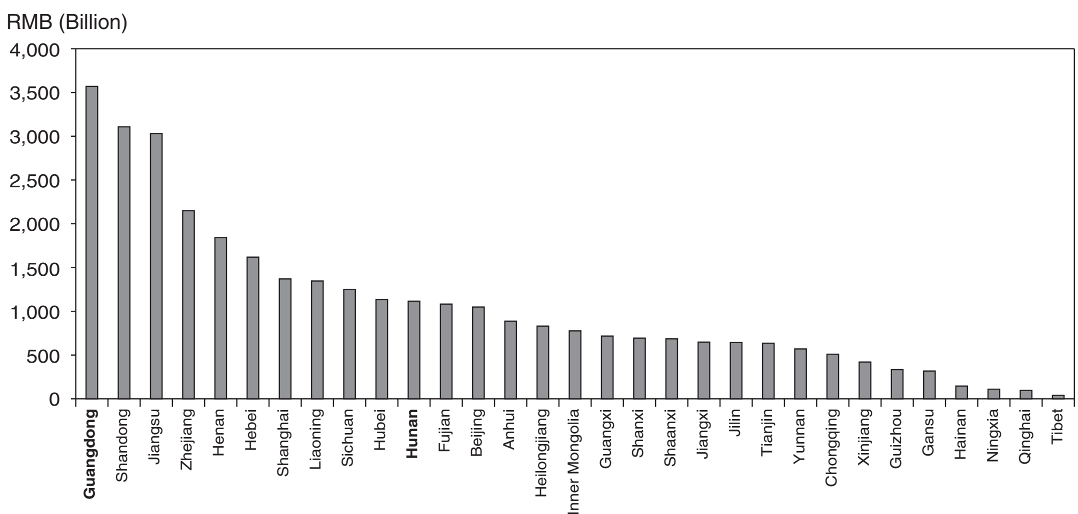
REGIONAL ECONOMY AND RETAIL INDUSTRY

Overview

We currently operate 12 department stores under the well-known brand of "茂業百貨", of which 10 are within Shenzhen and the remaining two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in eastern Guangdong Province), respectively.

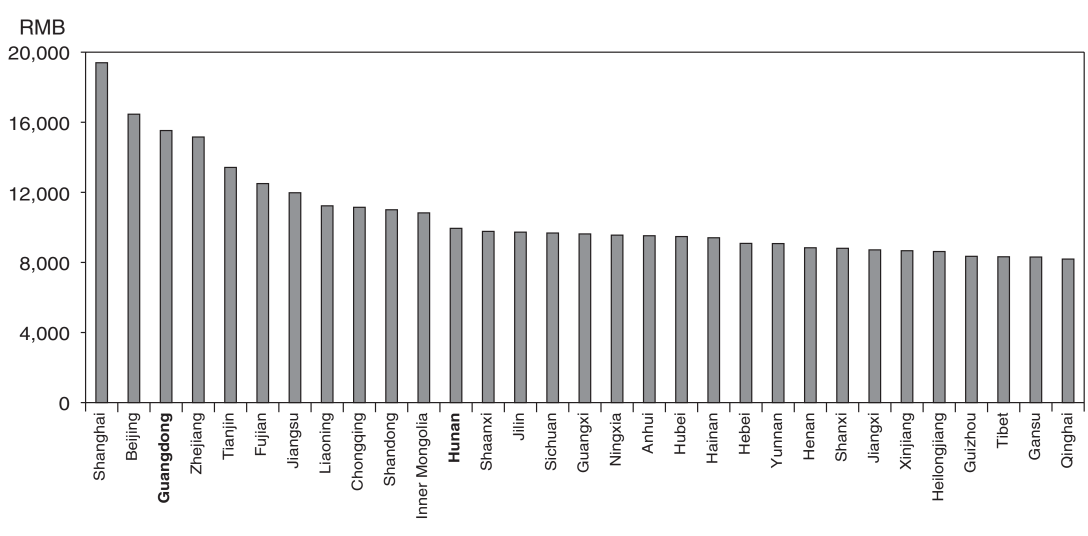
The charts below provide a comparison among the regional economy in the PRC in 2008 by gross regional product, per capita annual consumption expenditure of urban households and total retail sales of consumer good, respectively.

Gross regional product in 2008



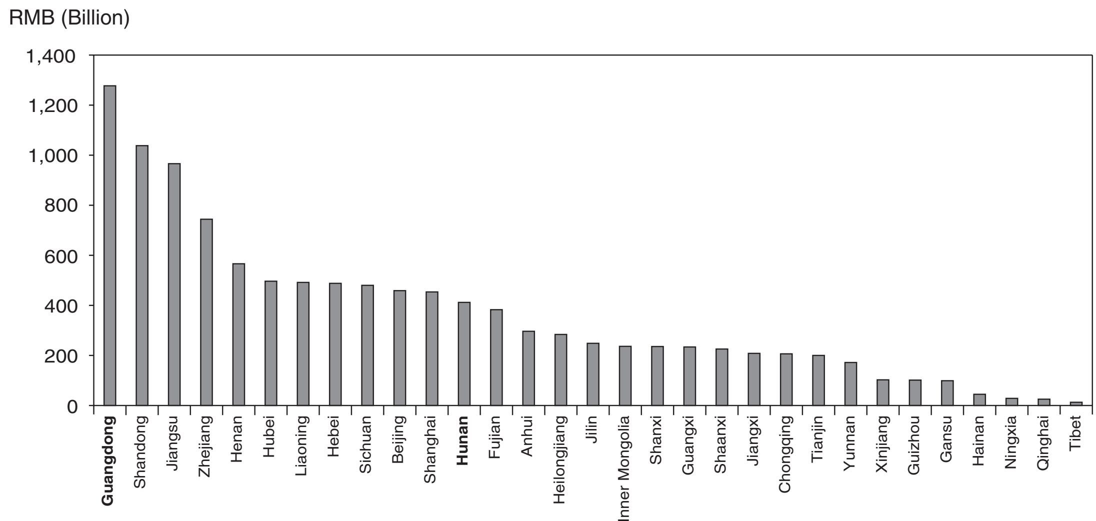
Source: National Bureau of Statistics of China

Regional per capita annual consumption expenditure of urban households in 2008



Source: National Bureau of Statistics of China

Total retail sales of consumption goods by region in PRC in 2008



Source: National Bureau of Statistics of China

Guangdong Province

Most of our current stores are located in Guangdong Province, one of the leading economies in the PRC.

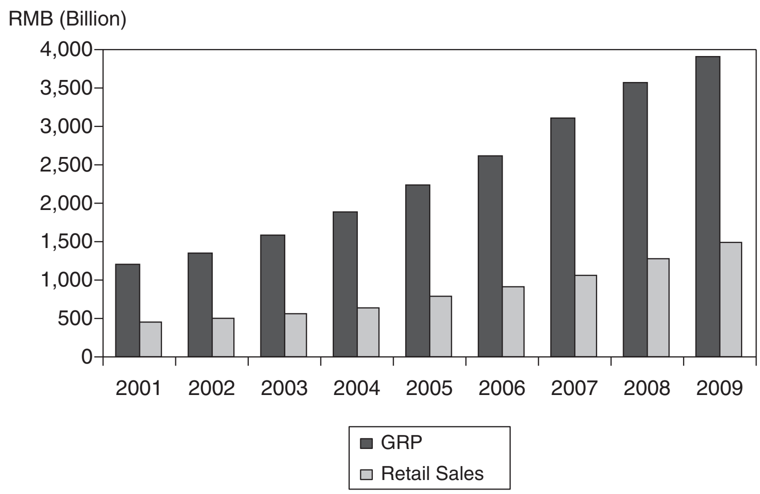
As reflected in the charts above, Guangdong Province generated the highest GRP among all regions in the PRC in 2008, which reached RMB3,569.6 billion. This is approximately 14.9% higher than the second highest region and representing around 10.9% of the overall GDP of the country.

In the same year, Guangdong Province recorded its per capita annual consumption expenditure of urban households as RMB15,527.97, which was among the top three regions in the PRC.

It also ranked first in the retail sales of consumer goods in the year of 2008, which was RMB1,277.2 billion and approximately 23.0% higher than the second highest region.

According to the National Bureau of Statistics of China and Statistics Bureau of Guangdong Province, while for the period from 2001 to 2009, the annual GRP in Guangdong Province increased from RMB1,204 billion to RMB3,908 billion, representing a CAGR of 15.9%, its annual retail sales increased from RMB452 billion to RMB1,489 billion, representing a CAGR of 16.1%. The following chart illustrates the annual GRP and retail sales in Guangdong Province from 2001 to 2009.

Annual GRP and retail sales in Guangdong Province (2001-2009)

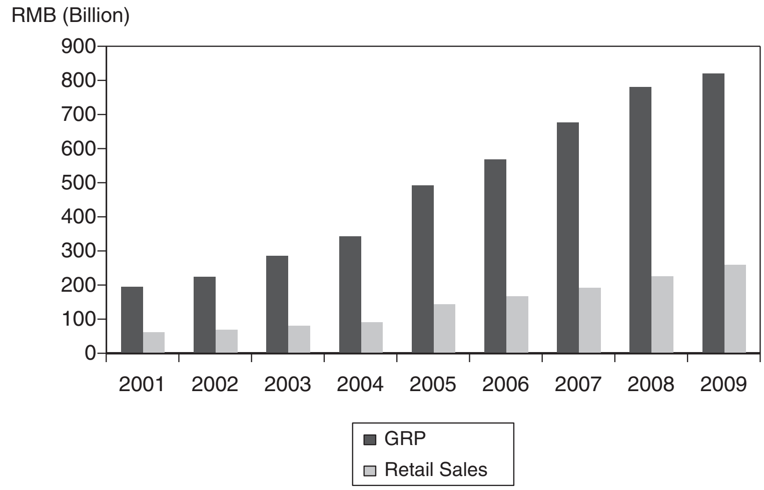


Source: National Bureau of Statistics of China and Statistics Bureau of Guangdong Province

According to the Statistics Bureau of Shenzhen Municipality, there were approximately 8.9 million permanent residents in Shenzhen as at 31 December 2009. For the period from 2001 to 2009, while the per capita GDP in Shenzhen increased from RMB34,822 to RMB92,771, representing a CAGR of 13.03%, its per capita annual disposable income increased from RMB22,759.92 to RMB29,244.52, representing a CAGR of 3.18%. In 2009, the per capita consumption expenditure in Shenzhen reached RMB21,526.10. As compared with other cites in China, Shenzhen was ranked first in 2008 in terms of per capita GDP.

The following charts illustrates the annual GRP and retail sales in Shenzhen from 2001 to 2009.

Annual GRP and retail sales in Shenzhen (2001-2009)

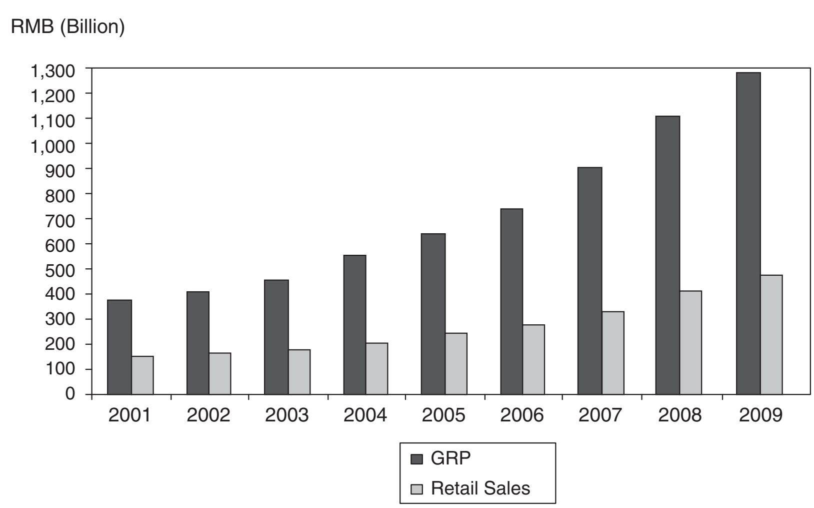


Source: Statistics Bureau of Shenzhen Municipality

Hunan Province

Currently we have one store in Changsha, Hunan Province. During the period from 2001 to 2009, the GRP of Hunan Province has grown from RMB383.2 billion to RMB1,293.1 billion, representing a CAGR of 16.42%, while the annual per capita disposable income have also grown from RMB6,780.6 to RMB15,084.31, and annual per capita consumption expenditure has grown from RMB5,546.2 to RMB10,828.23, representing CAGR of 10.51% and 8.72% respectively. The retail sales in Hunan Province increased as well. In 2001, Hunan Province retail sales amounted to RMB136.5 billion and the number went up to RMB491.4 billion in 2009, representing a CAGR of 17.36%. The following chart illustrates the annual GRP and retail sales in Hunan Province from 2001 to 2009.

Annual GRP and retail sales in Hunan Province (2001-2009)



Source: National Bureau of Statistics of China and Statistics Bureau of Hunan Province

DEVELOPMENT TRENDS

With the aim to maintain steady development of the national economy, the PRC Government is making an effort to stimulate the domestic consumption so as to reduce the reliance of the national economy on fixed asset investment and trading surplus. Increasing residents' income, improving pension payments for the retired and abolishing agricultural taxes are among the measures the government has taken to boost disposable income. In view of these favourable policies toward consumer spending, we expect there will be a great prospect for the retail industry.

Metropolitan cities such as Shanghai, Guangzhou and Beijing represented the centre of business activities for most retailers over the review period. Various types of retail outlets were mostly opened in these cities. As the PRC Government is encouraging the consumer spending in China as a whole, retailers have started to look at second-tier cities and towns to attract more consumers. According to the EI Report, it is expected that, whilst the department stores numbers in the PRC will increase at CAGR of 1.52% from 2009 to 2014, the sales value will increase more rapidly at CAGR of 7.21% from 2009 to 2014; whilst the supermarkets numbers in the PRC will increase at CAGR of 5.09% from 2009 to 2014, the sales value will increase at CAGR of 7.2% from 2009 to 2014. We expect the tapping into lower-tier cities is likely to continue.

SOURCES OF INFORMATION

Euromonitor International

Euromonitor International is a leading independent provider of global business intelligence on industries, countries and consumers. The information disclosed in this prospectus from Euromonitor International is extracted from reports not commissioned by us and was prepared in the ordinary course of business of Euromonitor International.

International Monetary Fund, World Economic Outlook Report

The World Economic Outlook report, prepared and published by the International Monetary Fund, sets out the International Monetary Fund's staff's analysis and projections of economic developments at the global level, in major country groups and in many individual countries. The World Economic Outlook Report was not commissioned by us and was prepared in the ordinary course of business of the International Monetary Fund.

Shenzhen Retail Business Association*, Survey Report

The Survey Report, prepared by Wanren Market Research and issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*), sets out, among other things, the customer satisfaction level on the overall department store industry in Shenzhen and on the Four Key Enterprises. Our chief executive officer, Madam YANG Xiaomei is a vice chairman of Shenzhen Retail Business Association and she does not participate in the management of the association. Our Directors confirm that Shenzhen Retail Business Association is an Independent Third Party and confirm that the preparation of the Survey Report was not commissioned by us and such report was prepared in the ordinary course of business by Wanren Market Research as commissioned by Shenzhen Retail Business Association. Wanren Market Research is a provider of market research services and is based in Shenzhen.

OVERVIEW

Since the 1990s, the PRC has been gradually relaxing its restrictions on foreign investment in the commercial retail and logistics sectors. However, prior to the PRC's entry into the WTO, foreign investors were still severely restricted from providing retail services in the PRC for both their own operations and for third parties. The following depict some of the key milestones of PRC's movement since the 1980s towards relaxing restrictions on foreign investments in the retail sector:

1. In July 1992, trial operations of one to two Sino-foreign equity joint venture or Sino-foreign cooperative joint venture commercial retail enterprises were carried out in each of Beijing, Shanghai, Tianjin, Guangzhou, Dalian, Qingdao and five special economic zones. Under 《國務院關於商業零售領域利用外資問題的批覆》 (the *Response to the Application of Foreign Capital on the Commercial Retail Industry**) ("**Application of Foreign Capital Response**") issued by the State Council, foreign invested commercial enterprises became subject to the review and approval of the State Council through the reports of local governments. The operating scope of foreign invested commercial enterprises included department store retail business and import and export business.

2. In June 1999, the permitted geographic coverage of Sino-foreign equity and cooperative joint venture commercial retail enterprises was expanded by 《外商投資商業企業試點辦法》 (the *Experimental Measures for Commercial Enterprises with Foreign Investment**) ("**Experimental Commercial Enterprises Measures**") issued by the State Council, the State Economic and Trade Commission and Ministry of Foreign Trade & Economic Cooperation ("**MOFTEC**", later restructured into MOFCOM) to capital cities of provinces and autonomous regions, municipalities directly under the central government, special economic zones and municipalities under independent development plans. Wholly foreign-invested enterprises were not allowed to be established in the industry at that time. Moreover, the establishment of Sino-foreign equity or co-operative joint ventures had to comply with commercial development planning rules in the relevant area. To gain access to the PRC market, non-PRC retailers had to apply for permission from the PRC government in accordance with the Experimental Commercial Enterprises Measures, which required high market entry thresholds. The Experimental Commercial Enterprises Measures were abolished when 《外商投資商業領域管理辦法》 (the *Measures of Administrations of Foreign Investment in Commercial Sector**) ("**Commercial Enterprises Measures**") took effect from 1 June 2004.

3. To fulfill the PRC's WTO commitment in respect of the opening up of its distribution services sector, the MOFCOM issued the Commercial Enterprises Measures on 16 April 2004, which was implemented on 1 June 2004. There are a number of major changes in the Commercial Enterprises Measures, including permitting foreign investors to engage in the operation of distribution services on a wholly-owned basis from 11 December 2004. The Commercial Enterprises Measures are also expected to gradually enlarge the geographical coverage of foreign-invested commercial enterprises and lower the market entry threshold. After the implementation of the Commercial Enterprises Measures, foreign investors and operators may engage in the retail business in the PRC on a wholly owned basis and expand into geographical areas which were not opened to foreign investors for retail operations.

RETAIL INDUSTRY FOREIGN INVESTMENT LAWS AND REGULATIONS IN THE PRC

The Commercial Enterprises Measures provide for a one-step procedure under which foreign investors can apply to establish both commercial enterprises and open retail stores at the same time in accordance with simplified procedures and clear guidelines.

According to the Commercial Enterprises Measures, a foreign-invested commercial enterprise must nevertheless meet the following conditions:

(a) a minimum registered capital of RMB30,000 for limited liability company or RMB100,000 for one-person limited liability company in compliance with the requirement of PRC Companies Law;

(b) compliance with the standard total investment and registered capital requirements for foreign invested enterprises; and

(c) in general, having a term of operation not exceeding 30 years, or 40 years if in the mid-western region of the PRC.

The procedures for establishing a foreign-invested commercial enterprise involve the submission of an application which shall include a project proposal, feasibility study and other relevant documents required to the relevant provincial commerce department or the MOFCOM for approval. According to《商務部關於委託地方部門審核外商投資商業企業的通知》(the *Notice of the Ministry of Commerce on Entrusting Local Department to Check Foreign-invested Commercial Enterprises**) issued by the MOFCOM on 9 December 2005, the MOFCOM authorised the provincial commerce departments and the committees of national economic & technology development zones to handle some of the foreign-invested commercial enterprise approvals. According to《商務部關於下放外商投資商業企業審批事項的通知》(the *Notice of the Ministry of Commerce on Transferring Approval Rights of Foreign-invested Commercial Enterprises**) issued by the MOFCOM on 12 September 2008, the provincial commerce department shall be the approval authority of the establishment and modification of foreign-invested commercial enterprises, except for those concerning the sale by television, telephone, mail order, internet, or vending machine, those concerning the wholesale of audiovisual products and those concerning the sale of books, newspapers and magazines. In addition, pursuant to《商務部關於省級商務主管部門和國家級經濟技術開發區審核管理部分服務業外商投資企業相關事項的通知》(the *Notice of the Ministry of Commerce on the Verification and Administration of Part of Foreign-invested Service Enterprises by Provincial Commerce Department and National Economic & Technology Development Zone**) issued by the MOFCOM on 4 May 2009, the approval sphere of the provincial commerce department has been expanded to cover the approval of foreign-invested enterprises within six industries, including foreign-invested enterprises concerning the distribution of books, newspapers and magazines and sino-foreign cooperative joint venture enterprises concerning the wholesale of audiovisual products, if such enterprise is an enterprise falling under the encouraged class or allowed class in《外商投資產業指導目錄》(the *Catalogue of Foreign-Invested Industries Guidance**) with a total investment capital below USD100 millions, or if such enterprise is an enterprise falling under the restricted class in the Catalogue of Foreign-Invested Industries Guidance with a total investment capital below USD50 millions.

Moreover, the foreign-invested commercial enterprise must meet the following conditions when opening retail stores:

- if the application is made simultaneously with the application for establishment of the commercial enterprise, the proposed store must conform with the applicable urban development plan and the commercial development plan of the city in which it is located; and

- if the application is made subsequent to the establishment of the enterprise, then in addition to meeting the above requirement, the enterprise must also have (a) undergone and passed the relevant annual inspections on time, and (b) received all of its registered capital from its investors.

Under the Commercial Enterprises Measures, the percentage of foreign investment in retailers in the PRC with more than 30 stores that are engaged in the sale of Specific Commodities (as defined therein including books, newspapers, magazines, medicines, fertilizer, oil products, foodstuff, vegetable oil, cotton and sugar) and with such commodities being of different brands and obtained from different suppliers should not exceed 49%. This percentage was increased to 100% from 5 February 2009 for foreign investment by Hong Kong and Macau service providers pursuant to《外商投資商業領域管理辦法補充規定(四)》(the *Supplementary Provisions (IV) on the Commercial Enterprises Measures**) promulgated by the MOFCOM on 5 February 2009. As of the Latest Practicable Date, we are not subject to the restriction under the Commercial Enterprises Measures since we have less than 30 stores, and we will only be subject to such restriction in the future if we have more than 30 stores that are engaged in the sale of Specific Commodities.

PRICING LAW

Pursuant to《中華人民共和國價格法》(the *Pricing Law of the PRC**) ("**Pricing Law**") issued by the National People's Congress of the PRC on 29 December 1997, determination of prices must be in line with the law of value; prices of most commodities and services shall be determined by the market, and prices of a small number of commodities and services can be government-guided prices or government-set prices. Market-regulated prices mean those prices determined independently by the providers of commodities and services ("**Providers**"), and formed through market competition. Government-guided prices mean those prices determined by the Providers in accordance with the baseline prices and their range of fluctuations are set by competent price administrative departments or other government departments concerned based on the provisions of the Price Law. Government-set prices mean those prices determined by the competent price administrative departments or other government departments concerned in accordance with the Price Law.

The Pricing Law further provides that when necessary the government may enforce government-guided or government-set prices for the prices of the following commodities and services:

(i) the prices of a small number of commodities vital for the economic development and people's life;

(ii) the prices of a small number of commodities the resources of which are rare;

(iii) the prices of commodities under natural monopoly management;

(iv) the prices of essential public utilities; and

(v) the prices of essential public welfare services.

Pursuant to《中華人民共和國反不正當競爭法》(the *Anti-unfair Competition Law of the PRC**) issued by the Standing Committee of the National People's Congress of the PRC in 1993, operators are not allowed to sell merchandise at a price lower than cost to edge out competitors. Below-cost pricing in the following situations, however, is not considered inappropriate competitive behaviour:

(i) sales of live and fresh commodities;

(ii) handling merchandise that will soon be expired or other overstocked merchandise;

(iii) seasonal price reduction; and

(iv) sales of merchandise at a reduced price because of settlement of indebtedness, change of business or close of business.

LICENCES

Apart from obtaining the necessary business licences for operating department stores, operating a department retail business in PRC requires certain other licences and permits, depending on the products sold and therefore not all of which may be applicable to us, such as:

(i) a "Cigarette Monopoly Permit" for sales of cigarettes;

(ii) a "Publications Operating Permit" for sales of books and newspapers;

(iii) a "Medical Device Operation Enterprise Permit" for sales of various types of medical apparatus;

(iv) an "Audiovisual Products Operation Permit" for sales of audiovisual merchandise;

(v) a "Food Circulation Permit" for food sales; and

(vi) a "Motorway Transportation Operation Permit" for delivery of goods purchased by customers.

According to《煙草專賣許可證管理辦法》(the *Measures of Administration of Cigarette Monopoly Permit**) issued by 中華人民共和國國家發展和改革委員會 (the *National Development and Reform Commission of the PRC**) ("**NDRC**") on 5 February 2007, foreign-invested commercial enterprises are prohibited from engaging in the wholesale and retail of cigarette. Thus, a foreign-invested enterprise may not be able to obtain the Cigarette Monopoly Permit.

According to《食品流通許可證管理辦法》(the *Measure of Administration of Food Circulation Permit**) issued and implemented by 中華人民共和國國家工商行政管理總局 (the *State Administration for Industry & Commerce of the PRC**) on 30 July 2009, and《中華人民共和國食品安全法》(the *Food Safety Law of PRC**) issued by 中華人民共和國全國人民代表大會常務委員會 (the *Standing Committee of the National People's Congress**) on 28 February 2009 and implemented on 1 June 2009, the seller of food shall obtain the Food Circulation Permit. The Food Hygiene Permit obtained by a food seller earlier is still valid until its expiration date.

A foreign-invested commercial enterprise may not be able to obtain the Audiovisual Products Operation Permit due to industry restrictions. A department store also needs to apply for other business licenses and approvals upon the request of the relevant governmental departments. For example, fire safety inspection of the building where a department store is to be operated is required and approval from the relevant fire department has to be obtained before commencement of business.

A Food Circulation Permit for food sales is valid for a term of three years, and any renewal application should be submitted to the relevant authority within 30 days before expiry. The validity period of a Cigarette Monopoly Permit varies, with a maximum of five years, and should be renewed within 30 days before expiry. A Medical Device Operation Enterprise Permit is valid for a term of five years and should be renewed within six months before its expiry. A Motorway Transportation Operation Permit is usually valid for a term of four years and should be renewed within 10 days before its expiry.

PRE-PAID GIFT CARDS

The issue and sale of token cards or pre-paid gift cards for circulation in the market in place of Renminbi is prohibited under the PRC laws and regulations.

The relevant PRC laws and regulations prohibiting the issue and sale of token cards or pre-paid gift cards in the PRC are as follows: (i)《關於嚴禁發放使用各種代幣券(卡)的緊急通知》(the *Emergency Notice on Prohibition of Issuing and Using Tokens (or Token Cards)**) ("**Emergency Notice**") jointly promulgated by 國家經濟貿易委員會 (the *State Economic and Trade Commission**), 國務院糾正行業不正之風辦公室 (the *Office of Correcting Industrial Improper Practice at the State Council**) and the PBOC on 19 January 2001; (ii)《國務院辦公廳關於禁止發放各種代幣購物券的通知》(the *Notice on Prohibiting the Distribution of Various Types of Tokens issued by the General Office of the State Council**) which came into effect on 1 May 1991; (iii)《國務院關於禁止印製、發售、購買和使用各種代幣購物券的通知》(the *Notice on Prohibiting the Printing, Offering, Purchasing and Using of Various Types of Tokens issued by the State Council**) which came into effect on 4 April 1993; (iv)《國務院關於嚴格控制消費基金過快增長和加強現金管理的通知》(國發明電 [1994] 25號) (the *Notice on Strictly Controlling the Overly Rapid Growth of Consumption Expenditure and Strengthening the Cash Management issued by the State Council (Guo Fa Ming Dian [1994] No.25)**) which came into effect on 9 November 1994; (v)《國務院辦公廳關於進一步加強現金管理控制現金投放的緊急通知》(國辦發明電[1995]1號) (the *Emergency Notice on Further Strengthening the Cash Management and Controlling the Cash Issuance issued by the General Office of the State Council (Guo Ban Fa Ming Dian [1995] No.1)**) which came into effect on 16 January 1995; (vi)《中華人民共和國人民幣管理條例》(the *Regulations of the People's Republic of China on Administration of Renminbi**) which came into effect on 1 May 2000; (vii)《中華人民共和國 中國人民銀行法》(The *Law of the People's Bank of China of the People's Republic of China**) which came into effect on 18 March 1995 and amended on 27 December 2003, the amendment became effective on 1 February 2004; and (viii)《國務院糾正行業不正之風辦公室關於堅決剎住發放和使用各種代幣購物券之風的緊急通知》(the *Emergency Notice on Resolutely Stop the Tendency on Issuance and Use of Various Kinds of Token Cards of the Office of Correcting Industrial Improper Practice**) issued on 11 December 1998.

Pursuant to《中華人民共和國中國人民銀行法》(The *Law of the People's Bank of China of The People's Republic of China**), the PBOC may impose a maximum fine of RMB200,000 on any entity for issuing such token cards or pre-paid gift cards.

PRC GOVERNMENTAL POLICIES RELATING TO RETAIL INDUSTRY

Change of the Old for New Program

Pursuant to 國務院辦公廳關於轉發發改委等部門促進擴大內需鼓勵汽車家電以舊換新實施方案的通知(國辦發【2009】44號) (the *Notice on Change of the Old for New Program in Motor Vehicle and Home Appliances Industry to Boost Domestic Consumption issued by the State Council of the PRC on behalf of PRC National Development and Reform Commission and other authorities (No. 44 of 2009 of the National Development and Reform Commission)**) promulgated and implemented on 1 June 2009 and the relevant implementation rules issued on 28 June 2009, eligible citizens in Beijing, Tianjin, Shanghai, Jiangsu province, Zhejiang province, Shandong province, Guangdong province, Fuzhou and Changsha may enjoy rebates from the government by exchanging their old home appliances for new ones between 1 June 2009 and 31 May 2010. According to the Notice on the Program, it is suggested that the Change of the Old for New Program will be extended and expanded by the PRC Government when the trial period expires by the end of May 2010. According to the 《商務部、財務部、環境保護部關於印發家電以舊換新推廣工作方案的函》(the *Letter of Ministry of Commerce, Ministry of Finance and Ministry of Environmental Protection regarding the Promotion Program of the Change Old for New Program of Household Electrical Appliances**) issued by MOFCOM, Ministry of Finance of the PRC and Ministry of Environmental Protection of the PRC on 3 June 2010, the Change of the Old for New Program has been extended in provinces and cities including Guangdong and Shenzhen provisionally until 31 December 2011 and expanded to provinces including Hunan. However, the relevant implementation rules for the extension of the Change of the Old for New Program in Guangdong and Hunan provinces, namely those provinces that our Group currently operate, have not yet been put in place, and further details of the program for the extended period such as the list of appointed sales enterprises and other terms have not yet been announced as at the Latest Practicable Date. For further details of the Change of the Old for New Program, please refer to the section headed "Industry overview – PRC Government initiatives to encourage retail industry" in this prospectus.

OUR BUSINESS DEVELOPMENT

Introduction

Our history can be traced back to November 1995 when Shirble Department Store (Shenzhen) was established as a sino-foreign joint venture company in Shenzhen engaging in the department store business. Our first department store was opened in January 1996.

We are one of the leading and long established Shenzhen-based department store chains according to the Survey Report issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*)(1), operating under the well-known brand of "茂業百貨". We principally target the mid-market segment, i.e. customers falling within the middle level income bracket in Shenzhen and other cities in Southern China, aiming to offer our customers with a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable "one-stop" shopping environment. We believe this market position enables us to capture high growth potential in the PRC retail sector.

According to the Survey Report, we are one of the Four Key Enterprises in the department store industry in Shenzhen. The Survey Report further highlights that we are ranked the first among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty rating.

We currently own and operate 10 department stores in Shenzhen, one department store in Shanwei, Guangdong Province and one department store in Changsha, Hunan Province, all under the well-known brand of "茂業百貨". These 12 stores are currently in operation occupying an aggregate Gross Floor Area of approximately 179,000 sq. m.

We operate all the department stores by our management teams without any franchising arrangement with third parties. Sales in our stores can be generally divided into direct sales and concessionaire sales. Our Directors believe that the synergies between direct and concessionaire sales allow us to have better inventory control and to leverage the competencies of our concessionaires.

Note:

(1) Our chief executive officer, Madam YANG Xiaomei (楊筱妹女士), is a vice chairman of Shenzhen Retail Business Association and she does not participate in the management of the association. Our Directors confirm that Shenzhen Retail Business Association is an Independent Third Party and confirm that the preparation of the Survey Report was not commissioned by us and such report was prepared in the ordinary course of business by Wanren Market Research as commissioned by Shenzhen Retail Business Association.

Business milestones

The following sets forth our key business milestones:

January 1996	Shirble Department Store (Shenzhen) opened its first department store, Hongling store, in Futian District, Shenzhen in a 10-storey building with a total Gross Floor Area of approximately 13,092.8 sq. m. Our Hongling store is our first department store situated at Futian District and offers a full range of merchandise together with supermarket products. The building where our Hongling store is situated also houses our headquarters.
March 1996	We were the first in Shenzhen to introduce a new business model under which our customers could bid for auctioned merchandise at our stores with a minimum base price. This business model became generally accepted in Shenzhen at that time due to the enthusiastic response from our customers.
April 1996	We took the lead to launch "優質服務活動月暨技能大比武" (High Quality Service Contests*) in Shenzhen to strengthen and increase the service quality and skills of our staff. We continued to hold these contests on a yearly basis for the past 14 years of our business, and we became one of the earliest to launch such promotional activity in our industry.
June 1996	We were the first department store offering free shuttle bus services within Shenzhen for the convenience of our customers. These services are part of our customer-oriented services and are currently available at most of our existing department stores.
October 1996	We held our first "International Youth Chess Tournament" for our "歲寶盃" (Shirble Cup*), as part of our promotional activities, and our efforts to contribute to the community to increase and raise the standard of chess amongst youths in the Pearl River Delta Region. We continued to hold yearly tournaments for our "歲寶盃" (Shirble Cup*) for the past 14 years.
February 1997	As a result of promotional activities and campaigns and based on our sales in 1996, our Hongling store was recognised as one of the top four in terms of retail sales in Shenzhen by Shenzhen Economic Daily (深圳商報). We were honoured with "1996年度不經銷偽劣商品商店" (Enterprise for Year 1996 for non-sale of counterfeit goods*) by Shenzhen Bureau of Quality and Technical Supervision (深圳市技術監督局). We were also awarded "1996 年度信譽好商店" (Reputable Enterprise for Year 1996) by the People's Government of Shenzhen (深圳市人民政府).
December 1997	We were awarded "1997年度信譽好商店" (Reputable Enterprise for Year 1997*) by the municipal government of Shenzhen.

January 1998	We were awarded "1997年度深圳市零售商業企業銷售大戶" (Enterprise for large retail enterprises sales in Shenzhen for Year 1997*) by Shenzhen Trade Development Bureau (深圳市貿易發展局).
December 1999	We were awarded "1999年度廣東省商品品質和服務品質信譽好商業企業" (Guangdong Province reputable enterprise for quality goods and services for Year 1999*) by the provincial government of Guangdong, and "1999年全國商業企業消費教育表揚單位" (1999 commended enterprise for consumer education in China*) by China Consumers' Association (中國消費者協會).
May 2000	Our chief executive officer, Madam YANG Xiaomei (楊筱妹女士), was named "全國內貿行業質量管理小組活動卓越領導者" (Outstanding leader for quality management group activity in the trading industry in China*) by the National Domestic Trade Bureau (國家國內貿易局).
October 2001	We introduced the use of an advanced information technology system to provide technical support to our operations.
January 2002	We were recognised as "深圳2001年度消費者喜愛的名牌商場" (Year 2001 favorite brand shopping centre for consumers in Shenzhen*) by Shenzhen Retail Business Association (深圳市零售商業行業協會) and Shenzhen Economic Daily (深圳商報). Shirble Department Store (Shenzhen) received numerous awards and recognitions for our brand of "[illegible]". We were also recognised as a department store targeting daily necessities for residents in Shenzhen.
January 2002	Our second department store, Jingtian store, located at Futian District, Shenzhen, was open with a total Gross Floor Area of approximately 11,980.0 sq. m. Our Jingtian store is one of the leading department stores in Futian District, Shenzhen, focusing on provision of comprehensive range of products and services including merchandise, supermarket and electrical appliances.
July 2002	Our third department store, Hongbao store, located at Luohu District, Shenzhen, was open with a total Gross Floor Area of approximately 6,800.9 sq. m. Our Hongbao store is a community department store for the residents in the area with a wide range of merchandise and daily necessities.
December 2002	We were awarded "全國商業服務業 2002年優質服務月活動先進單位" (Year 2002 quality services month's advanced enterprise in commercial services industry in China*) by China General Chamber of Commerce (中國商業聯合會).

March 2003	Our largest department store, Wanxiang store, was open in Nanshan District, Shenzhen, with a total Gross Floor Area of approximately 29,882.7 sq. m. Our Wanxiang store is positioned as a large-scale department store to provide a full range of merchandise to our target customers in Nanshan District. Our Wanxiang store is our largest department store in Shenzhen.
November 2003	Our Jingtian Store was named as a "green" shopping centre in the department store industry in Shenzhen by the Instruction Committee of the "Build Our Green Home" Activity of the Shenzhen Government (深圳市政府建我綠色家園活動指導委員會).
June 2004	As a result of our outstanding sales, we advanced into "中國零售百強" (Top 100 Retail Enterprises in China*) in terms of revenue as announced by China General Chamber of Commerce (中國商業聯合會).
August 2004	We established Luhe store, our first department store outside Shenzhen, in Shanwei, Guangdong Province. Our Luhe store, with a total Gross Floor Area of approximately 2,227.0 sq. m., is designed to provide a comprehensive collection of daily necessities and household items to the residents in the area. Our Luhe store is operated by Shirble Chain Store.
January 2005	Shirble Department Store (Shenzhen) was awarded as one of the "2004年度深圳百強企業" (Top 100 Enterprises in Shenzhen in 2004*) by Shenzhen Enterprise Association (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報).
May 2005	Our business grew rapidly with two department stores opened during the month. We established another large-scale department store, Longgang store, in Longgang District, Shenzhen, with a total Gross Floor Area of approximately 20,988.1 sq. m. Our Longgang store is designed to provide a full range of household furnishing, household items, fashion, apparel items, consumer goods and supermarket items to the residents in the area. We also opened another department store, Mingxing store, in Futian District, Shenzhen with a total Gross Floor Area of approximately 7,920.1 sq. m. Our Mingxing store focuses on medium to high-end apparel items.
August 2005	Our second-largest department store, Jufu store, was open with a total Gross Floor Area of approximately 21,766.4 sq. m. Our Jufu store is situated at a newly developed business area in Luohu District, Shenzhen. Our Jufu store is also one of our large-scale department stores operated in Shenzhen.
December 2005	We opened our fourth department store, Huahaoyuan store, in the year with a total Gross Floor Area of approximately 10,888.2 sq. m. Our Huahaoyuan store is part of our strategic network of community department stores in Futian District, Shenzhen, serving the residents in the area.

July 2007	Our chief executive officer, Madam YANG Xiaomei, was named as "零售十年 • 推動零售業進步的十大人物" (Top ten figures for promoting the retail industry*) while we were also awarded as one of the "零售十年 • 十大著名商場" (Top 10 Famous Shopping Mall for 1997-2007*), both by Shenzhen Retail Business Association (深圳市零售商業行業協會).
October 2008	We launched our customers' loyalty program, "歲寶通" (Shirble Member Card), with features on discounts, purchase points and a wide range of members' fringe benefits available at our department stores.
January 2009	We established our first department store, Kaifu store, in Kaifu District, Changsha, Hunan Province, with a total Gross Floor Area of approximately 16,212.4 sq. m. Our Kaifu store represented our achievements to expand our department store chain business to selected markets outside Guangdong Province.
May 2009	We established our latest department store, Longzhu store, in Nanshan District, Shenzhen, with a total Gross Floor Area of approximately 17,139.48 sq. m. Our Longzhu store is part of our strategic plans to capture the business opportunities in the affluent regions of Shenzhen.
May 2010	We entered into a lease agreement to lease an area of approximately 30,000 sq. m. in Minzhi Sub-District, Bao'an District, Shenzhen for our new Minzhi store which is scheduled to be opened in or around November 2010.
August 2010	We established our latest department store, Shajing store, in Shajing Sub-District, Bao'an District, Shenzhen, with a total Gross Floor Area of approximately 19,950 sq. m. Our Shajing store is part of our strategic plans to capture the business opportunities in the affluent regions of Shajing.

As at the Latest Practicable Date, our chain offered an extensive portfolio of an aggregate of over 200,000 different items of quality products, ranging from footwear, textiles, apparel, cosmetics, children's and households' goods, electrical appliances to daily consumer products and household necessities.

OUR CORPORATE HISTORY

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation. We also underwent certain reorganisation steps in contemplation of the Global Offering, particulars of which are set forth in the section headed "Reorganisation" in this prospectus.

Shirble Department Store (Shenzhen)

Shirble Department Store (Shenzhen) is one of our principal operating entities. Shirble Department Store (Shenzhen) was established on 9 November 1995 in China as a sino-foreign joint venture company with a registered capital of HK$100.0 million. At the time of its establishment, Shirble Department Store (Shenzhen) was owned by Shirble BVI as to 90% and 深圳江南經濟開發總公司 (Shenzhen Jiangnan Economic Development Company*) ("**Jiangnan Company**"), an Independent Third Party, as to 10%.

In February 2000, Shirble BVI transferred (a) 13.3% equity interest in Shirble Department Store (Shenzhen) to Haerbin Hatou Investment for a consideration of approximately RMB72.1 million and (b) 4.5% equity interest in Shirble Department Store (Shenzhen) to 黑龍江歲寶熱電有限公司 (Heilongjiang Shirble Heat and Power Limited*) ("**Heilongjiang Heat and Power**") for a consideration of approximately RMB24.4 million. The considerations were based on the net asset value of Shirble Department Store (Shenzhen) as of 31 December 1999 as appraised by an independent appraiser. At the time of the transfers, Mr. YANG was a director of Haerbin Hatou Investment. Following completion of these equity transfers, Shirble Department Store (Shenzhen) was owned as to 72.2% by Shirble BVI, 13.3% by Haerbin Hatou Investment, 10.0% by Jiangnan Company and 4.5% by Heilongjiang Heat and Power.

In July 2002, Jiangnan Company transferred to Ruizhuo Investment its 10% equity interest in Shirble Department Store (Shenzhen) at a consideration of approximately RMB8.8 million. The amount of consideration was determined pursuant to negotiations between the parties. Following completion of this equity transfer, Shirble Department Store (Shenzhen) was owned as to 72.2% by Shirble BVI, 13.3% by Haerbin Hatou Investment, 10.0% by Ruizhuo Investment and 4.5% by Heilongjiang Heat and Power.

In November 2002, Shirble BVI transferred to Haerbin Hatou Investment its 20% equity interest in Shirble Department Store (Shenzhen) at a consideration of RMB108 million. The amount of consideration was determined pursuant to negotiations between the parties with the approval of the relevant government authority in Shenzhen. Following completion of this equity transfer, Shirble Department Store (Shenzhen) was owned as to 52.2% by Shirble BVI, 33.3% by Haerbin Hatou Investment, 10.0% by Ruizhuo Investment and 4.5% by Heilongjiang Heat and Power.

In August 2006, Haerbin Hatou Investment and Heilongjiang Heat and Power decided to dispose their equity investment in Shirble Department Store (Shenzhen) in order to streamline their investment portfolios. The 37.8% equity interest in Shirble Department Store (Shenzhen) was transferred to Hengda Investment at a consideration of approximately RMB167.2 million and RMB12.4 million, respectively, which were determined pursuant to negotiations between the parties with the approval of the relevant government authority in Shenzhen. Following completion of these equity transfers, Shirble Department Store (Shenzhen) was owned as to 52.2% by Shirble BVI, 37.8% by Hengda Investment and 10.0% by Ruizhuo Investment.

Pursuant to the Shirble Acquisition Agreements, Shirble Department Store (Shenzhen) became a wholly-owned subsidiary of Shirble BVI and a wholly-foreign owned enterprise in China.

Pursuant to the First Share Exchange Agreement, Shirble Department Store (Shenzhen) became a wholly-owned subsidiary of Shirble Hong Kong.

Shirble Chain Store

Shirble Chain Store was established on 19 December 2003 in China. The registered capital of Shirble Chain Store was RMB10.0 million and was owned by Ruizhuo Investment and Hengda Investment in equal shares.

Pursuant to the Shirble Chain Store Acquisition Agreements, Shirble Chain Store became a wholly-owned subsidiary of Shirble Department Store (Shenzhen).

Shenzhen Shirble Internet Services Company Limited (深圳市歲寶互聯網服務有限公司)

Shenzhen Shirble Internet Services Company Limited was established on 10 January 2007 in China as a wholly-owned subsidiary of Shirble Chain Store to engage in the internet cafe business. As the laws and regulations governing the internet cafe business underwent changes which made it difficult for us to obtain the relevant licence, this subsidiary did not have any business operation. In December 2008, we disposed of its entire equity interest to two Independent Third Parties at a consideration of RMB2,200,000, equivalent to its registered capital amount, and it has since then ceased to be a member of our Group.

Shirble Department Store (Changsha)

Shirble Department Store (Changsha) was established on 1 July 2008 in China. The registered capital of Shirble Department Store (Changsha) was RMB30 million and it was wholly-owned by Shirble Chain Store.

Shirble Department Store (Hong Kong)

Shirble Department Store (Hong Kong) was incorporated on 21 September 2009 in Hong Kong as an investment holding company. Upon its incorporation, Shirble Department Store (Hong Kong) had an authorised share capital of US$1,200 divided into 1,200 shares of US$1.00 each. Shirble Department Store (Shenzhen) is the sole shareholder of 1,200 issued shares of Shirble Department Store (Hong Kong).

Shirble Hong Kong

Shirble Hong Kong was incorporated on 27 October 2008 in Hong Kong as the intermediate holding company of our subsidiaries in China, namely Shirble Department Store (Shenzhen), Shirble Chain Store, Shirble Department Store (Changsha) and Shirble Department Store (Hong Kong). Upon its incorporation, the authorised share capital of Shirble Hong Kong was HK$10,000 divided into 10,000 shares of HK$1.00 each, and Mr. YANG was the sole shareholder of Shirble Hong Kong holding one share on trust for our Company.

On 27 November 2009, the issued share of Shirble Hong Kong was transferred to our Company.

Shirble Apparel

Shirble Apparel was established on 21 April 2009 in China. The registered capital of Shirble Apparel was RMB0.1 million and was a wholly-owned subsidiary of Shirble Department Store (Changsha).

Shirble Mingxing Trading

Shirble Mingxing Trading was established on 22 September 2009 in China. The registered capital of Shirble Mingxing Trading was RMB0.1 million and was a wholly-owned subsidiary of Shirble Chain Store.

Shirble Xiangzhixuan

Shirble Xiangzhixuan was established on 1 December 2009 in China. The registered capital of Shirble Xiangzhixuan was RMB0.1 million and was a wholly-owned subsidiary of Shirble Chain Store.

Shirble Ruizhuo

Shirble Ruizhuo was established on 4 February 2010 in China. The registered capital of Shirble Ruizhuo was RMB0.1 million and was a wholly-owned subsidiary of Shirble Chain Store.

Shirble Yuzhixiang

Shirble Yuzhixiang was established on 5 March 2010 in China. The registered capital of Shirble Yuzhixiang was RMB1.0 million and was a wholly-owned subsidiary of Shirble Chain Store.

Our Company

Our Company was incorporated on 5 November 2008 in the Cayman Islands as an exempted company with limited liability. At the time of incorporation, our Company had an authorised share capital of HK$380,000 divided into 3,800,000 Shares. Pursuant to various resolutions of the Shareholders, further information on which is set forth in the paragraphs under "Further Information About our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus, the authorised share capital has been increased to HK$1,500,000,000 divided into 15,000,000,000 Shares, of which 100,000 Shares were in issue as of the Latest Practicable Date.

INTRODUCTION

In contemplation of the Listing, members of our Group have undergone certain restructuring steps whereby a coherent corporate structure of our Group has been established which is suitable for Listing on the Main Board. The Reorganisation involved the following principal steps:

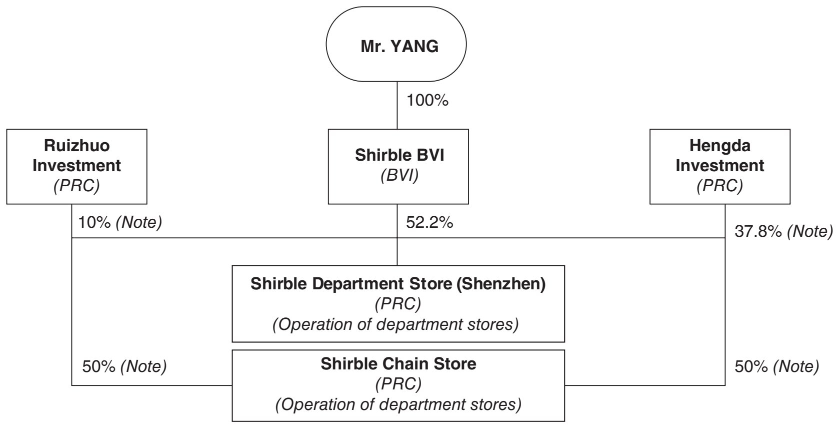
- establishment of our Company, Shirble Hong Kong and certain Corporate Controlling Shareholders
- transfer of shares in Shirble BVI to our Corporate Controlling Shareholders
- entering into the Deed of Common Control and the agreements regarding the equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store held by Ruizhuo Investment and Hengda Investment
- acquisition of the entire equity interest of Shirble Chain Store by Shirble Department Store (Shenzhen)
- Shirble BVI acquires 47.8% equity interest in Shirble Department Store (Shenzhen) from Ruizhuo Investment and Hengda Investment
- Shirble Hong Kong becomes a wholly-owned subsidiary of our Company
- entering into the First Share Exchange Agreement
- entering into the Final Share Exchange Deed

Shirble Department Store (Shenzhen) and Shirble Chain Store were the principal operating entities of our Group throughout the Track Record Period.

Upon the commencement of the Track Record Period, i.e. 1 January 2007, the equity interest of Shirble Department Store (Shenzhen) was held as to 52.2% by Shirble BVI, 10.0% by Ruizhuo Investment (on behalf of our Individual Controlling Shareholders) and 37.8% by Hengda Investment (on behalf of our Individual Controlling Shareholders). Shirble BVI was wholly-owned by Mr. YANG. Hence, our Individual Controlling Shareholders collectively controlled, through Ruizhuo Investment, Hengda Investment and Shirble BVI, all the equity interest in Shirble Department Store (Shenzhen).

Upon the commencement of the Track Record Period, i.e. 1 January 2007, the equity interest of Shirble Chain Store was held by Ruizhuo Investment and Hengda Investment in equal shares. Both Ruizhuo Investment and Hengda Investment held equity interest in Shirble Chain Store on behalf of our Individual Controlling Shareholders. Hence, our Individual Controlling Shareholders collectively controlled, through Ruizhuo Investment and Hengda Investment, all the equity interest in Shirble Chain Store.

The following diagram illustrates our shareholding and corporate structure as at 1 January 2007, being the date of commencement of the Track Record Period:



Note:

Pursuant to four agreements dated 20 October 2008, Hengda Investment and Ruizhuo Investment confirm that the equity interests in Shirble Department Store (Shenzhen) and Shirble Chain Store held by them are held for the benefit and on behalf of our Individual Controlling Shareholders, namely Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin.

DETAILED PROCEDURES

For the purpose of the Listing, the following Reorganisation steps have been Implemented:

Establishment of our Company, Shirble Hong Kong and certain Corporate Controlling Shareholders

On 3 October 2008, (i) Xiang Rong Investment was established with Mr. YANG as the sole shareholder; (ii) Homey Enterprises was established with Madam YANG Xiaomei as the sole shareholder; and (iii) Kwan Mei Enterprises was established with Mr. LI Zuolin as the sole shareholder. Xiang Rong Investment, Homey Enterprises and Kwan Mei Enterprises are our Corporate Controlling Shareholders, and Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin are our Individual Controlling Shareholders. The purpose of this reorganisation step was to establish our shareholding structure through various companies incorporated in the BVI.

On 27 October 2008, Shirble Hong Kong was established with one share issued and allotted to Mr. YANG holding on trust for our Company.

On 5 November 2008, our Company was established. One Share was issued and allotted to the initial subscriber which was then transferred to Mr. YANG, and then an aggregate of 999 Shares were allotted and issued to Mr. YANG as to 914 Shares, Madam YANG Xiaomei as to 60 Shares and Mr. LI Zuolin as to 25 Shares.

Transfer of shares in Shirble BVI to our Corporate Controlling Shareholders

On 20 October 2008, Mr. YANG, Xiang Rong Investment, Homey Enterprises and Kwan Mei Enterprises entered into a share transfer agreement pursuant to which Mr. YANG transferred shares in Shirble BVI as follows:

	Number of shares in Shirble BVI transferred	Percentage of shareholding in Shirble BVI	Transferee	Consideration *(HK$)*
	45,750	91.5%	Xiang Rong Investment	100.0
	3,000	6.0%	Homey Enterprises	100.0
	1,250	2.5%	Kwan Mei Enterprises	100.0
Total	**50,000**	**100.0%**		

The purpose of the above transfers was to reflect the agreed shareholding structure of our Group (as set forth in the Deed of Common Control) in the issued shares of Shirble BVI.

Entering into the Deed of Common Control and the agreements regarding the equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store held by Ruizhuo Investment and Hengda Investment

On 20 October 2008, our Individual Controlling Shareholders entered into the Deed of Common Control confirming that:

1. since the establishment of our Group, our business has been under the common control and management of our Individual Controlling Shareholders, as evidenced by the resolutions passed at general meetings or meetings of the board of directors or management of members of our Group;

2. since the establishment of our Group, Madam YANG Xiaomei and Mr. LI Zuolin are entitled to 6.0% and 2.5% equity interest, respectively, in all members of our Group (including Shirble Department Store (Shenzhen), Shirble Department Store (Changsha) and Shirble Chain Store) and such equity interest would be transferred to Madam YANG Xiaomei and Mr. LI Zuolin as part of the Reorganisation; and

3. even though Madam YANG Xiaomei and Mr. LI Zuolin previously were not the registered owners of the equity interest in all members of our Group, they have never ceased working for our Group and are responsible for the day-to-day management of the business of our Group.

On 20 October 2008, our Individual Controlling Shareholders, Ruizhuo Investment and Hengda Investment entered into agreements ("**Equity Interest Holding Agreements**") confirming that Ruizhuo Investment and Hengda Investment were holding the equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store on behalf of our Individual Controlling Shareholders from their respective dates of acquisition of the relevant equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store. The arrangements, which were valid and enforceable under the applicable laws and regulations in China amongst Ruizhuo Investment, Hengda Investment and our Individual Controlling Shareholders, were intended to expedite the approval process for the acceptance of the transfers of the equity interest in Shirble Department Store (Shenzhen) in 2002 and 2006. At that time, Ruizhuo Investment and Hengda Investment were the only companies in China that could be used by our Individual Controlling Shareholders for the purpose. As there was verbal agreement between our Individual Controlling Shareholders on their respective entitlements to the equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store, there was no subsequent transfer of the relevant equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store to them according to the agreed percentages.

The equity interest holders of Hengda Investment are two nephews of Mr. YANG. The equity interest holders of Ruizhuo Investment are Mr. ZHU Bijiang, who is a member of our senior management team and Mr. YANG's nephew, and his sister Ms. ZHU Bihui, who is Mr. YANG's niece. Thus, the equity interest holders of Hengda Investment and Ruizhuo Investment are cousins. Because of these relationships, our Individual Controlling Shareholders agreed that the equity interest in Shirble Department Store (Shenzhen) and Shirble Chain Store could be entrusted to Ruizhuo Investment and Hengda Investment.

Our PRC Legal Advisers confirm that the arrangements under the Deed of Common Control and the Equity Interest Holding Agreements are legal, valid and enforceable.

Acquisition of the entire equity interest of Shirble Chain Store by Shirble Department Store (Shenzhen)

On 25 May 2009, Shirble Department Store (Shenzhen) entered into the Shirble Chain Store Acquisition Agreements with each of Ruizhuo Investment and Hengda Investment pursuant to which Shirble Department Store (Shenzhen) acquired the entire equity interest in Shirble Chain Store from Ruizhuo Investment and Hengda Investment each at a consideration of RMB5,000,000. The consideration was determined with reference to the audited net assets value of Shirble Chain Store as of 31 December 2008 of approximately RMB23.4 million with discount which was permitted under the applicable PRC laws and regulations and after deduction of the paid dividend. The amount of consideration was settled by certain debts due from an affiliated company of Mr. YANG to Shirble Department Store (Shenzhen).

Shirble BVI acquires 47.8% equity interest in Shirble Department Store (Shenzhen) from Ruizhuo Investment and Hengda Investment

On 29 September 2009, Shirble BVI, Ruizhuo Investment and Hengda Investment entered into the Shirble Acquisition Agreements pursuant to which Shirble BVI acquired in aggregate 47.8% equity interest in Shirble Department Store (Shenzhen) from Ruizhuo Investment and Hengda Investment at a consideration of RMB12,767,000 and RMB48,260,000, respectively. The consideration was determined based on the net asset value of Shirble Department Store (Shenzhen) of approximately RMB127.0 million as of 31 August 2009 as appraised by an independent appraiser in proportion to the equity interest acquired.

Upon completion of the Shirble Acquisition Agreements on 19 November 2009, Shirble Department Store (Shenzhen) was wholly-owned by Shirble BVI and has become a wholly-foreign owned enterprise in China.

Shirble Hong Kong becomes a wholly-owned subsidiary of our Company

On 27 November 2009, Mr. YANG transferred the one share of Shirble Hong Kong he held on trust for our Company back to our Company, so that Shirble Hong Kong became a wholly-owned subsidiary of our Company.

Entering into the First Share Exchange Agreement

On 9 December 2009, our Company, Shirble Hong Kong and Shirble BVI entered into the First Share Exchange Agreement pursuant to which Shirble BVI transferred the entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong at a consideration of HK$100 million with reference to the registered capital of Shirble Department Store (Shenzhen). Such consideration was settled by the issue and allotment of 87,751 new Shares by our Company to Shirble BVI.

Upon completion of these transactions, Shirble Department Store (Shenzhen) became wholly-owned by Shirble Hong Kong.

Entering into the Final Share Exchange Deed

On 15 June 2010, the Final Share Exchange Deed was entered into whereby (i) Homey Enterprises and Kwan Mei Enterprises transferred to Xiang Rong Investment, their shareholding in Shirble BVI, in consideration of Xiang Rong Investment paying an aggregate amount equal to the par value of the new Shares as consideration for the Company to allot and issue to Homey Enterprises and Kwan Mei Enterprises 7,940 new Shares and 3,309 new Shares, respectively, and (ii) each of Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin transferred to Shirble BVI, Homey Enterprises and Kwan Mei Enterprises, the Shares registered in his or her name respectively.

Upon completion of these transactions, our Company was owned as to approximately 88.7% (88,666 Shares), 8.0% (8,000 Shares) and 3.3% (3,334 Shares) by Shirble BVI, Homey Enterprises and Kwan Mei Enterprises respectively.

In light of the foregoing, members of our Group have been controlled by the Individual Controlling Shareholders since the commencement of the Track Record Period and that such control remains unchanged following completion of the Reorganisation. As of the Latest Practicable Date, we were controlled by the Individual Controlling Shareholders through the Corporate Controlling Shareholders. All Individual Controlling Shareholders are either executive Directors or a member of our senior management team.

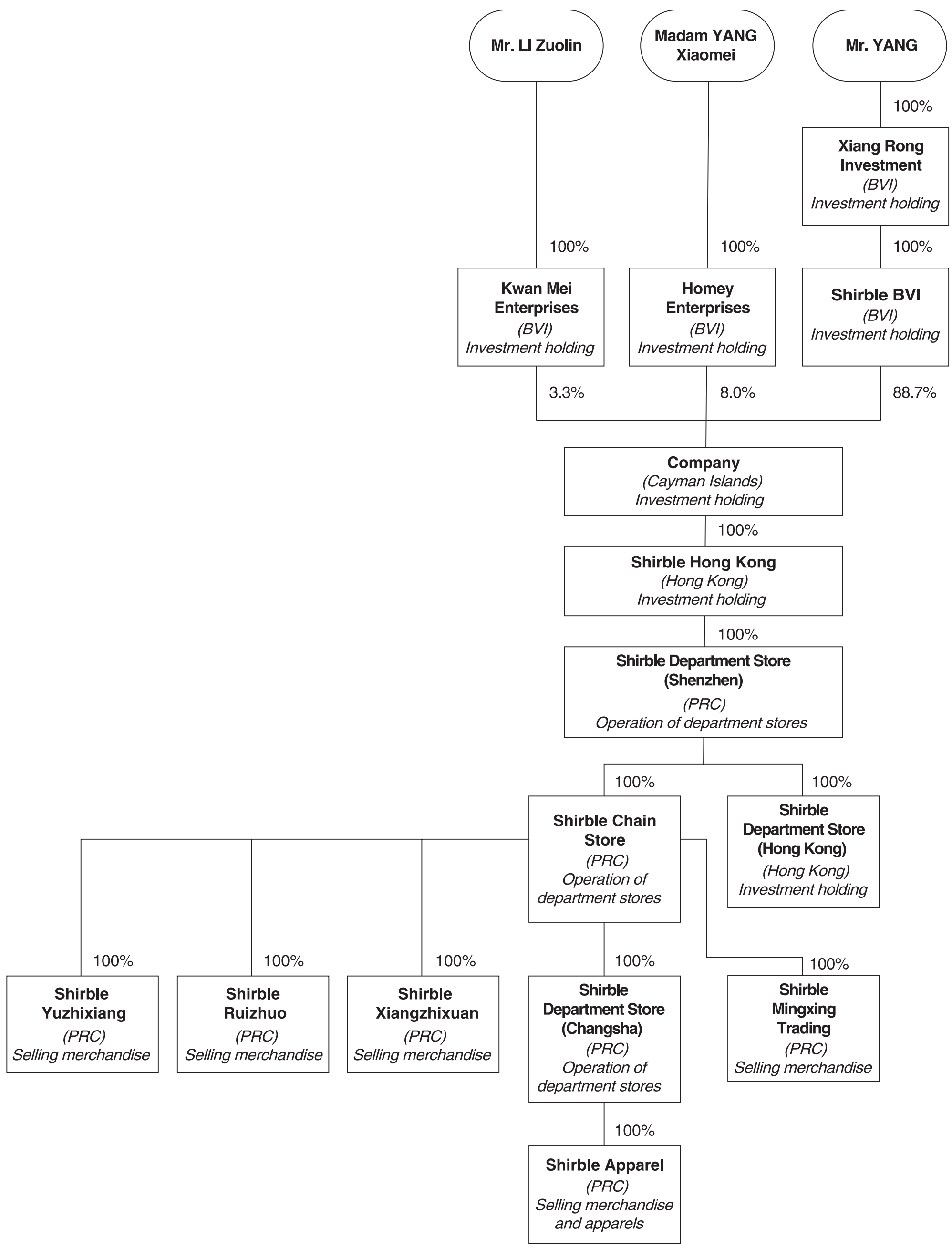
As the companies that took part in the Reorganisation were controlled by the same group of Controlling Shareholders before and after the Reorganisation and consequently there was a continuation of the risks and benefits to the Controlling Shareholders, the financial results of our Group have been prepared as a reorganisation of businesses under common control.

ADOPTION OF THE SHARE OPTION SCHEME

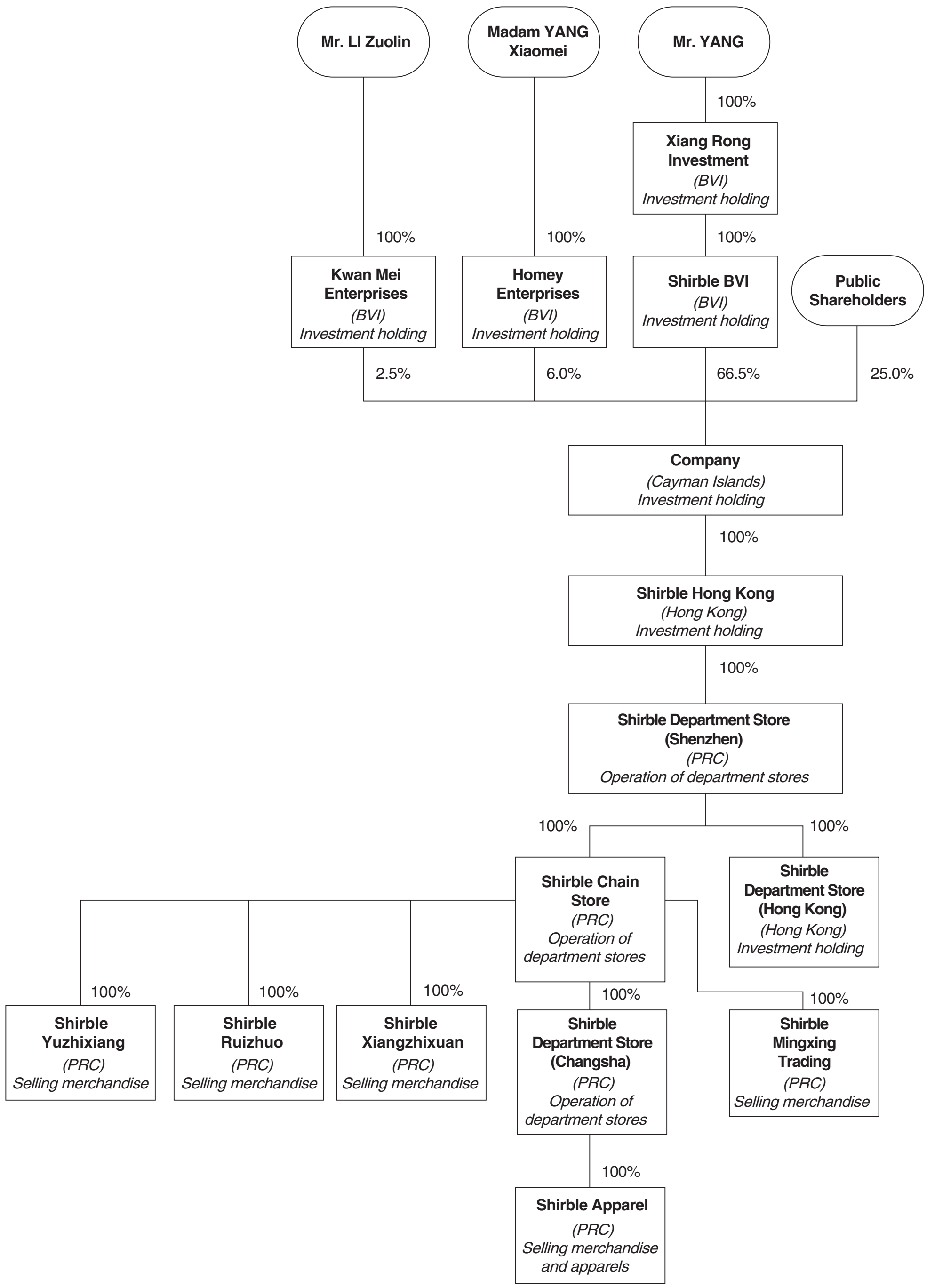
Our Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraphs under "Share Option Scheme" in Appendix VI to this prospectus.

OUR SHAREHOLDING AND CORPORATE STRUCTURE AS AT THE LATEST PRACTICABLE DATE

The diagram below illustrates our shareholding and corporate structure as at the Latest Practicable Date:



The diagram below illustrates our shareholding and corporate structure immediately following completion of the Capitalisation Issue and the Global Offering assuming that the Over-allotment Option is not exercised and that no Shares have been issued pursuant to the exercise of any option which may be granted under the Share Option Scheme:



If the Over-allotment Option is exercised in full, the shareholding percentage of our public Shareholders will increase to approximately 27.7% and shareholding percentage of our Controlling Shareholders will decrease to approximately 72.3%.

LEGALITY OF THE STEPS INVOLVED IN THE REORGANISATION

As confirmed by the PRC Legal Advisers, all approvals and permits required under the PRC laws and regulations in connection with each stage of the Reorganisation have been obtained.

Our PRC Legal Advisers have confirmed that, pursuant to the《外商投資准入管理指引手冊》(Manual of Guidance on Administration for Foreign Investment Access*), share transfers by domestic shareholders to foreign shareholders in respect of companies established prior to the implementation of the M&A Rules are not within the scope of the M&A Rules. As Shirble Department Store (Shenzhen) was established as a sino-foreign joint venture company prior to the implementation of the M&A Rules, the PRC Legal Advisers confirm that the Reorganisation steps involving Shirble Department Store (Shenzhen) as set out in the section headed "Reorganisation" are subject to《外商投資企業投資者股權變更的若干規定》(Several Provisions concerning Changes in Equity Interest of Investors in Foreign Invested Enterprises*) ("**Provisions**") and are not subject to the M&A Rules. Our PRC Legal Advisers have further advised that pursuant to the Provisions, change in the equity interests in Shirble Department Store (Shenzhen) in the Reorganisation would require the approval of the relevant original authorities which granted approval for its establishment. Our PRC Legal Advisers have advised that Shirble Department Store (Shenzhen) has complied with the Provisions in respect of the changes in its equity interests in the Reorganisation, has obtained requisite approvals for such changes and has registered such changes with the relevant authorities.

OVERVIEW

We are one of the leading and long established Shenzhen-based department store chains according to the Survey Report issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*)[(1)], operating under the well-known brand of "歲寶百貨". We principally target the mid-market segment, i.e. customers falling within the middle level income bracket in Shenzhen and other cities in Southern China, aiming to offer our customers with a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable "one-stop" shopping environment. We believe this market position enables us to capture high growth potential in the PRC retail sector.

Our Turnover grew from approximately RMB1,004.5 million in 2007 to approximately RMB1,148.0 million in 2009, representing a CAGR of approximately 6.9%. Our profit and total comprehensive income attributable to equity holders increased from approximately RMB100.7 million in 2007 to approximately RMB140.3 million in 2009, representing a CAGR of approximately 18.0%. Our Turnover grew from approximately RMB562.7 million for the six months ended 30 June 2009 to approximately RMB623.4 million for the six months ended 30 June 2010, representing an increase of approximately 10.8%. Our profit and total comprehensive income attributable to equity holders for the same period increased from approximately RMB52.4 million to approximately RMB90.1 million, representing an increase of approximately 71.9%.

We have achieved a proven operation history of more than 14 years under a stable and experienced management. Our operations began with our first department store, Hongling store in Shenzhen in 1996, and since then our business and retail network grew with the opening of new stores at various strategic locations within Shenzhen. In 2004, leveraging our established reputation and household brand name and, at that time, over eight years of retail industry experience, including our in-depth understanding of consumer preferences and our relationships with merchandise suppliers and concessionaires, we successfully expanded our department stores beyond Shenzhen to Shanwei, a coastal city in the eastern Guangdong Province.

According to the Survey Report, we are one of the Four Key Enterprises in the department store industry in Shenzhen. The Survey Report further highlights that we are ranked first among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty rating.

Note:

(1) Our chief executive officer, Madam YANG Xiaomei is a vice chairman of Shenzhen Retail Business Association and she does not participate in the management of the association; our Directors confirm that Shenzhen Retail Business Association is an Independent Third Party and confirm that the preparation of the Survey Report was not commissioned by us and such report was prepared in the ordinary course of business by Wanren Market Research as commissioned by Shenzhen Retail Business Association.

We currently own and operate 12 "歲寶百貨" department stores, of which ten are within Shenzhen and two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in the eastern Guangdong Province), respectively. Currently, 11 of our stores are operated on leased premises and only one of our stores is operated on our own premises. However, we also intend to acquire a parcel of land in Shenzhen to construct a building complex which will contain a new store. Please refer to the sections headed "Our business – Our business strategies" and "Future plans and use of net proceeds from the Global Offering – Use of net proceeds from the Global Offering" in this prospectus for further information.

All our stores are having similar exterior and interior designs including layouts, colour schemes and decors, thereby enhancing customers' awareness of our brand "歲寶百貨". On top of the 12 existing department stores, we will also open a new store in Futian District, Shenzhen, which is part of the development project above the Yitian station of Shenzhen metro railway system. This new store is expected to commence business in 2012. The location, merchandise mix, layout, customer and complementary services as well as the promotion activities of each of our stores are designed and organised to cater for the preferences, daily needs and spending patterns of our target customers. Our strategy to focus on daily necessities and consumer goods helps us to establish strong customer relationships and brand loyalty within the local population.

Our 12 stores currently in operation occupy an aggregate Gross Floor Area of approximately 179,000 sq. m., three of which have an individual Gross Floor Area of over 20,000 sq. m., six of the remaining stores have an individual Gross Floor Area of over 10,000 sq. m. and the other three stores have an individual Gross Floor Area ranging from more than 2,000 sq. m. to approximately 8,000 sq. m. All our 12 department stores are strategically located and enjoy high pedestrian flow and high visibility, and are within close proximity to the residential areas and public transportation systems.

We offer a broad range of merchandise in our stores, including footwear, textiles, apparel, cosmetics, children's and households' goods, electrical appliances, daily consumer products and household necessities, which enables us to capture a wide and diverse range of customers. Our Directors believe that the comprehensive range of mid-market products (with over 200,000 items of quality products) offered by us distinguishes us from our competitors.

We also cater for the upper-end segment of the retail market in respect of certain categories of products, through offering well-known international and domestic branded products in our stores, to satisfy the demand of customers with relatively higher consumption power. Further, we are an authorised sales enterprise under the Change of the Old for New Program in Shenzhen for household electrical appliances since November 2009, and also an authorised collection enterprise under the program since May 2010. The Change of the Old for New Program is a short term incentive policy which the PRC government implemented from June 2009 on a trial basis for one year and subsequently extended until 31 December 2011, but it is uncertain whether such program will be further extended when it expires. Please refer to the paragraph headed "Expiration of, or changes to, certain favourable government policies applicable to us may have a material adverse effect on our operation results or may obstruct our expansion plan in our targeted markets" under the section headed "Risk factors – Risks relating to our business" in this prospectus for further details.

Stores within our network share the same brand-name, business focus and standardised management system and corporate culture, but with differences in strategies for different stores taking into account the locations, sizes, target customer groups and surrounding competition of such stores. Most of our department stores include a supermarket section ranging from approximately 1,000 sq. m. to approximately 5,500 sq. m. and offers an extensive portfolio of daily necessities and food and beverage items including food, perishables and other household necessities. Our Directors believe that this sizable supermarket section at the prominent location within our store, which offers a wide range of fresh food products, differentiates us from most other department stores in Shenzhen. In providing a convenient "one-stop" shopping experience, most of our stores have complementary retail and service outlets, such as restaurants (including internationally renowned fast-food chains), self-service banking centre, pharmacy, hair and beauty salon and travel, property and securities agencies. Our Directors believe that this integrated system of complementary retail operations not only appeals to a high volume and wide range of customer traffic, but it also offers us significant flexibility in managing our store layouts and merchandise mix to maximise efficiencies and economies of scale in both resource management and utilisation of space and adapt to changing consumer requirements.

The affluent and dynamic Shenzhen market has historically been and remains our primary focus. Approximately 99.1%, 98.6%, 94.9% and 94.7% of our Gross Sales Proceeds for the three years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2010, respectively, were generated by our Shenzhen stores. According to the Statistics Bureau of Shenzhen Municipality, as at 31 December 2009, there were approximately 8.9 million permanent residents in Shenzhen. For the period from 2001 to 2009, while the GDP in Shenzhen increased from approximately RMB248.2 billion to approximately RMB820.1 billion, representing a CAGR of 16.11%, its per capita annual disposable income increased from RMB22,759.92 to RMB29,244.52, representing a CAGR of 3.18%. In 2009, the per capita consumption expenditure reached RMB21,526. As compared with other cites in China, Shenzhen was ranked first in 2008 in terms of per capita GDP. To maintain our competitiveness, we intend to continue to expand, through new establishments and/or acquisitions, our chain within Shenzhen itself and in areas surrounding Shenzhen whilst at the same time continue to look for good commercial opportunities beyond the Shenzhen region.

Our Turnover is the sum of revenue from direct sales, commission from concessionaire, and rental income from store leases at our stores. Our Directors believe that the synergies between direct and concessionaire sales allow us to have better inventory control whilst at the same time being able to leverage on the competencies of our concessionaires. Overall store revenue and efficiencies of resource management are thereby increased.

For direct sales, we source and sell our own directly-purchased merchandise. Most of our merchandise in the supermarket and electrical appliance sections of our department stores are directly-purchased merchandise. We believe the direct sales model gives us better control over the range and categories of merchandise that each of our stores offers. We have entered into arrangements with our suppliers such that sample merchandises (predominately electrical appliances) could be displayed in our stores and that delivery of actual merchandises would only be delivered when customer orders are placed. Such arrangements enable us to reduce excess inventory stock whilst giving us greater flexibility in updating product models and adapting to customer needs. In order that we may serve our customers in a timely manner, we have obtained our suppliers' guarantees that delivery of merchandises to the relevant stores would be made within one day or three days (depending on the types of product, typically electrical appliances) of the placing of customer orders. For the three years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2010, the Gross Sales Proceeds from direct sales represent approximately 50.3%, 50.7%, 51.0% and 50.2% of our total Gross Sales Proceeds respectively.

For concessionaire sales, we would enter into agreements with certain concessionaires who are permitted to occupy designated areas in our stores and to establish their own sales counters for their products. Monthly commissions from concession counters are charged at a percentage of the corresponding monthly revenue generated from such concession counters, subject to a minimum irrespective of sales volume. As a measure to minimize collection risks, all concessionaire sales are transacted at designated cashier desks manned by our own staff and commissions from concessionaire sales are deducted before we pay over the balance proceeds to our concessionaires each month. For the three years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2010, the Gross Sales Proceeds from concessionaire sales represent around 49.7%, 49.3%, 49.0% and 49.8% of our total Gross Sales Proceeds respectively.

In October 2008, we launched "歲寶通" (Shirble Member Card) – a new customer loyalty program that replaced predecessor programs – as a marketing initiative to further promote our branding and customer loyalty. Enrolled customers are grouped into "Ordinary Card Members" and "Diamond Card Members" based on their aggregate annual spending and enjoy different levels of privileges such as different range of preferential discount rates, free gift wrapping service and free car parking hours. As at 30 June 2010, just over one and a half year from the launch of this loyalty program, we have enrolled approximately 14,217 "Diamond Card Members" and 388,043 "Ordinary Card Members". Such remarkable customer loyalty has also earned us the accolade "百姓商場" (The People's Shopping Mall). Our Directors believe that this achievement is a direct result of our employees living up to our motto "*Serving the People with Heart and Soul*" and our "*28 Service Commitments*". We will therefore continue to train and motivate our employees to adopt the same professional and systematic management methodologies as well as high-level service standards, in order to build and maintain long-term relationships with our customers.

OUR COMPETITIVE STRENGTHS

We believe that the following are our key competitive strengths:

Well-known brand with "Time-honoured Brand" award

We are one of the leading and long established Shenzhen-based department store chains, operating under the well-known brand of "歲寶百貨" according to the Survey Report. Our dedication to quality services and long-term commitment towards excellence are highly recognized in Shenzhen. As reported in the Survey Report on the overall department store industry in Shenzhen, we are highly regarded by customers. Among the Four Key Enterprises in the department store industry in Shenzhen, we were ranked first in terms of "***Customer Loyalty***", "***Customer Taste and Experience***", "***Customers' Impression on Overall Layout and Product Display***" and "***Unique Style or Elements***", and we were ranked second in terms of "***Satisfaction***" and "***Branding***"[Note 1]. Our strong store-customer relationships have also earned us the accolade "百姓商場" (***The People's Shopping Mall****). We have received awards attesting to the well-establishment of our brand name, such as "深圳知名品牌" (***Well-known Brand of Shenzhen****) in 2008, from various government departments and industry bodies. Since 2001, our department stores in Shenzhen have been consistently elected by consumers as one of the "消費者喜愛的名牌商場" (***Consumers' Favourite Department Stores in Shenzhen****) for seven consecutive years. In recognition of our long-established brand name, we were recently awarded with the title "老字號" ***(Time-honoured Brand*)*** by 深圳市商業聯合會 (Shenzhen General Chamber of Commerce*) in August 2010.

Leveraging on our long history of success, brand recognition, innovative services, and our strong dedication to quality service assurance and excellence, we believe we are well positioned to capture potential growth in the PRC retail industry.

Advantageous store locations

Store location is a key to our success. We are highly experienced and strategic in site selection for opening new stores which caters for business potentials, customer needs and preferences. All our 12 department stores are advantageously located and enjoy high pedestrian flow, high population, and are within close proximity to the residential areas and public transportation systems.

During the selection process for store locations, our management conducts extensive analysis to make due and careful consideration of the principal factors including, among others, (i) positioning and economic indicators of the proposed location in the area; (ii) demographic patterns of the target population, including population density, consumer behaviour, purchasing power, culture and trend; (iii) analysis of surroundings, including pedestrian flow, car traffic, competition and the degree of market saturation; (iv) market positioning of the proposed store based on market survey; (v) financial analysis, including rental expenses, estimated return on investment and payback period, and analysis on the breakeven point from cashflow perspective; and (vi) local government policies and assessing how district planning in a location would support future growth.

In selecting sites for opening our stores, we seek to earn competitive advantage by being the first market player to enter districts with high business potential. For instance, in May 2009 we were the first one to set up a department store, namely Longzhu store, in a location within Nanshan District of Shenzhen which is close to schools and residential site, and which attracts high pedestrian flow. In August 2005, we were the first one to set up a department store, namely Jufu store, inside the residential area in Liantang, Luohu district, Shenzhen. Other examples include our Jingtian store, which was the first department store established in a relatively high-end residential development within Futian district in Shenzhen back in January 2002. Being the first entrant or early mover in those areas allowed us to build up brand recognition and customer loyalty ahead of our competitors. For the stores mentioned above, we normally achieved operating cashflow breakeven in approximately six months periods for new store opening.

Note:

(1) The methodology of the Survey Report is based on the American Customer Satisfaction Index modified for the Shenzhen retail segment. The model used is a set of causal equations that link customer's experience, perceived brand and store advantages, perceived value, convenience and price advantages to customer satisfaction. Satisfaction, in turn, is linked to key outcomes, defined as customer complaints and customer loyalty.

Superior shopping experience, customer satisfaction, and loyalty

We offer our customers with a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable "one-stop" shopping environment. In addition, substantially all of our stores include a sizable supermarket section, which offers a wide range of fresh food products, our Directors believe that such strategy differentiates us from most other department store chains in Shenzhen. The inclusion of a supermarket section has a complementary effect on other departments within the stores as it attracts additional customers who patronise mainly for daily necessities and hence increase customer flow. This integration also facilitates our marketing and promotional activities, through increasing enrolment in our customer loyalty program whereby we could gain further insights into our target customer groups, their spending habits and merchandise preferences.

We also put emphasis on the upper-end segment of the retail market in respect of certain categories of products such as household electrical appliances, through offering well-known international and domestic branded products in our stores, so as to satisfy the demand of customers with relatively higher spending power and attract more customers to visit our stores. Moreover, we are one of the first 15 retailers appointed as an authorised sales enterprise in Shenzhen under the Change of the Old for New Program for household electrical appliances in October 2009, and since May 2010, we were also appointed as an authorised collection enterprise under the program. Our Directors believe that this program enables us to capture the potential customer base eligible to participate in the program.

Most of our stores have complementary retail and service outlets, such as cinema, restaurants (including internationally renowned fast-food chains such as KFC and McDonald's), self-service banking centre, pharmacy, hair and beauty salon and travel, property and securities agencies which offer complementary and convenient services to our shoppers.

We carried out interior renovation in our stores from time to time so as to provide our customers with novelty and a pleasant shopping experience. To optimise the shopping environment, we also requested our concessionaires to renovate or improve the layout designs of their counters whenever the circumstances so required.

We have successfully secured a group of established and loyal customers which lays a solid foundation for our continuous development within and outside Shenzhen. The number of members in our customer loyalty program "歲寶通" (Shirble Member Card) had already exceeded 402,200 as at 30 June 2010 after its launch in October 2008.

Innovative customer services and marketing campaigns

We are innovative pioneers in the Shenzhen retail industry in various aspects. We believe that we are the first department store in Shenzhen to offer free shuttle bus services, and are pioneers in providing free delivery, installation and adjustment services, item repair, refund, and exchange guarantees.

Our instillation of customer-focused corporate culture ensures customer satisfaction and customer loyalty. We believe that attention to superior services correlates to repeat patronage, and which in turn is a key to any successful retail business. Through our constant internal training and our external performance pledge by way of "28 Service Commitments" (including our repair, refund and exchange undertakings and our free delivery, installation and adjustment services), our corporate culture ensures interactive and personalised customer services, which ultimately leads to higher customer satisfaction and loyalty.

Our continued commitment towards the welfare of our local communities through our organising and participation in various community charity and other social activities, such as the charity Lamborghini show held at our Jingtian store in January 2010 for a charity fund in Shenzhen, 重建明天愛心基金 (Rebuilding Tomorrow Fund), the annual "International Youth Chess Tournament" for our "歲寶杯" (Shirble Cup*) and other fund raising events for local charitable organisations. We have up to the Latest Practicable Date continued to hold yearly tournaments for our "歲寶杯" (Shirble Cup*) for the past 14 years.

Comprehensive product offering and competitive pricing

We offer a comprehensive range of products at our stores. Our chain offers an extensive portfolio of an aggregate of over 200,000 different items at competitive prices. We understand that brand and merchandise mix are the keys to attract our customers. As such, we also reassess our product portfolio from time to time so as to keep abreast of the changing needs and tastes of our customers. Through our highly and widely recognised "歲寶百貨" brand name among our customers, we have also been exploring the capitalisation of our brand equity in rolling out our private-label products to further enhance our product mix. (Please refer to "Our business strategies – Continue to develop our self-owned brands and expand our private-label product offerings" in this section for further information).

For our merchandise such as electrical appliances, bedding and daily necessities which are sourced directly from manufacturers, the product range is wide and we can sell such merchandise at relatively competitive prices. In respect of our merchandise that we source from distributors or agents, most of such distributors or agents guarantee to us under the relevant supply agreements that the retail price of merchandise sold by us is competitive to our competitors in Shenzhen. We are entitled under the relevant supply agreements to adjust the relevant retail price to the same level as offered by our competitors. The distributors or the agents (as the case may be) are required under such agreements to bear the price difference as a result of our adjustment. Furthermore, leveraging on our strong foothold and economies of scale achieved in Guangdong region, we are able to continue to obtain high quality and diverse range of concessionaires at more favourable commercial terms.

Economies of scale

With a chain of 12 department stores currently in operation within and near Guangdong Province, we are enjoying and further developing economies of scale. Apart from competitive pricing, we also enjoy the following competitive edges including:

- brand awareness and customer loyalty;

- value-added customer service, in-depth understanding of customer spending behaviours through our "歲寶通" (Shirble Member Card) customer loyalty program and other promotional activities;

- cost efficiencies in marketing, logistics and management resources;
- early rollout of certain new products and launching marketing campaigns in an efficient and effective manner;
- short ramp up for new stores; and
- training and motivation for employees which result in better services.

Proven ability to identify and develop new retail markets with high growth potential

We have proven track record in tapping into new markets. In 2008, we successfully extended our retail network outside Guangdong Province to the fast-growing Hunan Province by opening our Kaifu store in Changsha, the capital city of Hunan Province. According to the National Bureau of Statistics of China and Statistics Bureau of Hunan Province, from 2001 to 2009, the GRP of Hunan Province has grown from approximately RMB383.2 billion to approximately RMB1,293.1 billion, representing a CAGR of approximately 16.42%, while the annual per capita disposable income have also grown from approximately RMB6,780.6 to approximately RMB15,084.31, representing CAGR of approximately 10.51%. Between 2001 and 2009, the retail sales in Hunan Province jumped from approximately RMB136.5 billion to approximately RMB491.4 billion, representing a CAGR of approximately 17.36%. The population of Changsha as at 31 December 2008 was approximately 6.42 million. Our Directors believe that the energetic economic growth of Hunan Province, in particular its capital city Changsha, displays high commercial potential which is highly favourable to retail chain operations. Leveraged on our more than 14 years of retail industry experience and our proven ability to successfully establish a presence in Changsha through our Kaifu store, we will be able to capture the business opportunities that Hunan Province or other regions in the PRC may present. We are confident that our management will be able to leverage on our profound experience in store operation to efficiently and strategically expand our footprints to other new markets in the region.

Experienced and stable management team

We maintain an experienced and stable management team, most of whom have been with us since our inception. While all of our executive Directors have over 20 years of experience working in the China retail market, most of our senior management have over 15 years of experience working in China retail market. Our management team, which comprises members of our Board and our senior management team, possesses in-depth industry knowledge in areas of merchandise sourcing, customer trends and spending behaviours, concessionaire and supplier management, as well as proven experience in expanding our sales network of department store chain within and beyond Shenzhen.

Our senior management team has also earned achievements and awards in recognition of their outstanding performance in the retail industry. For instance, Madam YANG, our chief executive officer and one of our executive Directors, received a number of awards for her contribution to the retail industry including the "*Top ten figures for promoting the retail industry*" (零售十年•推動零售業進步的十大人物) in 2007 by Shenzhen Retail Business Association (深圳市零售商業行業協會) and "*Top Ten Outstanding Female Entrepreneurs of Shenzhen*" (深圳十大傑出女企業家) and "*100 Outstanding Entrepreneurs in Shenzhen in Commemoration of 30 Years of Reform*" (紀念改革開放30年深圳百名傑出企業家) in 2008 by Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會).

Further information on the experience and credentials of our management team is set forth in the section headed "Directors, senior management and staff" in this prospectus.

Leading position in the affluent Shenzhen special economic zone

Our business began and continues to be focused in Shenzhen, an affluent and one of the most densely populated cities in China with fast-growing economy and high urban consumption expenditure. According to the Statistics Bureau of Shenzhen Municipality, as at 31 December 2009, there were approximately 8.9 million permanent residents in Shenzhen. For the period from 2001 to 2009, while the GDP in Shenzhen increased from approximately RMB248.2 billion to approximately RMB820.1 billion, representing a CAGR of 16.11%, its per capita annual disposable income increased from RMB22,759.92 to RMB29,244.52, representing a CAGR of 3.18%. In 2009, the per capita consumption expenditure reached RMB21,526. As compared with other cites in China, Shenzhen was ranked first in 2008 in terms of per capita GDP. As a transportation hub, Shenzhen well connects with neighbouring cities within Guangdong Province and attracts high human traffic. Our Directors believe that the economic vigorousness of Shenzhen, coupled with the favourable government policies, flexible local regulations and the established logistics network, make it one of the most favourable and attractive regions for developing and operating retail chains. With an operating history of more than 14 years since 1996 under the same brand name of "歲寶百貨", we have established a strong foothold in this lucrative market and are in an enviable position to expand into neighbouring and other regions in Southern China.

OUR BUSINESS STRATEGIES

We endeavour to maintain sustainable growth and to bring value to our shareholders. In order to achieve such goal, we intend to adopt the following business strategies, which are supported by our solid retail industry experience and other competitive edges.

Increase sales per square metre, revenue and profit from our existing stores

We plan to further increase sales per square metre, revenue and profit from our existing stores through the following approaches:

- *Further expand our already comprehensive range of value-for-money merchandise at competitive prices*

  We believe we have already been maintaining a comprehensive product range for our customers' selection, and most of these products are value-for-money, suitable for urban mass markets and priced competitively. Following the robust growth both in the economy and the urbanisation of China (in particular the special economic zones) and the increasing living standard of the people in China in the past decade, our Directors believe that the rapid pace of growth in the China retail market will continue. We intend, through the information and data that we obtain from our "歲寶通" (Shirble Member Card) customer loyalty program, our gift card and co-brand credit card programs and our interactions with customers, and from other available sources, to continue to closely monitor and analyse the shopping preferences and patterns of our target customer groups on the requirements of merchandise variety for our individual stores, to add new merchandise that we believe would have market demands and to adjust the product mix and allocations of the different stores by reference to the changing requirements of their respective customer groups in particular locations. We also intend to continue our competitive pricing policy, which we believe is one of the key attractions to our customers.

- *Increase brand value*

Through quality services and long-term commitments towards excellence, we have successfully established the highly and widely recognised "[illegible]" brand name among our customers. We intend to increase our brand value and enhance our chain image in the retail market by:

– associating our brand with a distinctive shopping experience through our "one-stop" shopping convenience;

– improving quality and variety of our value-for-money product offering;

– honouring our commitments of interactive customer service;

– developing competitive pricing strategies;

– expanding comprehensive and attractive promotion campaigns and marketing activities; and

– to the extent of not affecting our normal store operation, renovating, upgrading and face-lifting our stores.

- *Attract and introduce renowned brands appropriate for our target customer groups*

Our Directors believe the demands of our customers for more international or domestic renowned brands have been increasing. To meet the evolving customer needs, we intend to continue to attract and introduce concessionaires offering renowned brand name products into our stores that are appropriate to our target customer groups. Our procurement team will continue to constantly identify and evaluate potential new merchandise suppliers to broaden and optimise our merchandise mix.

- *Expand performance-based incentive schemes for concessionaires*

We plan to further expand our existing performance-based incentive schemes to cover more of our concessionaires. We encourage better performance of our concessionaires by providing financial reward and paid-for holidays (in the form of offering packages for holiday trips at our expense) to them and their sales staff for meeting sales targets or outperforming their peers, setting up special displays of recommendation citing the performance of their product in prominent places of our store, offering such concessionaires a more advantageous location in the store or a larger display area (in the event that the displays in the store are being rearranged), more favourable terms in the concessionaire agreements and/or offering discounts or preferential treatment to such concessionaires in promotional activities. Incomes from concessionaires form a significant portion of our profits, and our Directors believe that such schemes will encourage the concessionaires to allocate more resources to our stores, such as increasing inventory and promotional support, and thus encourage more dedicated sales efforts from concessionaires' sales staff at our stores, which will benefit our profitability.

• *Strengthen customer loyalty*

We aim to attract more customers to join our customer loyalty program by offering exclusive privileges, benefits or services to our members and enhancing our marketing activities to promote our customer loyalty program. We also encourage spending from our high-value customers such as through targeted promotion programs. We will further promote our corporate customer program to expand our corporate customer base and induce long term store-customer relationships.

• *Expand complementary products and services*

We plan to expand floor areas for complementary products and services, such as cinema, restaurants, food courts, children play groups and entertainment stores to further increase customer flow at our stores and lengthen duration of their stay to encourage more spending.

Continue to develop and expand our private-label product offerings

Leveraging and capitalising on our well-known and highly-recognised brand equity, we plan to expand our private-label products under different self-owned brand names. We plan to build up a designated team to focus and explore the business potentials of developing and expanding our private-label products and to conduct studies on how to position such individual private-labels to produce different range of products which can meet different customer needs and tastes. We currently expect that our private-label products will initially be extended from the current household items under our first private-label "象之選" (Xiang Zhi Xuan*), which was introduced to the market in January 2010, to daily necessities (such as towels, soap, clothes hangers, shampoo, body cleanser and detergents), cosmetic accessories and home appliances under our new private-labels. We also aim to identify and cooperate with appropriate manufacturers for developing our different high quality private-label merchandise and eventually improve our profit margins.

Enhance our leading position in Shenzhen and continue geographical expansion into neighbouring areas of Shenzhen or areas with good business potentials

To maintain our leading position in Shenzhen, it would be essential for us to secure our presence in the prime locations that our stores are located in Shenzhen, and to expand our network by increasing the number of our stores.

We plan to leverage on our strong leading position in Shenzhen to strengthen our presence in Shenzhen and to further penetrate into the neighbouring areas (including Changsha and other appropriate regions with business potentials) which are densely populated and present good business environments for retail chain operations.

In this connection, we currently intend to further solidify our leadership position by:

- targeting to establish 10 new stores by 2012 with an aggregate Gross Floor Area of about 207,500 sq. m., including:
  - four new stores in Shenzhen, namely, one new store located in a building complex to be constructed on a piece of land to be acquired by us (the further details of which are mentioned below), our Minzhi store which is currently expected to commence operations in or around November 2010, and two other new stores in Shenzhen (including our Yitian store in the Futian District which is currently expected to commence operations by 2012), aiming at making our presence in all the six administrative districts under the Shenzhen Municipal Government;
  - two new stores in Changsha, Hunan Province;
  - two new stores in Shanwei, Guangdong Province;
  - two new stores in Guangzhou, Guangdong Province; and
- constructing a building complex which will contain a new store and office premises (part of which will be used as our new headquarters) on a piece of land in Shenzhen to be acquired by us. The building complex is planned to be located in the Bao'an District in Shenzhen, and the piece of land will occupy an area of not less than 12,000 square metres. The total investment involved for the acquisition of the piece of land and the construction and establishment costs of the building complex will be about HK$639 million, of which about HK$465 million will be used for the land acquisition and the remaining sum of about HK$174 million will be used for the construction and establishment costs. It is planned that a sum of about HK$174 million in the net proceeds from the Global Offering will be used to finance the construction and establishment costs for the building complex, while the land acquisition cost of about HK$465 million will be financed by our internal resources or bank borrowings. However, if it is appropriate under the circumstances in the future to do so, we may consider exploring the possibility of co-operating with third parties for the construction of the building complex after detailed feasibility study and to finance part of the funding for the construction under such co-operation. It is currently expected that the construction of the building complex will be completed by 2012. After completion, the building complex will have a total gross floor area of about 65,000 square metres, of which our new store will occupy a gross floor area of about 20,000 square metres.

We will continue to adopt our strategy of diversifying our retail formats, namely department stores, specialised department stores, hypermarkets and supermarkets when we open our new stores in the future, depending on the sites that we will identify and how we consider the most efficient and effective way to capitalise the business potentials of each of these sites, taking into account of the pedestrian flows, customer needs and preferences as well as local competitions. We have already applied this strategy to establish our Mingxing store, which is a specialised department store and the only store within our chain that does not offer a supermarket section and that adopts and concentrates on the theme of stylish fashion store, offering principally apparel, accessories and other fashion items, and aiming at a younger and more trendy customer group. Leveraging on this experience, we will continue to adopt this strategy of diversifying our retail formats in expanding our operations.

We also adopt a forward-planning approach in securing new store locations, including maintaining a close relationship with Independent Third Party property developers and striking early tenancy deals with them even before completion of the relevant property projects. Such collaboration would bring us not only the early mover advantage in securing a favourable location in new communities ahead of our competitors, but also gives us the ability to discuss with the property developer on our specific requirements and preferences over structural designs and layouts which may result in shorter ramp up for our stores.

Please refer to the subsection headed "Management and operations – Store opening" under this section for details of our store location and acquisition target selection criteria.

We will also consider continuous expansion of our retail network and market share through expansion into different regions with market potentials and/or acquisitions of attractive department stores or cooperation with international or famous retailer for franchised department stores in China and Hong Kong. We are in negotiation with different parties on such acquisition or cooperation, but no definitive agreement has been entered into. Our Directors anticipate that these initiatives, if they are finalised and implemented, will not affect the proposed use of net proceeds from the Global Offering. We will comply with the applicable requirements under the Listing Rules should there be any further development on these initiatives.

Our Directors believe that by adopting the above expansion strategy, we will be able to capture a deep and extensive regional market presence. Once we have gained a strong foothold in one particular region, we will be well-positioned to penetrate into the neighbouring regional markets.

Upgrade our information technology system and explore the potential of developing our online shopping business

We consider our information technology system a core competitive strength and an essential tool in ensuring our efficiency, and plan to substantially enhance its operating efficiency by upgrading such system. As our retail network keeps growing larger both in terms of number of stores and geographic locations, and in order to cope with our business expansion and hence increasing management needs, we are in the process of upgrading a new enterprise resource planning (ERP) system and a customer relations management system, strengthening maintenance, expanding the bandwidth of our information technology system, and enhancing its safety and operational efficiency. Through these upgrades, we aim to design and develop more advanced enterprise resource planning system and to enhance information sharing among our employees, our different stores, our distribution centres and merchandise suppliers to improve overall operation efficiency and management control. In addition, we are also exploring the potential of developing our online shopping business.

Enhance our distribution capability and services by relocation of our Shenzhen Distribution Centre and establishment of a staff training centre

Our Shenzhen and Shanwei retail networks are supported by our centralised Shenzhen Distribution Centre. It serves as our warehouse for electrical appliances, tobacco, wine products, food and daily consumer products. The current location of our Shenzhen Distribution Centre is convenient and allows comparatively shorter transportation lead time between our Shenzhen Distribution Centre and each of our stores in Shenzhen, which enables us to efficiently replenish our store inventories and adjust our product mix in our stores in response to the changing customer requirements in particular locations within a relatively short period of time. However, given that our Shenzhen Distribution Centre is currently located in an area which is not a traditional district for warehouses and depots, coupled with its limited remaining years of the lease until 31 December 2012, we plan for cost efficiency to relocate our Shenzhen Distribution Centre to an industrial area in Shenzhen by the end of 2012.

As of the Latest Practicable Date, we did not enter into any binding agreement for the relocation plan. We are in discussions with an Independent Third Party for a possible acquisition of a parcel of land for the construction of new premises to replace the Shenzhen Distribution Centre and to establish a new training centre for our staff. The discussions are taking place and no detailed terms and conditions (including the structure of the proposed transaction) have been agreed for the acquisition. Alternatively, we may consider identifying other location and may negotiate with other parties for the acquisition plan. In selecting the location of the new distribution centre, we consider various factors such as the land cost and the transportation cost that may need to be incurred by us. The establishment of the training centre will provide systematic training to our staff on sales and servicing skills and substantive knowledge in operating our stores. We believe that the establishment of a staff training centre will provide better training to our staff and will improve our quality of service to our customers. We intend to use our internal resources to finance the land acquisition and to use part of the net proceeds from the Global Offering for construction and establishment on such piece of land of a new distribution centre with modern warehouse and storage facility and equipment as well as a staff training centre. It is currently estimated that the total investment involved for the land acquisition and the construction and establishment costs of the new distribution centre and staff training centre will be about HK$149 million, of which about HK$56 million will be used for land acquisition, about HK$81 million will be used for the construction and establishment costs, and about HK$12 million will be used for the costs involved for purchase and installation of the warehouse and storage facilities and equipment. It is planned that a sum of about HK$93 million in the net proceeds from the Global Offering will be used to finance the construction and establishment costs and the costs involved for installation of the warehouse and storage facilities and equipment. Please refer to the sub-section headed “Use of Net Proceeds from the Global Offering” in the section headed “Future Plans and Use of Net Proceeds from the Global Offering” in this prospectus for further information. The remaining sum for the total investment will be financed by our internal resources or bank borrowings. It is expected that the new distribution centre and staff training centre will occupy an area of approximately 60,000 sq. m., of which an area of about 55,000 sq. m. will be used for the new distribution centre and the remaining area of about 5,000 sq. m. will be used for the staff training centre. It is currently expected that the new distribution centre and staff training centre will commence operation by the end of 2012.

RETAIL OPERATIONS

Retail networks

Current stores

We currently own and operate 12 "[illegible]" department stores, of which 10 are within Shenzhen, and the remaining two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in the eastern Guangdong Province) respectively. Currently, 11 of our stores are operated on leased premises and only one of our stores is operated on our own premises. All our 12 department stores are strategically located and enjoy high pedestrian flow and easy accessibility, and are within close proximity to the main residential areas and public transportation systems.

Below is a map showing our current retail network and two of our new stores to be opened in the near future:

The following table sets out certain information regarding our retail stores:

Retail store	Time of commencement of business operation	Gross Floor Area (sq. m.)	Operating Area (sq. m.)	City	Nature of the store premises	Duration of lease	Renewal option of the lease agreement
Wanxiang store	March 2003	29,882.7	17,391.0	Shenzhen, Guangdong	Leased	Building A to C: 12 years and 5 months (15 April 2005 to 14 September 2017) Building D: 15 years (1 January 2003 to 31 December 2017)	Lessee has the right of first refusal
Jufu store	August 2005	21,766.4	13,712.0	Shenzhen, Guangdong	Leased	18 years for a portion of the property (1 March 2005 to 28 February 2023) 16 years for the remaining portion (11 July 2007 to 30 April 2023)	Lessee has the right of first refusal
Longgang store	May 2005	20,988.1	12,976.0	Shenzhen, Guangdong	Leased	15 years (1 March 2005 to 28 February 2020)	Lessee has the right of first refusal
Shajing store	August 2010	19,950.0	13,786.5	Shenzhen, Guangdong	Leased	Levels 1-3: 22 years (1 April 2010 to 31 March 2032) Level 4: 21 years and 7 months (1 September 2010 to 31 March 2032)	Lessee has the right of first refusal
Longzhu store	May 2009	17,139.5	11,624.5	Shenzhen, Guangdong	Leased	14 years (1 April 2010 to 31 December 2023)	Lessee has the right of first refusal
Kaifu store	January 2009	16,212.4	10,308.0	Changsha, Hunan	Leased	20 years (10 October 2008 to 9 October 2028)	Lessee has the right of first refusal
Hongling store	January 1996	13,092.8	7,248.4	Shenzhen, Guangdong	Leased	15 years (15 February 2003 to 15 February 2018)	Lessee has the right of first refusal
Jingtian store	January 2002	11,980.0	9,760.0	Shenzhen, Guangdong	Leased	15 years (1 January 2010 to 31 December 2024)	Lessee has the right of first refusal
Huahaoyuan store	December 2005	10,888.2	6,815.0	Shenzhen, Guangdong	Leased	18 years (15 December 2005 to 15 December 2023)	Lessee has the right of first refusal
Mingxing store	May 2005	7,920.1	4,608.5	Shenzhen, Guangdong	Leased	12 years (30 October 2004 to 29 October 2016)	Lessee has the right of first refusal
Hongbao store	July 2002	6,636.7	4,437.0	Shenzhen, Guangdong	Self-owned	N.A.	N.A.
Luhe store	August 2004	2,227.0	1,346.0	Shanwei, Guangdong	Leased	8 years (3 June 2004 to 31 December 2012)	Lessee has the right of first refusal
Total		**178,683.9**	**114,012.9**				

Our operations are currently carried out mainly on leased premises. We only own the premises on which our Hongbao store is located, and have entered into various long-term leases ranging from 12 years to 22 years for the rest, the earliest of which expires in October 2016 (except for the lease agreement in respect of our Luhe store, which will expire on 31 December 2012). Please refer to the subsection headed "Property" under this section and Appendix IV to this prospectus for further details. Going forward, after Listing, we intend to continue our strategy of setting up and operating our stores mostly on leased premises. However, we also intend to acquire a parcel of land in Shenzhen to construct a building complex which will contain a new store. Please refer to the sections headed "Our business – Our business strategies" and "Future plans and use of net proceeds from the Global Offering – Use of net proceeds from the Global Offering" in this prospectus for further information. Depending on the market condition in the future and if opportunities arise, we may consider the alternative of setting up our other new stores on acquired land instead of leased land after detailed feasibility study of the expected capital expenditure and the source of financing associated with the acquisition of land. In determining whether to acquire premises for setting up our new stores in the future, we will take into account factors such as the availability, location and acquisition costs of the land or premises, our financial position and the availability and cost of financing the acquisition.

The following table sets out the operating results of our stores that were in operation during the Track Record Period:

Name of store	**Category**	**Year ended 31 December 2007**	**2008**	**2009**	**Six months ended 30 June 2009**	**Six months ended 30 June 2010**
Wanxiang store	Gross Sales Proceeds *(RMB' million)*	284.2	307.7	279.2	140.5	142.0
	Daily Unit Area Sales *(1) (RMB)*	26.1	28.2	25.6	26.0	26.3
Jufu store	Gross Sales Proceeds *(RMB' million)*	227.2	246.6	270.2	123.0	139.9
	Daily Unit Area Sales *(1) (RMB)*	28.6	31.0	34.0	31.2	35.5
Longgang store	Gross Sales Proceeds *(RMB' million)*	107.9	121.6	140.9	64.5	74.9
	Daily Unit Area Sales *(1) (RMB)*	14.1	15.9	18.4	17.0	19.7
Longzhu store *(2)*	Gross Sales Proceeds *(RMB' million)*	–	–	81.6	18.4	62.4
	Daily Unit Area Sales *(1) (RMB)*	–	–	20.7	23.3	20.1

Name of store	Category	Year ended 31 December 2007	2008	2009	Six months ended 30 June 2009	Six months ended 30 June 2010
Kaifu store *(2)*	Gross Sales Proceeds *(RMB' million)*	–	–	71.3	32.7	39.2
	Daily Unit Area Sales *(1)* *(RMB)*	–	–	12.1	11.3	13.4
Hongling store	Gross Sales Proceeds *(RMB' million)*	262.1	259.8	235.1	131.7	132.4
	Daily Unit Area Sales *(1) (RMB)*	54.8	54.4	49.2	55.6	55.9
Jingtian store	Gross Sales Proceeds *(RMB' million)*	430.2	465.7	443.2	231.9	234.5
	Daily Unit Area Sales *(1) (RMB)*	98.4	106.5	101.4	106.9	108.1
Huahaoyuan store	Gross Sales Proceeds *(RMB' million)*	120.8	140.3	141.2	70.8	72.9
	Daily Unit Area Sales *(1)* *(RMB)*	30.4	35.3	35.5	35.9	37.0
Mingxing store	Gross Sales Proceeds *(RMB' million)*	70.6	69.8	73.1	35.7	37.7
	Daily Unit Area Sales *(1)* *(RMB)*	24.4	24.1	25.3	24.9	26.3
Hongbao store	Gross Sales Proceeds *(RMB' million)*	93.5	102.0	94.9	53.1	52.2
	Daily Unit Area Sales *(1) (RMB)*	38.6	42.1	39.2	44.2	43.5
Luhe store	Gross Sales Proceeds *(RMB' million)*	15.3	25.1	24.0	12.8	13.8
	Daily Unit Area Sales *(1)* *(RMB)*	18.8	30.9	29.5	31.8	34.2
Total	**Gross Sales Proceeds** *(RMB' million)*	1,611.8	1,738.6	1,854.7	915.1	1,001.9

Notes:

(1) Calculated as approximate Gross Sales Proceeds generated from each sq. m. of the Gross Floor Area divided (a) by 365 for the three years ended 31 December 2009 and (b) by 181 for the six months ended 30 June 2010.

(2) The Longzhu store and the Kaifu store were in operation less than one year during 2009 (Longzhu store: 230 days for the year ended 2009 and 46 days for the six months ended 30 June 2009; and Kaifu store: 363 days for the year ended 2009 and 179 days for the six months ended 30 June 2009), and the respective Daily Unit Area Sales from them were calculated from the Gross Sales Proceeds generated from each sq. m. of the Gross Floor Area divided by their respective number of operation days.

The average number of daily transactions and average value per transaction is set out below:

	Year ended 31 December 2007	2008	2009	Six months ended 30 June 2009	Six months ended 30 June 2010
Average number of daily transactions *(Note 1)*	54,977.41	56,902.03	60,382.28	59,424.55	57,790.11
Average value per transaction *(RMB)* *(Note 2)*	80.32	83.71	84.16	85.08	95.79

Notes:

(1) Calculated by dividing the total number of transactions for our stores each year (a) by 365 for the years ended 31 December 2007 and 31 December 2009, (b) by 366 for the year ended 31 December 2008 and (c) by 181 for the six months ended 30 June 2010.

(2) Calculated by dividing the total Gross Sales Proceeds for our stores each year by the total number of transactions for our stores.

The following table shows the Gross Sales Proceeds and gross floor area by supermarket section and department store section of our stores for the three financial years ended 31 December 2009 and the six months ended 30 June 2010[(1)].

Retail Store	Gross Floor Area	Year ended 31 December 2007	2008	2009	Six months ended 30 June 2009	Six months ended 30 June 2010
	(sq. m.)	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
Wanxiang store						
Supermarket section	4,330.41	95.8	107.5	98.7	45.0	42.7
Department store section	17,816.80	188.4	200.2	180.5	95.5	99.3
Jufu store						
Supermarket section	6,615.09	115.7	126.6	133.1	61.8	60.6
Department store section	7,800.53	111.5	120.0	137.1	61.2	79.3

Retail Store	Gross Floor Area (sq. m.)	Year ended 31 December 2007 RMB' million	2008 RMB' million	2009 RMB' million	Six months ended 30 June 2009 RMB' million	Six months ended 30 June 2010 RMB' million
Longgang store						
Supermarket section	6,327.83	49.0	57.6	63.1	27.3	28.1
Department store section	10,313.35	58.9	64.0	77.8	37.2	46.8
Longzhu store (2)						
Supermarket section	6,359.16	–	–	36.8	8.7	25.6
Department store section	8,692.23	–	–	44.8	9.7	36.8
Kaifu store (2)						
Supermarket section	4,294.30	–	–	39.5	15.7	18.7
Department store section	11,803.55	–	–	31.8	17.0	20.5
Hongling store						
Supermarket section	2,014.81	71.3	75.2	71.0	39.0	39.1
Department store section	9,782.98	190.8	184.6	164.1	92.7	93.3
Jingtian store						
Supermarket section	3,394.08	124.0	163.2	170.2	72.9	70.5
Department store section	7,940.92	306.2	302.5	273.0	159.0	164.0
Huahaoyuan store						
Supermarket section	4,384.63	66.0	78.6	75.6	37.0	35.9
Department store section	5,397.54	54.8	61.7	65.6	33.8	37.0
Mingxing store						
Supermarket section	–	–	–	–	–	–
Department store section	7,317.09	70.6	69.8	73.1	35.7	37.7
Hongbao store						
Supermarket section	2,569.01	45.5	52.4	46.8	24.2	24.4
Department store section	4,156.36	48.0	49.6	48.1	28.9	27.8
Luhe store						
Supermarket section	951.77	11.7	19.3	18.4	9.4	10.0
Department store section	1,112.23	3.6	5.8	5.6	3.4	3.8
Total						
Supermarket section	41,241.09	579.0	680.4	753.2	341.0	355.6
Department store section	92,133.58	1,032.8	1,058.2	1,101.5	574.1	646.3

Notes:

(1) The breakdown of the revenue figures for the supermarket section and the department store section are based on the unaudited financial information of our Company.

(2) The Longzhu store and the Kaifu store were in operation less than one year during the year ended 31 December 2009 (Longzhu store: 230 days for the year ended 31 December 2009 and 46 days for the six months ended 30 June 2009; and Kaifu store: 363 days for the year ended 31 December 2009 and 179 days for the six months ended 30 June 2009).

The following table shows our revenues generated from direct sales and gross sales proceeds from concessionaire sales for our stores during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	Six months ended 30 June
	2007	**2008**	**2009**	**2009**	**2010**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
Wanxiang store					
Revenues from direct sales	136.8	142.6	131.4	62.2	62.3
Gross sales proceeds from concessionaire sales	147.4	165.1	147.8	78.3	79.7
Jufu store					
Revenues from direct sales	115.2	130.5	148.6	62.7	68.4
Gross sales proceeds from concessionaire sales	112.0	116.1	121.6	60.3	71.5
Longgang store					
Revenues from direct sales	58.8	67.9	80.2	35.0	39.1
Gross sales proceeds from concessionaire sales	49.1	53.7	60.7	29.5	35.8
Longzhu store [(1)]					
Revenues from direct sales	–	–	45.5	9.7	32.3
Gross sales proceeds from concessionaire sales	–	–	36.1	8.7	30.1
Kaifu store [(1)]					
Revenues from direct sales	–	–	27.0	13.2	15.7
Gross sales proceeds from concessionaire sales	–	–	44.3	19.5	23.5
Hongling store					
Revenues from direct sales	137.2	139.4	125.9	75.6	76.3
Gross sales proceeds from concessionaire sales	124.9	120.4	109.2	56.1	56.1

	Year ended 31 December 2007 RMB' million	2008 RMB' million	2009 RMB' million	Six months ended 30 June 2009 RMB' million	Six months ended 30 June 2010 RMB' million
Jingtian store					
Revenues from direct sales	211.5	224.6	212.2	112.2	113.8
Gross sales proceeds from concessionaire sales	218.7	241.1	231.0	119.7	120.7
Huahaoyuan store					
Revenues from direct sales	63.9	77.3	79.8	39.9	40.0
Gross sales proceeds from concessionaire sales	56.9	63.0	61.4	30.9	32.9
Mingxing store					
Revenues from direct sales	17.9	18.1	18.7	9.2	9.7
Gross sales proceeds from concessionaire sales	52.7	51.7	54.4	26.5	28.0
Hongbao store					
Revenues from direct sales	56.1	59.9	54.5	33.1	32.7
Gross sales proceeds from concessionaire sales	37.4	42.1	40.4	20.0	19.5
Luhe store					
Revenues from direct sales	13.2	22.0	21.8	11.3	12.7
Gross sales proceeds from concessionaire sales	2.1	3.1	2.2	1.5	1.1
Total					
Revenues from direct sales	810.6	882.3	945.6	464.1	503.0
Gross sales proceeds from concessionaire sales	801.2	856.3	909.1	451.0	498.9

Note:

(1) The Longzhu store and the Kaifu store were in operation less than one year during 2009 (Longzhu store: 230 days for the year ended 2009 and 46 days for the six months ended 30 June 2009; and Kaifu store: 363 days for the year ended 2009 and 179 days for the six months ended 30 June 2009).

New stores to be opened

We currently plan to open 10 new stores by the end of 2012, including:

– four new stores in Shenzhen, namely, one new store located in a building complex to be constructed on a piece of land to be acquired by us, our Minzhi store and Yitian store (the further details of which are respectively mentioned below), and another new store in Shenzhen;

– two new stores in Changsha, Hunan Province;

– two new stores in Shanwei, Guangdong Province;

– two new stores in Guangzhou, Guangdong Province.

Save and except our Minzhi store, the opening of the other 9 new stores by us will be financed by the net proceeds from the Global Offering. Please refer to the section headed "Future Plans and Use of Net Proceeds from the Global Offering – Use of Net Proceeds from the Global Offering" in this prospectus for further information.

The following information sets out certain information regarding our Minzhi store and Yitian store to be opened:

Retail store	Expected time of commencement of business operation	Gross Floor Area *(sq. m.)* (approx.)	City	Nature of the store premises	Duration of lease	Renewal option of the lease agreement
Yitian store	2012	17,500	Shenzhen, Guangdong	Leased (lease agreement to be signed)	Yet to be determined	Yet to be determined
Minzhi store	November 2010	30,000	Shenzhen, Guangdong	Leased	20 years (8 August 2011 to 7 August 2031, with a rent-free period of 15 months from 8 May 2010 to 7 August 2011)	Lessee has the right of first refusal

When our Yitian store and Minzhi store commence operations, we will become an operator of a chain of 14 "歲寶百貨" department stores.

As mentioned above, we plan to construct a building complex which will contain one new store and office premises (part of which will be used as our new headquarters) on a piece of land in Shenzhen to be acquired by us. The building complex is planned to be located in the Bao'an District in Shenzhen, and the piece of land will occupy an area of not less than 12,000 square metres. The total investment involved for the acquisition of the piece of land and the construction and establishment costs of the building complex will be about HK$639 million, of which about HK$465 million will be used for the land acquisition and the remaining sum of about HK$174 million will be used for the construction and establishment costs. It is planned that a sum of about HK$174 million in the net proceeds from the Global Offering will be used to finance the construction and establishment costs for the building complex, while the land acquisition cost of about HK$465 million will be financed by our internal resources or bank borrowings. However, if it is appropriate under the circumstances in the future to do so, we may consider exploring the possibility of co-operating with third parties for the construction of the building complex after detailed feasibility study and to finance part of the funding for the construction under such co-operation. It is currently expected that the construction of the building complex will be completed by 2012. After completion, the building complex will have a total gross floor area of about 65,000 square metres, of which our new store will occupy a total gross floor area of about 20,000 square metres.

Retail formats

We currently focus on department store operation, with a chain of 12 stores which are now in operation. We principally target at the mid-market segment of the cities where our stores operate, aiming to offer to our customers quality and customer-oriented merchandise and services as well as convenient and comfortable "one-stop" shopping environment. As a way-forward, we intend to further diversify our retail formats to include specialised department stores (namely stores that are specialised in offering specific category or categories of merchandise, which is similar to the current retail format of our Minzhi store), hypermarkets and supermarkets to more effectively capitalise the business potentials of specific sites that we identify for our new stores, taking into account the pedestrian flows, customer needs and preferences as well as local competitions in respect of each of their locations.

Our stores are generally divided into departments and sections based on the different categories of merchandise that we offer, such as electrical appliances, ladies' fashion, men's fashion, children's products and household items. In order to provide a convenient "one-stop" shopping experience to our customers, we also offer supermarket and other complementary retail operations. 11 out of our 12 department stores currently in operation are characterised by the inclusion of a sizable supermarket section ranging from approximately 1,000 sq. m. to approximately 5,500 sq. m., which offers an extensive portfolio of daily consumer products, including food, perishables and other household necessities. The integration of a supermarket section in our stores attracts not only those traditional department store shoppers who principally target at fashion and electronic merchandise, but also those customers who may patronise our supermarket sections on a more regular and frequent basis for daily necessities. Our Directors believe that this feature of integrating a sizable supermarket section at prominent location with the store, which offers a wide range of fresh food products, differentiates us from most other department store chains in Shenzhen.

The only store within our chain that does not offer a supermarket section is our Mingxing store. Due to its geographic proximity to our another large-scale store which already incorporates a supermarket section, our Mingxing store adopts and concentrates on the theme of a stylish fashion store, offering principally apparel, accessories and other fashion items, and aiming at a younger and more trendy customer group.

In providing a convenient "one-stop" shopping experience, most of our stores have complementary retail and service outlets, such as cinema, restaurants (including internationally renowned fast-food chains), food courts, self-service banking centre, pharmacy, children play groups, hair and beauty salon and travel, property and securities agencies.

Our Directors believe that this integrated system of complementary retail operations not only appeals to a high volume and wide range of customer traffic, but also offers us with a significant flexibility in managing our store layout and merchandise mix at each store to maximise efficiencies and economies of scale in both resource management and utilisation of space and adapt to changing consumer requirements.

SALES

Our merchandise

Our chain offers an extensive portfolio of an aggregate of over 200,000 items of quality products, ranging from footwear, textiles, apparel, cosmetics, children's and households' goods, electrical appliances to daily consumer products, household necessities and other trifling items (such as hussif and small replacement parts of home appliances). Our Directors believe that the comprehensiveness of the value-for-money merchandises that our chain offers distinguishes us from our competitors in the cities that we operate. The types and mixes of merchandise offered to our customers may vary from store to store within our chain due to the variations in strategies for specific store after taking into account the locations, sizes, target customer groups and surrounding competition of individual stores.

We introduced our private-label products under the brand "象之選" (Xiang Zhi Xuan*) in January 2010. As at the Latest Practicable Date, one product manufacturer has been engaged by us. We have entered into a consignment agreement with such manufacturer, an Independent Third Party, for the sale of tissues and toilet paper under the brand "象之選" (Xiang Zhi Xuan*).

The main terms of the consignment agreement are set out below:

Duration

The agreement is for a term of one year, commencing on 6 December 2009 and ending on 5 December 2010. The manufacturer is required to send us a written notice in the event that it chooses not to extend the agreement upon its expiry.

Delivery of products

Under the terms of the consignment agreement, the manufacturer is required to deliver the ordered products to us generally within three days of us placing our order. In the event that the manufacturer fails to deliver the products within the specified time, we have the right to require the manufacturer to pay us a penalty. Where the manufacturer is unable to deliver the products to us within 30 days of our order, we have the right to terminate the agreement.

Guarantee

The manufacturer guarantees that the products supplied under the consignment agreement comply with all applicable PRC laws and regulations and agrees to be responsible for any damage to our reputation or losses to our customers resulting from their products.

Further, the prices of the products charged to us by the manufacturer shall not be higher than that charged by it for similar products to third parties. Discount or other promotional items offered by it to other third parties are to be offered simultaneously to us. In the event of a breach, we are entitled to terminate the agreement and calculate any amount owing based on the lower price offered by the manufacturer to third parties. The manufacturer will also be liable to pay us a penalty of RMB3,000 to RMB5,000.

Intellectual property rights

The manufacturer acknowledges that the intellectual property rights relating to the brand "象之選" (Xiang Zhi Xuan*) belong to us. Any disputes relating to the intellectual property rights of such brand will be borne by us. In the event that we decide to engage another manufacturer to manufacture such products, we are required to provide advance notice to the manufacturer and are required to bear responsibility for any unsold products under our brand "象之選" (Xiang Zhi Xuan*) in our manufacturer's warehouse. The manufacturer shall not sell any of the products under our brand "象之選" (Xiang Zhi Xuan*) to any other party.

Our private-label products include tissues and toilet paper. For the period from 1 January 2010 to 30 June 2010, sales of our private-label products amounted to approximately RMB81,059. We believe that the introduction of our private-label products through cooperating directly with the product manufacturers not only differentiates us from our competitors, but it also helps to reduce our sales costs, middlemen costs and cost of advertising and thus improve our profitability. Our Directors confirm that there is no past or present relationship between the manufacturer of our private-label products and our Group, our Directors, our Shareholders, our senior management or their associates. Leveraging and capitalising on our well-known and highly-recognised brand equity, we plan to expand our private-label products under different self-owned brand names. We are in the course of building up a designated team to focus and explore the business potentials of developing and expanding our self-owned private-label products and conducting studies on how to position such individual private-labels to produce different range of products which can meet different customer needs and tastes. We currently expect that our private-label products will initially be extended from the current household items under our first private-label "象之選" (Xiang Zhi Xuan*), which was introduced to the market in January 2010, to daily necessities (such as towels, soap, clothes hangers, shampoo, body cleanser and detergents), cosmetic accessories and home appliances under our new private-labels. We also aim to identify and cooperate with appropriate manufacturers for developing our different high quality private-label merchandise, and we are in the course of negotiating with some potential manufacturers for implementing our plan in this regard.

The following table sets out the broad categories by which we manage our merchandise and our total Gross Sales Proceeds derived from each of them during the Track Record Period.

Category	Year ended 31 December 2007	2008	2009	Six months period ended 30 June 2009	Six months period ended 30 June 2010
	(RMB' million)	*(RMB' million)*	*(RMB' million)*	*(RMB' million)*	*(RMB' million)*
Electronics and home appliances	212.6	204.6	223.8	107.1	130.2
Clothes, apparel and bedding	399.8	433.1	462.4	230.7	282.6
Children's goods	55.3	56.1	59.5	34.6	29.4
Sporting and stationery goods	69.3	67.4	64.2	32.8	30.0
Food and beverages	637.6	718.7	767.9	373.8	391.3
Daily necessities and cosmetic goods	237.2	258.7	276.9	136.1	138.4
Total	**1,611.8**	**1,738.6**	**1,854.7**	**915.1**	**1,001.9**

We cater for the upper-end segment of the retail market in respect of certain categories of products, through offering well-known international and domestic branded products in our stores, to satisfy the demand of customers with relatively higher spending power. Further, we are one of the first 15 retailers appointed as an authorised sales enterprise in Shenzhen, in October 2009 under the Change of the Old for New Program for household electrical appliances, and since May 2010, we were also appointed as an authorised collection enterprise under the program. As an authorised collection enterprise under the Change of the Old for New Program, we are entitled to collect from customers their old home appliances, while such customers can directly purchase new home appliances from us as an authorised sales enterprise under the program. In other words, such customers can enjoy the convenience of surrendering their old home appliances and purchasing new home appliances at the same time in our stores. For the year 2009, since we run the Change of the Old for New Program for about two months only, its contribution to our turnover for the year 2009 is not significant. For the year ended 31 December 2009 and the six months ended 30 June 2010, the aggregate amount of our sales generated from the Change of the Old for New Program amounted to approximately RMB3 million and RMB32.3 million respectively, and the aggregate rebates received by us from the relevant governmental authority under the Change of the Old for New Program amounted to approximately RMB300,000 and RMB2.4 million respectively. Our Directors, however, believe that this program enables us to capture the potential customer base eligible to participate in the program. Our Directors further believe that our status as both an authorised collection enterprise and an authorised sales enterprise under the Change of the Old for New Program has also placed us in an advantageous position in capturing more potential customers under the program. As at 30 June 2010, we offered over 3,500 brands of higher-end products. The following table sets out certain of the international and domestic brands available at some of our stores:

Electronics and home appliances

Sony	Panasonic	Samsung	Sharp	Sanyo
Philips	Toshiba	Haier	LG	Nokia
Siemens	Gree			

Clothes and apparel

Biba	Passion	Erdos	Crocodile	Montagut
Giordano	Le Crystino	Bossini	Ochirly	Youngor
Embry Form	Triumph	LEVI'S		

Bedding and children's goods

Annil	Bobdog	Les Enphants	Fuanna	Goodbaby
Pigeon	Casablanca	A-Fontane	Airland	Dohia

Sporting and stationery goods

Adidas	Nike	Converse	Kappa	Wilson
Li Ning	Puma	Yonex	Reebok	Spalding
Anta				

Food and beverages

Lipton	Mengniu	Nestle	Remy Martin	Wuliangye
Bolang	Moutai	YiLi	Healthcn	Yakult

Daily necessities and cosmetic goods

C&S	Master Kong	Garden	Gillette	Rejoice
Maybelline	L'Oréal	Mont Blanc	OLAY	AVON
Parker	Shining House	NIVEA	REVLON	Zippo

Leather shoes and leather goods

Belle	Bata	Pierre Cardin	Staccato	Walker shop
Teemix	Le Saunda	Pito Deng	Dione Dasin	Daphne
Samsonite	Kisscat			

In order to cater to the particular needs and preferences of the different segments of our customer group, we adopt different strategies for different age groups, thereby offering a much wider choice and a more focused categorisation for our customers to more closely meet their specific styles and needs and to make their shopping experience more convenient and enjoyable.

Our headquarters in Shenzhen has primary responsibility for brand and merchandise selection, including developing plans of merchandise mix and floor layout of individual stores and selecting concessionaires and other merchandise suppliers. Our local procurement team in Changsha, based on the directions given by our Shenzhen headquarters, also share this responsibility specific to our Changsha store after taking into account local consumer preferences and market conditions in Changsha. In determining our merchandise and brand mixes, we have sought to achieve an appropriate balance between gross profit margins and sales amounts of different merchandise items. We adjust our brand and merchandise mixes continuously according to changing market conditions, and conduct an overall review of our brand portfolio every year. Our flexibility to continuously adjust our brand and merchandise mixes to cater to changing consumer preferences, market conditions as well as competitive environments is enhanced by our procurement management such that in most cases we either have no commitment towards certain merchandise suppliers on sourcing or we are entitled to terminate our agreements with certain merchandise suppliers upon giving reasonable notice, as stipulated in our agreements. We will normally give one month's notice to the suppliers to terminate our agreements. It is our policy to remove any merchandise which consistently underperforms its peers for a period, to ensure that all our merchandise is well received by the market.

Business model

General

We have adopted a business model which aims to provide a comprehensive range of value-for-money merchandise, most of which are suitable for urban mass market customers. Our major sources of income are revenues from direct sales, commission from concessionaire sales and rental income from leasing of shop premises. In addition, there are various kinds of other operating income including, among others, advertisement and promotion fee, credit card handling fee received from our concessionaires.

Set out below are our Gross Sales Proceeds and gross profit margins attributable to each type of operation during the Track Record Period:

	Year ended 31 December 2007	2008	2009	Six months ended 30 June 2009 (unaudited)	Six months ended 30 June 2010
Direct sales					
Gross Sales Proceeds *(RMB'000)*	810,602	882,280	945,651	464,086	503,003
Purchase of and changes in inventories for the year *(RMB'000)*	702,839	770,260	812,712	402,081	431,357
Gross margin *(%)* [(1)]	13	13	14	13	14
Concessionaire sales					
Gross Sales Proceeds *(RMB'000)*	801,187	856,339	909,087	450,989	498,925
Commission *(RMB'000)*	168,152	169,494	172,502	84,517	102,661
Commissions as a percentage of concessionaire sales *(%)*	21	20	19	19	21

Note:

(1) Gross margin is calculated as direct sales minus purchase of and changes in inventories divided by gross sales proceeds for the period (for the three years ended 31 December 2009 and for the six months ended 30 June 2009 and 30 June 2010).

Direct sales

Direct sales operations involve us sourcing merchandises directly from suppliers and selling our own directly-purchased merchandises to customers. Most of our merchandises in the supermarket and electrical appliance sections of our department stores are directly-purchased merchandise.

We believe the direct-purchase model gives us better control over the range and categories of merchandise that each of our stores offers, and reduces the lead time for inventory replenishments. For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, the Gross Sales Proceeds from direct sales represent approximately 50.3%, 50.7%, 51.0% and 50.2% of our total Gross Sales Proceeds respectively.

We receive sales discount from our suppliers if we have achieved an agreed minimum sales target or made an agreed amount of prepayment. Our central procurement department is responsible for selection of suppliers, negotiation with suppliers and formulating the annual merchandising plans to set out the range of merchandise to be purchased after taking into account our historic sales, budgeted sales for that year, gross profit margins, the management's experience, market trends and anticipated demand. The merchandising plans are reviewed and revised regularly in order to (i) ensure an appropriate mix of merchandise; and (ii) improve inventory control and working capital management.

We have entered into arrangements with our suppliers such that sample merchandises (predominately electrical appliances) could be displayed in our stores and that delivery of actual merchandises would only be made when customer orders are placed. Such arrangements enable us to reduce excess inventory stock whilst giving us greater flexibility in updating product models and adapting to changing customer preferences.

Each store has a designated team of staff responsible for checking the physical condition of the goods upon their delivery and another designated team responsible for checking the quality of the goods prior to display and/or storage. During the Track Record Period, we received a limited number of claims for defective merchandises sold by way of direct sales, and such claims, whether on an individual or an aggregate basis, are not considered material.

Concessionaire sales

Concessionaires are generally invited to enter into the agreements with us, usually for a term of one year, whereby the concessionaires will occupy designated areas in our stores and to establish their own sales counters for the purpose of selling their branded merchandises. Most of our concessionaire sales are for jewellery, cosmetics, apparel, footwear, suitcase and small electrical appliances. As at 30 June 2010, there were approximately 2,094 concession counters operating at our stores.

Monthly commissions from concession counters are charged at a percentage of the corresponding monthly revenue generated from such concession counters, subject to a minimum irrespective of sales volume. As a measure to minimize collection risks, all concessionaire sales are transacted at designated cashier desks manned by our own staff and commissions from concessionaire sales are deducted before we pay over the balance proceeds to our concessionaires each month.

Concessionaire sales agreements would usually specify the type(s) of merchandises that are allowed to be sold by the concessionaires in our stores. With our prior written permission, the concessionaires are also allowed to design, decorate and renovate their counters and, in most cases, the concessionaires are responsible for all the costs incurred. The concessionaires employ their own staff but they must conform with our management standards. All product liabilities in respect of any concession products are borne by the concessionaires. We conduct monthly performance reviews on the concessionaires and are entitled to terminate the concessionaire's sales agreement if the relevant concessionaire consistently underperforms for a period of time (generally a consecutive period of three months).

Our Directors are of the opinion that concessionaire sales helps us broaden the range of merchandise offered to customers, enhance our store image and attractiveness through the presence of internationally or domestically renowned concessionaires, reduce our staff and other operating overheads, and reduce our exposure to inventory risks. During the Track Record Period, we received a limited number of claims for defective merchandise sold by the concessionaires, and such claims, whether on an individual or an aggregate basis, are not considered material.

Rental income

We also receive rental income from the leasing of certain designated areas of our stores to, among others, restaurants (including internationally renowned fast-food chains such as KFC and McDonald's), self-service banking centres, pharmacies, hair and beauty salons, and travel agencies, property and securities agents. As at 30 June 2010, approximately 16,354.66 sq. m. of our retail space (representing approximately 9.2% of the total Gross Floor Area of our 12 stores that are currently in operation) is leased out to Independent Third Party tenants.

We also receive contingent rental income, which is income from temporary and seasonal leases of spaces in certain areas of our stores. The lessees for these spaces include suppliers who lease them for conducting promotional activities and telecommunication companies which lease such spaces for hosting signals communication equipment.

Other operating revenue

We also derive income from various miscellaneous channels, such as credit card handling fee received from our concessionaires under the relevant concessionaire agreements and advertisement and promotion fees.

We earn our advertisement and promotion fees generally through (a) charging organisers and sponsors of promotional programs advertising and promotion fees for activities held in our department stores, (b) designing advertisements and promotional pamphlets, (c) displaying advertisements on billboards in our department stores and (d) charging management fees for space used in promotional activities in our department store.

For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, we recorded other operating revenue of approximately RMB63.3 million, RMB78.9 million, RMB85.4 million and RMB68.4 million respectively, representing approximately 6.3%, 7.3%, 7.4% and 11.0% of our Turnover for the corresponding periods respectively.

Pricing

Pricing our merchandise competitively is one of our key strategies. Through our centralised procurement department, we negotiate and build good relationships with our suppliers with a view to leveraging on our economies of scale. Retail prices are centrally determined by our headquarters and enforced by our individual stores, although our individual stores may suggest promotional price adjustments based on the particular circumstances of such stores taking account of factors such as consumer preferences and spending powers within different communities.

We also conduct market research on pricing, such as enquiring or checking prices from similar third party stores on a weekly basis, particularly on price elastic merchandise to ensure that our prices remain reasonable and competitive, If the price we set for a particular product is higher than the market price, our procurement department would negotiate with the relevant manufacturer or supplier for an adjustment to our sourcing price .

For our merchandise such as electrical appliances, bedding and daily necessities which are sourced directly from manufacturers, the product range is wide and we can sell such merchandise at relatively competitive prices. In respect of our merchandise that we source from distributors or agents, most of such distributors or agents who supply us products including food, home electrical appliances, bedding and daily necessities, guarantee to us under the relevant supply agreements that the retail price of merchandise sold by us is competitive to our competitors in Shenzhen. Approximately 80% of the merchandise that we sell possess such guarantees. In the event that the retail price offered by our competitors in Shenzhen is lower than the retail price of the same kind of merchandise offered by us, we are entitled under the relevant supply agreements to adjust the relevant retail price to the same level as offered by our competitors. The distributors or the agents (as the case may be) are required under such agreements to bear the price difference as a result of our adjustment. The relevant supply agreements are generally for a duration of one year. Upon expiry, the duration of such agreements may be automatically extended if the parties have no objection. Such extension will last until the new agreement takes effect or until the stock clearance procedure is completed by both parties.

For concessionaire sales, the retail price is usually proposed by the concessionaire for our approval. We generally require our concessionaires to adopt standard pricing for products sold in the same region. In addition, we actively monitor each concessionaire and provide recommendations on their retail prices with reference to the prices charged by our market competitors.

As discussed in the paragraphs under “Pricing Law” in the section headed “Regulations” of this prospectus, we are subject to the PRC Pricing Law. However, most of the merchandise we offer for sale, save for salt and limited medicine supplies, is not subject to government-set or government-guided pricing. Given (a) the government-set or government-guided pricing for salt has always been above cost and (b) the limited medicine supplies which are subject to government-set or government-guided pricing are sold by our concessionaires, therefore the PRC Pricing Law has minimal or no operational and/or financial impact on our business operations.

Customers

Apart from individual retail customers, we are also developing our corporate customer base and have established a specialised market services department to serve these customers, comprising of government entities and private enterprises. We usually enter into annual corporate sales contracts with our corporate customers; under which we offer discounts to our corporate customers at varying rates depending on their committed purchase volumes. Our corporate customers are generally required to settle their purchases on a monthly basis.

As we principally operate in the retail market, none of our customers individually accounted for more than 1% of our revenue for any of the three years ended 31 December 2007, 2008 and 2009 and the six months period ended 30 June 2010. None of our Directors, chief executive or any of their respective associates (as defined in the Listing Rules) or, so far as our Directors are aware, any shareholder who owns 5% or more of our issued share capital had, as at the Latest Practicable Date, any interest in any of our five largest customers during the Track Record Period.

Customers pay for merchandise purchased at our stores by cash, bank debit cards, credit cards, company checks or discount coupons, our gift cards or by redemption of bonus points accumulated under the customer loyalty cards we issued.

MANAGEMENT AND OPERATIONS

Centralised management system

We adopt a centralised approach in managing our business, as reflected in our operation management, merchandise procurement, contract review and approval, resource allocation, marketing and promotion, pricing policy, after-sale services and business strategies and planning. Our Directors believe that a centralised management mode optimises resource utilisation within our Group, maintains a consistent market image and consistent business practices across our stores, and helps to control legal and operation risks. Such approach also enables us to leverage our Group-wide resources to attract popular concessionaires and other suppliers, obtain favourable terms for our stores in terms of concession rates, cost of direct sales, and sales and promotional support.

At the same time, we maintain flexibility at individual stores to set merchandise mix based on local consumer preferences, demands and competition. In particular, our central management in Shenzhen permits more flexibility for our Kaifu store in Changsha with respect to the overall operation management, brand selection and merchandise procurement, resource allocation and marketing and promotion. Our Directors believe that such approach allows our Kaifu store to better respond to the changing customer requirements in Changsha by adjusting the product mix and concessionaires composition within a relatively short period of time.

Centralised operation management

Our operation management centre formulates our annual business targets and plans, establishes operational and administrative rules and supervises the implementation of such rules, as well as organises regular sales meetings. The operation departments at our individual stores are in charge of every aspect of day-to-day store operations, including shopping environment management, quality controls, store promotional and marketing activities, customer services, and addressing customer complaints.

Centralised contract management

Our contract management has developed standard form contracts for concessionaires and other merchandise suppliers, as well as our sales contracts with corporate customers. We require our stores to adhere to these standard forms to achieve a consistent practice, control legal risks and minimise administrative expenses. Any deviation by or from such standard form requires the approval of the central merchandising department, procurement department and operation department in Shenzhen.

Store management

Our individual stores, under the management and supervision of the headquarters, focus on daily operations, local marketing and promotion, customer service, and maintenance of supplier relationships. Such stores are required to abide by our operational guidelines, which cover all aspects of the store operation, including cash management, merchandise acceptance, inventory management, personnel training and management, customer service, marketing and promotion. All of our stores are also required to abide by the corporate identity system guidelines relating to visual presentation, including signage and lettering, to establish a distinct corporate identity and a strong and standardised visual image of the stores. We closely monitor the performance of each individual department store and the performance of the store managers. We require the store managers to report the sales performance and operation proposal to our headquarter on a monthly basis.

Hours of operation vary between our stores, but are typically between 8:00 a.m. and 10:30 p.m. for supermarket section and between 9:00 a.m. and 10:30 p.m. for department store section, seven days a week. The number of our staff (excluding staff that is employed by our concessionaires) also differs from store to store, ranging from approximately 40 to approximately 290. The majority of our staff in our stores is sales personnel at our direct sales counters and support and administrative staff. Each store is overseen by a store manager who is principally responsible for the department store's day-to-day management and operation. The operation departments and merchandising departments at our individual stores report to their own store managers.

We strive to maximise revenue per square meter of Operating Area. We maintain flexible store layouts that change periodically throughout the year. In determining the brand and merchandise mix and floor layouts of our stores, factors such as expected customer flow, customer purchasing habits, demand and growth potential of different types of merchandise, seasonality, and, if applicable, concessionaires' specific requests (with an additional fee to be paid by the concessionaires) would be taken into account.

Store opening

We are proactively expanding the geographical coverage of our stores network in prudently selected regions in China. We have entered into a lease agreement in February 2010 in respect of our Shajing store in the Bao'an District of Shenzhen, which has already commenced business in August 2010. We have also recently entered into a lease agreement in May 2010 in respect of our Minzhi store in the Bao'an District of Shenzhen, which is expected to commence business in or around November 2010. We will also open another store in Futian District, Shenzhen, which is part of the development project above the Yitian station of Shenzhen metro railway system. Our Yitian store is expected to commence business in 2012.

Store location is a key to our success. During the selection process for store locations, our management makes due and careful consideration of the principal factors including, among others, (i) positioning and economic indicators of the proposed location in the area; (ii) demographic patterns of the target population, including population density, consumer behaviour, purchasing power, culture and trend; (iii) analysis of surroundings, including pedestrian flow, car traffic, competition and the degree of market saturation; (iv) market positioning of the proposed store based on market survey; (v) financial analysis, including rental expenses, estimated return on investment and payback period; and (vi) local government policies.

We adopt a forward-planning approach in securing new store locations, including maintaining a close relationship with Independent Third Party property developers and striking early tenancy deals with them even before completion of the relevant property projects. Such collaboration would bring us not only the early mover advantage in securing a favourable location in new communities ahead of our competitors, but also gives us the ability to discuss with the property developer on our specific requirements and preferences over structural designs and layouts which may result in shorter ramp up for our stores.

We will continue the approach of collaborating with selected residential property developers to secure favourable locations for opening new large-scale stores within new residential property developments.

As part of our growth strategies, we also consider potential opportunities of acquiring existing department stores or retail chain business or entering into joint ventures with them. For the purpose of assessing a potential acquisition target, we take into account factors such as its location, market position, operation quality and financial contribution.

Procurement and inventory management

Procurement arrangement

Our central procurement department determines the overall procurement strategies and supervises procurement teams. The centralised procurement department develops the brand and procurement strategies, establishes and manages the relationships with key concessionaires and other merchandise suppliers, maintains a database of brands and suppliers that do not sell in the stores, and issues guidelines on selecting concessionaires and other merchandise suppliers. It is also responsible for numerous matters relating to the development of new stores, such as planning merchandise and brand composition and floor layout, and approaching and negotiating with potential concessionaires and other merchandise suppliers. The procurement departments at our individual stores manage the store inventory, develop and manage relationships with store concessionaires, organise store-level marketing and promotional activities, and conduct store-specific market research.

Considering our plan to further expand in Changsha with a view to developing another regional profit centre there, we assign certain members of our central procurement department to our Kaifu store in Changsha to assist in establishing a Changsha procurement department. Whilst such regional procurement department reports to our central procurement department in Shenzhen, and is required to abide by the brand and procurement strategies and guidelines issued by our central procurement department, it has the flexibility to select concessionaires and other merchandise suppliers to cater for different needs of customers in Changsha.

In order to make sure the procurement procedure works satisfactorily, regular supervision and monthly evaluation are conducted.

Selection of suppliers and concessionaires

Our Directors believe that the quality of suppliers and concessionaires play an important role in the distribution chain. Therefore, we have adopted a strict policy concerning supplier and concessionaire selection. To keep abreast of the product information in the market, our procurement team regularly conducts market research, meets with various suppliers and attends product exhibitions. In selecting these suppliers and concessionaires, we will look at factors such as their reliability in terms of product quality, pricing of the products they offer, after-sales service and promotion back-up they provide. The direct suppliers and concessionaires for most types of products will also be required to comply with the standard purchase terms and conditions we offered. Further, we continuously and closely monitor sales generated from each of our concessionaires, if their sales are proved to be unsatisfactory, where commercial interest justifies, we may exercise our contractual rights to terminate our cooperation with such concessionaires.

For each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, our top five direct suppliers, in aggregate, accounted for approximately 16.8%, 20.0%, 18.6% and 18.5%, and our single largest direct supplier accounted for approximately 5.3%, 7.0%, 5.5% and 5.1% of our total purchases respectively. Our top five suppliers include suppliers of various products including daily consumer products, electrical appliances and food stuff.

None of our Directors, or chief executive or any of their respective associates (as defined in the Listing Rules) or, so far as our Directors are aware, any shareholder who owns 5% or more of our issued share capital at the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

Logistics arrangement

Our Shenzhen and Shanwei retail networks are supported by our centralised Shenzhen Distribution Centre. It serves as our warehouse for electrical appliances, tobacco, wine products, food and daily consumer products. This Shenzhen Distribution Centre comprises a total area of approximately 24,145.2 sq. m. and we have commenced our use of this centre since 2004. The stock of our Kaifu store in Changsha is stored in its in-store warehouse. Products or merchandise which are of unique local styles or have been proven to be popular at our Shenzhen stores or are sourced at a considerable discount by our Shenzhen procurement team may be replenished to our Kaifu store directly from our Shenzhen Distribution Centre.

Our own fleet of vehicles is responsible for delivering merchandise from the Shenzhen Distribution Centre to all stores within our chain in Shenzhen at least twice a day. Merchandise is delivered twice a week from our Shenzhen Distribution Centre to our Luhe store in Shanwei. Our Kaifu store replenishes its stocks where necessary from the warehouse within its store.

The current location of our Shenzhen Distribution Centre is convenient and allows comparatively shorter transportation lead time between our Shenzhen Distribution Centre and each of our stores in Shenzhen, which enables us to efficiently replenish our store inventories and adjust our product mix in our stores in response to the changing customer requirements in particular locations within a relatively short period of time. Our transportation costs amounted to approximately RMB1.1 million, RMB1.2 million, RMB1.1 million and RMB0.5 million for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. However, given that our Shenzhen Distribution Centre is currently located in an area which is not a traditional district for warehouses and depots, coupled with its limited remaining years of the lease, we plan for cost efficiency to relocate our Shenzhen Distribution Centre to an industrial area in Shenzhen by the end of 2012. As of the Latest Practicable Date, we did not enter into any binding agreement for the relocation plan. We are in discussions with an Independent Third

Party for a possible acquisition of a parcel of land for the construction of new premises to replace the Shenzhen Distribution Centre and to establish a new training centre for our staff. The discussions are taking place and no detailed terms and conditions (including the structure of the proposed transaction) have been agreed for the acquisition. Alternatively, we may consider identifying other location and may negotiate with other parties for the acquisition plan. In selecting the location of the new distribution centre, we consider various factors such as the land cost and the transportation cost that may need to be incurred by us. The establishment of the training centre will provide systematic training to our staff on sales and servicing skills and substantive knowledge in operating our stores. We believe that the establishment of a staff training centre will provide better training to our staff and will improve our quality of service to our customers. We intend to use our internal resources to finance the land acquisition and to use part of the net proceeds from the Global Offering for construction and establishment on such piece of land of a new distribution centre with modern warehouse and storage facility and equipment as well as a staff training centre. It is expected that the new distribution centre and staff training centre will occupy an area of approximately 60,000 sq. m., of which an area of about 55,000 sq. m. will be used for the new distribution centre and the remaining area of about 5,000 sq. m. will be used for the staff training centre. It is currently expected that the new distribution centre and staff training centre will commence operation by the end of 2012.

Inventory control

For direct sales, on the basis of estimated inventory turnover days, we adopt the “safety stock level” and “first in first out” inventory policies to ensure an optimal level of inventory is maintained at our stores. With respect to concessionaire sales, we do not bear any inventory risk. Our average stock turnovers for the three years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010 were approximately 86.2 days, 82.3 days, 79.7 days and 67.7 days, respectively.

Inventory is stored both at our warehouses and, to a lesser extent, at our individual stores. There has a designated team of staff responsible for checking the physical condition of the goods, including appearance, quality, quantity, identification code, date of production, expiry date and conformity certificate etc., upon their delivery. We are entitled to refuse to accept any goods with serious quality problem. We have adopted detailed procedures for daily inventory checks. Regular scheduled inventory checks are carried out at our warehouse and each of our stores throughout the year. Monthly analysis on inventory check of that month is reported to department office for further handling.

We employ computerised information technology systems which capture the relevant information including inventory movement, purchases and sales. In addition, each model of merchandise we offer is coded with a unique item code and each valuable item is coded under a bar code system for identification in the POS system, which, in turn, is linked with the management information system. Cashiers input the model or item code of the merchandise being sold (as the case may be) and the management information system records the data instantly. With this system in place, the inventory level of a particular model of merchandise can be monitored and controlled.

In order to monitor closely the level of inventory, assess the amount of inventory loss and determine the rate of inventory turnover, monthly and ad hoc stock take are conducted. We have set out a detailed policy on stock-taking, which requires store mangers and relevant staff to be responsible for the follow-up of any inventory discrepancies to prevent inventory loss. We have not made provisions for any obsolete inventory items as, generally, under the terms of our supply agreements, we may return such items to the relevant suppliers.

Concessionaire arrangement

Concessionaires generally enter into a concessionaire agreement with us based on our standard form. The concessionaire agreements set forth:

- brand and type of product to be sold;
- the store, floor position and floor area to be occupied by the concessionaire;
- how the payment to us is determined (e.g., the percentage of total sales proceeds and any minimum sales requirement);
- provisions relating to merchandise management and operation management, including pricing, promotional activities and employees management;
- term of arrangement, typically ranging from 12 months to 36 months. The concessionaire may contact us two months prior to the expiry of the agreement to discuss renewing the agreement.

We charge different commission rates under the concessionaires arrangement, depending on different types of product, and such rates generally fall in different ranges for different goods sold by the concessionaires. Under some of our concessionaire agreements, we also charge a minimum monthly commission fee for different types of products. For instance, the commission rates charged for cooked food range from 12% to 20% with monthly minimum commission charges ranging from RMB6,500 to RMB20,000; for vegetables, from 11% to 13% with monthly minimum commission charges ranging from RMB27,500 to RMB67,200; for electrical appliances, from 7% to 23% with monthly minimum commission charges ranging from nil to RMB27,600; for children's goods, from 19% to 35% with monthly minimum commission charges ranging from nil to RMB18,000; and for cosmetics, from 12% to 30% with monthly minimum commission charges ranging from nil to RMB13,800.

Our concessionaires set the prices for their merchandise, which may not exceed the prices for the same merchandise sold by the concessionaire at other stores. In addition, our concessionaires are required to conduct promotional events when the merchandise of such concessionaires is covered by promotional events in other department stores or speciality stores.

Our concessionaires are also required to guarantee the quality of products sold by them shall be in compliance with the relevant laws and regulations in the PRC. Our concessionaires are also required to undertake the merchandise sold by them is free from any intellectual property title defects. Failure to meet appropriate quality standards will lead to termination of the concessionaire agreement. In addition, concessionaires are required to indemnify us for all our expenses and losses associated with their merchandise. If there are any customer complaints of the merchandise sold by our concessionaires, our concessionaires shall defer the relevant customer complaints to us for handling. Our concessionaires are required to cooperate with us in any actions so taken by us.

For our internal control purposes, we also require our concessionaires, as a term of the concessionaire agreement, to provide us with certain licences and permits evidencing that they have the right to sell their merchandise.

We have the unilateral right to terminate a concessionaire arrangement by giving reasonable notice if such concessionaire has been one of the five poorest performing concessionaires for three consecutive months in terms of sales among its merchandise group or cannot meet its pre-agreed sales target for three consecutive months.

In addition to the above, we also have the right to terminate a concessionaire agreement where, amongst other, (a) the concessionaire commits a breach of any covenant in the contract, (b) the concessionaire fails to pay any fees or liquidated damages due to us for more than two months, (c) the concessionaire unilaterally ceases operation for more than eight hours, (d) the concessionaire has 10 disciplinary short-comings within a period of three months, (e) operation by the concessionaire is in breach of the law, (f) the concessionaire is causing serious damage to the interests of our customers or causing serious loss to our reputation or resulting in other losses to us, and (g) the concessionaire's products fail to meet the quality, type, requirement and quantity demanded by us.

The concessionaire shall have the right to terminate the contract in the following situations where, amongst others, we fail to collect the amount outstanding from the concessionaire without appropriate reasons for more than 3 months.

The contract will automatically terminate where, amongst others, the shopping centre where the concessionaire holds its concession is liquidated.

To maintain a consistent interior design of our stores and to preserve our image, we have included in the concessionaire agreements guidelines to regulate design, decoration and renovation by our concessionaires of their designated areas.

Cash management

As the retail business is cash-based in nature, we have adopted stringent internal measures to strengthen the management in cash and credit card receipts within our retail operations, which accounted for a major proportion of our sales receipts. For instance, cash receipts will be deposited into our bank accounts on a daily basis and the bank will check and collect all cash receipts every day, except that the cash receipts of our Mingxing store will be deposited into our bank accounts on every alternate day. Reconciliation will be carried out by each store's cashier department every day to reconcile sales data with cash and credit card receipt records to ensure that there are no discrepancies in records. The management information system allows our headquarters to monitor the cash position of each store on a real-time basis.

In addition, surveillance cameras are installed in each store to monitor the activities around cashiers' counters and security (with uniform and plainclothes) are arranged to ensure safety of each store. We also have insurance coverage on loss of cash by theft or robbery.

Quality assurance

We understand that customer loyalty cannot be maintained or will be lost if customers are dissatisfied with their shopping experience. Failures to maintain quality can lead to customer complaints, refusals by customers to accept delivery of products or even the return of products.

We place strong emphasis on the quality of products and adopt the following quality control policies:

- Before sales
  - We adopt a stringent supplier and concessionaire selection policy and only merchandise from suppliers and concessionaires approved by us are sold in our stores so as to reduce the risk arising from product quality problems.
  - The warehouse and all stores perform a series of checks upon the receipt of the merchandise. The check includes appearance, packaging, specification, identification code, date of production, expiry date, net weight and brand logo etc.
- During sales
  - Before the merchandise is displayed on store shelves, specially-trained staff from our quality control department performs inspections of merchandise purchased on a sampling basis. If any defects are detected, the relevant product will be returned to the supplier for replacement.
- After sales
  - We provide repair, refund and exchange services in accordance with the PRC government regulations. We will return the defective goods returned to us by our customers to the suppler for replacement.

We also conduct internal random check on the quality of our merchandise on a regular basis.

As there is no PRC law mandatorily requiring us to maintain insurance for product liability, we have not maintained any such insurance in line with market practice. Under the terms of our standard supply contracts with suppliers and concessionaires, suppliers and concessionaires are requested to give product quality assurance to us and are responsible if any claims arise from the quality of their products.

MARKETING AND PROMOTION

Marketing

Our marketing strategies focus on providing an extensive portfolio of quality merchandise at competitive prices offered with attentive customer services in order to foster customers' loyalty.

Thorough market research

We undertake market researches and surveys regularly in order to collect market data in relation to matters such as consumer behaviour and feedback from customers on the store's various marketing tactics. These market surveys are normally conducted by way of questionnaires which cover areas such as pricing and range of merchandise offered in the store, the effectiveness of promotional materials distributed and comparison with competitors. Our Directors believe that such researches and surveys provide first-hand information from customers based on which we will be able to further improve the quality of our customer service and to formulate our marketing strategies. In addition, regular market research is also conducted on our competitors by studying their promotional campaigns, new product types, sales volume, sales staff and products layout. Our Directors believe that such research will help increase our competitiveness in the department store operation.

Our Shirble website

Our website, www.shirble.net, serves as an effective promotional platform for merchandises as well as a communication channel with our customers.

The information provided in the website includes our news and culture, promotional activities, service and management, and information about new products or merchandise in our stores. The website also offers various functions such as "歲寶通" (Shirble Member Card) member management function, including purchase points enquiries, revision on loyalty card information and after-sales service. The website has also established an exchange forum through which customers can lodge their complaints and suggestions.

Media information release

We run advertising campaigns in the print media, including magazines and newspapers, on television as well as other media such as public posters, billboards, banners and light boxes. In addition, we also conduct in-store promotion campaigns designed to draw customers into our stores through attractive window displays, billboards and inflatable outdoor displays.

We also publish direct marketing materials, such as brochure and leaflet containing information on merchandise and sales promotions. The direct mails are published on a regular and ad hoc basis and sent to "歲寶通" (Shirble Member Card) members by post.

Social activities

We commit to contribute to the development of the communities in which we operate and we participate in charity events, such as fund raising activities for local charitable organisations, disaster relief as well as for poor children in rural China and other social activities, such as the charity Lamborghini show held at our Mingxing store in January 2010 for a charity fund in Shenzhen, 重建明天愛心基金 (Rebuilding Tomorrow Fund), the "International Youth Chess Tournament" for our "歲寶盃" (Shirble Cup*) has become a signature event in the region.

Sales promotion

With a view to attracting customers, we run regular sales promotion campaigns, including seasonal sales and festival sales in New Year, Chinese New Year, Labour Day, Tuen Ng Festival, Mother's Day, Father's Day, Mid-autumn Festival, National Day and Christmas. In addition, we also run store opening promotion and store anniversary promotion. Our sales promotions include direct discounts, gifts, coupons, bonus points for customer spending, lucky draws. 優質服務月 (Quality Service Month*) and 健身器材活動月 (Fitness Equipment Months*) are two of our annual sales and promotion events.

These promotions target specific categories of merchandises with the aim of tackling categorical inventory issues and counter-adjusting to seasonal, festival or cyclical demands.

Customer loyalty program

With a view to attracting customer spending and maintaining stable and long-term patronage, we have in October 2008 launched a new customer loyalty program called "歲寶通" (Shirble Member Card), which replaced our old customer loyalty programs and whereby members are categorised into ordinary and diamond classes based on the amount spent on our stores. There were about 14,217 diamond and 388,043 ordinary members as at 30 June 2010.

Every customer is entitled to apply for ordinary card upon presentation of ID card. Any customer whose accumulated purchase points reach 10,000 within the prescribed period is entitled to apply for diamond card, and the diamond cardholders will be entitled to additional benefits such as additional discounts.

All customers who use the "歲寶通" (Shirble Member Card) loyalty card can enjoy discount ranging from 2% to 12% when making purchase of various kinds of merchandise. The "歲寶通" (Shirble Member Card) loyalty cardholders can accumulate purchase points when making purchases at our stores. These purchase points can be redeemed for gifts or cash rebate of up to 6% of the product price for use in future purchases. Our Directors believe that our "歲寶通" (Shirble Member Card) customer loyalty program is one of the most attractive customer loyalty programs currently available in Shenzhen department store chains, which offers not only discounts on purchases but also purchase points at the same time. The "歲寶通" (Shirble Member Card) loyalty cardholders are also entitled to certain shopping privileges at our stores such as enjoying birthday gifts and special discounts during sales specified for members.

As advised by the PRC Legal Advisers, the operation of our customer loyalty program, which involves issuing customer loyalty cards, giving discounts and/or complimentary gifts to members of our customer loyalty program, is in compliance with applicable laws and regulations of the PRC.

Co-brand credit cards

We also have an arrangement with each of China Construction Bank and Industrial and Commercial Bank of China to issue co-branded credit cards, the "歲寶龍卡" (Shirble Dragon Co-brand Credit Card*) and "牡丹歲寶聯名卡" (Peony Shirble Co-brand Credit Card*), respectively. The "歲寶龍卡" (Shirble Dragon Co-brand Credit Card*) and "牡丹歲寶聯名卡" (Peony Shirble Co-brand Credit Card*) was launched in August 2007 and February 2007, respectively. As at 30 June 2010, we had approximately 7,841 "歲寶龍卡" (Shirble Dragon Co-brand Credit Card*) and 20,535 "牡丹歲寶聯名卡" (Peony Shirble Co-brand Credit Card*) in issue, respectively, which provide the cardholders with the same benefits as our "歲寶通" (Shirble Member Card) members.

Approximately 65.6% of our total Gross Sales Proceeds for the six months ended 30 June 2010 was attributed by the members of our customer loyalty cardholders (including holders of the co-branded credit cards issued by China Construction Bank and Industrial and Commercial Bank of China).

Pre-paid gift cards

We sell pre-paid gift cards at all of our stores. Pre-paid gift cards which customers purchase have no expiry date whereas those that we give out for free during promotions have a validity period for the duration of such promotions. Customers purchase these cards in varying amounts, generally as gifts for friends or relatives, which can be used to purchase merchandise at a later date. We also give out such cards for free during promotions. If the individual using the card wishes to purchase an item that costs more than the cash value stored on the card, the customer must pay the difference between the amount of the merchandise and the amount stored on the card. Money received from purchases of gift cards is recorded in the consolidated balance sheet as "trade and other payables" and revenue is recognised only when the card is used to purchase merchandise. Please refer to the section headed "Financial information – Other payables" in this prospectus. The issuance of pre-paid gift cards involve certain regulatory risks, please refer to the paragraph headed "We have issued pre-paid gift cards, which have breached the applicable PRC laws, regulations and regulatory policies and we may be subject to enforcement action for the breach", under the section headed "Risk factors – Risks relating to our business" and the paragraph headed "Legal compliance and litigation" under this section.

Customer services

We believe customer service is an essential ingredient of a shopping experience that directly correlates to repeat patronage, which in turn is a key to success of retail business. We therefore emphasise on excellent customer service. We have adopted the philosophy to *"Serve the people with heart and soul"* since our first store was founded in 1996. We also strongly advocate provision of interactive and personalised customer services, through our constant internal training and our external performance pledge by way of *"28 commitments of services"*, as part of our corporate culture.

Our *"28 commitments of services"* set out our commitments to customers and various store convenience and repair services, including:

Commitments to customers

"Repair, refund and exchange"	We undertake that the goods and services will be offered to the customers' satisfaction. We provide repair, refund and exchange services in accordance with the PRC government regulations. With the exception of certain excluded merchandise, any merchandise sold by our stores that fails to satisfy the customers can be refunded or exchanged in any of our stores. However, before such a refund or exchange, the customer must produce proof of purchase and ensure that the merchandise has not been damaged and is in a condition suitable for resale. We also undertake to provide repair services for certain merchandise which primarily include home appliances, safe boxes, luggage and watches sold at our stores. We do not incur any repair cost as the repair services are not in fact carried out by us. For further details, please refer to the paragraph "Store convenience" below.

"Quality commitment"	We undertake to provide high-quality merchandise. Our stores do not sell fake or inferior merchandise or any merchandise without the manufacturing date, the code of the certificate of quality approval, the name or the address of the manufacturer printed on it.

Store convenience

"Repair services"	Provide repair and maintenance services at the repair centre and distribute record card to customers to record after-sale services.
"Free transport and free parking"	Free bus transfer service and free parking spaces are provided.
"One-stop merchandise delivery, installation and adjustment"	Free delivery, installation and adjustment services are provided.
"Consignation service"	Provide moon cake consignation service at the time of mid-autumn festival.
"Installation upon purchase"	Provide immediate installation upon purchase service.
"Birthday cake pre-ordering"	Customers can pre-order birthday cakes. Free delivery service is provided.
"Free gift wrapping"	Provide free ribbon wrapping service to customers who purchase flowers and free gift wrapping service to other customers.
"Suitcase and safe opening"	If a customer misuses the password of a suitcase or a safe and cannot open it, our stores will provide suitcase or safe opening services to any suitcase or safe free of charge.
"Resting facilities"	Resting places with tables and benches are located within our stores.
"Telephone"	Provide public telephones on each floor of our stores for our customers' use.
"Free ironing and alteration"	Clothing purchased in our stores will receive free ironing and minor alteration services upon presentation of a valid sales invoice.
"Free curtain making"	Provide free curtain making and installation services.
"Bicycle after-sale service"	Licensing and charging services are provided to customers upon bicycles purchases.

"Shoe and lock repair"	Provide shoe repair, lock installation and repair services.
"Free belt and glasses after-sale service"	Provide free belt hole punching, computer optometry, frames adjusting services.
"Mobile phone payment and re-charge"	Provide mobile phone payment and mobile phone re-charging services.
"Replacement and refund"	Each outlet implements the replacement and refund service.
"Customer comments"	General manager suggestions boxes and customer comments books are available to record comments from customers.
"Payment by cards"	Customers can pay by magnetic cards or bank cards at the cashier. ATMs are also available at the stores to facilitate money withdrawal.
"Lottery ticket sale"	Lottery tickets sale counters operated by Independent Third Parties selling lottery tickets, on terms set out in our concessionaire agreement.
"Free baggage storage"	Baggage storage counters are available at our stores to provide free baggage storage service.
"Customer service counter"	Provide merchandise weighting service and notes exchange service at the customer service counter.
"Vending machine"	Vending machines are available to sell tissues, maps and train timetables.
"Shopping guidance"	Provide shopping guidance and respond to customers' enquiries at the customer service counter.
"Phone purchase"	Purchase can be made via our customer service hotlines while we also provide delivery services.
"Supervision counter"	Complaint hotlines and supervision counters are available to serve as a communication platform for enquiries, comments and complaints.

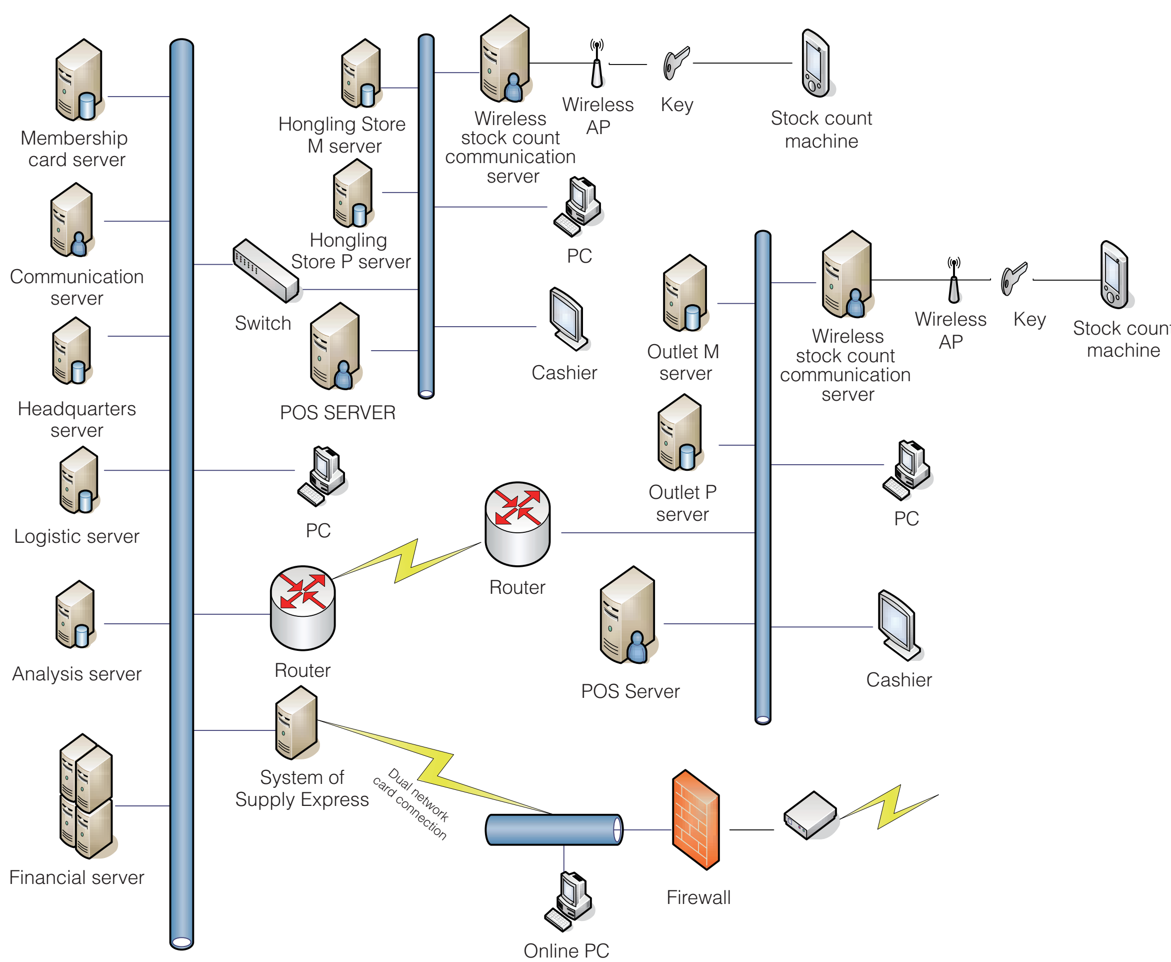
SEASONALITY

Our Gross Sales Proceeds are affected by seasonal shopping patterns such as the "Peak Period" which covers New Year, Chinese New Year, Mid-autumn Festival, Labour Day, National Day, Christmas and other festival and holidays. We typically record, and are expected to continue to record, a higher proportion of sales around these periods. In the past, we were able to adjust the level of inventories to accommodate the increases in demand of merchandise during the traditional shopping seasons, and therefore did not experience a shortage of merchandise supply.

INTEGRATED MANAGEMENT INFORMATION SYSTEM

We consider our information technology system a key strength that has enabled us to maintain efficient management and operation of our business. We employed an Independent Third Party specialist to devise a centralised management and sales system which covers different aspects of our business and operations, including all the stores and merchandise categories. We have not experienced any material breakdown or interruption in the performance of the information technology system in the past.

Each of our stores has on-site servers that record its financial and operational data on a real-time basis. Data of individual stores outside Shenzhen are then compiled and transmitted every day over dedicated lines to the central servers in Shenzhen. In addition, our information technology system allows our headquarters and local management offices to access the financial and operating data of all our stores and monitor and analyse their performance on a real-time basis. The following diagram sets out our computer network.



The four key sub-systems of our information technology system include:

Customer loyalty program management

Our ERP system allows us to record transactions or participation in promotional activities by loyalty cardholders, calculate bonus points, process issuances of new cards and send mobile phone text messages to cardholders. This system permits us to analyse the cardholders based on characteristics such as age and gender for targeted promotional events, which allows us to adjust the product mix and allocations of the different stores by reference to the changing shopping preferences and patterns of our target customer groups. In addition, this system manages the customer loyalty functions of the Shirble China Construction Bank Cards and Shirble ICBC Cards, which are co-branded credit cards we developed with China Construction Bank and Industrial and Commercial Bank, respectively.

Inventory and logistics management

The inventory and logistics management system supports both inventory and logistics management functions. This system offers real time tracing and management of our inventory storage, renewals, changes and settlement of our stores' business contracts. It supports automatic generation of replenishment order to our distribution centres when the number of stocks of certain merchandise falls below a pre-set lower limit. Further, this system manages the relationships with merchandise suppliers and concessionaires, who can use the system to check and settle accounts with us and enquire information from us. This system generates standard contracts with merchandise suppliers and concessionaires, and supports a computerised process for negotiating and renewing contracts with such parties and monitoring their performance. This system also identifies merchandise suppliers and concessionaires that consistently underperform in comparison to their peers for potential termination. When the suppliers distribute merchandises to our stores, this system would facilitate merchandise inspection and warehousing.

Financial management

Our financial management system records and integrates the financial data of all our stores, and can generate daily, monthly and annual reports on revenue, profits, concession rates, gross profit margin and unit price, among other things. This system can also generate financial data for each brand or merchandise category, which allows us to manage our merchandise based on individual brand or merchandise category. In addition, the financial management system contains a budget management system, which helps implement and enforce our budget policies and procedures, establish budgets for sales, profits and expenses, generate monthly and annual budget reports, and make budget adjustments and analysis.

A major function of our financial management system is to provide real-time tracing and management of our sales records through the POS system. The front-end part of this system contains the POS system, which records merchandise sales and generates invoices. The POS system supports the use of the customer loyalty cards as well as various credit cards, allows timely reconciliation of sales figures between our accounting personnel and sales counters, and generates detailed sales report for management review on a daily basis.

Pricing management

Our pricing management system supports the adjustment of merchandise retail price, promotion discount and related enquires. This system can also conduct retail price analysis, including but not limited to, analysis of special discounts of certain merchandise, sales analysis of discounted merchandise and merchandise gross profit margin analysis, which enables us to adopt innovative promotional strategies, such as issuing cash coupons and discount coupons based on purchase amounts. Such system also allows real-time monitoring of sales and promotion, and permits timely analyses and decisions.

As at 30 June 2010, there was 25 staff members responsible for the maintenance of the information management systems. We have formulated contingency plans for system failure caused by computer virus, network failure, application failure, power failure and natural disaster. In particular, we have adopted a dual-server system structure to avoid system downtime, and we conduct back-up storage of all our data on a daily basis. As at the Latest Practicable Date, we have not experienced any material system failure that has resulted in widespread and substantial loss of service or other significant damages.

STAFF AND TRAINING

As at 30 June 2010, we had approximately 2,523 full-time employees. Further information on our employees is set forth in the section headed "Directors, senior management and staff – Staff" in this prospectus. Concessionaires are responsible for employing their own staff. Detailed training policies have been devised in relation to employee's training, assessment and benefits.

We place strong emphasis on the quality of our employees. We provide training to both our own staff and staff employed by our concessionaires from time to time to ensure they are able to maintain service quality acceptable to us. All new recruits are required to undertake particular training programs before reporting to duty, including a one-month orientation training program for new staff of our new stores or a seven-day training program for new staff of our existing stores for our corporate culture and other products and sales information. All existing employees are also required to attend subsequent continuous on-the-job skill development training. We have developed various professional training materials and training courses, including post-transferred training, re-education training and department internal training. Except for the aforesaid internal trainings, we also select some promising staff to attend training courses and/or programs organised by universities and professional training organisations or on-site inspection tours to other enterprises. Our Directors strongly believe that our training programs will enable us to maintain the management standards of a high quality modern enterprise.

To cope with the expansion of our retail network, we plan to establish a staff training centre which will provide systematic training to our staff on sales and servicing skills and substantive knowledge in operating our stores. We are in discussions with an Independent Third Party for a possible acquisition of a parcel of land for the construction of new premises to replace the Shenzhen Distribution Centre and to establish a new training centre for our staff. We believe that the establishment of the staff training centre will provide better training to our staff and will improve our quality of service to our customers.

We have devised an assessment system for our staff and the assessment results will be used in salary reviews and promotion decisions. We recognise the importance of implementing a performance based incentive scheme for our employees. Our Directors believe that the constant improvement of the quality of our employees and their continued motivation are both key to maintaining a high standard of customer service.

As of the Latest Practicable Date, we were in compliance with all material local labor and employment regulations. We currently have in place internal control systems and risk management procedures to monitor compliance with labor, employment and other applicable regulations. Going forward, our Company, through its legal department, will continue to monitor all labor issues to ensure compliance with all applicable labor and employment regulations.

INSURANCE

We have maintained different types of insurance policies to cover our operations, enterprise property, public liability and loss of cash. As at 30 June 2010, we maintained approximately RMB250.6 million in insurance coverage. Our Directors believe that the amount of coverage taken out is typical for similar operations and adequate for us.

We have not maintained any product liability insurance. During the Track Record Period, the number of defective goods claims made against us was minimal. In light of this fact and having regards that the product liability insurance is not frequently maintained by other department stores in the PRC, our Directors consider that it is not necessary for us to maintain any product liability insurance for goods sold by our stores. Under the terms of the supply contracts which we use in connection with purchasing from suppliers and concessionaires, the suppliers and concessionaires will bear all product liability in respect of any product supplied to or sold in our stores.

LEGAL, COMPLIANCE AND LITIGATION

Our PRC Legal Advisers advised that we have complied in all material respects with all applicable laws and regulations and have obtained all material relevant licenses, permits and certificates necessary to conduct our existing operations except as set out below:

Issuance of pre-paid gift cards

Our Group started issuing pre-paid gift cards in January 1996. As at the Latest Practicable Date, all of our stores issued pre-paid gift cards. Cash that we receive from the issuance of pre-paid gift cards is an advance we receive from customers that increases trade and other payables on our balance sheet, but does not constitute part of Turnover or Gross Sales Proceeds until the customers pay for our goods or services using balance in pre-paid gift cards rather than other methods of payment such as cash, credit cards or other charge cards. For each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, Gross Sales Proceeds derived from sale of goods or services where the customers settled our invoices by way of balances on pre-paid gift cards were approximately RMB480.2 million, RMB565.3 million, RMB592.6 million and RMB334.2 million, respectively, representing 30%, 33%, 32% and 33% of total Gross Sales Proceeds in each of those years and the six months period ended 30 June 2010 respectively. Although any issuance of pre-paid gift cards does not immediately and directly increase Turnover or Gross Sales Proceeds, our Directors believe the pre-paid gift cards program brings stability to our Turnover because customers are more incentivized to buy goods and services from our stores when there is no additional cash outlay when they pay for such goods and services with pre-paid gift cards. As at 31 December, 2007, 2008 and 2009 and the six months ended 30 June 2010, the outstanding balance of pre-paid gift cards issued by our stores totalled approximately RMB255.5 million, RMB327.3 million, RMB352.5 million and RMB324.5 million respectively.

The following table sets out contributions of the use of pre-paid gift cards to our Gross Sales Proceeds, our gross profits from direct sales and our commission from concessionaire sales (which is for illustration purposes, please refer to the note below) for each of the financial years during the Track Record Period:

	2007 *(RMB million) (approx.)*	**2008** *(RMB million) (approx.)*	**2009** *(RMB million) (approx.)*	**Six months ended 30 June 2010** *(RMB million) (approx.)*
Gross Sales Proceeds from use of pre-paid gift cards	480.2	565.3	592.6	334.2
Gross profits from direct sales derived from use of pre-paid gift cards *(1)*	32.1	36.4	42.5	23.9
Commission from concessionaire sales derived from use of pre-paid gift cards *(1)*	50.1	55.1	55.1	34.2

Note:

(1) Holders of pre-paid gift cards are entitled to use balances in their pre-paid gift cards to purchase any merchandise at our stores, including our direct sale merchandise and merchandise that our concessionaires sell at their concessionaire counters. Since individual pieces of merchandise provides different gross profit margins, we are unable to accurately compute gross profits attributable to Gross Sales Proceeds derived from use of pre-paid gift cards during the Track Record Period. The gross profits from direct sales derived from use of pre-paid gift cards and the commission derived from use of concessionaire sales as set out in the above table are for illustration purposes only, and are calculated based on the following assumptions (and therefore cannot be taken as audited or accurate or pro forma financial information of our Company):

1. Gross Sales Proceeds from the use of pre-paid gift cards during the Track Record Period have been allocated to direct sales and concessionaire sales, in each of the financial years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, in the same relative proportion of the overall Gross Sales Proceeds attributable to direct sales and concessionaire sales. Direct sales constituted 50.3%, 50.7%, 51.0% and 50.2% respectively, of the overall Gross Sales Proceeds for each of the financial years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, and concessionaire sales constituted 49.7%, 49.3%, 49.0% and 49.8% respectively, of the overall Gross Sales Proceeds for each of the financial years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010; and

2. we further assumed that the average gross profit margins applicable to our direct sales generally, and the average commission rate applicable to concessionaire sales generally, for each of the financial years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, would apply to the Gross Sales Proceeds from direct sales and the commission rate applicable to concessionaire sales derived from the use of pre-paid gift cards during each of these three financial years and the six months ended 30 June 2010. The average gross profit margins applicable to our direct sales for the three financial years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were 13%, 13%, 14% and 14% respectively, and the average commission rate applicable to concessionaire sales for the three financial years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were 21%, 20%, 19% and 21% respectively.

The pre-paid gift card balances represent 50%, 66%, 71% and 65% of the aggregate balances of our cash and cash equivalents and inventories as at 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

Our PRC Legal Advisers are of the view that by offering pre-paid gift cards, we have breached the requirements under 《關於嚴禁發放使用各種代幣券(卡)的緊急通知》 (Emergency Notice on Prohibition of Issuing and Using Tokens (or Token Cards)*) ("**Emergency Notice**") jointly promulgated by 國家經濟貿易委員會 (State Economic and Trade Commission*), 國務院糾正行業不正之風辦公室 (Office of Correcting Industrial Improper Practice at the State Council*) and the PBOC on 19 January 2001 and relevant laws and regulations. The PBOC may pursuant to《中華人民共和國中國人民銀行法》(The Law of the People's Bank of China of The People's Republic of China*) impose a maximum aggregate fine of up to RMB600,000 on us (on the basis of a fine of RMB200,000 per operating entity) for issuing such pre-paid gift cards. As at the Latest Practicable Date, our Directors are not aware of any administrative action having been taken by the relevant authorities against us in respect of such non-compliance.

There is a possibility that the relevant PRC governmental authorities will enforce the provisions of the Emergency Notice and relevant laws and regulations against our stores. Such relevant laws and regulations which prohibit the issue of pre-paid gift cards include: (i)《國務院辦公廳關於禁止發放各種代幣購物券的通知》(Notice on Prohibiting the Distribution of Various Types of Tokens issued by the General Office of the State Council*) which was issued on 1 May 1991; (ii)《國務院關於禁止印製、發售、購買和使用各種代幣購物券的通知》(Notice on Prohibiting the Printing, Offering, Purchasing and Using of Various Types of Tokens issued by the State Council*) which was issued on 4 April 1993; (iii)《國務院關於嚴格控制消費基金過快增長和加強現金管理的通知》(國發明電 [1994] 25號) (Notice on Strictly Controlling the Overly Rapid Growth of Consumption Expenditure and Strengthening the Cash Management issued by the State Council (Guo Fa Ming Dian [1994] No.25)*) which came into effect on 9 November 1994; (iv)《國務院辦公廳關於進一步加強現金管理控制現金投放的緊急通知》 (國辦發明電[1995]1號) (Emergency Notice on Further Strengthening the Cash Management and Controlling the Cash Issuance issued by the General Office of the State Council (Guo Ban Fa Ming Dian [1995] No.1)*) which came into effect on 16 January 1995; (v)《中華人民共和國 人民幣管理條例》(Regulations of the People's Republic of China on Administration of Renminbi*) which came into effect on 1 May 2000; (vi)《中華人民共和國中國人民銀行法》(The Law of the People's Bank of China of the People's Republic of China*) which came into effect on 18 March 1995 and amended on 27 December 2003, the amendment became effective on 1 February 2004; (vii) the Emergency Notice; and (viii) 《國務院糾正行業不正之風辦公室關於堅決刹住發放和使用各種代幣購物券之風的緊急通知》(Emergency Notice on Resolutely Stop the Tendency on Issuance and Use of Various Kinds of Token Cards of the Office of Correcting Industrial Improper Practice*) issued on 11 December 1998. If the Emergency Notice and relevant laws and regulations are enforced, with regards to our stores, the PBOC may order us to stop issuing pre-paid gift cards. Further, this is an area of changing rules and regulations and there can be no certainty that relevant PRC governmental authorities may not promulgate new, or change the existing, rules and regulations or require us to modify or immediately terminate our issuance of pre-paid gift cards, and in which case, there is no assurance that we would be able to continue to operate in such manner and/or comply with any such requirement, which may have an adverse effect on our operational and financial conditions.

Our PRC Legal Advisers have advised us that in the event that the Emergency Notice and relevant laws and regulations are enforced, the PBOC may impose a maximum aggregate fine of up to RMB600,000 on us (on the basis of a fine of RMB200,000 per operating entity) for issuing such pre-paid gift cards. As advised by our PRC Legal Advisers, the current PRC laws and regulations concerning the issue of pre-paid gift cards are regulatory in nature and do not involve any criminal liability or provisions with criminal sanctions, and the penalty involved for non-compliance with such laws and regulations are administrative in nature. In the event that the fine is not paid within the stipulated timeline, the relevant authorities may impose a further penalty, freeze and seize relevant assets or bring the matter to court. Our PRC Legal Advisers have advised us that the current PRC laws and regulations governing the issuance of pre-paid gift cards do not provide any measures to the relevant authority to order the issuer of such cards to redeem all the outstanding pre-paid gift cards, or to require us to refund the relevant income generated from the funds of the pre-paid gift cardholders. Our PRC Legal Advisers further advised us that they were not aware of any enforcement cases or any administrative actions taken by the relevant authorities in Shenzhen or other regions in the PRC for the past three years in which the issuers of pre-paid gift cards or token cards were ordered to redeem the outstanding pre-paid gift cards or to refund the relevant income generated from funds of the pre-paid gift cards. However, our Directors, with the assistance of our PRC Legal Advisers, were aware of some cases in Shenzhen or other regions in the PRC in which penalty in the form of fine only was imposed on issuers of pre-paid gift cards pursuant to the provisions of《中華人民共和國中國人民銀行法*》(The Law of the People's Bank of China of the People's Republic of China*), and most of such cases involving penalty of fine only took place beyond the past three years. Our Directors understand from their industry information that, irrespective of the current regulatory restrictions in the PRC, it is a common industry practice in the PRC for department stores to issue pre-paid gift cards and a number of retail operators located in various cities in the PRC have issued and are still issuing pre-paid cards. Our Directors, based on the unofficial information available from the internet which the Directors are unable to verify its accuracy, noted that certain enforcement actions had in the past been taken by PRC authorities against some store operators in connection with pre-paid card programs. According to these sources of information, there had been nine store operators penalised for operating pre-paid card programs which include industry players in Beijing, Shanxi, Henan, Anhui, Nanjing and Shandong, and the enforcement actions involved fines and compulsory immediate cessation of issuance of further pre-paid cards. While the Directors believe certain industry operators which operate pre-paid card programs have not met with any enforcement actions, given the absence of official enforcement guidelines the Directors are not in a position to comment on the bases and rationale of when and how a governmental enforcement action is taken, and our Directors do not know whether those operators who have faced enforcement actions have ceased to issue pre-paid gift cards.

Our PRC Legal Advisers have further advised us that as the terms and conditions of the pre-paid gift cards would only allow the cardholders to redeem the pre-paid gift cards with goods and would not allow them to convert the value of the cards into cash, and the cardholders have acknowledged such terms and conditions when they purchased the pre-paid gift cards, in the event that such cardholders take civil actions against us for refund of the monies paid for the pre-paid gift cards, our Group has chance of winning such civil actions. But if we lose such civil actions, we may be liable to repay all outstanding amounts of the pre-paid gift cards issued to such cardholders, and as advised by our PRC Legal Advisers, in the event that such cardholders claim against our Group in relation to specifically the sale of the pre-paid gift cards to the cardholders, our maximum exposure in such civil actions will be the refund of the face value of all such outstanding amounts of the pre-paid gift cards, interest and court litigation fees involved in such civil actions. However, in the event that the relevant authorities strictly enforce the Emergency Notice or relevant laws or regulations and we are ordered to immediately rectify any non-compliance, including immediate redemption of all outstanding pre-paid gift cards issued by us, our Directors believe that our Group should have sufficient financial resources to meet the obligations and would not have any material negative impact on our liquidity position and the business of our Group as a whole. Although an abrupt termination of the use of pre-paid gift cards may cause our customers to lose confidence in us and may have an effect on our business, we believe that our business will not be materially adversely affected so long as the other aspects of our business operations continue to cater to the needs of our customers and the market and the requirement is applied to all our competitors who have issued similar pre-paid gift cards.

Pursuant to the Deed of Indemnity, our Controlling Shareholders have also undertaken to indemnify us against any claims, demands, costs, expenses, fines, penalty, charges and losses (including but not limited to the said fine of RMB600,000, and legal costs and other costs involved of the civil actions which pre-paid gift cardholders may take against our Group, but excluding the redemption cost for refund of the pre-paid gift cards) that we may suffer due to any breach of the applicable PRC laws and regulations regarding the issuance of the pre-paid gift cards. However, our reputation may be affected if we are subject to such fines and penalties. As our Controlling Shareholders have undertaken to keep us indemnified, no provisions for contingent liability will be made in our financial statements.

We have implemented a number of measures to monitor the issuance of such pre-paid gift cards, including obtaining monthly updates from each of our stores on the outstanding balance of pre-paid gift cards. We have also arranged for our internal legal department to monitor on a regular basis any changes in the legal position under the relevant PRC laws and regulations, any incidents of enforcement by the relevant authorities in the PRC as well as the practice of our competitors in Shenzhen. We have further requested our PRC legal advisers to keep us informed should revised laws or regulations which may impact on the issuance of pre-paid gift cards and/or the enforcement of the provisions of the Emergency Notice by the relevant PRC governmental authorities come into effect.

Going forward, we will adopt the following internal control procedures to ensure that we have sufficient cash resources for redemption and maintaining our daily operation after Listing if we are required under the Emergency Notice or relevant laws and regulations to redeem our outstanding pre-paid gift cards. From time to time after Listing and until the current laws and regulations governing the issue of pre-paid gift cards are relaxed, we will set aside in designated bank accounts of our Company a sum representing from time to time not less than 35% of the total amount of the outstanding balance of the pre-paid gift cards issued by our stores for the then immediately preceding financial year and such sum shall be used for the specific purpose so that sufficient inventories can be procured by our Group for cardholders to redeem our outstanding pre-paid gift cards in the event that we are obliged under any relevant laws or regulations to do so. Our Directors believe that our Group should have sufficient financial resources to meet the obligations and would not have any material negative impact on our liquidity position and the business of our Group as a whole.

Given (i) the relevant current PRC laws and regulations in respect of the issuance pre-paid gift cards are regulatory in nature and do not involve criminal liability or provisions with criminal sanctions as cited above, (ii) our understanding that it is common market practice in the department store industry in Shenzhen as well as a common industry practice in other regions in the PRC for department stores to issue pre-paid gift cards, (iii) our Directors are not aware of any administrative action having been taken against our Group in respect of the issuance of pre-paid gift cards and (iv) the fact that the cessation of the issue of pre-paid gift cards may put our Group at a competitive disadvantage compared to other department store operators in the PRC, we did not stop issuing the pre-paid gift cards during the Track Record Period. For the same reasons and given the indemnity from our Controlling Shareholders, our Directors expect our Group to be able to continue issuing and selling pre-paid gift cards.

In the event that the relevant PRC authorities strictly enforce the Emergency Notice or relevant laws or regulations and we are ordered to immediately stop issuing pre-paid gift cards, our Group will consider ways to legalise the issue of pre-paid gift cards such as exploring the feasibility of collaborating with authorised banking institutions or their associated entities for launching a jointly run pre-paid gift card program for our stores which can comply with the relevant laws and regulations. Our Group will also consider launching alternative programs so as to minimise any inconvenience caused to our customers and the effect on our business. Such alternative programs may include enhancing the benefits and bonus points on purchases offered to our customers under the current customer loyalty program "歲寶通" (Shirble Member Card), extending our scope of co-operation with each of China Construction Bank and Industrial and Commercial Bank of China in our co-branded credit cards, the "歲寶龍卡" (Shirble Dragon Co-brand Credit Card*) and "牡丹歲寶聯名卡" (Peony Shirble Co-brand Credit Card*) respectively and promoting other marketing activities for adding incentive to our customers to shop at our stores. We will conduct detailed study on the feasibility of such alternative programs so as to minimise the effect on our business due to cessation of the issue of pre-paid gift cards at our stores.

For the above mentioned reasons and the potential alternatives, the Sole Sponsor concurred with the view of our Directors that we will be able to continue issuing and selling pre-paid gift cards or provide alternative programs in place of the current pre-paid gift card program.

Registration of Lease Agreement and obtaining of building ownership certificates

Registration of Lease Agreement

As at the Latest Practicable Date, one of our lease agreements have not been registered with the relevant PRC government authorities. One of such lease agreement was entered into between Shirble Chain Store and an Independent Third Party pursuant to which Shirble Chain Store is required to pay a monthly rental of approximately RMB23,687 per month. With effect from 11 February 2010, there was/will be an annual 2% increase in the rental of the preceding year. No rental was payable during 11 July 2007 to 10 February 2008. Such lease agreement has not been registered as at the Latest Practicable Date because the landlord has failed to do so despite our repeated requests made to the landlord to comply with the registration requirement. As advised by our PRC Legal Advisers, pursuant to the《深圳經濟特區房屋租賃條例》(2004) (Lease Regulation of Shenzhen Special Economic Zone*) and other relevant regulations, a failure to co-operate with the landlord to register the lease agreement as a tenant attracts penalties including fines equivalent to 10% of the total rentals agreed under the lease agreement. Our PRC Legal Advisers have advised that the maximum fine that may be imposed on us for such failure to register the lease agreement is RMB490,734.95. Our PRC Legal Advisers have further advised that, as the failure of registration of the lease agreement is due to the landlord's inaction, based on a confirmation issued by 深圳市羅湖區房屋租賃管理局蓮塘租賃所 (Liantang Branch of

Shenzhen Luohu District Housing Lease Administration*) dated 22 March 2010 confirming that no penalty has been imposed in respect of the leased property, the risk that any penalties will be imposed on us as a result of the Lease Agreement not being registered is remote. As advised by our Directors, as at the Latest Practicable Date, our Group has not received any notice demanding payment of penalties as a result of the Lease Agreement not being registered.

Building ownership certificates

As at the Latest Practicable Date, landlords of four of our leased properties have not obtained the building ownership certificates of such properties. The four leased properties are (i) the property currently occupied by our Luhe store ("**Luhe Leased Property**"), (ii) a property under construction in respect of our Shajing store which has commenced business in August 2010 ("**Shajing Leased Property**"), (iii) the property currently occupied by our Longzhu store ("**Longzhu Leased Property**") and (iv) our Minzhi store ("**Minzhi Leased Property**"). Out of these properties, the Shajing Leased Property and the Minzhi Leased Properties have also not obtained the construction work planning permit. Our Directors do not know why the landlord of the Shajing Leased Property has not yet applied for the construction work planning permit, and as we are the tenant, it is not within our control and we are unable to estimate the expected time for the landlord to apply for or obtain such permit. Our PRC Legal Advisers have advised us that they are unable to ascertain whether there is any legal impediment for the landlord of the Shajing Leased Property to obtain the relevant construction work planning permit or building ownership certificate. However, the landlord of the Shajing Leased Property has given us an undertaking pursuant to which the landlord covenanted that it has the right to lease the Shajing Leased Property to us, and our PRC Legal Advisers have further advised us that we as the tenant shall be entitled to claim against the landlord for damages due to its failure to obtain the relevant construction work planning permit or building ownership certificate and thus impact our use of relevant leased properties.

In the event that any of such landlords fail to obtain the building ownership certificates or the construction work planning permits, such landlords may be required to demolish the property and we may then be required to relocate our operations. This would result in us incurring additional costs due to the business interruption. For Luhe store, since it is a small scale store, the Directors may elect not to set up a new store to relocate our operations. Our Directors estimate that in such event our costs to be incurred in connection with a cessation of business for Luhe store will mainly relate to transportation costs of approximately RMB50,000. For Longzhu store, our Directors estimate our additional costs to relocate to be approximately RMB10.5 million, including transportation costs, additional capital expenditure, decoration for the new store and business interruptions. For Shajing store, our Directors estimate our additional costs to relocate to be approximately RMB9.4 million, including transportation costs, additional capital expenditure, decoration for the new store and business interruptions. The estimated time for the relocation of each store is approximately one month. We will not be legally responsible for any such future non-compliance by such landlords. In terms of operational impact, relocation will inevitably cause temporary interruptions to our business operations, as we will be required to find alternative locations while our business operations for the affected stores may cease before the setting up of new stores in such alternative locations. However, given our experience of selecting locations for setting up our stores, our Directors believe that such relocation will not materially adversely affect our overall business operations. We have consistently reminded the landlords of our Luhe Leased Property and Longzhu Leased Property to obtain the building ownership certificates of such properties. However, such landlords still fail to do so, and we as tenants are not in a position to estimate the expected time for the landlords to apply for or obtain such certificates, and our PRC Legal Advisers have advised us that in respect of the Luhe Leased Property and the Longzhu Leased Property, there should be no legal impediment for the respective landlords to obtain the building ownership certificate if they pass the checking and acceptance on the completion of construction work and comply with all relevant regulations. However, our PRC Legal Advisers are unable to ascertain the progress for the completion of such construction work. Our PRC Legal Advisers have further advised us that we as tenants shall not be liable for such failure by our landlords to obtain the building ownership certificates and we as the tenants shall be entitled to claim against the landlords for damages due to their failure to obtain the relevant building ownership certificates, as the landlords have covenanted to us that they have the right to lease such properties to us.

In relation to the Luhe Leased Property, our landlord, Shirble Inn, has undertaken to indemnify us against any losses suffered by us. With regard to the Longzhu Leased Property, our Controlling Shareholders have agreed to indemnify us for any excess damages we may suffer that may not be recovered from our landlord, the Bureau of Housing and Construction of Shenzhen Municipality. With regard to the Shajing Leased Property, our landlord has undertaken that it will bear all responsibility caused by the lack of proper title.

Pursuant to the Deed of Indemnity, our Controlling Shareholders have agreed to indemnify us and keep us at all times fully indemnified against all claims, demands, costs, expenses, fines, penalties and charges suffered by us due to the title defects, failures of registration and any absence of relevant landlords' consents regarding our leased properties or properties leased by us. Although we may seek indemnity from our Controlling Shareholders pursuant to the Deed of Indemnity, the imposition of penalties or charge may adversely affect our business reputation.

Please refer to the paragraphs under "Property" below for further information of our leased properties.

Others

From time to time, we may become involved in legal proceedings relating to claims arising out of operations in the normal course of business. None of these proceedings, individually or in aggregate, had, and there are no legal proceedings or arbitrations, pending or threatened, against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

INTELLECTUAL PROPERTY RIGHTS

Trademarks

We rely on our brand name "[illegible]" to promote and reinforce our customer awareness and brand recognition.

According to our PRC Legal Advisers, the PRC laws provide trademark protection for specific products and services, such as advertising and agency for import and export, in relation to retail services in the PRC. Consistent with industry practice, we have applied for registration of six trademarks under class 35 in the PRC.

We have registered four trademarks in Hong Kong.

Domain name

We are the registrant of the domain name of www.shirble.net.

Details of our registered trademarks, trademark applications, domain name and other intellectual property rights are set out in the paragraphs under "Further information about the business of our Group – 2. Intellectual property" in Appendix VI to this prospectus.

Our Directors are not aware of any material infringement of intellectual property rights that we owned nor any litigation or material disputes regarding the intellectual property rights that we used during the Track Record Period in the PRC and Hong Kong.

AWARDS AND ACHIEVEMENTS

We are committed to developing a good corporate image and reputation with which we hope to attract and secure more customers and enhance recognition of the brand name. We have won several prestigious awards and achievements for our retail business. The following table sets out some of our major awards and industry rankings:

Date	Awards/Accreditations	Issued by
2010	"老字號" (Time-honoured Brand*)	深圳市商業聯合會 (Shenzhen General Chamber of Commerce*)
2009	納稅百佳民營企業 (Top 100 Taxpayer Private Enterprises*)	深圳市福田區人民政府 (Government of Futian District, Shenzhen*)
	見證深圳經濟發展十五年優秀代表企業 (Outstanding Enterprises In Witness of Shenzhen's Economic Development In Past Fifteen Years*)	深圳晚報社 (Shenzhen Evening News*)
	2008零售榜全心全意為人民服務的名牌商場 (2008 Shenzhen Retail Billboard: Whole-hearted Services Award*)	深圳市連鎖經營協會 (Shenzhen Franchise Association*) 深圳市零售商業行業協會 (Shenzhen Retail Business Association*) 深圳廣播電影電視集團 (Shenzhen Media Group*) 中國工商銀行深圳市分行 (Industrial and Commercial Bank of China, Shenzhen Branch*)
	深圳市顧客滿意服務明星單位 (Enterprises Excel in Customer-satisfied Services*)	深圳市質量協會 (Shenzhen Association of Quality*) 深圳市總工會 (Shenzhen Federation of Trade Union*) 共青團深圳市委員會 (Shenzhen Communist Youth League Committee*) 深圳市婦女聯合會 (Women's Federation of Shenzhen*)

Date	Awards/Accreditations	Issued by
2008	深圳知名品牌 (Well-known Brand of Shenzhen*)	深圳知名品牌評價委員會 (Evaluation committee of Shenzhen Well-known Brand*)
	2008年度深圳百強企業 (Top 100 Enterprises in Shenzhen, 2008*)	深圳市企業聯合會 (Shenzhen Enterprises Confederation*) 深圳商報 (Shenzhen Economic Daily*)
	2008廣東省企業100強 (Top 100 Enterprises in Guangdong Province, 2008*)	廣東省企業聯合會 (Guangdong Enterprises Confederation*) 廣東省企業家協會 (Guangdong Entrepreneurs Association*)
	2008年度深圳連鎖企業30強 (Top 30 Chain Enterprises in Shenzhen, 2008*)	深圳市貿易工業局 (Shenzhen Bureau of Trade and Industry*)
2007	2007年度深圳百強企業 (Top 100 Enterprises in Shenzhen, 2007*)	深圳市企業聯合會 (Shenzhen Enterprises Confederation*) 深圳商報 (Shenzhen Economic Daily*)
	2007年深圳第五屆購物文化節 "市民最喜愛的商場" (7th Shopping Festival: Favourite Shopping Mall to Citizens*)	深圳購物節組委會 (Shopping Festival Committee*)
	零售十年，十大著名商場 (Top 10 Famous Shopping Mall for 1997-2007*)	深圳市零售商業行業協會 (Shenzhen Retail Business Association*)
2006	2006年度深圳消費者喜愛的名牌商場 (Favourable Shopping Mall in 2006, Shenzhen*)	深圳市零售商業行業協會 (Shenzhen Retail Business Association*)
	2006年深圳百強企業 (Top 100 Enterprises in Shenzhen, 2006*)	深圳企業聯合會 (Shenzhen Enterprise Confederation*) 深圳商報 (Shenzhen Economic Daily*)

PROPERTY

We only own the premises on which our Hongbao store is located, and lease on a long-term basis the premises on which most of our other stores are located. All our stores are strategically located at prime and prominent locations with high human traffic and easy accessibility in their respective cities, in or in vicinity to the main commercial or residential areas and public transportation systems. As at the Latest Practicable Date, our 12 stores currently in operation occupy an aggregate Gross Floor Area of approximately 179,000 sq. m..

Owned property

As at the Latest Practicable Date, we owned one property in the PRC with a total Gross Floor Area of around 6,675.7 sq. m., which is used for our store operation. We have obtained the building ownership certificates and land use rights certificate for such property.

We intend to acquire additional properties in future for our operations. Please refer to the sub-section headed "Our business strategies" under this section and the section headed "Future plans and use of net proceeds from the Global Offering – Use of Proceeds" in this prospectus for further details of such intention.

Leased properties

Description of leased properties

As at the Latest Practicable Date, we leased a total of 18 properties in the PRC with a total Gross Floor Area of about 226,439.46 sq. m., of which 14 properties (excluding two PRC leased properties for a total Gross Floor Area of 164.2 sq. m. which are used as part of our Hongbao Store, the principal property of which is owned by the Group) occupying a total of approximately 202,110.08 sq. m. were used or were intended to be used to conduct store operations of the Group, and one premises was used as our Shenzhen Distribution Centre. Part of the property currently used as our Shenzhen Distribution Centre was owned by Shirble Department Store (Shenzhen). On 20 August 2009, we entered into sale and purchase agreements with Shenzhen Guozhan whereby we sold the property currently used as our Shenzhen Distribution Centre for an aggregate cash consideration of RMB58,270,000. The amount of consideration was based on a valuation report issued by an independent valuer where the market value of the Shenzhen Distribution Centre was stated to be RMB58.3 million as at 30 June 2009. The gain from the disposal was RMB136,000. After completion of the transfer, Shenzhen Guozhan leased the property currently used as Shenzhen Distribution Centre to us for a period of three years from September 2009 to December 2012 at an annual rental of approximately RMB2.97 million. Shenzhen Guozhan has also leased a property located adjacent to property within the building complex to us for use as part of our Shenzhen Distribution Centre for a period from April 2009 to December 2012 at an annual rental of approximately RMB5.27 million. In addition, Ruizhuo Investment has also leased a property located adjacent to property within the building complex to us for use as part of our Shenzhen Distribution Centre until December 2012 at an annual rental of approximately RMB1.46 million. Further information on these continuing connected transactions is set forth in the section headed "Connected Transactions" in this prospectus. In light of the fact that the property at which our Shenzhen Distribution Centre is not situated at the areas in which warehouses and logistics supporting facilities are available, our Directors intend to relocate our Shenzhen Distribution Centre to an industrial area in Shenzhen by the end of 2012. The above lease arrangements are therefore intended to be part of our transitional arrangements before the relocation. As of the Latest Practicable

Date, we did not enter into any binding agreement for the relocation plan. We are in discussions with an Independent Third Party for a possible acquisition of a parcel of land for the construction of new premises to replace the Shenzhen Distribution Centre and to establish a new training centre for our staff. The discussions are taking place and no detailed terms and conditions (including the structure of the proposed transaction) have been agreed for the acquisition. Alternatively, we may consider identifying other location and may negotiate with other parties for the acquisition plan. In selecting the location of the new distribution centre, we consider various factors such as the land cost and the transportation cost that may need to be incurred by us. The establishment of the training centre will provide systematic training to our staff on sales and servicing skills and substantive knowledge in operating our stores. We believe that the establishment of a staff training centre will provide better training to our staff and will improve our quality of service to our customers. We intend to use our internal resources to finance the land acquisition and to use part of the net proceeds from the Global Offering for construction and establishment on such piece of land of a new distribution centre with modern warehouse and storage facility and equipment as well as a staff training centre. It is expected that the new distribution centre and staff training centre will occupy an area of approximately 60,000 sq. m., of which an area of about 55,000 sq. m. will be used for the new distribution centre and the remaining area of about 5,000 sq. m. will be used for the staff training centre.

Our Directors believe that the relocation is justified as (a) it will be more economical for us in the long run due to the differential in the rent of urban and industrial areas, (b) the new distribution centre will be more suited for use as a distribution centre, because the location of the new distribution centre will be in industrial areas in which warehouses and logistics supporting facilities are available, and (c) the new distribution centre will possess a larger Gross Floor Area, thus being in line with our expanding business operations.

We will issue an announcement in Hong Kong on the details of the relocation plan of the new distribution centre and the relevant capital expenditure requirements after Listing when the details of the relocation plan are finalised.

We have also leased a property from an Independent Third Party with a total gross area of 249.92 sq. m. for office use, which comprises two units of Jin Zhong Huan Business Building in Futian District of Shenzhen for a term from 1 March 2010 to 28 December 2012 at a monthly rental of RMB29,990.40. The lease has been early terminated on 5 August 2010.

Shirble Department Store (Hong Kong) has leased from an Independent Third Party premises situated at Suites 1401-1402, 14th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong from 1 January 2010 to 31 December 2012 at a monthly rental of HK$77,962, exclusive of rates and building management fee, for use as our principal place of business in Hong Kong.

Registration of Lease Agreement and obtaining of building ownership certificates

For details of the properties owned or leased by us in our retail store operation, please refer to the property valuation report prepared by DTZ Debenham Tie Leung Limited contained in Appendix IV to this prospectus.

CONNECTED PERSONS

We have entered into a number of transactions with entities which will become our Connected Persons upon Listing and such transactions will, upon Listing, constitute continuing connected transactions (as defined under the Listing Rules) for our Company. These entities include the following:

Shirble Inn

Shirble Inn is ultimately controlled by Mr. YANG. Hence, Shirble Inn is an associate of a Connected Person of our Company. Pursuant to Rules 1.01 and 14A.11(4) of the Listing Rules, Shirble Inn is a Connected Person of our Company.

Ruizhuo Investment

Ruizhuo Investment is owned in equal shares by Mr. ZHU Bijiang (朱碧江), who is a member of our senior management team and a nephew of Mr. YANG, and Ms. ZHU Bihui (朱碧輝), who is a niece of Mr. YANG. Pursuant to Rule 14A.11 of the Listing Rules, Ruizhuo Investment is a Connected Person of our Company.

Shenzhen Guozhan

Shenzhen Guozhan is owned as to 20% by Mr. ZHU Huayue (朱華月), Mr. YANG's brother-in-law and as to 80% by Ms. ZHU Bihui (朱碧輝), Mr. YANG's niece, who is also a 50% equity interest holder of Ruizhuo Investment. Pursuant to Rule 14A.11 of the Listing Rules, Shenzhen Guozhan is a Connected Person of our Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Lease agreement with Shirble Inn

Our Luhe store, with a total area of approximately 2,227 sq. m., is located at the 1st Floor and the 2nd Floor of the premises owned by Shirble Inn.

Pursuant to a lease agreement dated 1 June 2004 and a supplemental agreement dated 1 March 2010 entered into between Shirble Chain Store and Shirble Inn, Shirble Chain Store has agreed to lease the property from 3 June 2004 until 31 December 2012. The annual rental is fixed at RMB198,000. For each of the three years ended 31 December 2009 and the six months ended 30 June 2010, Shirble Chain Store paid Shirble Inn an aggregate rental of RMB198,000, RMB198,000, RMB198,000 and RMB99,000 respectively.

DTZ Debenham Tie Leung Limited has confirmed that the rental payable mentioned above is comparable to the market rate at the time when the lease agreement was entered into. Our Directors confirm that the aggregate rental payable under the lease agreement mentioned above is fair and reasonable and was negotiated on an arm's length basis with Shirble Inn upon normal commercial terms.

Lease agreements with Shenzhen Guozhan

Pursuant to a lease agreement dated 9 October 2009 and a supplemental agreement, Shirble Department Store (Shenzhen) leased part of the Shenzhen Distribution Centre of 7,500.43 sq. m. from Shenzhen Guozhan for the period from 15 September 2009 to 31 December 2012 for our continuous use as distribution centre. The monthly rental is RMB33 per sq. m., i.e. an annual rental of approximately RMB2.97 million.

In addition, pursuant to another lease agreement and a supplemental agreement both dated 29 June 2009, Shirble Department Store (Shenzhen) leased from Shenzhen Guozhan a property of approximately 13,298.93 sq. m. located at the building complex situated at Shangbu North Road, Bagualing Zone 7-1, Futian District, Shenzhen, the PRC. The property is part of our Shenzhen Distribution Centre. The lease periods are set forth below:

Area *(sq. m.)*	**Period**	**Monthly rental** *(RMB)*
3,556.07	1 January 2009 to 31 December 2012	117,350.31
9,742.86	1 April 2009 to 31 December 2012	321,514.38
	Total	438,864.69

Hence, during each of the three years ended 31 December 2009 and the six months ended 30 June 2010, we paid to Shenzhen Guozhan aggregate rental of nil, nil, approximately RMB5.19 million and RMB4.12 million, respectively, for the abovementioned properties.

DTZ Debenham Tie Leung Limited has confirmed that the aggregate rental payable mentioned above is comparable to the market rate at the time when the relevant lease agreement was entered into. Our Directors confirm that the aggregate rental payable under each of the lease agreement mentioned above is fair and reasonable and was negotiated on an arm's length basis with Shenzhen Guozhan upon normal commercial terms.

Lease agreements with Ruizhuo Investment

1. *Lease of part of the Shenzhen Distribution Centre*

Pursuant to a lease agreement and a supplemental agreement both dated 29 June 2009, Shirble Department Store (Shenzhen) leased from Ruizhuo Investment a property of 3,345.82 sq. m. located at the building complex situated at Shangbu North Road, Bagualing Zone 7-1, Futian District, Shenzhen, the PRC. The property is part of our Shenzhen Distribution Centre. The lease periods are set forth below:

Area *(sq. m.)*	**Period**	**Monthly rental** *(RMB)*
1,695.63	1 January 2004 to 29 February 2008 and 1 December 2008 to 31 December 2012	55,955.79
277.43	1 January 2004 to 31 December 2012	9,155.19
1,372.76	1 July 2002 to 31 December 2012	56,283.16
	Total	**121,394.14**

Thus, the aggregate annual rental is approximately RMB1.46 million.

2. *Lease of a commercial property as a tobacco sales counter*

Pursuant to a lease agreement dated 12 January 2010 and a supplemental agreement, Shirble Chain Store leased from Ruizhuo Investment a property of 39.02 sq. m. located at Bao'an Road, Luohu District, Shenzhen, China for the period from 10 January 2010 to 9 January 2013 at a monthly rental of approximately RMB1,678, i.e. an annual rental of approximately RMB20,134. The property is used as a tobacco sales counter of our Hongbao store.

During each of the three years ended 31 December 2009 and the six months ended 30 June 2010, we paid rental of approximately RMB1.46 million, RMB0.87 million, RMB1.46 million and RMB0.73 million, respectively, to Ruizhuo Investment. The rental amount for 2008 was lower because we suspended the lease of the areas of 1,695.63 sq. m. and 277.43 sq. m. stated above as part of the Shenzhen Distribution Centre during March to November 2008 as those areas had to undergo renovation.

DTZ Debenham Tie Leung Limited has confirmed that the relevant rental payable mentioned above is comparable to the market rate at the time when the relevant lease agreement was entered into. Our Directors confirm that the aggregate rental payable under each of the lease agreements mentioned above is fair and reasonable and was negotiated on an arm's length basis with Ruizhuo Investment upon normal commercial terms.

Implications under the Listing Rules

All of the above transactions involve lease of properties from entities controlled by Mr. YANG or his associates. Pursuant to Rule 14A.25 of the Listing Rules, the continuing connected transactions represented by the lease agreements with Shirble Inn, Shenzhen Guozhan and Ruizhuo Investment should be aggregated and treated as if they were one transaction.

The aggregate annual rental payable under the lease agreements with Shirble Inn, Shenzhen Guozhan and Ruizhuo Investment will be approximately RMB9.9 million, and thus exceed HK$1.0 million and will be more than 0.1% but will not be more than 5% of the applicable percentage ratios (as defined under the Listing Rules). Hence, these transactions will be exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules and will only be subject to the reporting and announcement requirements applicable to non-exempt continuing connected transactions under Rules 14A.45 to 14A.47 of the Listing Rules. We have applied to the Stock Exchange for a waiver from strict compliance with the announcement requirement under the Listing Rules, particulars of which are set forth in the paragraphs under "Waiver from the Stock Exchange" below.

Waiver from the Stock Exchange

Upon Listing, the above transactions shall constitute non-exempt continuing connected transactions for our Company. As the non-exempt continuing connected transactions described above are and will be conducted in our ordinary and usual course of business, our Directors consider that compliance with the announcement requirements set forth under the Listing Rules would be unduly burdensome, which may also involve unnecessary administrative costs without providing coherent and systematic information to our Shareholders.

In this regard, pursuant to Rule 14A.42(3) of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements under Rule 14A.35(3) of the Listing Rules that would have been otherwise applicable to the non-exempt continuing connected transactions described above, subject to the aggregate value of the non-exempt continuing connected transactions for each of the three years ending 31 December 2010, 2011 and 2012 not exceeding RMB9,914,000, RMB9,914,000 and RMB9,914,000 respectively.

In determining the annual caps for the above non-exempt continuing connected transaction during each of the three years ending 31 December 2012, our Directors and the Sponsor considered the annual rentals payable during the term of the lease agreements.

We have complied with the requirements under Rule 14A.42(3) of the Listing Rules and, pursuant to Rule 14A.42(3) of the Listing Rules, we will comply with the requirements under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

Confirmation from Our Directors

Our Directors, including the independent non-executive Directors, are of the opinion that (i) the non-exempt continuing connected transactions described above have been entered into and shall be in our ordinary and usual course of business on normal commercial terms, are fair and reasonable and are in the interests of our Shareholders as a whole; and (ii) the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and are in the interests of our Shareholders as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions described above have been entered into and shall be in our ordinary and usual course of business on normal commercial terms, are fair and reasonable and are in the interests of our Shareholders as a whole; and (ii) the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and are in the interests of our Shareholders as a whole.

DIRECTORS

Our Board consists of two executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name	Age	Position/Title
YANG Xiangbo (楊祥波)	47	Chairman and executive Director
YANG Xiaomei (楊筱妹)	54	Chief executive officer and executive Director
ZHAO Jinlin (趙晉琳)	41	Independent non-executive Director
CHEN Fengliang (陳峰亮) . . .	37	Independent non-executive Director
JIANG Hongkai (江宏開) . . .	45	Independent non-executive Director

Executive Directors

Mr. YANG Xiangbo (楊祥波), aged 47, our Chairman and an executive Director. Mr. YANG was appointed as a Director on 5 November 2008. Mr. YANG is also a director and chairman of Shirble Department Store (Shenzhen) and Shirble Chain Store, a director of Shirble Department Store (Hong Kong) and Shirble Hong Kong, and an executive director of Shirble Mingxing Trading, Shirble Apparel, Shirble Xiangzhixuan, Shirble Ruizhuo and Shirble Yuzhixiang. Mr. YANG is our founding investor and is responsible for formulating our overall business development strategies and providing the overall management directions of our Group. From 1984 to 1990, Mr. YANG was engaged in trading of products including daily necessities and construction materials in Guangzhou and Shenzhen. In 1990, Mr. YANG established Shirble Holdings Limited (which is not part of our Group). From 1992 to late 1995, Mr. YANG operated a department store in Shenzhen named Dajiangnan Shopping Mall (大江南商場), and became acquainted with Madam YANG Xiaomei and Mr. LI Zuolin during this period. Mr. YANG ceased to operate Dajiangnan Shopping Mall in late 1995. From 1992 to 2006, Mr. YANG was a director of Haerbin Hatou Investment, which has been listed on the Shanghai Stock Exchange since 1994, the principal business of which is the provision of electricity and heat. In late 1995, through his savings, Mr. YANG established Shirble Department Store (Shenzhen) with the first department store in Shenzhen opened in January 1996. Part of the equity interest in Shirble Department Store (Shenzhen) was held by Haerbin Hatou Investment during the period between February 2000 and August 2006. Mr. YANG served as a director of China Merchants Bank from 1993 to 1995 and a director of China Minsheng Bank from 1995 to 2003. Mr. YANG has been a member of the eighth, ninth and tenth sessions of the National Committee of the Chinese People's Political Consultative Conference.

In 1993, Mr. YANG was granted a honorary doctor's degree in engineering from Haerbin Institute of Technology (哈爾濱工業大學).

Mr. YANG is the father of Mr. YANG Ti Wei and the uncle of Mr. ZHU Bijiang, both being members of our senior management team. Save for working relationship, Mr. YANG is not related to Madam YANG Xiaomei. Mr. YANG is a director of Shirble BVI and Xiang Rong Investment.

Madam YANG Xiaomei (楊筱妹), aged 54, our chief executive officer and an executive Director. Madam YANG was appointed as a Director on 16 March 2010. Madam YANG is also the vice chairman and general manager of Shirble Department Store (Shenzhen), a director and general manager of Shirble Chain Store, the general manager of Shirble Mingxing Trading, Shirble Xiangzhixuan, Shirble Ruizhuo and Shirble Yuzhixiang, and the person in charge of each of our department stores. Madam YANG is one of the co-founders of our Group with Mr. YANG, and is responsible for our overall development and strategic plans and the formulation and implementation of our operational plans. Madam YANG is also responsible for our new development projects, the opening and location of our new stores and formulating our business and organisational structure. Madam YANG joined us in May 1995 and since then, she has been the general manager of Shirble Department Store (Shenzhen). Madam YANG graduated from a three-year full-time course on commercial enterprise management from Nanjing City Business Vocational Training Mid-Level College (南京市商業職工中等專業學校) in 1986 and a three-year course on economics management from the Institute of the Party School of the Communist Party of China (中共中央黨校函授學院) in 1991. Madam YANG has extensive experience in retail industry for over 30 years, particularly in management of department stores. Madam YANG started her career in the retail business as a management officer of a State-owned tobacco and liquor company in Nanjing during the period between 1975 and 1983. During the period between 1986 and 1992, Madam YANG was a manager in a State-owned department store in Nanjing in which Madam YANG gained experience in retail business management. From 1992, Madam YANG has been working in Shenzhen, initially as deputy general manager of Dajiangnan Shopping Mall, when she became acquainted with Mr. YANG and Mr. LI Zuolin. In 1995, Madam YANG assisted Mr. YANG in the establishment of Shirble Department Store (Shenzhen) and subsequently in the same year became the general manager of Shirble Department Store (Shenzhen).

Madam YANG received a number of awards for her contribution to the retail industry including the "*Top ten figures for promoting the retail industry*" (零售十年•推動零售業進步的十大人物) in 2007 by Shenzhen Retail Business Association (深圳市零售商業行業協會) and "*Top Ten Outstanding Female Entrepreneurs of Shenzhen*" (深圳十大傑出女企業家) and "*100 Outstanding Entrepreneurs in Shenzhen in Commemoration of 30 Years of Reform*" (紀念改革開放30年深圳百名傑出企業家) in 2008 by Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會).

Madam YANG was a representative of the National People's Congress in Nanjing during the period between 1983 and 1985. Starting from 1997, Madam YANG is the vice chairman of Shenzhen Retail Business Association (深圳市零售商業行業協會). Madam YANG is a director of Homey Enterprises.

Independent non-executive Directors

Ms. ZHAO Jinlin (趙晉琳), aged 41, our independent non-executive Director appointed on 18 June 2010. Ms. ZHAO obtained a bachelor's degree in mechanical engineering from the Xian Jiaotong University (西安交通大學) in 1989, a master's degree in accountancy from the Southwestern University of Finance and Economics (西南財經大學) in 1995 and a doctor's degree in accountancy from the Jinan University (暨南大學) in 2005. From 1995 to 2006, Ms. ZHAO worked in the Local Tax Bureau of Shenzhen and was responsible for providing guidance on tax collection and tax policies. Since 2006, Ms. ZHAO has been engaged in teaching and research work at the Faculty of Economics of the Shenzhen University (深圳大學), specialising in finance management and taxation management, and is now a professor in accounting and an instructor of postgraduate students. From 2006 to 2007, Ms. ZHAO provided financial advice to a factory in Shenzhen. Ms. ZHAO has also been an academic committee member of the China International Taxation Research Institute (中國國際稅收研究會) since August 2008, a committee member of the Shenzhen International Taxation Research Institute (深圳市國際稅收研究會) since March 2004 and a committee member of the Shenzhen Local Taxation Research Institute (深圳市地方稅收研究會) since March 2004.

Mr. CHEN Fengliang (陳峰亮), aged 37, our independent non-executive Director appointed on 18 June 2010. Mr. CHEN obtained a bachelor's degree in economics from the Inner Mongolia University (內蒙古大學) in 1995. From 1995 to 1998, Mr. CHEN was a planning officer in the planning department of the Yike Zhao League branch of The Agricultural Bank of China (中國農業銀行). From 1998 to 2001, Mr. CHEN studied at the Graduate School of the People's Bank of China (中國人民銀行研究生部) and obtained a master's degree in economics in 2001. From 2001 to 2003, Mr. CHEN was the secretary to the president's office of China Eagle Securities Company Limited* (大鵬證券有限責任公司). From 2003 to 2005, Mr. CHEN was a manager of risk control of China Eagle Asset Management Company Limited* (大鵬資產管理有限公司). Since 2006, Mr. CHEN has been a director of investment of Shanghai Sino-V Asset Management Company Limited* (上海信諾威資產管理有限公司).

Mr. JIANG Hongkai (江宏開), aged 45, our independent non-executive Director appointed on 18 June 2010. Mr. JIANG obtained a bachelor of science degree in chemistry from South China Normal School (華南師範大學) in 1986. From 1986 to 1994, Mr. JIANG was a high school teacher. In 1994, Mr. JIANG became qualified as a lawyer in China after passing an examination required for admission as a PRC lawyer. From 1994 to 2003, Mr. JIANG worked as a lawyer in Guangdong Jihe Law Firm (廣東吉河律師事務所). Since 2003, Mr. JIANG has been working as a lawyer in the King & Capital (Shenzhen) Law Firm (北京市京都(深圳)律師事務所) (formerly known as the Shenzhen branch of King & Capital Law Firm (北京市京都律師事務所深圳分所)).

Please refer to the section headed "Further information about our Directors and Substantial Shareholders – Particulars of our Directors' service contracts and appointment letters with the independent non-executive Directors" in Appendix VI to this prospectus for further information on our Directors' service agreements.

Save as disclosed above, there is no other information in respect of our Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The following table sets forth certain information in respect of our senior management team:

Name	Age	Position/Title
Mr. LI Zuolin (李作霖)	41	Vice President
Mr. YANG Ti Wei (楊題維)	23	Vice President
Ms. CHAN Chore Man, Germaine (陳楚雯)	30	Chief Financial Officer, Company Secretary and Investor Relationship Manager
Ms. HUANG Bihui (黃碧輝)	38	Director of Finance
Mr. ZHU Bijiang (朱碧江)	38	Director of Procurement
Ms. WANG Baozhen (王寶珍)	41	Director of Administration
Mr. HE Ge (何戈)	41	Deputy Director of Procurement
Mr. LI Aiming (李愛明)	41	Deputy Director of Procurement
Mr. TANG Mingqiang (唐明強)	40	Deputy Director of Procurement
Ms. LIU Lixin (劉利新)	52	Deputy Director of Business Operation
Mr. XUE Junming (薛俊明)	47	Deputy Director of Business Operation

Our senior management

Mr. LI Zuolin (李作霖), aged 41, our Vice President. Mr. LI joined us in May 1995 and has been the Deputy General Manager of Shirble Department Store (Shenzhen) since January 1996. Mr. LI is one of the founding members of our core management team and is actively involved in the management of our department stores and implementation of relevant management policies in the areas of administration, procurement, sales and marketing, implementation of the annual plans and budgets and establishment of new department stores and other initiatives. Mr. LI has more than 18 years of experience in the retail industry in China. Mr. LI joined the retail industry as the office manager and the manger of business development of Dajiangnan Shopping Mall in Shenzhen during the period between 1992 and 1995 and became acquainted with Mr. YANG and Madam YANG Xiaomei. Mr. LI graduated from a three-year full-time course on heat supply and ventilation from the Haerbin Construction Workers University* (哈爾濱市建設職工大學) in 1992.

Mr. YANG Ti Wei (楊題維), aged 23, our Vice President. Mr. YANG Ti Wei joined us in June 2009 and is principally responsible for the overall strategic development, operational and logistics management, information technology infrastructure planning and coordination of marketing and promotional activities of our Group. Mr. YANG Ti Wei is a director of Shirble Department Store (Shenzhen), and a supervisor of Shirble Chain Store, Shirble Department Store (Changsha), Shirble Mingxing Trading, Shirble Xiangzhixuan, Shirble Ruizhuo, Shirble Yuzhixiang and Shirble Apparel. Mr. YANG Ti Wei obtained a bachelor's degree in business management from the University of Surrey in 2010. Mr. YANG Ti Wei is the son of Mr. YANG.

Ms. CHAN Chore Man, Germaine (陳楚雯), aged 30, the Chief Financial Officer, Company Secretary and Investor Relationship Manager of our Company. Ms. CHAN is responsible for overseeing the overall financial and corporate governance matters of our Group. Ms. CHAN obtained a bachelor's degree in accounting from the Hong Kong University of Science and Technology in 2002. Prior to joining us in July 2010, Ms. CHAN has over five years of experience in the investment banking sector. Ms. CHAN started her investment banking career with Mega Capital (Asia) Company Limited in which she spent more than three years from August 2004 to January 2008. During the period between January 2008 and June 2010, Ms. CHAN was initially an associate and subsequently promoted to be an assistant vice president of the investment banking department of Daiwa Capital Markets Hong Kong Limited, focusing on corporate finance transactions including initial public offering and other financial and compliance advisory matters. Ms. CHAN has two years of experience in the accounting and tax department at Ernst and Young between 2002 and 2004. Ms. CHAN has been a member of the Hong Kong Institute of Certified Public Accountants since 2006.

Ms. HUANG Bihui (黃碧輝), aged 38, our Director of Finance. Ms. HUANG is principally responsible for overseeing all the accounting, finance and budget matters of Shirble Department Store (Shenzhen). In 1996, Ms. HUANG graduated from a three-year part-time Professional English for Higher Education course organised by Guangdong Foreign Language and Foreign Trade University (廣東外語外貿大學). In January 1996, Ms. HUANG joined Shirble Department Store (Shenzhen) as a supervisor of the finance department and was subsequently promoted to be a finance manager before becoming our Director of Finance in 2005. In 2009, Ms. HUANG received a master's degree in business administration from the Shanghai University of Finance and Economics (上海財經大學).

Mr. ZHU Bijiang (朱碧江), aged 38, our Director of Procurement. Mr. ZHU is also a director of Shirble Chain Store and an executive director of Shirble Department Store (Changsha). Mr. ZHU graduated from a four-year part-time course on laws organised by

Tongji University (同濟大學) in 2006. Mr. ZHU joined Shirble Department Store (Shenzhen) in August 1995 as a procurement manager and has been promoted to be the Director of Procurement since January 2008, responsible for formulating our annual procurement plan, sales target, sales programmes and site operation plans, and development and management of customers. Prior to joining us, Mr. ZHU worked as a manager of Dajiangnan Shopping Mall in Shenzhen during the period between 1991 and 1995 and at that time, Mr. ZHU was involved in procurement and merchandising activities of the department store. Mr. ZHU is a nephew of Mr. YANG.

Ms. WANG Baozhen (王寶珍), aged 41, our Director of Administration. Ms. WANG is responsible for overseeing the general administration management and the public relation matters of our Group. Ms. WANG obtained a bachelor's degree in history from the Capital Normal University (首都師範大學) in 1991. Ms. WANG joined us in May 1997 and was our office manager and assistant of our general manager before becoming our Director of Administration in January 2005. Prior to joining us, Ms. WANG worked as an office manager in Dajiangnan Shopping Mall in Shenzhen during the period between 1993 and 1997, during when Ms. WANG obtained experience in handling various administration and public relationship matters.

Mr. HE Ge (何戈), aged 41, our Deputy Director of Procurement specialised in the sourcing, procurement, management of concessionaire counters and product planning of supermarket items for all our department stores. Mr. HE graduated from a four-year part-time course on business administration from the Ningxia University (寧夏大學) in 2006. Mr. HE joined Shirble Department Store (Shenzhen) in July 1995 as a procurement officer and was subsequently promoted to be a deputy manager of the procurement department before becoming our Deputy Director of Procurement since January 2005.

Mr. LI Aiming (李愛明), aged 41, our Deputy Director of Procurement specialising in the sourcing, procurement, management of concessionaire counters and product planning of garment and apparel items, leather products and children's products for our department stores. Before joining us, Mr. LI worked as a procurement manager in Dajiangnan Shopping Mall in Shenzhen during the period between 1992 and 1995, during when Mr. LI gained extensive experience in sourcing and procurement activities. Mr. LI joined Shirble Department Store (Shenzhen) in July 1995 as a procurement officer and was subsequently promoted to be a manager of procurement. Mr. LI has been our Deputy Director of Procurement since October 2008.

Mr. TANG Mingqiang (唐明強), aged 40, our Deputy Director of Procurement specialising in the sourcing, procurement, management of concessionaire counters and product planning of electrical appliances for our department stores. Mr. TANG graduated from a two-year full-time course on marketing and sales from the Guangxi Commerce School* (廣西商業學校) in 1991. Mr. TANG joined Shirble Department Store (Shenzhen) in September 1995 as a procurement officer and was subsequently promoted to be a deputy manager of the procurement department before becoming our Deputy Director of Procurement since October 2008. Before joining us, Mr. TANG worked as an administration staff for a food manufacturing company for a period of about five years.

Ms. LIU Lixin (劉利新), aged 52, our Deputy Director of Business Operation. Ms. LIU is principally responsible for the management of our Shenzhen Distribution Centre, our maintenance and repair department and the management of our staff recruitment and training programs. Ms. LIU graduated from a two-year full-time course in chemistry from the Anhui Suzhou Normal School (安徽宿州師範專科學院) in 1980, and a further two-year course in chemistry from the Xinjiang Education Institute (新疆教育學院) in 1991. From 1986 to

1995, Ms. LIU was a secondary school teacher. Ms. LIU joined Shirble Department Store (Shenzhen) in June 1995 and was an administration officer and assistant of the general manager of Shirble Department Store (Shenzhen) before becoming our Deputy Director of Business Operation since January 2005.

Mr. XUE Junming (薛俊明), aged 47, our Deputy Director of Business Operation. Mr. XUE is principally responsible for overseeing the general operation and maintenance of our department stores and coordinating the opening of new department stores at different locations. Mr. XUE worked as a sales manager of the electrical appliance department of a department store in Anhui Province during the period between 1983 and 1985 and between 1988 and 1995. Mr. XUE graduated from a three-year full-time course on laws organised by the Anhui Radio & TV University (安徽廣播電視大學) in 1988. Mr. XUE joined us in July 1995 and was a store manager and an assistant of the general manager before becoming our Deputy Director of Business Operation since January 2005.

BOARD COMMITTEES

Audit committee

Pursuant to Rule 3.21 of the Listing Rules, an audit committee was established by our Board on 18 June 2010 with written terms of reference in compliance with the Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our Group's financial reporting process and internal control system. The audit committee comprises the three independent non-executive Directors, namely Ms. ZHAO Jinlin, Mr. CHEN Fengliang and Mr. JIANG Hongkai. Ms. ZHAO Jinlin is the chairperson of the audit committee.

Remuneration committee

We established the remuneration committee on 18 June 2010 with written terms of reference in compliance with the Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. The remuneration committee comprises three of our Directors, namely, Mr. CHEN Fengliang, Mr. YANG and Mr. JIANG Hongkai, and Mr. CHEN Fengliang is the chairperson of the remuneration committee.

Nomination committee

We established the nomination committee on 18 June 2010 with written terms of reference in compliance with the Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The primary duty of the nomination committee is to make recommendations to our Board on the appointment of Directors and senior management. The nomination committee comprises three of our Directors namely, Mr. JIANG Hongkai, Madam YANG Xiaomei and Ms. ZHAO Jinlin. Mr. JIANG Hongkai is the chairperson of the nomination committee.

DIRECTORS' REMUNERATION

During the Track Record Period, the aggregate amount of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the pension scheme on behalf of the Directors) or any bonuses paid by our Group to our Directors for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were approximately RMB1.0 million, RMB1.1 million, RMB1.0 million and RMB0.6 million respectively.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group.

In addition to the fees, salaries, housing allowances, other allowances, benefits in kind or bonuses, our Company has conditionally adopted the Share Option Scheme pursuant to which the participants including the Directors, may be granted options to subscribe for our Shares.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Group.

None of our Directors waived any emoluments during the Track Record Period, save that Mr. YANG has volunteered not to receive any remuneration during the Track Record Period in order to support the development of our Group. Mr. YANG confirms that he will not waive his remuneration after Listing.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, the aggregate remuneration of the Directors (excluding the discretionary bonus payable to our executive Directors) payable in respect of the year ending 31 December 2010 is estimated to be approximately HK$0.8 million.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in the paragraphs under "Share Option Scheme" in Appendix VI to this prospectus.

STAFF

As at 30 June 2010, our Group employed a total of 2,523 employees. The table below sets forth the number of employees in the respective functions of our Group:

Function	Number of employees
Business operation and maintenance	1,673
Financial management and control	526
Logistics and distribution	104
Procurement, pricing and inspection	116
Office management and administration	55
Information technology	25
Human resources	24
Total	**2,523**

In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, we participate in the social security programs for our employees. Such social security programs include pension plan, employees' compensation, unemployment insurance plan and maternity insurance plan. We have also complied with the mandatory provident fund requirements in Hong Kong for our employees in Hong Kong.

COMPLIANCE ADVISER

We have appointed Quam Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including share issues and share repurchases;

(c) where our Company proposes to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after Listing.

OUR CONTROLLING SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into consideration the Shares which may be taken up under the Global Offering and the Shares that may be issued pursuant to the exercise of any option may be granted under the Share Option Scheme), the following are our Controlling Shareholders:

Name	Nature of Interest and Capacity	Number of Shares held immediately after the Capitalisation Issue and the Global Offering	Approximate percentage of shareholding immediately after the Capitalisation Issue and the Global Offering
Shirble BVI	Beneficial owner	1,662,487,500	66.5
Xiang Rong Investment	Interest in a controlled corporation	1,662,487,500	66.5
Mr. YANG(1)	Interest in a controlled corporation	1,662,487,500	66.5
Homey Enterprises	Beneficial owner	150,000,000	6.0
Madam YANG Xiaomei(2)	Interest in a controlled corporation	150,000,000	6.0
Kwan Mei Enterprises	Beneficial owner	62,512,500	2.5
Mr. LI Zuolin(3)	Interest in a controlled corporation	62,512,500	2.5

Notes:

(1) Shirble BVI is wholly-owned by Xiang Rong Investment which in turn is wholly-owned by Mr. YANG.

(2) Homey Enterprises is wholly-owned by Madam YANG Xiaomei.

(3) Kwan Mei Enterprises is wholly-owned by Mr. LI Zuolin.

Save for the investment in our Group and the working relationship in Dajiangnan Shopping Mall from 1992 to 1995, the details of which are set forth in the section headed "Directors, senior management and staff" in this prospectus, there is no past or present relationship, business or otherwise, between Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin.

Save for the personal investments made by Mr. YANG set forth below, none of our Controlling Shareholders have business interest other than their interest in our business.

Personal investments in businesses held by Mr. YANG

Mr. YANG is the beneficial owner of 90% of the issued share capital of Shirble Holdings Limited, a limited company incorporated in Hong Kong on 23 December 1992. Shirble Holdings Limited is an investment holding company with various subsidiaries incorporated in Hong Kong. These subsidiaries are not carrying on business activities but act as intermediate investment holding companies for Mr. YANG's personal investments in China. Such investments do not and will not compete with the business currently conducted by us. The investments include Shirble Inn and another hotel in Haerbin, Heilongjiang Province, China, and various assets in the real estate sector in China. Our Controlling Shareholders (including Mr. YANG) have undertaken to us that they will not be engaged in any competing business, and particulars of these undertakings are set forth in the paragraphs under "Deed of Non-Competition" in this section of the prospectus.

Our Directors further believe that the use of the words "Shirble" in the names of the private companies owned by Mr. YANG would not affect our business or otherwise infringe our intellectual property rights. All of the private companies are either not active in business or are engaged in other business activities which are unrelated to the department store business. More importantly, we have registered or applied for registration of the business marks used by us in our ordinary course of business as trademarks in China and Hong Kong. Further information on our trademarks is set forth in the paragraphs under "Further information about the business of our Group – 2. Intellectual property" in Appendix VI to this prospectus.

None of our Controlling Shareholders or Directors is interested in any business apart from the business operated by us which competes or is likely to compete, directly or indirectly, with our Group's business under Rule 8.10 of the Listing Rules.

OUR SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into consideration the Shares which may be taken up under the Global Offering and the Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), except for our Controlling Shareholders, our Company has no other Substantial Shareholders.

Further information on the interests of our Substantial Shareholders is set forth in the paragraphs under "Further information about our Directors and our Substantial Shareholders" in Appendix VI to this prospectus.

DEED OF NON-COMPETITION

For the purpose of the Listing, our Controlling Shareholders and executive Directors (collectively, "**Covenantors**") have entered into a deed of non-competition whereby each of the Covenantors jointly and severally, irrevocably and unconditionally, undertakes with our Company that with effect from the Listing Date and for as long as the Shares remain listed on the Stock Exchange and the Covenantors, individually or collectively with their associates, are, directly or indirectly, interested in not less than 30% of the Shares in issue, or are otherwise regarded as Controlling Shareholders, each of the Covenantors shall not, and shall procure that their respective associates shall not:

(a) directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of our Group or be in competition with our Group in any business activities which our Group may undertake in the future save for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any company listed on the Stock Exchange or any other stock exchange; and

(b) take any direct or indirect action which constitutes an interference with or a disruption to the business activities of our Group including, but not limited to, solicitation of customers, suppliers and staff of our Group.

In addition, each of the Covenantors hereby jointly and severally, irrevocably and unconditionally, undertakes that if any new business opportunity relating to any products and/or services of our Group ("**Business Opportunity**") is made available to any of the Covenantors or their respective associates (other than our Company), it or he or she will direct or procure the relevant associate to direct such Business Opportunity to our Group with such required information to enable our Group to evaluate the merits of the Business Opportunity. The relevant Covenantor shall provide or procure the relevant associate to provide all such reasonable assistance to enable our Group to secure the Business Opportunity.

None of the Covenantors and their respective associates (other than our Company) will pursue the Business Opportunity even though our Group decides not to pursue the Business Opportunity because of commercial reasons. Any decision of our Company will have to be approved by the independent non-executive Directors taking into consideration our Group's prevailing business and financial resources, the financial resources required for the Business Opportunity and any expert opinion on the commercial viability of the Business Opportunity.

Each of the Covenantors hereby jointly and severally, irrevocably and unconditionally, represents and warrants that, saved as disclosed in this prospectus, neither it or he or she nor any of its or his or her associates is currently interested, involved or engaging, whether directly or indirectly, in any business competing with that of our Group.

Each of the Covenantors further jointly and severally, irrevocably and unconditionally, undertakes that it or he or she will (i) provide to our Group all information necessary for the enforcement of the undertakings contained in the deed of non-competition and (ii) confirm to our Company on an annual basis as to whether it or he or she has complied with such undertakings.

The deed of non-competition will cease to have any effect on the earliest of the date on which:

(a) our Company becomes wholly-owned by the Covenantors and/or their associates;

(b) the aggregate beneficial shareholding (whether direct or indirect) of the Covenantors and/or their associates in the Shares falls below 30% of the number of Shares in issue or the relevant Covenantor shall cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; or

(c) the Shares cease to be listed on the Stock Exchange.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from the competing business and to safeguard the interests of our Shareholders, including:

(a) review by our independent non-executive Directors on an annual basis on the compliance with the deed of non-competition by the Covenantors, the options, the pre-emptive rights or first rights of refusals provided by our Controlling Shareholders on their existing or future competing businesses;

(b) undertakings by the Covenantors that they will provide to us all information necessary for the enforcement of the deed of non-competition, and confirm to us on an annual basis as to whether he or she or it has complied with the above non-competition undertakings;

(c) disclosure by us on decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition in our annual report; and

(d) the Covenantors making an annual statement on compliance with the deed of non-competition in our annual report, including the disclosure on how the deed of non-competition was complied with and enforced, which is consistent with the principles of making voluntary disclosure in the corporate governance report of the annual report.

NON-DISPOSAL UNDERTAKINGS GIVEN BY OUR CONTROLLING SHAREHOLDERS

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has, jointly and severally, undertaken with our Company and the Stock Exchange that each of them shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date ("**First Six-Month Period**"), save for the transaction contemplated under the Stock Borrowing Agreement, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owner(s); and

(b) in the period of six months commencing on the date on which the First Six-Month Period expires ("**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be our Controlling Shareholders of our Company, i.e., they cease to control 30% or more of the voting power at general meetings of our Company.

Further, each of our Controlling Shareholders has, jointly and severally, undertaken with our Company and the Stock Exchange that within a period commencing from the Listing Date and ending on the date on which is the first anniversary of the Listing Date, he or she or it shall:

(a) when he or she or it pledges or charges any securities beneficially owned by him or her or it in favour of an authorised institution (as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when he or she or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors believe that we can carry on our business independent of and without financial reliance on our Controlling Shareholders and their respective associates following completion of the Global Offering, and that we satisfy the relevant requirements under the Listing Rules.

Management independence

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Our executive Directors are our Controlling Shareholders.

Each of our Directors is fully aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefit and in our best interests and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between us and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum.

In addition, most members of our senior management are also independent from our Controlling Shareholders and their respective associates.

Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders. Our organisation structure consists of various departments and divisions, each with specific areas of responsibility. Our management team is also independent from our Controlling Shareholders. All of the properties at which our department stores are situated, except for the properties of the Luhe store which are leased from an associate of Mr. YANG, are either leased from Independent Third Parties or acquired by us. The premises leased from Mr. YANG and his associates, with further information set forth in the section headed "Connected Transactions" in this prospectus, only represent an insignificant portion of our total Gross Floor Area as of 30 June 2010 and the Turnover generated from our Luhe store represented an insignificant portion of our total Turnover during the Track Record Period. The rental for the leased premises was negotiated on an arm's length basis. DTZ Debenham Tie Leung Limited, the independent valuer of our Group, has reviewed the lease agreement and confirmed that the rental payable by us is consistent with the prevailing market rates for similar premises at similar locations in China. Our Directors believe that we should be able to identify similar premises from Independent Third Parties in the same area without undue delay or material interruption to our business as a whole.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. Our Directors confirm that as at the Latest Practicable Date, our Controlling Shareholders and their respective associates had not provided any guarantee or loan to us.

As of 30 June 2010, we owed Ruizhuo Investment an amount of approximately RMB0.9 million (being the amount of rental due for part of the property comprising our Shenzhen Distribution Centre) and Shirble Property Management an amount of approximately RMB2.7 million (being the amount of rental due for our staff dormitories). Both Ruizhuo Investment and Shirble Property Management are our Connected Persons.

As of 30 June 2010, our Connected Persons, namely Hengda Investment, Shenzhen Guozhan, Shirble Inn and Mr. YANG, owed us an aggregate amount of approximately RMB381.4 million. As of 30 September 2010, such amount was approximately RMB316.7 million. Those Connected Persons are ultimately controlled by Mr. YANG. The amount due from Shenzhen Guozhan consists of payments owed to us from our sale of property to Shenzhen Guozhan. The amount due from Shirble Inn consists of advance payments we made in connection with our lease of property for our Luhe store. The amount due from Hengda Investment consists of various advance payments made to Mr. YANG for his investment and personal purposes. Mr. YANG has confirmed that he will not seek advances from us in the future.

As Shenzhen Guozhan, Shirble Inn and Hengda Investment are companies ultimately controlled by Mr. YANG, Mr. YANG has agreed that he will provide sufficient funding to these companies for the repayment of the outstanding amount. Such amounts due from Mr. YANG, Hengda Investment, Shenzhen Guozhan and Shirble Inn will be repaid prior to Listing.

CORNERSTONE PLACING

On 1 November 2010, we and the Joint Global Coordinators entered into a cornerstone placing agreement (the "**Cornerstone Placing Agreement**") with a cornerstone investor (the "**Cornerstone Investor**") which has agreed to subscribe, at the Offer Price, for such number of Offer Shares that may be purchased with an amount of US$20 million (the "**Cornerstone Placing**"). Assuming an Offer Price of HK$2.20 per Share (being the mid-point of the proposed Offer Price range), the total number of Shares to be subscribed for by the Cornerstone Investor would be approximately 70,472,000 Shares, which represent approximately (i) 2.8% of the Shares issued and outstanding upon completion of the Capitalisation Issue and the Global Offering and (ii) 11.3% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised and that no Shares have been issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

The share number and percentage information set forth in this section relating to the number of Shares to be subscribed for by the Cornerstone Investor is provided solely for the purpose of illustration only. The actual number of Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by us on or before 16 November 2010.

The Cornerstone Placing forms part of the International Placing. The Cornerstone Investor does not have any representation on our Board. The Cornerstone Investor will not become our Substantial Shareholder immediately following completion of the Capitalisation Issue and the Global Offering. The Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Placing Agreement. The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer in the event of any over-subscription under the Hong Kong Public Offer as described in the section headed "Structure of the Global Offering – Hong Kong Pubic Offer".

Conditions precedent

The subscription obligation of the Cornerstone Investor is conditional upon the Underwriting Agreements being entered into and having become effective and unconditional and not having been terminated.

Lock-up restrictions

The Cornerstone Investor has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it shall not, directly or indirectly, at any time during the period from the date of the Cornerstone Placing Agreement up to the expiration of a six-month period following the Listing Date, dispose of any interest in the Shares subscribed for pursuant to the Cornerstone Placing Agreement.

Restrictions on subscription

The Cornerstone Investor has agreed that it shall not, and shall procure that none of its respective subsidiaries and/or associates shall, apply for further Shares in the Global Offering (other than the Shares subscribed for pursuant to the Cornerstone Placing Agreement).

THE CORNERSTONE INVESTOR

The Cornerstone Investor is an Independent Third Party. Set forth below is a brief description of the Cornerstone Investor.

CCB International Asset Management Limited ("CCBIAM")

CCBIAM is a limited liability company incorporated in Hong Kong with its principal business in assets management. CCBIAM is an indirect wholly-owned subsidiary of China Construction Bank Corporation, the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange. CCBIAM has invested in a number of pre-listing projects and listed companies in the PRC and Hong Kong covering various sectors including healthcare, energy and resources, infrastructure, consumer, media, information technology and real estate.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering:

		HK$
Authorised share capital:		
15,000,000,000	Shares	1,500,000,000
Issued and to be issued, fully paid or credited as fully paid upon completion of Global Offering (assuming that the Over-allotment Option is not exercised)		
100,000	Shares in issue as at the date of this prospectus	10,000
1,874,900,000	Shares to be issued under the Capitalisation Issue	187,490,000
625,000,000	Shares to be issued pursuant to the Global Offering	62,500,000
2,500,000,000	Total	250,000,000
Issued and to be issued, fully paid or credited as fully paid upon completion of Global Offering (assuming that the Over-allotment Option is exercised in full)		
100,000	Shares in issue as at the date of this prospectus	10,000
1,874,900,000	Shares to be issued under the Capitalisation Issue	187,490,000
718,750,000	Shares to be issued pursuant to the Global Offering	71,875,000
2,593,750,000	Total	259,375,000

Assumptions

The above table assumes that the Global Offering becomes unconditional and is completed in accordance with the relevant terms and conditions. The above table takes no account of (a) Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme and (b) any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate, respectively.

Ranking

The Offer Shares are ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue and/or to be allotted and issued as mentioned in this prospectus, and will rank in full for all dividends or other distributions declared, paid or made on the Shares after the date of this prospectus other than participation in the Capitalisation Issue.

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. A summary of the principal terms of the scheme is set forth in the paragraphs under "Share Option Scheme" in Appendix VI to this prospectus.

ISSUING MANDATE

Our Directors have been granted the general unconditional Issuing Mandate authorising them to exercise all the powers of our Company to allot, issue and deal with Shares not exceeding the aggregate of 20% of the issued share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue excluding the Shares which may be issued pursuant to the Over-allotment Option, and the number of Shares repurchased by the Company, if any, pursuant to the Repurchase Mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or the exercise of any option which may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The Issuing Mandate will expire:

– at the conclusion of the next annual general meeting of our Company; or

– upon the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or the Companies Law; or

– the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate,

whichever is the earliest.

Further information on the Issuing Mandate is set forth in the paragraphs under "Further information about our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus.

REPURCHASE MANDATE

Our Directors have been granted the general unconditional Repurchase Mandate to exercise all the powers of our Company to repurchase Shares not more than 10% of the issued share capital of our Company (as set out in the table above but excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant requirements of the Listing Rules on the Repurchase Mandate is set forth in the paragraphs under "Repurchase of our own securities" in Appendix VI to this prospectus.

The Repurchase Mandate will expire:

– at the conclusion of the next annual general meeting of our Company; or

– upon the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or the Companies Law; or

– the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate,

whichever is the earliest.

Further information on the Repurchase Mandate is set forth in the paragraphs under "Further information about our Company – 4. Written resolutions of our Shareholders" in Appendix VI to this prospectus.

RULE 10.08 OF THE LISTING RULES

Our Directors confirm that, save for the Shares which may be issued pursuant to the exercise of the Over-allotment Option, and any option which may be granted under the Share Option Scheme, we will comply with the requirements of Rule 10.08 of the Listing Rules upon the Listing. Rule 10.08 of the Listing Rules provides that we may not issue any further Shares or securities convertible into equity securities or enter into any agreement to make such an issue within six months from the Listing Date.

*The following discussion and analysis should be read in conjunction with the consolidated financial statements of our Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (the "**Financial Information**"), together with the notes thereto, as set forth in the accountants' report included in Appendix I to this prospectus (the "**Accountants' Report**"), as well as the selected historical financial information and operating data, included elsewhere in this prospectus. Our Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The following discussion and analysis contain certain forward-looking statements that involve risks and uncertainties. Actual outcome and developments may differ from those anticipated in these forward-looking statements as a result of many factors, including those discussed in the section titled "Risk factors" and elsewhere in this prospectus. Investors should note that certain figures stated in the following discussion and analysis are the result of rounding from those figures in, or from calculations based on the figures set out in, the Accountants' Report of our Group.*

OVERVIEW

We are one of the leading and long established Shenzhen-based department store chains according to the Survey Report issued by 深圳市零售商業行業協會 (Shenzhen Retail Business Association*)[(Note)], operating under the well-known brand of "[illegible]". We principally target the mid-market segment, i.e., customers falling within the middle level income bracket in Shenzhen and other cities in Southern China, aiming to offer our customers a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable "one-stop" shopping environment. We believe this market position enables us to maintain significantly higher resilience to fluctuations in economic and market conditions.

We have achieved a proven operation history of more than 14 years under a stable and experienced management. Our operations began with our first department store, Hongling store in Shenzhen in 1996, and since then our business and retail network grew with the opening of new stores at various strategic locations within Shenzhen. In 2004, leveraging our established reputation and business brand name and, at that time, over eight years of retail industry experience, including our in-depth understanding of consumer preferences and our relationships with merchandise suppliers and concessionaires, we successfully expanded our department stores beyond Shenzhen to Shanwei, a coastal city in the eastern Guangdong Province.

According to the Survey Report, we are one of the Four Key Enterprises in the department store industry in Shenzhen. The Survey Report further highlights that we are ranked first among the Four Key Enterprises in the department store industry in Shenzhen in terms of customer loyalty rating.

Note: Our chief executive officer, Madam YANG Xiaomei is a vice chairman of Shenzhen Retail Business Association and she does not participate in the management of the association; our Directors confirm that Shenzhen Retail Business Association is an Independent Third Party and confirm that the preparation of the Survey Report was not commissioned by us and such report was prepared in the ordinary course of business by Wanren Market Research as commissioned by Shenzhen Retail Business Association.

We currently own and operate 12 "歲寶百貨" department stores, of which ten are within Shenzhen, and two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in the eastern Guangdong Province) respectively. Currently, 11 of our stores are operated on leased premises and only one of our stores is operated on our own premises. All our stores have similar exterior and interior designs including layouts, colour schemes and decors, thereby enhancing customers' awareness of our brand "歲寶百貨". On top of the 12 existing department stores, we plan to open a new store in Futian District, Shenzhen, which is part of the development project above the Yitian station of the Shenzhen metro railway system. This new store is expected to commence business in 2012. The location, merchandise mix, layout, customer and complementary services as well as the promotion activities of each of our stores are designed and organised to cater for the preferences, daily needs and spending patterns of our target customers. Our strategy to focus on daily necessities and consumer goods helps us establish strong customer relationships and brand loyalty within the local population.

Our 12 stores currently in operation occupy an aggregate Gross Floor Area of approximately 179,000 sq. m., three of which have an individual Gross Floor Area of over 20,000 sq. m., six of the remaining stores have an individual Gross Floor Area of over 10,000 sq. m. and the other three stores have an individual Gross Floor Area ranging from more than 2,000 sq. m. to approximately 8,000 sq. m. All our 12 department stores are strategically located and enjoy high pedestrian flow and high visibility, and are within close proximity to the residential areas and public transportation systems.

We offer a broad range of merchandise in our stores, including footwear, textiles, apparel, cosmetics, children's and households' goods, electrical appliances, daily consumer products and household necessities, which enables us to capture a wide and diverse range of customers. Our Directors believe that the comprehensive range of mid-market products (with over 200,000 items of quality products) offered by us distinguishes us from our competitors.

We also cater for the upper-end segment of the retail market in respect of certain categories of products, through offering well-known international and domestic branded products in our stores, to satisfy the demand of customers with relatively higher consumption power. Further, we are an authorised sales enterprise under the Change of the Old for New Program in Shenzhen for household electrical appliances since November 2009 and an authorised collection enterprise under the program since May 2010. For the six months ended 30 June 2010, the Gross Sales Proceeds generated from the Change of the Old for New Program amounted to approximately RMB32.3 million, and the aggregate rebates received by us from the relevant governmental authority under the Change of the Old for New Program amounted to approximately RMB2.4 million. Our Directors, however, believe that this program enabled us to capture the potential customer base eligible to participate in the program.

Our Turnover grew from approximately RMB1,004.5 million in 2007 to approximately RMB1,148.0 million in 2009, representing a CAGR of approximately 6.9%. Our profit and total comprehensive income attributable to equity holders increased from approximately RMB100.7 million in 2007 to approximately RMB140.3 million in 2009, representing a CAGR of approximately 18.0%. For the six months ended 30 June 2010, our turnover amounted to approximately RMB623.4 million, while our profit and total comprehensive income attributable to equity holder amounted to approximately RMB90.1 million.

Sales in our stores can be generally divided into direct sales and concessionaire sales. Our Directors believe that the synergies between direct and concessionaire sales allow us to have better inventory control whilst at the same time leverage on the competencies of our concessionaires. Overall store revenue and efficiencies of resource management are thereby increased.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2008. Prior to the Global Offering, we underwent the Reorganisation pursuant to which our Company became the holding company of our Group, as detailed in the section headed "Reorganisation" in this prospectus. Our Financial Information has been prepared on a consolidated basis and represents the consolidated results and financial position of our Group as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation or establishment of the companies now comprising our Group, whichever is earlier. All material intra-group transactions and balances have been eliminated on consolidation.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

China's overall economy and the economies of the areas in which our stores operate

China's overall economy, and in particular the economies of Shenzhen and Guangdong Province where 11 out of the 12 stores we currently operate are located, and Hunan Province where our remaining store is located, have experienced rapid growth in the past decade. According to the National Bureau of Statistics of China, China's GDP grew from RMB10,965.5 billion in 2001 to RMB30,067.0 billion in 2008, representing a CAGR of 15.5%. During the same period, the GDP of Shenzhen grew from RMB248.2 billion to RMB780.7 billion, representing a CAGR of 17.79%, and the GRP of Hunan Province grew from RMB383.2 billion to RMB1,115.7 billion, representing a CAGR of 16.49%, according to the Shenzhen Statistical Yearbook and the National Bureau of Statistics of China, respectively.

This rapid economic growth has led to a growth in disposable income and an increase in retail sales in our areas of operations, which have been key drivers of our Turnover growth in recent years. In addition, the increased levels of disposable income have enabled consumers to purchase more goods in addition to their basic necessities, and have had a noticeable effect on the product choices made by consumers in our areas of operations, particularly demand for higher-end and branded merchandise. Such trends directly affect the profit margin and mix of retailers such as ourselves. Our continued and future growth and financial performance will depend on the continued growth of the Chinese economy, particularly the areas in which we operate our department stores. However, the economic growth that we have seen may not continue in the future. The recent global economic downturn has caused economic growth in China to slow down, and any further decline in consumer spending or change in consumer habits as a result of any economic downturn may adversely affect our future business and financial condition.

Expansion of our department store network and maturity of our stores

Our ability to increase Turnover is directly affected by the number of stores in our department store network (and, as a result, the amount of floor space we have) and our Turnover per department store. Growth in our Turnover during the Track Record Period has been driven primarily by the expansion of our department store network.

Since opening our first store in Shenzhen in 1996, we have expanded our department store network to include a total of 12 stores. Our Jufu store, Longgang store, Huahaoyuan store and Mingxing store were all opened in 2005, and following their initial ramp-up period, sales from these four stores significantly contributed to our overall Turnover during the Track Record Period. Our strategy is to continue to increase the number of stores in our network, to further strengthen our positions in Shenzhen, Shanwei and Changsha, the cities in which our stores are currently located, and to penetrate into neighbouring areas. We plan to expand the total number of stores in our network by opening up to 10 new stores (including our Minzhi store in the Bao'an District which is currently expected to commence operations in or around November 2010 and our Yitian store in the Futian District of Shenzhen by 2012), and by selectively acquiring existing department stores or retail chain businesses. We will seek to establish new stores or acquire existing stores or businesses in prime locations within their respective cities with high pedestrian and traffic flow and to secure quality store locations. We anticipate that our Turnover growth in the near future will continue to be driven predominantly by expansion of our department store network.

The amount of Turnover a store generates directly relates to its stage of operations. Generally, Turnover of a new store is lower at its initial stage of operation and tends to increase after the first two years of operation as the store gains customer loyalty and market recognition. Turnover growth is generally higher during this initial stage. As the store matures, growth in Turnover tends to increase at a slower pace, and becomes primarily dependent on other factors, such as location, growth of the economy and our adjustment and optimisation of the brand mix offered in the store, among others.

Development of and changes in the areas surrounding our stores

Changes in the areas surrounding our stores may significantly affect their performance. For example, the completion of new residential and commercial developments in the areas surrounding our Jufu store and our Longgang store contributed to an increase in customer visits to these stores, which improved the Turnover generated from these stores during the Track Record Period.

On the other hand, road repairs near our Wanxiang store, ongoing road and subway construction in front of and near our Jingtian store and Mingxing store, and redevelopment and gentrification of the areas around our Hongbao store temporarily affected customer flow to these stores, and therefore adversely affected the Turnover of these stores in the year ended 31 December 2009. However, we expect the performance of these stores to improve once these projects are completed. In addition, as the areas around our Longzhu store, Kaifu store (which opened in 2009) and Shajing store (which opened in 2010) continue to be developed, we also expect Turnover from these stores to increase in the near future.

Economies of scale and operating efficiency

We believe the economies of scale we enjoy enable us to control our operating costs and achieve a high level of operating efficiency, which are key factors driving our results of operations. Our scale of operations has increased with the expansion of our department store network. As a result, we are able to enjoy a number of cost-efficiencies, including the following: (i) increased bargaining power to obtain competitive product pricing from our merchandise suppliers and favorable commercial terms from our concessionaires, (ii) cost efficiencies in terms of marketing, logistics and management resources, (iii) early rollout of certain new products and efficient and effective launching of promotional campaigns, and (iv) a shortened ramp up time to open new stores. We will continue to take advantage of our economies of scale to control our operating costs, and seek to improve our operating efficiency on an ongoing basis through logistics improvements, pricing adjustments, and promotional activities. For instance, we seek to continually improve our procurement process which is determined by our centralised procurement department. We also continually review our merchandise mix on a regular basis to identify slow-moving merchandise and generally make adjustments to our product and brand mix and use promotional events to improve sales and clear out inventory.

Brand mix

Brand mix is an important factor to our ability to generate higher sales. The relative contribution to our Turnover generated from sales of various categories of merchandise has remained relatively stable throughout the Track Record Period, but the various brands offered in our department stores are continually adjusted and optimised.

Our strategy is to continually improve our overall sales through adjustment of the brand composition in our stores, which is based on our research and forecast of the popularity of existing and new brands depending on the target customers and economic and market conditions for each of our stores. Generally, we are not contractually obligated to renew our arrangements with underperforming brands, thus providing us with the flexibility to adjust the brand mix in our stores and continue to improve our direct sales and concessionaire sales.

Changes in the mix of our direct and concessionaire sales

Merchandise is sold in our stores either through direct sales or concessionaire arrangements. For direct sales, we record all Gross Sales Proceeds we receive as Turnover. Direct sales operations require us to source and purchase merchandise from suppliers. Producing Turnover through concessionaire sales involves a lower level of operating expenses than generating Turnover through direct sales, as concessionaires are responsible for supplying their own merchandise to be sold and paying the salaries of relevant sales personnel. Furthermore, concessionaire sales involve no inventory risk on our part. However, only the commissions we receive from concessionaire sales, which represent only a percentage of the Gross Sales Proceeds derived from the sale of merchandise, are recorded as Turnover. For the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, Gross Sales Proceeds from our direct sales accounted for 50.3%, 50.7%, 51.0% and 50.2% of our total Gross Sales Proceeds for those periods, respectively, while Gross Sales Proceeds from concessionaire sales accounted for 49.7%, 49.3%, 49.0% and 49.8% of our total Gross Sales Proceeds for those periods, respectively. The relative contribution to our Gross Sales Proceeds from our direct and concessionaire sales has remained relatively stable during the Track Record Period, but we anticipate that this may be changed in future depending on our product mix. For example, for our new stores that we intend to open in neighboring areas, an increasing portion of Turnover may be generated from concessionaire sales, depending on the target customers and market and economic conditions in such areas. A shift in emphasis between these two sales models will have a significant impact on our results of operations, including our Turnover, costs and margins.

Investment strategies

A part of our net profit during the Track Record Period was derived from a net gain on our disposal of held-for-trading investments (which represent investments in listed securities and financial products), which were non-recurrent in nature and were not generated from our core business. Our net gain from the disposal of held-for-trading investments amounted to approximately RMB11.1 million, RMB4.9 million and RMB32.7 million for the three years ended 31 December 2007, 2008 and 2009, respectively, which accounted for 11.0%, 5.5% and 23.3% of our profit and total comprehensive income for those periods respectively. Such gains do not form a part of our core business. We have reduced our securities investment since January 2010, and for the six months ended 30 June 2010, such gain was reduced to approximately RMB0.2 million, which accounted for 0.2% of our profit and total comprehensive income for the same period. Our Directors confirm that the investments of the Group in such held-for-trading investments during the Track Record Period followed the general principle that the principal amount of such investments should be protected under all circumstances. On this basis, the Group's investment strategies during the Track Record Period may be generalized as follows:

(i) investments in financial products ("**Financial Investments**") were made out of the Group's available cash or cash equivalent and such that the Financial Investments would not affect the working capital requirements of the Group from time to time;

(ii) not more than 30% of the Group's available cash or cash equivalent was used for the Financial Investments; and

(iii) for investments in listed securities, the Group focused mainly on subscription for new shares at the time of initial public offerings and the allotted shares were sold on their first trading day.

Our Directors further confirm that the Group will not engage in the Financial Investments after Listing, unless the following conditions are satisfied:

(i) the terms of the Financial Investments are designed to the effect that the principal amount of the investments will be protected under all circumstances; and

(ii) the Financial Investments shall be approved by the Board with the advice from a competent investment expert.

Following the Listing and upon the satisfaction of the above-mentioned conditions, our Directors confirm that the Group will adopt the following investment strategies:

(i) Financial Investments shall only be made out of the Group's available cash or cash equivalent and such Financial Investments shall not affect the working capital requirements of the Group from time to time; and

(ii) not more than 10% of the Group's available cash or cash equivalent shall be used for the Financial Investments.

Corporate income taxation

The corporate income tax that was generally applicable in China was 33% of taxable income prior to 1 January 2008 and has been 25% commencing on 1 January 2008 pursuant to the EIT Law. Our subsidiaries Shirble Department Store (Shenzhen) and Shirble Chain Store were entitled to preferential income tax rates of 15%, 18%, 20% and 22% in the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, respectively, pursuant to then applicable PRC national tax laws and local regulations. As a result of the EIT Law, it is expected that the income tax rate applicable to Shirble Department Store (Shenzhen) and Shirble Chain Store will be changed to 25% within a five year transitional period. Thus, without any further tax exemptions, it is expected that Shirble Department Store (Shenzhen) and Shirble Chain Store will be subject to a tax rate of 24% for 2011 and a normal corporate income tax rate of 25% commencing in 2012. Except for Shirble Department Store (Shenzhen) and Shirble Chain Store, all of our other subsidiaries located in China have been subject to corporate income tax at a rate of 25% commencing on 1 January 2008. Any changes in the corporate income tax rate applicable to us would have a significant impact on our results of operations.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those policies that require the application of management's most challenging, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgments and uncertainties that are sensitive to results under different assumptions and conditions. We believe that our most critical accounting policies are those described below.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised commencing when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of such borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

Construction in progress represent primarily leasehold improvements, machinery and equipment, and are stated at cost less any impairment losses, and are not depreciated. Cost comprises development and construction expenditures incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the relevant assets are transferred to property, plant and equipment at cost less accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The costs of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to us and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as incurred.

Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, taking into account the estimated residual value. Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, ranging from 14 to 59 years after the date of completion. The estimated useful lives of other property, plant and equipment are as follows:

Machinery and equipment	5 years
Furniture and other equipment	3 to 5 years
Motor vehicles	5 years
Leasehold improvements	5 to 10 years or the remaining term of any non-renewable lease, whichever is shorter
Others	5 years

No depreciation is provided for assets under construction until such time as the relevant assets are completed and available for their intended use. Assets under construction are transferred to the relevant category of property, plant and equipment upon the completion of their respective construction.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Our management periodically reviews changes in consumer preferences and industry conditions, assets and retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expenses in the future.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other net income” in the consolidated statements of comprehensive income.

Income tax expense and deferred tax assets

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Determining income tax provisions involves judgment on the future tax treatment of certain transactions. Our management evaluates the tax implications of such transactions and makes provisions accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in applicable tax legislation.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognition of deferred tax assets depends on management's expectation of future taxable profits against which the unused tax credits can be utilised. Management's assessment of the probability of future taxable profits is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Impairment of assets

Financial assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired, i.e., whether a loss event occurred after the initial recognition of the asset that had a negative effect on the estimated future cash flows of the asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter into bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its costs is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment, and such receivables not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised costs is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses for trade and other receivables are assessed and provided based on management's regular review of ageing analyses and evaluations on collectability. A considerable level of judgment is exercised by management when assessing the credit worthiness and past collection history of each individual customer. Any increase or decrease in the impairment losses for bad and doubtful debts would affect the consolidated statements of comprehensive income in future years.

Non-financial assets

The carrying amounts of our non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "**cash-generating unit**" or "**CGU**"). Our corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories comprise merchandise purchased for resale and are stated at the lower of cost and net realisable value. Cost, which is calculated on the first-in, first-out basis, includes purchases of goods at the invoiced value from direct sales suppliers and other direct costs, such as costs incurred in bringing them to their existing location. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Such estimates are based on current market conditions and the historical experience of distributing and selling products of similar nature. These estimates could change significantly as a result of competitors' actions in response to severe economic cycles or other changes in market conditions. Our management will reassess these estimates at each reporting date.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

DESCRIPTION OF CERTAIN ITEMS OF STATEMENTS OF COMPREHENSIVE INCOME

Turnover. Our Turnover consists of direct sales of merchandise, commissions from concessionaire sales and rental income. For direct sales, we purchase merchandise from direct sales suppliers and resell the merchandise in our stores. For concessionaire sales, we allow the concessionaires to occupy designated areas or counters in our stores and sell their merchandise, and we charge them a percentage of the Gross Sales Proceeds generated from their merchandise sales as a commission. Rental income is derived from two sources: (i) sub-lease rental income, which is income generated from certain designated areas of our stores that we lease to independent tenants, including income generated from leases to complementary service and retail outlets, and (ii) contingent rental income, which is income from temporary and seasonal leases of display spaces in certain areas of our stores. See "Our Business – Business model" for more information on our Turnover components.

The following table sets forth a breakdown of our Turnover for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Turnover										
Direct sales	810,602	80.7	882,280	81.7	945,651	82.4	464,086	82.5	503,003	80.7
Commissions from concessionaire sales	168,152	16.7	169,494	15.7	172,502	15.0	84,517	15.0	102,661	16.5
Rental income	25,710	2.6	28,166	2.6	29,877	2.6	14,114	2.5	17,699	2.8
Total	1,004,464	100.0	1,079,940	100.0	1,148,030	100.0	562,717	100.0	623,363	100.0

The following table sets forth the total Turnover generated by each of our department stores:

	Total Turnover for the							
	year ended 31 December					six months ended 30 June		
	2007	2008	2008 vs 2007	2009	2009 vs 2008	2009	2010	2010 vs 2009
	RMB'000	*RMB'000*		*RMB'000*		*RMB'000*	*RMB'000*	
Wanxiang store	179,430	184,319	2.7%	168,663	-8.5%	80,997	82,793	2.2%
Jufu store	140,632	157,877	12.3%	175,895	11.4%	76,277	87,364	14.5%
Longgang store	69,044	79,936	15.8%	95,077	18.9%	41,631	48,888	17.4%
Longzhu store(1)	–	–	na	53,508	na	11,924	39,780	233.6%
Kaifu store(1)	–	–	na	32,342	na	15,556	18,970	21.9%
Hongling store	165,977	165,199	-0.5%	149,878	-9.3%	87,781	89,201	1.6%
Jingtian store	263,707	279,034	5.8%	263,051	-5.7%	138,408	140,861	1.8%
Huahaoyuan store	75,673	90,226	19.2%	91,815	1.8%	45,880	47,625	3.8%
Mingxing store	33,643	33,349	-0.9%	33,592	0.7%	15,908	17,777	11.7%
Hongbao store	62,836	67,444	7.3%	61,508	-8.8%	36,635	36,754	0.3%
Luhe store	13,522	22,556	66.8%	22,701	0.6%	11,720	13,350	13.9%
Total	1,004,464	1,079,940		1,148,030		562,717	623,363	

Note:

(1) Only includes data for the year ended 31 December 2009 and the six months ended 30 June 2009 and 2010, as such store was not in operation in prior periods.

Turnover generated by our Longzhu store, Kaifu store, Longgang store and Jufu store increased from the six months ended 30 June 2009 to the six months ended 30 June 2010, primarily attributable to the opening of Longzhu store in May 2009 as well as the growth in both direct and concessionaire sales in Kaifu store, Longgang store and Jufu store resulting from additional promotional activities.

Turnover generated by our Jufu store, Longgang store and Huahaoyuan store increased from the year ended 31 December 2008 to the year ended 31 December 2009, primarily as a result of the completion of new residential and commercial developments located around these stores, which expanded our customer base and increased customer flow to these stores. Meanwhile, Turnover generated by our Hongling store, Wanxiang store, Jingtian store and Hongbao store decreased from the year ended 31 December 2008 to the year ended 31 December 2009. The decrease in Turnover generated by our Hongling store resulted primarily from decreased promotional events held at this store in 2009. In general, we decreased our sales promotion campaigns overall in 2009, and the campaigns we did conduct were held in the newer stores in our department store network rather than in the mature stores such as our Hongling store. The decrease in Turnover from our Wanxiang store resulted primarily from ongoing road repairs near the store in 2009, while road and subway construction in front of and near our Jingtian store and Mingxing store, and construction around our Hongbao store, temporarily interrupted customer traffic to these stores causing the decrease in Turnover from these stores in the year ended 31 December 2009.

Other operating revenue. Other operating revenue consists of advertisement and promotion income we receive from our concessionaires for advertisement and promotion of their merchandise in our department stores, credit card handling income we receive from concessionaires in connection with amounts paid by customers via credit and bank debit cards, and others.

Other net income. Other net income primarily consists of income derived from charges to our suppliers and concessionaires and other miscellaneous income, which are offset by our losses on disposal of property, plant and equipment.

Purchases of and changes in inventories. Purchases of and changes in inventories consist of merchandise that we purchase from our direct sales suppliers to sell in our department stores, primarily consisting of products sold in the supermarket and electrical appliances sections of our department stores.

Personnel costs. Personnel costs consist of wages, salaries, bonuses and other benefits paid to our staff and contributions to statutory retirement benefit schemes. Our concessionaires are responsible for all personnel costs relating to their employees who operate concessionaire space in our department stores, and therefore we do not incur personnel costs for such staff.

Depreciation. Depreciation consists of charges for depreciation of our property, plant and equipment and depreciation of leasehold improvements.

Operating lease rental expense. Operating lease rental expense consists of lease payments we make on the properties we lease. We lease the premises for all of our department stores except for the Hongbao store.

Other expenses. Other expenses primarily consist of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges we incur when customers pay for merchandise purchased at our stores via bank debit cards, maintenance and repair expenses for our stores and other expenses. The following table sets out the breakdown of our other expenses for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Utilities	25,611	39.1	24,864	35.7	29,572	42.2	11,257	34.7	11,500	33.9
Advertising and promotion	9,804	15.0	9,250	13.3	8,564	12.2	4,648	14.4	5,265	15.5
Other tax expenses	7,558	11.5	8,967	12.9	9,778	14.0	4,560	14.0	5,571	16.4
Bank charges	7,260	11.1	8,479	12.2	6,556	9.4	3,261	10.0	4,559	13.4
Maintenance expenses	3,568	5.4	4,445	6.4	4,222	6.0	2,645	8.1	1,002	3.0
Others(1)	11,731	17.9	13,643	19.5	11,350	16.2	6,093	18.8	6,056	17.8
Total	65,532	100.0	69,648	100.0	70,042	100.0	32,464	100.0	33,953	100.0

Note:

(1) Include primarily transportation expenses, management fees and other miscellaneous expenses.

Finance income. Finance income consists of net gains on the disposal of our held-for-trading investments; net changes in the fair value of such held-for-trading investments and interest earned on our current bank deposits and pledged deposits. Such held-for-trading investments represent investments in listed securities and other financial products. The listed securities consist mainly of A-Shares which were subscribed directly by us generally during the initial public offerings made in the relevant PRC stock markets. The other financial products refer to financial products issued by a major bank in China whereby the said bank undertakes to guarantee a minimum percentage return on our investment (subject to an adjustment of the maximum return rate). Such financial products included investments in debt markets (such as treasury bonds and central bank bills), bank acceptance bills, trusts, initial public offerings, money market funds or low-risk financial products offered by other banks. For additional information, see Notes 4(a) and 13 to the Accountants' Report included in Appendix I to this prospectus. Please also refer to the paragraph headed "A part of our consolidated net profit for the year ended 31 December 2009 was attributable to gains from our disposal of held-for-trading investments, which were non-recurrent in nature and were not generated from our core business. We do not expect that we will continue to enjoy the same extent of such exceptional gains from non-operating income after Listing" under the section headed "Risk factors" in this prospectus for more details.

Finance costs. Finance costs consist of interest expenses related to our borrowings.

Income tax expense. Income tax expense consists of income tax accrued and deferred tax charges. The corporate income tax that was generally applicable in China was 33% of taxable income prior to 1 January 2008 and has been 25% commencing on 1 January 2008 pursuant to the EIT Law. Our subsidiaries Shirble Department Store (Shenzhen) and Shirble Chain Store were entitled to preferential income tax rates of 15%, 18%, 20% and 22% in the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, respectively, pursuant to then applicable PRC national tax laws and local regulations. As a result of the EIT Law, it is expected that the income tax rate applicable to Shirble Department Store (Shenzhen) and Shirble Chain Store will be changed to 25% within a five year transitional period. Thus, without any further tax exemptions, it is expected that Shirble Department Store (Shenzhen) and Shirble Chain Store will be subject to a tax rate of 24% for 2011, respectively, and a normal corporate income tax rate of 25% commencing in 2012. Except for Shirble Department Store (Shenzhen) and Shirble Chain Store, all of our other subsidiaries located in China have been subject to corporate income tax at a rate of 25% commencing on 1 January 2008.

Our effective tax rate, which is our income tax expense divided by our profit before tax, for the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010 was 6%, 18%, 20% and 22%, respectively. The lower effective tax rate for the year ended 31 December 2007 was mainly due to the effect of changes in the PRC enterprise income tax rate as a result of the EIT Law, which reduced the deferred tax expenses in such year. The increase in effective tax rate in the year ended 31 December 2008, the year ended 31 December 2009 and the six months ended 30 June 2010 was generally in line with the increase in income tax rates applicable to our subsidiaries Shirble Department Store (Shenzhen) and Shirble Chain Store. For more information on our income tax expense, see Note 5 to the Accountants' Report included in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following table sets forth selected data from our consolidated statements of comprehensive income for the periods presented, which have been derived from, and should be read in conjunction with, our Financial Information, including the notes thereto, included in the Accountants' Report set forth in Appendix I to this prospectus.

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Turnover	1,004,464	1,079,940	1,148,030	562,717	623,363
Other operating revenue	63,341	78,886	85,448	40,736	68,446
Other net income	532	364	187	296	799
Purchases of and changes in inventories	(702,839)	(770,260)	(812,712)	(402,081)	(431,357)
Personnel costs	(87,999)	(101,837)	(87,619)	(43,401)	(45,672)
Depreciation	(32,469)	(30,874)	(34,798)	(17,894)	(15,234)
Operating lease rental expense	(79,077)	(82,155)	(90,153)	(44,434)	(53,651)
Other expenses	(65,532)	(69,648)	(70,042)	(32,464)	(33,953)
Profit from operations	100,421	104,416	138,341	63,475	112,741
Finance income	13,822	8,685	37,729	2,591	3,841
Finance costs	(7,059)	(4,380)	(1,238)	(1,091)	(929)
Net finance income	6,763	4,305	36,491	1,500	2,912
Profit before tax	107,184	108,721	174,832	64,975	115,653
Income tax expense	(6,437)	(19,205)	(34,528)	(12,559)	(25,573)
Profit and total comprehensive income	100,747	89,516	140,304	52,416	90,080

Six months ended 30 June 2010 compared to six months ended 30 June 2009

Turnover. Turnover increased by 10.8% to RMB623.4 million for the six months ended 30 June 2010 from RMB562.7 million for the six months ended 30 June 2009. This increase was attributable to the growth in Turnover generated from both direct sales and concessionaire sales.

- *Direct Sales.* Direct sales increased by 8.4% to RMB503.0 million for the six months ended 30 June 2010 from RMB464.1 million for the six months ended 30 June 2009. This increase was mainly attributable to the opening of Longzhu store in May 2009 as well as the growth in direct sales in Longgang store, Kaifu store and Jufu store. Direct sales as a percentage of our total Turnover was 80.7% for the six months ended 30 June 2010 compared to 82.5% for the six months ended 30 June 2009.

- *Commission from concessionaire sales.* Commission from concessionaire sales increased by 21.5% to RMB102.7 million for the six months ended 30 June 2010 from RMB84.5 million for the six months ended 30 June 2009. The increase was mainly due to the opening of Longzhu store in May 2009 as well as an increase in concessionaire sales resulting from the sale of merchandise with a higher commission rate resulting from additional promotional activities. Commission from concessionaire sales as a percentage of our total Turnover was 16.5% for the six months ended 30 June 2010 compared to 15.0% for the six months ended 30 June 2009.

- *Rental income.* Rental income increased by 25.5% to RMB17.7 million for the six months ended 30 June 2010 from RMB14.1 million for the six months ended 30 June 2009. This increase was primarily due to the increase in sublease rental income contributed mainly by Longzhu store which opened in May 2009. Rental income as a percentage of our total Turnover was 2.8% for the six months ended 30 June 2010 compared to 2.5% for the six months ended 30 June 2009.

Other operating revenue. Other operating revenue increased by 68.1% to RMB68.4 million for the six months ended 30 June 2010 from RMB40.7 million for the six months ended 30 June 2009. This increase was primarily attributable to additional advertisement and promotion income we earned in 2010 as a result of increase in promotion campaigns and activities.

Other net income. Other net income increased by 166.7% to RMB0.8 million for the six months ended 30 June 2010 from RMB0.3 million for the six months ended 30 June 2009.

Purchase of and changes in inventories. Purchases of and changes in inventories increased by 7.3% to RMB431.4 million for the six months ended 30 June 2010 from RMB402.1 million for the six months ended 30 June 2009, in line with the increase in our Turnover from direct sales. As a percentage of Turnover from direct sales, purchases of and changes in inventories was 85.8% for the six months ended 30 June 2010 compared to 86.6% for the six months ended 30 June 2009.

Personnel costs. Personnel costs increased by 5.3% to RMB45.7 million for the six months ended 30 June 2010 from RMB43.4 million for the six months ended 30 June 2009. This increase was primarily due to the recruitment of new employees for our Longzhu store and Shajing store opened in May 2009 and August 2010.

Depreciation. Depreciation decreased by 15.1% to RMB15.2 million for the six months ended 30 June 2010 from RMB17.9 million for the six months ended 30 June 2009. The decrease was mainly attributable to the disposal of our old distribution center in August 2009.

Operating lease rental expense. Operating lease rental expense increased by 20.9% to RMB53.7 million for the six months ended 30 June 2010 from RMB44.4 million for the six months ended 30 June 2009. This increase was primarily attributable to additional operating leases we entered into for our Shajing store and Minzhi store, as well as the increase in rental expenses for our Jingtian store.

Other expenses. Other expenses increased by 4.6% to RMB34.0 million for the six months ended 30 June 2010 from RMB32.5 million for the six months ended 30 June 2009. This increase was due to the increase in number of stores.

Profit from operations. As a result of the foregoing, our profit from operations surged by 77.5% to RMB112.7 million for the six months ended 30 June 2010 from RMB63.5 million for the six months ended 30 June 2009. Our operating margin improved to 18.1% for the six months ended 30 June 2010 from 11.3% for the six months ended 30 June 2009, primarily as a result of (i) an increase in other operating revenue; (ii) the increase in concessionaire sales of fashion and clothing which has a higher commission rate than other categories of products, as well as (iii) an increase in the overall margin of our direct sales. More promotion and sales discounts were offered to our customers in early 2009 after the financial tsunami, lowering the margin of our direct sales in the six months ended 30 June 2009. In addition, rebates from our suppliers have increased in 2010 due to increased bulk purchase of products, thus improving the margin of our direct sales.

Finance income. Finance income increased by 46.2% to RMB3.8 million for the six months ended 30 June 2010 from RMB2.6 million for the six months ended 30 June 2009. This increase was primarily attributable to the increase in interest income on our bank deposit.

Finance costs. Finance costs decreased by 18.2% to RMB0.9 million for the six months ended 30 June 2010 from RMB1.1 million for the six months ended 30 June 2009. This decrease was primarily attributable to the repayment of all outstanding bank borrowings in first half 2009. A new loan was subsequently entered into in the second half of 2009.

Profit before tax. As a result of the foregoing, profit before tax increased by 78.0% to RMB115.7 million for the six months ended 30 June 2010 from RMB65.0 million for the six months ended 30 June 2009.

Income tax expense. Income tax expense increased by 103.2% to RMB25.6 million for the six months ended 30 June 2010 from RMB12.6 million for the six months ended 30 June 2009 as a result of our increased taxable profit for the six months ended 30 June 2010.

Profit and total comprehensive income for the period. As a result of the foregoing, our profit and total comprehensive income for the period surged by 71.9% to RMB90.1 million for the six months ended 30 June 2010 from RMB52.4 million for the six months ended 30 June 2009.

Year ended 31 December 2009 compared to year ended 31 December 2008

When comparing our results of operations for the year ended 31 December 2009 to our results for the year ended 31 December 2008, investors should note the following:

Our profit and total comprehensive income for the year increased by 56.8% to RMB140.3 million in the year ended 31 December 2009 from RMB89.5 million in the year ended 31 December 2008. This substantial increase resulted primarily from the following two factors: First, our personnel costs decreased by 13.9% to RMB87.6 million in the year ended 31 December 2009 from RMB101.8 million in the year ended 31 December 2008, primarily because we paid special bonuses to stabilise the morale of our work force during the economic downturn of 2008. Second, our net finance income significantly increased to RMB36.5 million in the year ended 31 December 2009 from RMB4.3 million in the year ended 31 December 2008, primarily as a result of RMB32.7 million in net gains from our sale of held-for-trading investments. It should be noted that such gains were not generated from our core operations and we do not expect such exceptional gains from non-operating income to contribute to our results of operations in the future.

Our operating profit margin, which is our profit from operations as a percentage of Turnover, increased to 12.1% in the year ended 31 December 2009 from 9.7% in the year ended 31 December 2008. This increase in our operating profit margin resulted primarily from the decrease in promotional campaigns we held in our stores in the second half of 2009. These campaigns typically involve discounts we offer on certain merchandise over a fixed period of time. While our promotional campaigns are designed to increase sales as well as clear out inventory at our stores, usually resulting in increased Turnover, they also reduce our operating profit margins as the total Turnover generated from such sales is discounted while our purchases of and changes in inventories remain constant.

Turnover. Turnover increased by 6.3% to RMB1,148.0 million in the year ended 31 December 2009 from RMB1,079.9 million in the year ended 31 December 2008. This increase was primarily attributable to growth in Turnover generated from direct sales.

- *Direct sales.* Direct sales increased by 7.2% to RMB945.7 million in the year ended 31 December 2009 from RMB882.3 million in the year ended 31 December 2008. This increase was primarily attributable to the opening of our Kaifu store and Longzhu store in 2009. Direct sales as a percentage of our total Turnover was 82.4% in the year ended 31 December 2009 compared to 81.7% in the year ended 31 December 2008.

- *Commission from concessionaire sales.* Commission from concessionaire sales increased by 1.8% to RMB172.5 million in the year ended 31 December 2009 from RMB169.5 million in the year ended 31 December 2008. Commission from concessionaire sales as a percentage of our total Turnover was 15.0% in the year ended 31 December 2009 compared to 15.7% in the year ended 31 December 2008.

- *Rental income.* Rental income increased by 6.0% to RMB29.9 million in the year ended 31 December 2009 from RMB28.2 million in the year ended 31 December 2008. This increase was primarily attributable to the opening of our Kaifu store and Longzhu store in 2009. Rental income as a percentage of our total Turnover was 2.6% in the year ended 31 December 2009 compared to 2.6% in the year ended 31 December 2008.

Other operating revenue. Other operating revenue increased by 8.2% to RMB85.4 million in the year ended 31 December 2009 from RMB78.9 million in the year ended 31 December 2008. This increase was primarily attributable to additional advertisement and promotion income we earned in the year ended 31 December 2009.

Other net income. Other net income decreased by 50.0% to RMB0.2 million in the year ended 31 December 2009 from RMB0.4 million in the year ended 31 December 2008.

Purchases of and changes in inventories. Purchases of and changes in inventories increased by 5.5% to RMB812.7 million in the year ended 31 December 2009 from RMB770.3 million in the year ended 31 December 2008, in line with the increase in our Turnover from direct sales. As a percentage of Turnover from direct sales, purchases of and changes in inventories was 85.9% in the year ended 31 December 2009 compared to 87.3% in the year ended 31 December 2008.

Personnel costs. Personnel costs decreased by 13.9% to RMB87.6 million in the year ended 31 December 2009 from RMB101.8 million in the year ended 31 December 2008. This decrease was primarily attributable to the fact that in the year ended 31 December 2008, we accrued special bonuses to stabilise the morale of our work force during the economic downturn of 2008. In the year ended 31 December 2008, we accrued an aggregate of RMB27.2 million in bonuses which were fully paid to a total of over 2,000 employees in all functions of our Group, including business operations and maintenance, financial management and control, logistics and distribution, procurement, pricing and inspection, office management and administration, information technology and human resources, by March 2009. By contrast, in the year ended 31 December 2009, we accrued an aggregate of RMB12.5 million in bonuses which were fully paid to our employees by March 2010.

Depreciation. Depreciation increased by 12.6% to RMB34.8 million in year ended 31 December 2009 from RMB30.9 million in the year ended 31 December 2008. This increase was primarily attributable to the addition of fixed assets for our two new stores opened in 2009.

Operating lease rental expense. Operating lease rental expense increased by 9.7% to RMB90.2 million in the year ended 31 December 2009 from RMB82.2 million in the year ended 31 December 2008. This increase was primarily attributable to additional operating leases we entered into for our two new stores opened in 2009.

Other expenses. Other expenses increased only slightly by 0.6% to RMB70.0 million in the year ended 31 December 2009 from RMB69.6 million in the year ended 31 December 2008.

Profit from operations. As a result of the foregoing, our profit from operations increased by 32.5% to RMB138.3 million in the year ended 31 December 2009 from RMB104.4 million in the year ended 31 December 2008. Our operating profit margin increased to 12.1% in the year ended 31 December 2009 from 9.7% in the year ended 31 December 2008, primarily as a result of the decrease in promotional campaigns we held in our stores in the second half of the year ended 31 December 2009.

Finance income. Finance income increased by 333.3% to RMB37.7 million in the year ended 31 December 2009 from RMB8.7 million in the year ended 31 December 2008. This increase was primarily attributable to RMB32.7 million in net gains from our sale of held-for-trading investments in the year ended 31 December 2009, as opposed to only RMB4.9 million in such gains in the year ended 31 December 2008.

Finance costs. Finance costs decreased by 72.7% to RMB1.2 million in the year ended 31 December 2009 from RMB4.4 million in the year ended 31 December 2008. This decrease was primarily attributable to lower interest rates on our bank borrowings in the year ended 31 December 2009 than in the previous year.

Profit before tax. As a result of the foregoing, profit before tax increased by 60.8% to RMB174.8 million in the year ended 31 December 2009 from RMB108.7 million in the year ended 31 December 2008.

Income tax expense. Income tax expense increased by 79.7% to RMB34.5 million in the year ended 31 December 2009 from RMB19.2 million in the year ended 31 December 2008 as a result of our increased taxable profit in the year ended 31 December 2009.

Profit and total comprehensive income for the year. As a result of the foregoing, our profit and total comprehensive income for the year increased by 56.8% to RMB140.3 million in the year ended 31 December 2009 from RMB89.5 million in the year ended 31 December 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Turnover. Turnover increased by 7.5% to RMB1,079.9 million in the year ended 31 December 2008 from RMB1,004.5 million in the year ended 31 December 2007. This increase was primarily attributable to growth in Turnover generated from direct sales.

- *Direct sales.* Direct sales increased by 8.8% to RMB882.3 million in the year ended 31 December 2008 from RMB810.6 million in the year ended 31 December 2007. This increase primarily resulted from our increased promotional campaigns held during the global economic crisis in the year ended 31 December 2008 to boost sales. Direct sales as a percentage of our total Turnover was 81.7% in the year ended 31 December 2008 compared to 80.7% in the year ended 31 December 2007.

- *Commission from concessionaire sales.* Commission from concessionaire sales increased only slightly by 0.8% to RMB169.5 million in the year ended 31 December 2008 from RMB168.2 million in the year ended 31 December 2007. Commission from concessionaire sales as a percentage of our total Turnover was 15.7% in the year ended 31 December 2008 compared to 16.7% in the year ended 31 December 2007.

- *Rental income.* Rental income increased by 9.7% to RMB28.2 million in the year ended 31 December 2008 from RMB25.7 million in the year ended 31 December 2007. This increase primarily resulted from an increase of designated areas within our stores that we leased to third parties in the year ended 31 December 2008. Rental income as a percentage of our total Turnover was 2.6% in both the years ended 31 December 2008 and 31 December 2007.

Other operating revenue. Other operating revenue increased by 24.6% to RMB78.9 million in the year ended 31 December 2008 from RMB63.3 million in the year ended 31 December 2007. This increase was primarily attributable to a RMB13.0 million increase in advertisement and promotion income we earned in the year ended 31 December 2008 as a result of an increase in large-scale promotion campaigns by our concessionaires in the year ended 31 December 2008.

Other net income. Other net income decreased by 20.0% to RMB0.4 million in the year ended 31 December 2008 from RMB0.5 million in the year ended 31 December 2007. This decrease was primarily attributable to RMB0.2 million in net losses we incurred for our disposal of property, plant and equipment in the year ended 31 December 2008, whereas we did not incur any similar losses in the year ended 31 December 2007.

Purchases of and changes in inventories. Purchases of and changes in inventories increased by 9.6% to RMB770.3 million in the year ended 31 December 2008 from RMB702.8 million in the year ended 31 December 2007, in line with the increase in our Turnover from direct sales. As a percentage of Turnover from direct sales, purchases of and changes in inventories increased only slightly to 87.3% in the year ended 31 December 2008 from 86.7% in the year ended 31 December 2007.

Personnel costs. Personnel costs increased by 15.7% to RMB101.8 million in the year ended 31 December 2008 from RMB88.0 million in the year ended 31 December 2007. This increase was primarily attributable to the special bonuses we paid in the year ended 31 December 2008 to stabilise the morale of our work force during the economic downturn of 2008.

Depreciation. Depreciation decreased by 4.9% to RMB30.9 million in year ended 31 December 2008 from RMB32.5 million in the year ended 31 December 2007. This decrease was primarily attributable to our continuing use of our plant, property and equipment, of which depreciation had been recognised by us in previous years.

Operating lease rental expense. Operating lease rental expense increased by 3.9% to RMB82.2 million in the year ended 31 December 2008 from RMB79.1 million in the year ended 31 December 2007. This increase was primarily attributable to an increase in rental expenses for our Changsha store in the year ended 31 December 2008.

Other expenses. Other expenses increased by 6.3% to RMB69.6 million in the year ended 31 December 2008 from RMB65.5 million in the year ended 31 December 2007. This increase was primarily attributable to increases in our other tax expenses and our bank charges.

Profit from operations. As a result of the foregoing, our profit from operations increased by 4.0% to RMB104.4 million in the year ended 31 December 2008 from RMB100.4 million in the year ended 31 December 2007. Our operating profit margin decreased to 9.7% in the year ended 31 December 2008 from 10.0% in the year ended 31 December 2007, primarily as a result of the increase in our personnel costs in the year ended 31 December 2008.

Finance income. Finance income decreased by 37.0% to RMB8.7 million in the year ended 31 December 2008 from RMB13.8 million in the year ended 31 December 2007. This decrease was primarily attributable to the fact that we had only RMB4.9 million in net gains from the sale of held-for-trading investments in the year ended 31 December 2008, whereas we had RMB11.1 million in such gains in the year ended 31 December 2007.

Finance costs. Finance costs decreased by 38.0% to RMB4.4 million in the year ended 31 December 2008 from RMB7.1 million in the year ended 31 December 2007. This decrease was primarily attributable to our lower loan balances in the year ended 31 December 2008 than in the year ended 31 December 2007, which resulted in lower interest expenses in the year ended 31 December 2008.

Profit before tax. As a result of the foregoing, profit before tax increased only slightly by 1.4% to RMB108.7 million in the year ended 31 December 2008 from RMB107.2 million in the year ended 31 December 2007.

Income tax expense. Income tax expense increased by 200.0% to RMB19.2 million in the year ended 31 December 2008 from RMB6.4 million in the year ended 31 December 2007. This increase was primarily attributable to the increase in our tax rate in the year ended 31 December 2008.

Profit and total comprehensive income for the year. As a result of the foregoing, our profit and total comprehensive income for the year decreased by 11.1% to RMB89.5 million in the year ended 31 December 2008 from RMB100.7 million in the year ended 31 December 2007.

Remuneration to Mr. YANG

During the Track Record Period, no remuneration was payable to Mr. YANG. There was no arrangement under which Mr. YANG waived or agreed to waive any remuneration during the Track Record Period. Mr. YANG had volunteered not to receive any remuneration during the Track Record Period in order to support the development of our Group during the Track Record Period. Mr. YANG has entered into a service contract with the Company providing for an annual salary (before tax) of HK$1.4 million.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity and capital resources have been cash generated from our operations and bank borrowings. Our principal uses of cash have been operational costs and capital expenditures to open new stores in our department store network.

Going forward, we expect to fund our foreseeable working capital, capital expenditures and other capital requirements through a combination of various sources, including cash generated from our operations, bank and other borrowings and the net proceeds from the Global Offering. Taking into account our cash and cash equivalents on hand, the net cash flow from our operating activities, our available borrowing facilities (including the committed renewal or extensions of these facilities upon their expiration or their subsequent new facilities) and the estimated net proceeds from the Global Offering, our Directors are satisfied that we have sufficient working capital for at least 12 months from the date of this prospectus.

Cash Flows

The following table summarises our cash flows for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net cash generated from operating activities	215,228	94,049	288,376	54,569	29,915
Net cash generated from/ (used in) investing activities	8,698	(88,719)	37,427	(58,231)	(16,035)
Net cash (used in)/generated from financing activities	(21,050)	(26,400)	(329,927)	(23,827)	4,500
Net increase/(decrease) in cash and cash equivalents	202,876	(21,070)	(4,124)	(27,489)	18,380
Cash and cash equivalents at 1 January	140,232	343,108	322,038	322,038	317,914
Cash and cash equivalents at 31 December/30 June	343,108	322,038	317,914	294,549	336,294

Cash flows from operating activities

Net cash generated from operating activities was RMB29.9 million for the six months ended 30 June 2010. This amount primarily reflected our profit before tax of RMB115.7 million, as adjusted by income statement items with non-operating cash effect of RMB12.3 million and the following factors: (i) a decrease in inventory in the amount of RMB16.2 million primarily due to seasonality (more inventory will be stocked up by the end of each year to prepare for Chinese new year sales) and increase in promotional activities to clear out merchandise; (ii) an increase in trade and other receivables in the amount of RMB34.0 million as a result of prepayments and deposits for our new Shajing and Minzhi store, prepayment for listing expenses as well as an increase in amounts due from related parties; (iii) a decrease in trade and other payables of RMB40.0 million primarily attributable to the decrease in advance received from customers as more customers will purchase prepaid cards towards the end of each year as well as the decrease in trade and bills payable as less inventory was stocked up; and (iv) the income tax paid of RMB39.6 million.

Net cash generated from operating activities was RMB288.4 million in the year ended 31 December 2009. This amount primarily reflected our profit before tax of RMB174.8 million, as adjusted by income statement items with non-operating cash effect of RMB1.5 million and the following factors: (i) a decrease in trade and other receivables in the amount of RMB67.6 million which was primarily due to a decrease in amounts due from related parties, (ii) an increase in trade and other payables in the amount of RMB65.0 million, which was primarily due to an increase in advances received from customers in connection with our pre-paid gift cards and an increase in our trade and bills payables as a result of the opening of our Kaifu Store and Longzhu Store in 2009, and (iii) an increase in inventory in the amount of RMB3.8 million primarily as a result of the addition of these two new stores to our department store network in 2009.

Net cash generated from operating activities was RMB94.0 million in the year ended 31 December 2008. This primarily reflected our profit before tax of RMB108.7 million, as adjusted by income statement items with non-operating cash effect of RMB26.8 million and an increase in trade and other payables in the amount of RMB93.5 million, which was primarily due to an increase in advances received from customers in connection with our issuance of pre-paid gift cards, increases in tax payables and increases in deposits from our concessionaires. The effect of these factors was partially offset by: (i) an increase in trade and other receivables in the amount of RMB100.1 million which was primarily due to an increase in amounts due from related parties and (ii) and an increase in inventories in the amount of RMB7.6 million primarily in preparation for the opening of our Kaifu store and Longzhu store in 2009.

Net cash generated from operating activities was RMB215.2 million in the year ended 31 December 2007. This primarily reflected our profit before tax of RMB107.2 million, as adjusted by income statement items with non-operating cash effect of RMB25.7 million and the following factors: (i) an increase in trade and other payables in the amount of RMB103.6 million which was primarily due to an increase in advances received from customers in connection with our pre-paid gift cards and (ii) a decrease in inventories in the amount of RMB7.6 million. The effect of these factors was partially offset by an increase in trade and other receivables in the amount of RMB4.2 million primarily due to an increase in amounts due from related parties.

Cash flows from investing activities

Net cash used in investing activities was RMB16.0 million for the six months ended 30 June 2010, primarily reflecting our payment of RMB20.6 million for purchase of property, plant and equipment, offset by (i) RMB3.7 million interest received on our bank deposit, (ii) RMB0.6 million in proceeds we received from disposal of property, plant and equipment and (iii) RMB0.3 million in proceeds we received from disposal of held-for-trading investments.

Net cash generated from investing activities was RMB37.4 million in year ended 31 December 2009, primarily reflecting: (i) RMB465.4 million in proceeds we received from our sale of held-for-trading investments and (ii) RMB5.0 million in interest received on our bank deposits. These were partially offset by: (i) our payment of RMB402.6 million for the purchase of held-for-trading investments and (ii) our payment of RMB30.5 million for property, plant and equipment.

Net cash used in investing activities was RMB88.7 million in the year ended 31 December 2008, primarily reflecting: (i) our payment of RMB67.3 million for purchases of property, plant and equipment, including improvements and fittings for our Kaifu store and Longzhu store and payments for land use rights for our Hongbao store, and (ii) our payment of RMB38.0 million for the purchase of held-for-trading investments. These were partially offset by: (i) RMB12.9 million in proceeds we received from our sale of held-for-trading investments and (ii) RMB3.6 million in interest received on our bank deposits.

Net cash generated from investing activities was RMB8.7 million in the year ended 31 December 2007, primarily reflecting: (i) RMB78.3 million in proceeds we received from our sale of held-for-trading investments and (ii) RMB2.8 million in interest received on our bank deposits. These were partially offset by: (i) our payment of RMB67.3 million for the purchase of held-for-trading investments and (ii) our payment of RMB5.4 million for purchases of property, plant and equipment.

Cash flows from financing activities

Net cash generated from financing activities was RMB4.5 million for the six months ended 30 June 2010, as a result of our decrease in pledged deposits in amount of RMB4.5 million.

Net cash used in financing activities was RMB329.9 million in the year ended 31 December 2009, as a result of (i) dividends paid in the amount of RMB280.6 million by our subsidiaries Shirble Department Store (Shenzhen) and Shirble Chain Store to their then equity holders in connection with the Reorganisation, (ii) an increase of RMB136.5 million in bank deposits pledged to secure certain of our bank facilities due to our higher bank balances in the year ended 31 December 2009 and (iii) our repayment of bank borrowings in the amount of RMB44.8 million. These were partially offset by RMB132.0 million in proceeds we received from new borrowings.

Net cash used in financing activities was RMB26.4 million in the year ended 31 December 2008, as a result of our repayment of bank borrowings in the amount of RMB26.4 million.

Net cash used in financing activities was RMB21.1 million in the year ended 31 December 2007, as a result of our repayment of bank borrowings in the amount of RMB101.1 million, which was partially offset by RMB80.0 million in proceeds from new borrowings.

CAPITAL EXPENDITURES

Our capital expenditure requirements primarily relate to cash payments for the purchase of property, plant and equipment, including improvements and fittings and the purchase of buildings for our stores. In the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, our capital expenditures as represented by cash payments for the purchase of property, plant and equipment, amounted to RMB5.4 million, RMB67.3 million, RMB30.5 million and RMB20.6 million, respectively. We have funded our historical capital expenditures through cash generated from our operations and bank borrowings.

We plan to expand our department store network by opening up to 10 new stores (including our Minzhi store in Bao'an District of Shenzhen in November 2010 and our Yitian store in the Futian District of Shenzhen by 2012). One of the abovementioned 10 new stores will be located on a building complex to be constructed by us on a parcel of land to be acquired by us in Shenzhen. We expect to incur substantial capital expenditures of approximately RMB940 million in connection with this plan. We intend to apply the net proceeds from the Global Offering to finance part of the capital expenditures of this plan. Please refer to section headed "Future Plans and Use of Net Proceeds from the Global Offering" in this prospectus for further details. We may also incur capital expenditures in acquiring interests in other department stores or retail chain businesses if attractive opportunities arise. However, our current plans with respect to future capital expenditures are subject to change based on the evolution of our business plan, market conditions and our outlook on future business conditions.

Our ability to expand our department store network and satisfy our capital expenditure requirements may depend on our ability to obtain funds from external sources, including through bank and other borrowings or the issuance of securities. Our ability to obtain such financing also depends on numerous factors, including our financial performance, creditworthiness and relationship with lenders, among others. Our failure to generate or obtain sufficient funds could curtail or delay our expansion plans.

DESCRIPTION OF CERTAIN BALANCE SHEET ITEMS

Inventory

Our inventory primarily consists of products sold in the supermarket and electrical appliances sections of our department stores that we purchase from our suppliers. For merchandise such as footwear, textiles, apparel, cosmetics, children's and households' goods, they are primarily sold through concessionaire arrangements and as such, those merchandise are not recorded as inventory. As of 31 December 2007, 2008 and 2009 and 30 June 2010, our inventory amounted to RMB166.1 million, RMB173.7 million, RMB177.4 million and RMB161.2 million, respectively. The increase in our inventory balance from RMB166.1 million as of 31 December 2007 to RMB173.7 million as of 31 December 2008 primarily resulted from our increased merchandise purchases in the year ended 31 December 2008 in preparation for the opening of our Kaifu store and Longzhu store in 2009. Our inventory balance further increased to RMB177.4 million in the year ended 31 December 2009 primarily as a result of the addition of these two stores to our department store network in the same year. As of 30 June 2010, our inventory balance decreased to RMB161.2 million from RMB177.4 million as of 31 December 2009, primarily attributable to seasonality (more inventory will be stocked up by the end of each year to prepare for Chinese new year sales) and increase in promotional activities to clear out merchandise.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
Inventory turnover days[1]	86.2	82.3	79.7	67.7

Note:

(1) Inventory turnover days are calculated as the inventory balance as of the end of the year/period, divided by purchases of and changes in inventories for the year/period, and multiplied by 365 days for the years ended 31 December 2007, 2008 and 2009, or 181 days for the six months ended 30 June 2010.

Our inventory turnover days decreased from 86.2 days in the year ended 31 December 2007 to 82.3 days in the year ended 31 December 2008 primarily as a result of our increased promotional campaigns to clear out merchandise and our efforts to return certain goods to our suppliers pursuant to our rights under contracts with our suppliers in the year ended 31 December 2008. Our inventory days decreased only slightly to 79.7 days in the year ended 31 December 2009. In the six months ended 30 June 2010, our inventory days further decreased to 67.7 days primarily due to seasonality (more inventory will be stocked up by the end of each year to prepare for Chinese new year sales) and increase in promotional activities to clear out merchandise.

Trade and other receivables

Trade receivables

Customers in our stores pay us by cash, credit card or bank debit card on the day of purchase. We collect such payments ourselves, including payments for products sold by our concessionaires. Credit card transactions are typically settled within one business day while bank debit card transactions are generally settled within one to two business days. As such, our trade receivables are minimal and do not represent a significant portion of our current assets. As of 31 December 2007, 2008 and 2009 and 30 June 2010, our trade receivables balance amounted to RMB5.7 million, RMB3.3 million, RMB4.5 million and RMB7.4 million, respectively.

Other receivables

The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits, prepayments and other receivables:				
Rental deposits	11,747	13,034	14,923	19,781
Prepayments	10,146	17,094	14,303	34,012
Others	9,659	7,716	5,163	6,034
	31,552	37,844	34,389	59,827
Amounts due from related parties[(1)]	285,797	389,055	374,214	381,377
Total	317,349	426,899	408,603	441,204

Note:

(1) See "– Amounts due to/from related parties", below, for a further breakdown of these amounts.

Trade and other payables

Trade and bills payables

Our trade and bills payables consist primarily of payments due to our direct sales suppliers, and to a lesser extent, our concessionaires. We typically receive credit terms of up to 90 days from the date we receive goods from our direct sales suppliers. Under our concessionaire arrangements, we are typically required to make payment to a concessionaire within 30 days after our month-end reconciliation of accounts, provided that the concessionaire has supplied us with a VAT invoice for the products sold.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	175,672	195,017	215,857	197,303
Over 90 days but within 1 year	39,302	35,430	49,229	48,586
Over one year[1]	16,336	16,859	15,664	17,661
Total	231,310	247,306	280,750	263,550

Note:

(1) Includes primarily certain merchandise for which we receive extended payment terms from our direct sales suppliers, whereby our suppliers only require us to pay for such merchandise after we sell the merchandise to customers.

The following table sets forth our turnover of trade and bills payables for direct sales for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
Trade and bills payables turnover days for direct sales[1]	79.6	83.4	83.5	70.8

Note:

(1) Trade and bills payables turnover days for direct sales are calculated as the trade and bills payables balance of direct sales suppliers as of the end of the year/period, divided by purchases of and changes in inventories for the year/period, and multiplied by 365 days for the years ended 31 December 2007, 2008 and 2009, or 181 days for the six months ended 30 June 2010.

Our trade and bills payable turnover days for direct sales increased from 79.6 days in the year ended 31 December 2007 to 83.4 days in the year ended 31 December 2008 primarily as a result of extended payment terms we received in 2008 from our strengthened relationship with our suppliers. Our trade and bills payable turnover days for direct sales did not change significantly from the year ended 31 December 2008 to 31 December 2009.

Trade and bills payable turnover days for direct sales decreased to 70.8 days for the 6 months ended 30 June 2010 due to seasonality (higher trade payable as a result of more inventory will be stocked up by the end of each year to prepare for Chinese new year sales).

The following table sets forth our turnover of trade and bills payables for concessionaire sales for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
Trade and bills payables turnover days for concessionaire sales[(1)]	45.0	37.9	47.0	43.3

Note:

(1) Trade and bills payables turnover days for concessionaire sales are calculated as the trade and bills payables balance of concessionaires as of the end of the year/period, divided by Gross Sales Proceeds from concessionaire sales less commission from concessionaire sales for the year/period, and multiplied by 365 days for the years ended 31 December 2007, 2008 and 2009, or 181 days for the six months ended 30 June 2010.

Our trade and bills payables turnover days decreased from 45.0 days in the year ended 31 December 2007 to 37.9 days in the year ended 31 December 2008 primarily because we settled some of our trade and bills payables earlier in an effort to support and strengthen our relationships with our concessionaires during the financial crisis in 2008. Our trade and bills payables turnover days increased from 37.9 days in the year ended 31 December 2008 to 47.0 days in the year ended 31 December 2009 as a result of us reverting to our normal settlement terms with our concessionaires.

For the six months ended 30 June 2010, we restore to a normal settlement terms, and we are able to maintain a relatively stable trade and bills payables turnover days for concessionaire sales, which compare to the period for the six month ended 30 June 2009.

Deferred tax assets

As of 31 December 2007, 2008 and 2009 and 30 June 2010, we had RMB24.8 million, RMB26.3 million, RMB30.9 million and RMB35.1 million in deferred tax assets, respectively. Our deferred tax assets are attributable to accrued expenses, which consist mainly of amortization of rental expenses and accrued customer bonus points, as well as depreciation on property, plant and equipment. For additional information, see Note 18 to the Accountants' Report included in Appendix I to this prospectus.

Other payables

Our other payables primarily consist of advances we receive from customers in connection with our issuance of pre-paid gift cards, rental payables, and other payables and accruals.

The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers	255,452	327,287	352,530	329,373
Rental payables	64,779	64,426	73,241	81,641
Other taxes payables	52,816	67,258	61,337	53,312
Deferred income	25,252	17,510	24,974	29,686
Accrued wages and salaries	21,472	22,233	12,298	8,945
Amounts due to related parties[(1)]	2,831	2,129	2,909	3,549
Other payables and accruals[(2)]	21,951	33,300	34,785	33,248
Dividends payable	–	–	–	30,000
	444,553	534,143	562,074	569,754

Notes:

(1) See "– Amounts due to/from related parties", below, for a further description of these amounts.

(2) Primarily consist of deposits received from suppliers and concessionaires, payables for the purchase of property, plant and equipment and other payables and accruals.

Amounts due to/from related parties

Amounts due to related parties

As of 31 December 2007, 2008 and 2009 and 30 June 2010, we had RMB2.8 million, RMB2.1 million, RMB2.9 million and RMB3.5 million in amounts due to related parties, respectively. The following table sets forth a breakdown of these amounts as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to:				
Ruizhuo Investment[1]	–	–	447	878
Shirble Property Management[2]	2,831	2,129	2,462	2,671
	2,831	2,129	2,909	3,549

Notes:

(1) Amount due to Ruizhuo Investment consists of payments due in connection with our lease of property which is part of our Shenzhen Distribution Centre from Ruizhuo Investment.

(2) Amounts due to Shirble Property Management consist of payments due in connection with our lease of properties used as employee dormitories from Shirble Property Management.

Amounts due from related parties

As of 31 December 2007, 2008, 2009 and 30 June 2010, we had RMB285.8 million, RMB389.1 million, RMB374.2 million and RMB381.4 million in amounts due from related parties, respectively. The following table sets forth a breakdown of these amounts as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from:				
Ruizhuo Investment	1,480	148	–	–
Hengda Investment[1]	275,645	388,396	263,709	277,176
Shenzhen Guozhan[2]	–	–	57,716	60,893
Shirble Inn[3]	709	511	313	213
Mr. YANG Xiangbo[4]	–	–	52,476	43,095
Mr. LI Zuolin	7,963	–	–	–
	285,797	389,055	374,214	381,377

Notes:

(1) Hengda Investment is ultimately controlled by Mr. YANG. Amounts due from Hengda Investment consist of advances we made for Mr. YANG's own investment and personal purposes.

(2) Amount due from Shenzhen Guozhan consists of payments owed to us from our sale of property to Shenzhen Guozhan.

(3) Amounts due from Shirble Inn consist of advance payments we made in connection with our lease of property for our Luhe store from Shirble Inn.

(4) Amounts due from Mr. YANG consist of advances we made for Mr. YANG's own investment and personal purposes.

All of the outstanding balances due from related parties as of 31 December 2007, 2008 and 2009 and 30 June 2010 were unsecured, interest-free and had no fixed repayment terms. As of 30 September 2010, the outstanding amount was approximately RMB316.7 million. Such amount due from related parties will be repaid prior to Listing.

INDEBTEDNESS, CONTRACTUAL OBLIGATIONS AND OTHER OFF-BALANCE SHEET ARRANGEMENTS

Borrowings

Our borrowings consist of short-term and long-term loans from commercial banks in China. The following table sets forth certain information regarding our outstanding bank borrowings as of the dates indicated:

	As of 31 December			**As of 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Short-term bank loans – secured	–	–	132,032	132,032
Current portion of long-term bank loans – secured	26,400	26,400	–	–
Non-current:				
Long term bank loans – secured	44,800	18,400	–	–
Total	71,200	44,800	132,032	132,032

The following table sets forth the maturity profiles of our bank borrowings as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	26,400	26,400	132,032	132,032
Over 1 year but less than 2 years	26,400	18,400	–	–
Over 2 years but less than 5 years	18,400	–	–	–
Total	71,200	44,800	132,032	132,032

Our bank borrowings are denominated in Renminbi. Our bank borrowings as of 31 December 2007 and 2008 had variable interest rates, while our outstanding bank borrowings as of 31 December 2009 and 30 June 2010 had fixed interest rates. The table below sets forth the effective annual interest rates of our bank borrowings during the periods indicated:

	Year ended 31 December			Six months ended 30 June	Nine months ended 30 September
	2007	**2008**	**2009**	**2010**	**2010**
Bank borrowings	6.57% – 7.56%	5.40% – 7.29%	1.41%	1.41%	1.41%

As of 31 December 2007, 2008 and 2009 and 30 June 2010, our outstanding bank borrowings amounted to RMB71.2 million, RMB44.8 million, RMB132.0 million and RMB132.0 million, respectively. Our bank borrowing balance increased significantly from RMB44.8 million as of 31 December 2008 to RMB132.0 million as of 30 June 2010 as a result of a loan we obtained from the Shenzhen Development Bank in 2009. As part of its year-end efforts to increase bank deposits, the Shenzhen Development Bank offered to provide us with a loan with a low fixed interest rate in exchange for our deposit in the same amount that would earn a higher interest rate. Therefore, at the suggestion of Shenzhen Development Bank, in November 2009 we obtained a loan in the amount of RMB132.0 million from the bank with a fixed interest rate of 1.41% per annum and a term of one year. At the same time, we made a deposit in the amount of RMB132.0 million with the bank, which earns interest at the rate of 2.25% per annum. Upon the maturity date of the loan, our deposit will be used to satisfy our repayment of the loan.

As of 31 December 2007, 2008 and 2009 and 30 June 2010, our bank loans were secured by mortgages over our buildings and pledged deposits with aggregate carrying values of RMB105.3 million, RMB99.4 million, RMB132.0 million and RMB132.0 million, respectively. Our outstanding bank borrowings as of 31 December 2007 and 2008 were also guaranteed by Ruizhuo Investment and Hengda Investment. The guarantees given by these related companies were subsequently released on 3 July 2009.

Our gearing ratio, as calculated by dividing our total borrowings by our total assets, was 6.6%, 3.6%, 10.4% and 10.1% as of 31 December 2007, 2008 and 2009 and 30 June 2010, respectively. As of 30 June 2010, we had aggregate banking facilities of RMB282.0 million available, all of which were short-term borrowings and bills payables and of which RMB132.0 million was utilised and RMB150.0 million remained unutilised.

As of 30 September 2010, the latest practicable date for determining our indebtedness, interest-bearing borrowings remained at RMB132.0 million, which was unchanged from 30 June 2010, and remained secured by our same deposit of the same amount with Shenzhen Development Bank. Said loan will mature in November 2010 by its terms.

Save as disclosed above, as of 30 September 2010, we did not have any outstanding loan capital issued or agreed to be issued, there were no material covenants relating to our outstanding debt that would restrict our ability to raise additional capital through debt or equity financing, we had no outstanding mortgages or charges on our assets, and had no contingent liabilities or guarantees outstanding.

Our Directors confirm that, subsequent to 30 September 2010, and up to the Latest Practicable Date, there has been no material adverse change in the indebtedness position of our Group.

Net Current Assets

As at 31 December 2007, 2008 and 2009 and 30 June 2010, we had net current assets of approximately RMB122.0 million, RMB142.5 million, RMB38.0 million and RMB90.4 million, respectively.

As at 30 September 2010, we had a net current assets position of approximately RMB115.3 million. The following table sets forth our net current assets position, as well as our current assets and current liabilities, during the Track Record Period and as at 30 September 2010:

	As of 31 December			As of 30 June	As of 30 September
	2007	2008	2009	2010	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current Assets					
Inventories	166,071	173,650	177,411	161,232	193,285
Trade and other receivables	323,065	430,189	413,110	448,606	409,530
Held-for-trading investments	–	30,190	151	–	–
Pledged deposits	–	–	136,532	132,032	132,032
Cash and cash equivalents	343,108	322,038	317,914	336,294	495,855
Total current assets	832,244	956,067	1,045,118	1,078,164	1,230,702
Current Liabilities					
Trade and other payables	675,863	781,449	842,824	833,304	952,762
Interest-bearing borrowings	26,400	26,400	132,032	132,032	132,032
Income tax payables	7,932	5,701	32,266	22,458	30,640
Total current liabilities	710,195	813,550	1,007,122	987,794	1,115,434
Net current assets	122,049	142,517	37,996	90,370	115,268

As of 30 June 2010, we had net current assets of RMB90.4 million, consisting of RMB1,078.2 million of current assets and RMB987.8 million of current liabilities, which represented an increase of RMB52.4 million. This increase was principally driven by (i) a RMB35.5 million increase in our trade and other receivables due to increased sales, increased deposits and prepayments for our new stores and EPR system, and increased amount due from Hengda Investment and Shenzhen Guozhan; (ii) a RMB18.4 million increase in cash and cash equivalents; (iii) a RMB9.5 million decrease in trade and other payables primarily attributable to the decrease in advance received from customers as more customers will purchase prepaid cards towards the end of each year; and (iv) a RMB9.8 million decrease in income tax payables for the six months ended 30 June 2010 as compared to the year ended 31 December 2009.

As of 31 December 2009, we had net current assets of RMB38.0 million, consisting of RMB1,045.1 million of current assets and RMB1,007.1 million of current liabilities, which represented a decrease of RMB104.5 million from our net current assets of RMB142.5 million as of 31 December 2008. This decrease was principally driven by (i) a dividend payment of RMB280.6 million, (ii) a RMB61.4 million increase in our trade and other payables, in part arising from a RMB25.2 million increase in advances received from customers in connection with our pre-paid gift cards and an increase in our trade and bills payables as a result of the opening of our Kaifu Store and Longzhu Store in 2009, (iii) a RMB26.6 million increase in income tax payables due in part to a higher income tax expense accrued for the year ended 31 December 2009, and (iv) a RMB30.0 million decrease in held-for-trading investments as the Group disposed of its investments to prepare for a reduction of its investments outside its core business.

For the year ended 31 December 2008, net current assets increased from RMB122.0 million to RMB142.5 million, which comprised of a RMB123.8 million increase in current assets and a RMB103.4 million increase in current liabilities. The increase in current assets was driven mainly by a RMB107.1 million increase in trade and other receivables and a RMB30.2 million increase in held-for-trading investments, whereas the increase in current liabilities was driven mainly by a RMB105.6 million increase in trade and other payables, in part arising from a RMB71.8 million increase of the outstanding balance of pre-paid gift cards issued by our stores.

For the nine months ended 30 September 2010, net current assets increased by RMB77.3 million from RMB38.0 million to RMB115.3 million. This increase was driven in part by a RMB178.0 million increase in cash and cash equivalents from RMB317.9 million to RMB495.9 million resulting principally from cash generated from operations, and in part by a RMB15.9 million increase in inventories from RMB177.4 million to RMB193.3 million. This increase is offset by a RMB110.0 million increase in trade and other payables from RMB842.8 million to RMB952.8 million, resulting in part from increase in advances received from customers in connection with our pre-paid gift cards.

The Company does not intend to raise any material external debt financing in the foreseeable future after Listing.

Contractual obligations and other off-balance sheet arrangements

Operating leases

We lease certain of our stores and office premises under non-cancellable operating leases. The following table sets forth our future minimum lease payments under these non-cancellable operating leases as of the dates indicated according to the period in which the payment is due:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	71,484	80,541	103,690	114,205
After 1 year but within 5 years	253,412	313,516	393,466	430,778
After 5 years	430,358	556,627	627,585	728,300
Total	755,254	950,684	1,124,741	1,273,283

Other commitments and contractual obligations

The following table summarises our capital commitments relating to our purchase of plant, property and equipment, including improvements and fittings and the purchase of buildings for our stores, as of the dates indicated:

	As of 31 December			As of 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	2,480	14,773	581	32,656
Authorised but not contracted for	37,104	9,707	27,268	–
Total	39,584	24,480	27,849	32,656

In addition, under various agreements, we are obligated to make future cash payments in fixed amounts. The following table summarises our contractual obligations by maturity, including interest payments calculated using contractual rates or, if floating, based on rates as of 30 June 2010:

	As of 30 June 2010 Payment due by Period			
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	133,866	–	–	133,866
Trade and other payables	833,304	–	–	833,304
Total	967,170	–	–	967,170

Contingent liabilities

Save as disclosed above, as of 30 June 2010, we did not have any outstanding loan capital issued or agree to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Off-balance sheet arrangements

Save for the commitments set forth above, we have not entered into any material off-balance sheet transactions or arrangements.

MARKET RISKS

In the normal course of business, we are exposed to various types of market risks, including the following:

Interest rate risk

Our cash and cash equivalents, pledged bank deposits and interest bearing bank borrowings are subject to interest rate risk. However, our exposure to interest rate risk is minimal because our cash and cash equivalents, pledged bank deposits and outstanding bank borrowings as of 30 June 2010 have fixed interest rates. To the extent that our future bank borrowings will bear interest at rates subject to adjustment in accordance with changes in relevant PBOC regulations, market conditions or otherwise, our finance costs will increase. In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt. For a sensitivity analysis of the impact of changes in interest rates on our financial results, see Note 21 to the Accountants' Report included in Appendix I to this prospectus. Currently, we do not use any derivatives or other instruments to hedge our exposure to interest rate risks.

Foreign exchange rate risk

We conduct our business principally in Renminbi, which is also our functional and reporting currency. As of 30 June 2010, substantially all of our assets were denominated in Renminbi, while a small portion, namely receivables due from a related party in the amount of RMB43.1 million, was denominated in Hong Kong dollars. A depreciation of the Renminbi would result in an increase in value of our foreign-currency denominated asset, and would likely adversely affect the amount of any dividends we pay to investors outside of the PRC. Conversely, an appreciation of the Renminbi would result in a decrease in the value of our foreign-currency denominated asset and would likely adversely affect the amount of proceeds we receive from the Global Offering and any subsequent overseas debt or equity offering depending on the timing of the conversion of such proceeds into Renminbi. See "Risk Factors – Risks relating to conducting business in the PRC – Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business, financial condition, operating results and our ability to remit payments."

Credit risk

Our credit risk is primarily attributable to our trade and other receivables, cash and cash equivalents and other investments. Our management monitors the exposure to such risks on an on-going basis. We have no significant concentrations of credit risk of trade receivables. Sales to our customers are made in cash or via debit or credit cards. Credit evaluations are performed on all customers requiring credit over a certain amount. Our other financial assets, including cash and cash equivalents and other investments, have maximum exposures equal to their carrying amounts. We do not provide any guarantee which would expose us to credit risks.

Inflation rate risk

According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by changes in the general consumer price index, was 4.8% and 5.9% for 2007 and 2008, respectively. The inflation rate in China has been subject to an upward trend since 2007. Although there can be no assurance as to the impact in future periods, inflation has not had a significant impact on our business during the Track Record Period.

DIVIDENDS AND DIVIDEND POLICY

As part of the Reorganisation, Shirble Department Store (Shenzhen) and Shirble Chain Store declared dividends to their then respective equity holders. In 2009, dividends in the amount of RMB10.6 million was declared by Shirble Chain Store as approved by its equity holders on 31 March 2009, and dividend in the amount of RMB270.0 million was declared by Shirble Department Store (Shenzhen) on 28 August 2009. These dividends have been fully settled. Pursuant to the written resolutions of our Directors dated 17 June 2010, our Company declared a special dividend of RMB30.0 million. Pursuant to the written resolutions of our Directors dated 17 September 2010, our Company declared a special dividend of RMB10.0 million. The amounts of these dividends of our Company will be paid to our existing Shareholders from our internal resources after Listing and will not be available to any new Shareholders.

We financed the payment of all such dividends out of our internal financial resources. Our historical dividend distributions in the past should not be indicative of our future dividend policy.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends declared by our Company. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders, as applicable. In addition, our Controlling Shareholders will be able to influence our dividend policy.

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profits, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which may be authorised for this purpose in accordance with the Companies Law.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Dividends received from our subsidiaries in China may be subject to PRC taxes. According to the Deed of Indemnity, our Individual Controlling Shareholders undertake to pay all withholding taxes levied on dividends to be distributed by Shirble Department Store (Shenzhen) in respect of earnings for the period from 1 January 2008 to 30 June 2010. Our Individual Controlling Shareholders have also undertaken to pay any withholding taxes levied on dividends to be declared by Shirble Department Store (Shenzhen) in respect of earnings for the period from 1 July 2010 to 31 December 2010 relating to any of their indirect equity ownership in Shirble Department Store (Shenzhen). For additional information, see "Risk Factors – Risks Relating to our Business – Income in respect of our Shares or dividends from our PRC subsidiaries may become subject to PRC taxes".

Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider legal, fair and practicable.

We expect to declare a final dividend in respect of the year ending 31 December 2010 of not less than 30% of our distributable profit attributable to the period commencing from the Listing Date to 31 December 2010. For all subsequent years in the near future, our Directors intend to declare dividends to all our Shareholders of not less than 30% of our annual distributable profit subject to the availability of cash and distributable reserves, our cash flow and working capital requirements and the approval of our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interests as of 30 September 2010. The texts of its letter, summary of valuation and the valuation certificates are set out in Appendix IV to this prospectus.

The table below sets forth the reconciliation of the net book value of our properties as of 30 June 2010 as extracted from the Group's consolidated financial statements included in Appendix I to this prospectus to the valuation of the Group's property interests as of 30 September 2010 set forth in the property valuation report included in Appendix IV to this prospectus:

	RMB'000
Net book value of properties as of 30 June 2010	65,454
Depreciation of buildings during the period from 1 July 2010 to 30 September 2010	(273)
Unaudited net book value of properties as of 30 September 2010	65,181
Valuation surplus as of 30 September 2010	44,819
Valuation of properties as of 30 September 2010	110,000

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets, prepared in accordance with Rule 4.29 of the Listing Rules, is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 30 June 2010 as if the Global Offering had taken place on that date.

Because of their illustration purposes, the following data may not give a true position of the net tangible assets of our Group following the Global Offering. The following data is based on the actual consolidated net tangible assets of the Company as of 30 June 2010 as shown in the Accountants' Report included in Appendix I to this prospectus, and adjusted as described below:

	Consolidated net tangible assets of the Company as of 30 June 2010(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$(4)*
Based on Offer Price of HK$1.85 per Share	322,301	914,158	1,236,459	0.49	0.57
Based on Offer Price of HK$2.55 per Share	322,301	1,281,221	1,603,522	0.64	0.75

Notes:

(1) The consolidated net tangible assets of the Company is extracted from the Accountants' Report included in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering accruing to the Group are based on the respective low and high-ends of the indicative Offer Price range of HK$1.85 and HK$2.55 per Share, respectively, after deducting underwriting fees and other related expenses payable by our Company. The estimated net proceeds do not take into account any Shares which may be issued pursuant to the Over-allotment Option. If the Over-allotment Option is exercised in full, the adjusted net tangible asset value per Share will be increased. The estimated net proceeds are converted to Renminbi at the rate of RMB1.00 to HK$1.162.

(3) The unaudited pro forma net tangible assets per Share is based on a total of 2,500,000,000 Shares expected to be in issue immediately after the Capitalisation Issue and completion of the Global Offering, but without taking into account any Shares which may be issued upon exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme.

(4) The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at the rate of RMB1.00 to HK$1.162.

PROFIT FORECAST

We forecast that, in the absence of unforeseen circumstances and on the bases and assumptions set forth in Appendix III – Profit Forecast to this prospectus, the consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 will not be less than RMB195 million.

Forecast consolidated profit attributable to equity holders of our Company *(Note 1)*	Not less than RMB195 million

The forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 is based on the audited consolidated results of our Group for the six months ended 30 June 2010, the unaudited management accounts for the three months ended 30 September 2010 and our forecast of the consolidated results for the remaining three months ending 31 December 2010.

Note:

(1) The bases and principal assumptions on which the above profit forecast has been prepared are summarised in Parts A and B of Appendix III to this prospectus.

DISTRIBUTABLE RESERVES

As of 30 June 2010, the Company did not have any reserves available for distribution to our Shareholders.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial condition or trading position since 30 June 2010.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that no circumstances have occurred that, had they been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

We have been successfully growing our business in the past. We aim to continue this momentum and strive to stay at a prominent position in the PRC retail industry through expanding our retail chain both in Shenzhen and in the neighbouring areas and enhancing the value brought to us by our existing stores. We also aim to look for appropriate new business and/or investment opportunities in the PRC to synergise our existing business.

Please refer to the section headed "Our business – Our business strategies" in this prospectus for further details on our future plans.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering accruing to our Group (after deduction of underwriting fees and estimated expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.20 per Share, being the mid-point of the proposed Offer Price range from HK$1.85 to HK$2.55 per Share) are estimated to be approximately HK$1,275.5 million (approximately RMB1,097.7 million). We currently intend to use the net proceeds from the Global Offering as follows:

- as to about HK$406.6 million (or approximately 31.8% of the net proceeds) for the establishment of eight new stores by 2012, in particular:

  (i) as to about HK$104.5 million (or approximately 8.2% of the net proceeds) for the opening of two stores in Shenzhen by 2012 (including our Yitian store in the Futian District by 2012);

  (ii) as to about HK$98.8 million (or approximately 7.7% of the net proceeds) for the opening of two stores in Changsha, Hunan Province by 2012;

  (iii) as to about HK$98.8 million (or approximately 7.7% of the net proceeds) for the opening of two stores in Shanwei, Guangdong Province by 2012; and

  (iv) as to about HK$104.5 million (or approximately 8.2% of the net proceeds) for the opening of two stores in Guangzhou, Guangdong Province by 2012;

  It is our plan that except the building complex which contains a new store to be constructed on a piece of land in Shenzhen to be acquired by us (as mentioned below), the aforementioned eight stores will be set up on leased lands. However, depending on the market condition in the future and after detailed feasibility study of the construction projects, expected capital expenditure and the source of financing associated with the acquisition of land, our Directors may consider other alternatives of setting up any one or more of the aforementioned eight stores on acquired lands if it is appropriate under the circumstances in the future to do so.

  No part of the HK$406.6 million will be used towards the acquisition of land.

- as to about HK$174.3 million (or approximately 13.7% of the net proceeds) for the construction of a building complex which will contain a new store in Shenzhen by 2012. Please refer to the section headed "Our business – Our business strategies" in this prospectus for further information.

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for part of the construction cost of establishment of a new Shenzhen Distribution Centre of an area of about 55,000 sq.m. and a staff training centre of an area of about 5,000 sq.m., in particular:

  (i) as to about HK$81.4 million (or approximately 6.4% of the net proceeds) for the building construction cost of the new Shenzhen Distribution Centre and the staff training centre; and

  (ii) as to about HK$11.6 million (or approximately 0.9% of the net proceeds) for the installation of storage facility and equipment;

  Please refer to the section headed "Our business – Our business strategies" in this prospectus for further information.

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for upgrading our existing information technology and management systems;

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for renovating, upgrading and face-lifting our existing stores;

- as to about HK$93.0 million (or approximately 7.3% of the net proceeds) for development and promotion activities of our own private-label products.

- as to about HK$207.8 million (or approximately 16.3% of the net proceeds) for potential mergers and acquisitions.

- as to about HK$114.8 million (or approximately 9.0% of the net proceeds) for general working capital.

We believe that the plan to establish nine new stores by 2012 is achievable for the following reasons:

(a) As of the Latest Practicable Date, we have identified the location of five stores. We are currently negotiating the locations of the remaining four stores, which are estimated to be confirmed by the end of this year;

(b) We have groomed management talent who are currently holding various positions in our Group. In the event that we set up a new store, we will be able to re-allocate these talent to positions in the new store. Further, the upgrade and optimization of our information system will result in the standardization of our store's trading operations and will result in less human resources being required. We may also liaise with the local government where the new store will be located in terms of employing suitable front-end staff candidates; and

(c) The suppliers of our main products (including food, daily necessities, clothes, bedding, home electrical appliances) can increase the supply and sales volume to cater for our expanding business need. Further, new products in the market will generally seek to sell their products in stores. As such, we believe that we will have a stable source of supplies to support our expansion plan.

If the Offer Price is determined at the highest point of the proposed Offer Price range, the net proceeds to our Company would be increased by approximately HK$213.3 million (approximately RMB183.5 million). We intend to apply such additional net proceeds for developing distribution centres for our stores in Changsha and Shanwei in the future, while the amounts to be applied for other purposes would remain unchanged. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

If the Offer Price is determined at the lowest point of the proposed Offer Price range, the net proceeds to our Company would be decreased by approximately HK$213.3 million (approximately RMB183.5 million). In such event, we will reduce our use of net proceeds for development of our own private-label products, and will not apply the net proceeds for the opening of our store in Guangzhou, Guangdong Province and our general working capital. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

In the event that the Over-allotment Option is exercised in full, assuming an Offer Price of HK$2.20 (being the mid-point of the proposed Offer Price range), the additional net proceeds of approximately HK$201.1 million (approximately RMB173.0 million) will be used for the opening of additional new stores in 2013. The percentage of our allocation of the total net proceeds for the above purposes will be adjusted accordingly.

To the extent that the net proceeds from the Global Offering accruing to our Group are not immediately required for the above purposes or if we are unable to effect any of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong and/or the PRC for so long as it is in our best interests. We will also disclose the same in the relevant annual report.

Although from time to time, we identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment, as at the Latest Practicable Date, we did not have any finalised understanding, commitments or agreements, and we had not entered into any letter of intent (whether legally binding or not) with respect to any acquisitions, alliances, joint ventures or strategic investments. We may or may not proceed with any or all of these investment and/or acquisition projects.

As advised by our PRC Legal Advisers, subject to the relevant PRC governmental approvals, registrations and/or filings, the net proceeds from the Global Offering to our Company can be applied in the PRC according to the above intended use under the relevant existing PRC laws and regulations by: (i) increasing the registered capital of our subsidiaries in the PRC; (ii) establishing a new PRC subsidiary; (iii) acquiring equity interests in other companies in the PRC; and/or (iv) providing shareholder's loan to our subsidiaries in the PRC in the amount not exceeding the difference between the investment amount and the registered capital of such subsidiaries.

INTERNATIONAL UNDERWRITERS

BNP Paribas Capital (Asia Pacific) Limited
BOCI Asia Limited
CIMB Securities (HK) Limited

HONG KONG UNDERWRITERS

BNP Paribas Capital (Asia Pacific) Limited
BOCI Asia Limited
CIMB Securities (HK) Limited
ABCI Securities Company Limited
Guotai Junan Securities (Hong Kong) Limited
Sun Hung Kai International Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee of the Stock Exchange and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offer on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) have the right, in their sole and absolute discretion, to terminate the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement if they see fit upon the occurrence of any of the following events:

(a) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any Offer Documents, considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute opinion to be material in relation to the Global Offering, was when it was issued, or has become, untrue, incorrect or misleading in any respect or that any estimates, forecasts, expressions of opinion, intention or expectation considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute discretion to be material to the Global Offering expressed in any Offer Documents are not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute opinion to be material to the Global Offering; or

(iii) any breach, considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute opinion to be material to the Global Offering, of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of the warrantors under the Hong Kong Underwriting Agreement pursuant to the indemnification provisions of the Hong Kong Underwriting Agreement; or

(v) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of our Group which is considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute opinion to be material to the Global Offering; or

(vi) any breach of any of the warranties contained in the Hong Kong Underwriting Agreement, considered by the Joint Global Coordinators in their sole and absolute opinion to be material to the Global Offering; or

(vii) our Company withdraws any of the Offer Documents (and/or any other documents used in connection with contemplated subscription/purchase of the Offer Shares) or the Global Offering; or

(viii) any person (other than any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(ix) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(b) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any court, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreak of diseases, pandemics or epidemics (including without limitation Severe Acute Respiratory Syndrome, avian influenza A (H5N1), swine influenza (H1N1) or such related/mutated forms) or interruption or delay in transportation; or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in or representing any change or development involving a prospective change, in local, national, regional, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance service or procedures or matters), in or affecting Hong Kong or anywhere in the world, or

(iii) any new laws, rules, statues, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any governmental authority ("**Laws**") or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the United States, the Cayman Islands, the European Union (or any member thereof) or any other jurisdiction relevant to any member of our Group; or

(iv) the imposition of any economic sanctions, in whatever form, directly or indirectly, by, or for, the US or the European Union (or any member thereof) on Hong Kong, the PRC, the Cayman Islands, the European Union (or any member thereof) or any other jurisdiction relevant to any member of our Group; or

(v) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investments Laws in Hong Kong, the PRC, the United States, the Cayman Islands, the European Union (or any member thereof) or any other jurisdiction relevant to any member of our Group affecting an investment in the Shares; or

(vi) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(viii) a Director being charged with an indictable offence or prohibited by the operation of Law or otherwise disqualified from taking part in the management of a company; or

(ix) the chairman or chief executive officer of our Company vacating his or her office; or

(x) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xi) a contravention by any member of our Group of the Companies Ordinance or any of the Listing Rules or any other applicable laws; or

(xii) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) non-compliance of this prospectus (and/or any other documents used in connection with the offering of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other Law applicable to the Global Offering; or

(xiv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other offer documents pursuant to the Companies Ordinance or the Listing Rules; or

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any members of our Group or in respect of which any members of our Group is liable prior to its stated maturity; or

(xvi) a petition or an order for the winding-up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution passed for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xvii) any loss or damage sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xviii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), London, or the PRC or any other jurisdiction relevant to any member of our Group or a disruption in commercial banking or securities settlement or clearance services in any of Hong Kong, the PRC or any other jurisdiction relevant to any member of our Group,

which in each case or in the aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) (1) is or will or could be expected to have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of our Company or our Group or any members of our Group or on any present or prospective shareholder in his, her or its capacity as such; or (2) has or will have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or (3) makes it or will make it impracticable, inadvisable or inexpedient for the Global Offering to proceed or to market the Global Offering; or (4) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings

Our Company has undertaken to the Stock Exchange, the Joint Global Coordinators and the Hong Kong Underwriters in the Hong Kong Underwriting Agreement that, except pursuant to the Global Offering and the exercise of options under the Share Option Scheme or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not allot or issue, agree to allot or issue, shares or other securities of our Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants or other rights to subscribe for or convertible or exchangeable into shares or other securities of our Company or repurchase shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any shares or securities of our Company or offer to or agree to do any of the foregoing or announce any intention to do so at any time during the period of six months immediately following the Listing Date and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of the six months immediately following the expiry of the first six-month period after the Listing Date, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any shares or other securities of our Company.

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has jointly and severally undertaken to each of the Sole Sponsor, the Joint Global Coordinators, our Company and the Hong Kong Underwriters that:

(i) during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date ("**First Six-month Period**"), it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Joint Global Coordinators and unless as a result of any exercise of the Over-allotment Option or the stock borrowing arrangement with the Sole Sponsor as contemplated under the Stock Borrowing Agreement which shall be effected in compliance with the requirements under Rule 10.07(3) of the Listing Rules, (a) offer, accept subscription for, pledge, issue, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, any of the Shares or securities of our Company disclosed in this prospectus to be beneficially owned by it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by him/it) which is directly or indirectly a beneficial owner of any of the Shares or securities of our Company disclosed in this prospectus as aforesaid ("**Relevant Securities**"); or (b) enter into any swap or other arrangement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Securities; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above, whether any of the foregoing transactions referred to in paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(ii) it shall not, and shall procure that the relevant registered holder(s) and its associates or companies controlled by it and any nominee or trustee holding in trust for it shall not, directly or indirectly without the prior written consent of the Joint Global Coordinators and the Stock Exchange in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (i) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules) of our Company;

(iii) in the event of a disposal of any Shares or securities of our Company or any interest therein within six months immediately following the expiry of the First Six-month Period set out in paragraph (i) above, it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it shall, and shall procure that its respective associates and companies controlled by it and any nominees or trustees holding in trust for it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder controlled by it of any Shares.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Stock Exchange and the Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it will:

(i) when it pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interests so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Our Company will inform the Stock Exchange, the Sole Sponsor and the Joint Global Coordinators in writing as soon as it has been informed of the matters above (if any) by the Controlling Shareholders and disclose such matters by way of a press announcement.

International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe or procure subscribers for the International Placing Shares being offered pursuant to the International Placing.

Our Company is expected to grant to the Joint Global Coordinators the Over-allotment Option, exercisable by the Joint Global Coordinators at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging of applications under the Hong Kong Public Offer to require our Company to allot up to an aggregate of 93,750,000 additional International Placing Shares representing 15% of the initial Offer Shares, at the same price per Share under the International Placing to cover, among other things, over-allocations (if any) in the International Placing.

Our Company will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Commission and expenses

The Underwriters will receive an underwriting commission of 2.5% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid. In addition, we may, in our sole discretion, pay the Joint Global Coordinators an additional incentive fee of up to 1% of the aggregate Offer Price of the Offer Shares from the Global Offering, including proceeds from the exercise of the Over-allotment Option.

The underwriting commissions, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Global Offering are estimated to amount to approximately HK$99.5 million in total paid and payable by our Company, based on the mid-point of the indicative range of the Offer Price of HK$2.20 per Share, and assuming that the Over-allotment Option is not exercised.

Activities by Syndicate members

Set out below is a variety of activities that the Underwriters of the Hong Kong Public Offer and the International Placing, together referred to as "**Syndicate Members**", may each individually undertake, and which do not form part of the underwriting or the stabilising process. It should be noted that when engaging in any these activities the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares and entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilising period described under the section headed “Structure of the Global Offering – Over-allotment option and stabilisation”. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares and their share price, and the extent to which this occurs from day to day cannot be estimated.

Underwriters’ interests in our Company

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in our Company nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares in the Company nor any interest in the Global Offering.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffers, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Sole Sponsor’s Independence

BNP Paribas Capital (Asia Pacific) Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer which forms part of the Global Offering. BNP Paribas and BOCI are the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers of the Global Offering.

The Global Offering consists of (subject to the Over-allotment Option):

(i) the Hong Kong Public Offer of 62,500,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "Hong Kong Public Offer" below; and

(ii) the International Placing of 562,500,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdiction outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional, corporate and other investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing respectively may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in the paragraphs headed "Over-allotment Option" below.

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Hong Kong Underwriters, agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarised in the section headed "Underwriting" in this prospectus.

HONG KONG PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 625,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offer as mentioned below, the number of the Hong Kong Offer Shares will represent approximately 10% of our Company's issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the section below headed "Conditions of the Hong Kong Public Offer."

Conditions of the Hong Kong Public Offer

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offer will be conditional on, among others:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in issue, the Offer Shares to be issued pursuant to the Global Offering (including the additional Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before Thursday, 11 November 2010 (Hong Kong time).

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us by 12:00 noon of Thursday, 11 November 2010, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.shirble.net on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Tuesday, 16 November 2010 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 17 November 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Grounds for termination" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offer (after taking into account of any reallocation referred to below) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable and up to the value of pool B). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and may only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 31,250,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 187,500,000 Offer Shares (in the case of (i)), 250,000,000 Offer Shares (in the case of (ii)) and 312,500,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option, in each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may allocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Offer Shares are not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportion as the Joint Global Coordinators deem appropriate.

Applications

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for shares under Hong Kong Public Offer.

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK$2.55 per Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Price Determination of the Global Offering" below, is less than the maximum price of HK$2.55 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 562,500,000 Offer Shares (subject to reallocation and the Over-allotment Option), representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering. The International Placing is subject to the Hong Kong Public Offer being unconditional. Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, before taking into account any exercise of the Over-allotment Option, the International Placing Shares will represent approximately 90% of our enlarged issue share capital immediately after completion of the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process described in the paragraph headed "Price Determination of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

Over-allotment Option

In connection with the Global Offering, our Company has granted an Over-allotment Option to the Joint Global Coordinators.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging of applications under the Hong Kong Public Offer, to require our Company to allot and issue up to 93,750,000 additional Offer Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing to cover, among other things, over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICE DETERMINATION OF THE GLOBAL OFFERING

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before 12:00 noon, Thursday, 11 November 2010, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us by 12:00 noon of Thursday, 11 November 2010, the Global Offering will not proceed and will lapse.

The Offer Price will be not more than HK$2.55 per Share and is expected to be not less than HK$1.85 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.shirble.net notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the year ending 31 December 2010 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global Offering and/or the offer price range is so reduced.** In the absence of any such notice so published, the Offer Price, if agreed upon by us with the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offer, are expected to be announced on Tuesday, 16 November 2010 in the manner set out in the paragraph "How to apply for Hong Kong Offer Shares – Publication of results" in this prospectus.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

The Sole Sponsor has been appointed by us as the stabilising manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with the Global Offering, the Sole Sponsor, its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on Friday, 10 December 2010, being the 30th day after the last day for lodging of applications under the Hong Kong Public Offer. Such transactions may be effected in all jurisdiction where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Sole Sponsor, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Sole Sponsor and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted under the Over-allotment Option, namely 93,750,000 Shares, which is 15% of the Shares initially available under the Global Offering.

The Sole Sponsor, its affiliates or any person acting for it may take all or any of the following stabilising action in Hong Kong during the stabilisation period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the Shares;

(ii) in connection with any action described in paragraph (i) above;

(a) (1) over-allocation; or

(2) selling or agreeing to sell the Shares so as to establish a short position in them,

for the purpose of preventing or minimising any reduction in the market price of the Shares;

(b) exercise the Over-allotment Option and purchase or subscribe for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) above;

(c) sell or agree to sell any Shares by it in the course of the stabilising action referred to in the paragraph (i) above in order to liquidate any position held as a result of those purchases; and

(d) offer or attempt to do anything described in (a), (b) and (c) above.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Sole Sponsor, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Sole Sponsor, its affiliates or any person acting for it, will maintain such a position; Investors should be warned of the possible impact of any liquidation of such long position by the Sole Sponsor, its affiliates or any other person acting for it, may have an adverse impact on the market price of the Shares;

- Stabilising action cannot be used to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Friday, 10 December 2010, being the 30th day after the last day for lodging of applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Joint Global Coordinators may over-allocate up to and not more than an aggregate of 93,750,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Sole Sponsor may borrow up to 93,750,000 Shares from Shirble BVI, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

DEALING

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on the Listing Date, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:30 a.m. on the Listing Date.

I. CHANNELS OF APPLICATION

There are three channels to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) submitting applications online through the designated website of the White Form eIPO Service Provider, referred herein as the "**White Form eIPO**" service; or (iii) giving **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application by any of the above channels.

II. WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- and are not a US Person (as defined in Regulation S), or a legal or natural person of PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the designated website at www.eipo.com.hk, referred to herein as the "**White Form eIPO**" service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the White Form eIPO service if you are an individual applicant. Corporations or joint applicants may not apply by means of White Form eIPO.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Global Coordinators and the White Form eIPO Service Provider, in their capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, our Directors, or chief executive officer or their respective associates or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering or United States persons (as defined in Regulation S), a PRC person who is not a qualified domestic institutional investor or persons who do not have a Hong Kong address.

You should also note that you may apply for Shares under the Hong Kong Public Offer or indicate an interest for shares under the International Placing, but may not do both.

III. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

1. Which Application Form to Use

(a) Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

(b) Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

2. Where to Collect the Application Forms

(a) You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, 5 November 2010 until 12:00 noon on Wednesday, 10 November 2010 from:

any of the following addresses of the Hong Kong Underwriters:

BNP Paribas Capital (Asia Pacific) Limited
64th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

or

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

or

CIMB Securities (HK) Limited
25th Floor, Central Tower
28 Queen's Road Central
Hong Kong

or

ABCI Securities Company Limited
13th Floor, Fairmont House
8 Cotton Tree Drive
Central
Hong Kong

or

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

or

Sun Hung Kai International Limited
42nd Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

or any of the following branches of Bank of China (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point
	Quarry Bay Branch	Parkvale, 1060 King's Road, Quarry Bay
	Aberdeen Branch	25 Wu Pak Street, Aberdeen

District	Branch	Address
Kowloon	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
	Mong Kok Branch	589 Nathan Road, Mong Kok
	Tsim Sha Tsui East Branch	Shop G02-03, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui
	Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom
New Territories	Castle Peak Road (Tsuen Wan) Branch	201-207 Castle Peak Road, Tsuen Wan
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

(b) You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, 5 November 2010 until 12:00 noon on Wednesday, 10 November 2010 from:

(1) the **Depository Counter of HKSCC** at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) your stockbroker, who may have such Application Forms and this prospectus available.

3. How to complete the Application Form and make payment

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, amongst other things, you:

(i) agree with the Company and each shareholder of the Company, and the Company agrees with each of its shareholders, to observe and comply with the Companies Ordinance, the Company's memorandum of association and the Articles;

(ii) agree with the Company and each shareholder of the Company that the Shares in the Company are freely transferable by the holders thereof;

(iii) authorise the Company to enter into a contract on your behalf with each of our Directors and officers of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders as stipulated in the Company's memorandum of association and the Articles;

(iv) confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(v) agree that the Company and our Directors are liable only for the information and representations contained in this prospectus and any supplement thereto;

(vi) undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

(vii) agree to disclose to the Company, its Hong Kong Share Registrar, receiving banker, the Joint Global Coordinators and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

(viii) instruct and authorise the Company and/or the Joint Global Coordinators as agent for the Company (or their respective agents or nominees) to do on your behalf all things necessary to effect registration of any Hong Kong Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the Application Form;

(ix) represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying are, a U.S. person (as defined in Regulation S);

(x) represent and warrant that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xi) agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xii) warrant the truth and accuracy of the information contained in your application;

(xiii) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xiv) confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;

(xv) undertake and agree to accept the Shares applied for, or any lesser number allocated to you under the application; and

(xvi) if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus.

In order for the **YELLOW** Application Forms to be valid:

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(a) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(ii) If the application is made by an individual CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

(a) the Application Form must contain all joint CCASS Investor Participant's names and the Hong Kong Identity Card Number of all the joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including the participant I.D. and/or company chop bearing its company name) or other similar matters may render your application invalid.

If your application is made through a duly authorised attorney, our Company and the Joint Global Coordinators as its agent may accept it at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. Our Company and the Joint Global Coordinators, in the capacity as its agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. How to Make Payment for the Application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- bear an account name (or, in the case of joint applicants, the name of the first-named applicant) (either pre-printed on the cheque or endorsed on the reverse of the cheque by an authorised signatory of the bank on which it is drawn), which must be the same as the name on your Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant);
- be made payable to "Bank of China (Hong Kong) Nominees Limited – Shirble Department Store Public Offer";
- be crossed "Account Payee Only"; and
- not be post dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonored on first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to "Bank of China (Hong Kong) Nominees Limited – Shirble Department Store Public Offer";
- be crossed "Account Payee Only"; and

- not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, 10 November 2010. The Company will not give you a receipt for your payment. The Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any Share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

5. Members of the Public – Time for Applying for Hong Kong Offer Shares

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, 10 November 2010, or, if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited listed under the section headed "Where to collect the Application Forms" above at the following times:

Friday, 5 November 2010	**–**	**9:00 a.m. to 5:00 p.m.**
Saturday, 6 November 2010	**–**	**9:00 a.m. to 1:00 p.m.**
Monday, 8 November 2010	**–**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 9 November 2010	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 10 November 2010	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 10 November 2010.

No proceedings will be taken on applications for the Offer Shares and no allotment of any such Offer Shares will be made until after the closing of the application lists. No allotment of any of the Offer Shares will be made after the closing of the application lists.

6. Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or

- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 10 November 2010. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon on such day.

Business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

7. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/ Refund Cheques

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than HK$2.55 per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offer" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your Application Form:

(a) for applications on **WHITE** Application Forms: (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applicants on **YELLOW** Application Forms: Share certificates for their Offer Shares successfully applied for will be deposited into CCASS as described below); and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including the brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and Share certificates for wholly and partially successful applicants under **WHITE** Application Forms are expected to be posted on or around Tuesday, 16 November 2010. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, 17 November 2010 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting – Grounds for Termination" has not been exercised.

(a) If you apply using a **WHITE** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from our Hong Kong Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 16 November 2010 or such other place and date as notified by our Company in the newspapers as the place and date of collection/despatch of refund cheques/e-Refund payment instructions/Share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/ or Share certificate(s) (where applicable) will be sent to the address on your Application Form on Tuesday, 16 November 2010, by ordinary post and at your own risk.

(b) If you apply using a **YELLOW** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) in person, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Tuesday, 16 November 2010, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Tuesday, 16 November 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manners specified in the section headed "How to Apply for Hong Kong Offer Shares – Publication of Results" in this Prospectus on Tuesday, 16 November 2010. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 16 November 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

IV. APPLYING THROUGH WHITE FORM eIPO

(a) If you are an individual and satisfy the relevant eligibility criteria set out in "Who can apply for Hong Kong Offer Shares" in this section and on the same website, you may apply through White Form eIPO by submitting an application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk. If you apply through White Form eIPO the Shares will be issued in your own name.

(b) Detailed instructions for application through the White Form eIPO service are set out in the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the White Form eIPO Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this Prospectus, the White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the White Form eIPO service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the White Form eIPO Service Provider through the White Form White Form eIPO service, you are deemed to have authorised the eIPO Service Provider to transfer the details of your application to our Company and our registrars.

(e) You may submit an application through the White Form eIPO service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 31,250,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk.

(f) You should give **electronic application instructions** through White Form eIPO at the times set out in paragraph (c) of the section headed "6. When may applications be made" below.

(g) You should make payment for your application made by White Form eIPO service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, 10 November 2010, or such later time as described under the section headed "7. Effect of bad weather on the opening of the application lists" below, the White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website www.eipo.com.hk.

(h) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under White Form eIPO more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

(i) Warning: The application for Hong Kong Offer Shares through White Form eIPO service is only a facility provided by the eIPO Service Provider to public investors. Our Company, our Directors, the Joint Global Coordinators, the Underwriters and the White Form eIPO Service Provider, take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 per each "Shirble Department Store Holdings (China) Limited" **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE**

Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit another application. See "How many applications may be made" below.

(j) Refund of Application Monies:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk and your application is wholly or partially successful, you may collect your Share certificate(s) in person on Tuesday, 16 November 2010 from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 16 November 2010, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk on Tuesday, 16 November 2010 by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on your application, e-Refund payment instructions (if any) will be despatched to your application payment bank account on Tuesday, 16 November 2010. If you used multi-bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on your application, refund cheque(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider on Tuesday, 16 November 2010, by ordinary post and at your own risk.

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

1. General

CCASS Participants may give **electronic application instructions** to HKSCC via CCASS to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road
Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company and its registrars.

2. Giving Electronic Application Instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees on Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that that person has not applied for or taken up any Offer Shares under the International Placing nor otherwise participated in the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by the Company, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- authorises the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- agrees that the Company and our Directors are liable only for the information and representations contained in this prospectus;

- agrees to disclose that person's personal data to the Company, the Joint Global Coordinators and/or their respective agents and any information which they may require about that person;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that that person cannot revoke the **electronic application instructions** before Monday, 15 November 2010, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Wednesday, 10 November 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the instructions before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies

Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by the Company;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- agrees with the Company, for itself and for the benefit of each of the shareholders of the Company (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the shareholders of the Company, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Company's memorandum of association and the Articles;

- agrees with the Company (for the Company itself and for the benefit of each of the shareholders of the Company) that the Shares in the Company are freely transferable by the holders thereof;

- authorises the Company to enter into a contract on its behalf with each of our Directors and officers of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Company's memorandum of association and the Articles; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

3. Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

4. Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

5. Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Offer Shares. Such instructions in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

6. Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 5 November 2010 – 9:00 a.m. to 8:30 p.m.(1)
Saturday, 6 November 2010 – 8:00 a.m. to 1:00 p.m.(1)
Monday, 8 November 2010 – 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 9 November 2010 – 8:00 a.m. to 8:30 p.m.(1)
Wednesday, 10 November 2010 – 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 5 November 2010 until 12:00 noon on Wednesday, 10 November 2010 (24 hours daily, except the last application day).

7. Effect of Bad Weather on the Opening of the Application Lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 10 November 2010, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 10 November 2010, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12 noon on such day.

Business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

8. Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

9. Deposit of Share Certificates into CCASS and Refund of Application Monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Tuesday, 16 November 2010, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manners specified in the section headed "How to Apply for Hong Kong Offer Shares – Publication of Results" in this Prospectus on Tuesday, 16 November 2010. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 16 November 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 16 November 2010. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account (if you apply by giving **electronic application instructions** to HKSCC).

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 16 November 2010. No interest will be paid thereon.

10. Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

11. Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by the Company and the Offer Share registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

12. Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The Company, our Directors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 10 November 2010.

VI. PUBLICATION OF RESULTS

We expect to publish the announcement on the Offer Price, the level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing and the basis of allotment of the Hong Kong Offer Shares in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our website at www.shirble.net on Tuesday, 16 November 2010. Results of allocations in the Hong Kong Public Offer, including the Hong Kong Identity Card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of Hong Kong Offer Shares successfully applied for under **WHITE** Application Forms, or **YELLOW** Application Forms or the designated White Form eIPO Service Provider through the designated White Form eIPO website or by giving electronic application instructions to HKSCC via CCASS will be made available at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer will be available from the results of allocations website at www.iporesults.com.hk on a 24-hour basis from 8:00 a.m. on Tuesday, 16 November 2010 to 12:00 midnight on Monday, 22 November, 2010. A "Search by ID" function will be available on the results of allocations website at www.iporesults.com.hk. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- Results of allocations will be available from the Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, 16 November 2010 to Friday, 19 November 2010;

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual receiving bank branches and sub-branches from Tuesday, 16 November 2010 to Thursday, 18 November 2010 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "Where to collect the Application Forms" above;

- Results of allocations for the Hong Kong Public Offer can be found in the announcement to be published on our website at www.shirble.net and the website of the Stock Exchange at www.hkexnews.hk on Tuesday, 16 November 2010.

VII. HOW MANY APPLICATIONS YOU MAY MAKE

1. You may make more than one application for Hong Kong Offer Shares if and only if:

You are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name if each application is made on behalf of different owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider;
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider and that you are duly authorised to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider;
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider;
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider for more than 31,250,000 Offer Shares, as more particularly described in the section headed "Structure of the Global Offering – The Hong Kong Public Offer"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- or control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

VIII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the designated WHITE Form eIPO Service Provider, you agree that your application or the application made by HKSCC Nominees or the WHITE Form eIPO Service Provider on your behalf cannot revoke your application on or before Monday, 15 November 2010. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or submit your **electronic application instruction** to HKSCC or the WHITE Form eIPO Service Provider and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Wednesday, 10 November 2010 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for the purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of the Company or its agents to reject or accept your application**

The Company, the Joint Global Coordinators and the White Form eIPO Service Provider (as agents for the Company), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

The Company, the Joint Global Coordinators and the Hong Kong Public Offer Underwriter(s), in their capacity as the Company's agents, and their agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Offer Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**
  - you make multiple applications or suspected multiple applications;
  - you or the person for whose benefits you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Placing. By filling in any of the Application Forms or apply by giving **electronic application instructions** to HKSCC, you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;
  - your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
  - your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
  - the Underwriting Agreements do not become unconditional; or
  - the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offer or indicate an interest for Offer Shares under the International Placing, but may not do both.

IX. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$2.55 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% in full. This means that for one board lot of 2,000 Offer Shares you will pay approximately HK$5,151.41. The Application Forms have tables showing the exact amount payable for certain numbers of Offer Shares up to 31,250,000 Offer Shares.

You must pay the amount payable upon application for the Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange or the Stock Exchange (as the case may be), the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

X. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, the Company will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of the Company.

If your application is accepted only in part, the Company will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the offer price per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, the Company will refund the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, without interest.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Tuesday, 16 November 2010 in accordance with the various arrangements as described above.

Refund cheques will be crossed "Account Payee Only", and made out to you (or in case of joint applicants, the first-named applicant on the Application Form). Part of your Hong Kong identity card number/passport number, (or in case of joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant) provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. A banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

XI. DEALINGS AND SETTLEMENT

1. Commencement of Dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 17 November 2010.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 312.

2. Offer Shares will be eligible for admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the full text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants of our Company, KPMG, Certified Public Accountants, Hong Kong. As described in the section headed "Documents delivered to the registrar of companies and available for public inspection in Hong Kong" in Appendix VII, a copy of the following accountants' report is available for public inspection.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

5 November 2010

The Directors
Shirble Department Store Holdings (China) Limited

BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Shirble Department Store Holdings (China) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010 (the "Track Record Period"), and the consolidated balance sheets of the Group as at 31 December 2007, 2008, 2009 and 30 June 2010, together with the notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 5 November 2010 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 5 November 2008 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in the section headed "Reorganisation" in the Prospectus (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company, 深圳市瑞卓貿易有限公司 (Shenzhen Ruizhuo Trading Company Limited or "Shirble Ruizhuo") and 深圳市昱之象貿易有限公司 (Shenzhen Yuzhixiang Trading Company Limited or "Shirble Yuzhixiang") as they are either investment holding companies or have not carried on any business since their date of incorporation or were newly incorporated in 2010.

All companies comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the subsidiaries that are subject to audit, which were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in Hong Kong and the People's Republic of China (the "PRC"), were audited during the Track Record Period by the respective statutory auditors as indicated below:

Name of company [(1)]	**Financial period**	**Statutory auditors** [(1)]
Shirble Department Store (Hong Kong) Limited ("Shirble Department Store (Hong Kong)")	Period from 21 September 2009 (date of incorporation) to 31 December 2009	KPMG Certified Public Accountants, Hong Kong
Shirble Department Store Investment Limited ("Shirble Hong Kong")	Period from 27 October 2008 (date of incorporation) to 31 December 2009	KPMG Certified Public Accountants, Hong Kong
Shenzhen Shirble Department Store Co., Ltd. ("Shirble Department Store (Shenzhen)") (深圳歲寶百貨有限公司)	Years ended 31 December 2007, 2008 and 2009	Shenzhen K&M Certified Public Accountants 深圳光明會計師事務所有限責任公司 Registered in the PRC
Shenzhen Shirble Chain Store Limited Liability Company ("Shirble Chain Store") (深圳歲寶連鎖商業發展有限公司)	Years ended 31 December 2007, 2008 and 2009	Shenzhen K&M Certified Public Accountants 深圳光明會計師事務所有限責任公司 Registered in the PRC
Changsha Shirble Department Store Limited Liability Company ("Shirble Department Store (Changsha)") (長沙市歲寶百貨有限公司)	Period from 1 July 2008 (date of incorporation) to 31 December 2008 and year ended 31 December 2009	Hunan Tianyuan Certified Public Accountants 湖南天源有限責任會計師事務所 Registered in the PRC
Changsha Shirble Apparel Co., Ltd. ("Shirble Apparel") (長沙歲寶服裝有限公司)	Period from 21 April 2009 (date of incorporation) to 31 December 2009	Hunan Tianyuan Certified Public Accountants 湖南天源有限責任會計師事務所 Registered in the PRC

Name of company [(1)]	Financial period	Statutory auditors [(1)]
Shenzhen Shirble Mingxing Trading Co., Ltd. ("Shirble Mingxing Trading") (深圳市歲寶明星貿易有限公司)	Period from 22 September 2009 (date of incorporation) to 31 December 2009	Shenzhen K&M Certified Public Accountants 深圳光明會計師事務所有限責任公司 Registered in the PRC
Shenzhen Xiangzhixuan Trading Co., Ltd. ("Shirble Xiangzhixuan") (深圳市象之選貿易有限公司)	Period from 1 December 2009 (date of incorporation) to 31 December 2009	Shenzhen K&M Certified Public Accountants 深圳光明會計師事務所有限責任公司 Registered in the PRC

Note:

(1) The English translation of the names is for reference only. The official names of these entities are in Chinese.

The directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below, which are in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2010.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of presentation set out in Section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Group's consolidated results and cash flows for the Track Record Period, and the state of affairs of the Group as at 31 December 2007, 2008, 2009 and 30 June 2010.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2009, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. BASIS OF PREPARATION

As the companies that took part in the Reorganisation were controlled by the same group of ultimate equity holders (referred to as the "Controlling Shareholders") before and after the Reorganisation, and consequently there was a continuation of the risks and benefits to the Controlling Shareholders, the Financial Information has been prepared as a reorganisation of businesses under common control and as if the Reorganisation had occurred as of the beginning of the earliest period presented. The assets and liabilities of the companies now comprising the Group are consolidated on a historical cost basis, except for assets or liabilities that are stated at fair value in accordance with the accounting policies set out in Section C below.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Track Record Period include the results of operations of the companies now comprising the Group as if the current group structure had been in existence throughout the entire periods referred to in this report, or since the dates of their incorporation where this is a shorter period. The consolidated balance sheets of the Group as at 31 December 2007, 2008, 2009 and 30 June 2010 have been prepared to present the consolidated assets and liabilities of the companies now comprising the Group as at the respective dates. All material intra-group transactions and balances have been eliminated on consolidation.

At the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below.

Name of company	*Note*	Place and date of incorporation	Percentage of equity attributable to the Company Direct	Indirect	Issued and paid-up capital	Principal activities
Shirble Hong Kong		Hong Kong, 27 October 2008	100%	–	HKD1	Investment holding
Shirble Department Store (Hong Kong)		Hong Kong, 21 September 2009	–	100%	USD1,200	Investment holding
Shirble Department Store (Shenzhen)	*(i)*	the PRC, 9 November 1995	–	100%	HKD100,000,000	Operation and management of department stores
Shirble Chain Store	*(ii)*	the PRC, 19 December 2003	–	100%	RMB10,000,000	Operation and management of department stores
Shirble Department Store (Changsha)	*(iii)*	the PRC, 1 July 2008	–	100%	RMB30,000,000	Operation and management of department stores
Shirble Apparel	*(iv)*	the PRC, 21 April 2009	–	100%	RMB100,000	Selling merchandise and apparels
Shirble Mingxing Trading	*(iii)*	the PRC, 22 September 2009	–	100%	RMB100,000	Selling merchandise
Shirble Xiangzhixuan	*(iii)*	the PRC, 1 December 2009	–	100%	RMB100,000	Selling merchandise
Shirble Ruizhuo	*(iii)*	the PRC, 4 February 2010	–	100%	RMB100,000	Selling merchandise
Shirble Yuzhixiang	*(iii)*	the PRC, 5 March 2010	–	100%	RMB1,000,000	Selling merchandise

Note:

(i) Shirble Department Store (Shenzhen) was incorporated in the PRC as a sino-foreign equity joint venture and it became a wholly foreign-owned enterprise from 19 November 2009.

(ii) Shirble Chain Store was incorporated in the PRC as a domestic company and it became a wholly owned subsidiary of Shirble Department Store (Shenzhen) from 5 August 2009.

(iii) Shirble Department Store (Changsha), Shirble Mingxing Trading, Shirble Xiangzhixuan, Shirble Ruizhuo and Shirble Yuzhixiang were incorporated in the PRC as domestic companies, and they are wholly owned by Shirble Chain Store.

(iv) Shirble Apparel was incorporated in the PRC as a domestic company, and it is wholly owned by Shirble Department Store (Changsha).

B. FINANCIAL INFORMATION

1 Consolidated statements of comprehensive income

	Section C Note	Year ended 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	Six months ended 30 June 2009 RMB'000 (unaudited)	2010 RMB'000
Turnover	*2*	1,004,464	1,079,940	1,148,030	562,717	623,363
Other operating revenue	*3*	63,341	78,886	85,448	40,736	68,446
Other net income	*3*	532	364	187	296	799
Purchase of and changes in inventories	*4(c)*	(702,839)	(770,260)	(812,712)	(402,081)	(431,357)
Personnel costs	*4(b)*	(87,999)	(101,837)	(87,619)	(43,401)	(45,672)
Depreciation	*4(c)*	(32,469)	(30,874)	(34,798)	(17,894)	(15,234)
Operating lease rental expense	*4(c)*	(79,077)	(82,155)	(90,153)	(44,434)	(53,651)
Other expenses		(65,532)	(69,648)	(70,042)	(32,464)	(33,953)
Profit from operations		100,421	104,416	138,341	63,475	112,741
Finance income		13,822	8,685	37,729	2,591	3,841
Finance costs		(7,059)	(4,380)	(1,238)	(1,091)	(929)
Net finance income	*4(a)*	6,763	4,305	36,491	1,500	2,912
Profit before tax	*4*	107,184	108,721	174,832	64,975	115,653
Income tax expense	*5(a)*	(6,437)	(19,205)	(34,528)	(12,559)	(25,573)
Profit and total comprehensive income for the year/period		100,747	89,516	140,304	52,416	90,080
Profit and total comprehensive income attributable to:						
Equity holders of the Company		100,747	89,516	140,304	52,416	90,080
Earnings per share						
Basic earnings per share (RMB)	*9*	0.05	0.05	0.07	0.03	0.05

The accompanying notes form part of this Financial Information.

Details of dividends payable attributable to the profit for the Track Record Period are set out in note 8.

2 Consolidated balance sheets

	Section C Note	At 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	At 30 June 2010 RMB'000
Non-current assets					
Property, plant and equipment	10	220,968	262,174	193,375	196,875
Deferred tax assets	18	24,811	26,253	30,850	35,056
		245,779	288,427	224,225	231,931
Current assets					
Inventories	11	166,071	173,650	177,411	161,232
Trade and other receivables	12	323,065	430,189	413,110	448,606
Held-for-trading investments	13	–	30,190	151	–
Pledged deposits	14	–	–	136,532	132,032
Cash and cash equivalents	15	343,108	322,038	317,914	336,294
		832,244	956,067	1,045,118	1,078,164
Current liabilities					
Trade and other payables	16	675,863	781,449	842,824	833,304
Interest-bearing borrowings	17	26,400	26,400	132,032	132,032
Income tax payables		7,932	5,701	32,266	22,458
		710,195	813,550	1,007,122	987,794
Net current assets		122,049	142,517	37,996	90,370
Total assets less current liabilities		367,828	430,944	262,221	322,301
Non-current liabilities					
Interest-bearing borrowings	17	44,800	18,400	–	–
		44,800	18,400	–	–
NET ASSETS		323,028	412,544	262,221	322,301
CAPITAL AND RESERVES					
Share capital		117,380	117,380	107,380	8
Reserves		205,648	295,164	154,841	322,293
TOTAL EQUITY		323,028	412,544	262,221	322,301

The accompanying notes form part of this Financial Information.

3 Consolidated statements of changes in equity

	Section C Note	Share capital RMB'000 (note 19)	Merger reserve RMB'000 (note 20(a))	PRC statutory reserves RMB'000 (note 20(b))	Retained earnings RMB'000	Total RMB'000
		Attributable to equity holders of the Company				
At 1 January 2007		117,380	–	23,716	81,185	222,281
Total comprehensive income for the year		–	–	–	100,747	100,747
Appropriation to reserves		–	–	7,692	(7,692)	–
At 31 December 2007		117,380	–	31,408	174,240	323,028
Total comprehensive income for the year		–	–	–	89,516	89,516
Appropriation to reserves		–	–	9,675	(9,675)	–
At 31 December 2008		117,380	–	41,083	254,081	412,544
Total comprehensive income for the year		–	–	–	140,304	140,304
Dividends to equity holders	8	–	–	–	(280,627)	(280,627)
Appropriation to reserves		–	–	14,432	(14,432)	–
Elimination of registered capital in connection with the Reorganisation	19	(10,000)	–	–	–	(10,000)
At 31 December 2009		107,380	–	55,515	99,326	262,221
Total comprehensive income for the period		–	–	–	90,080	90,080
Dividends to equity holders	8	–	–	–	(30,000)	(30,000)
Arising from the Reorganisation		(107,372)	107,372	–	–	–
At 30 June 2010		8	107,372	55,515	159,406	322,301
At 31 December 2008		117,380	–	41,083	254,081	412,544
Total comprehensive income for the period (unaudited)		–	–	–	52,416	52,416
Dividends to equity holders (unaudited)	8	–	–	–	(10,627)	(10,627)
At 30 June 2009 (unaudited)		117,380	–	41,083	295,870	454,333

The accompanying notes form part of this Financial Information.

4 Consolidated cash flow statements

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Profit for the year/period	100,747	89,516	140,304	52,416	90,080
Adjustments for:					
Depreciation	32,469	30,874	34,798	17,894	15,234
Net finance income	(6,763)	(4,305)	(36,491)	(1,500)	(2,912)
Loss/(gain) on disposal of property, plant and equipment	–	182	162	–	(14)
Income tax expense	6,437	19,205	34,528	12,559	25,573
	132,890	135,472	173,301	81,369	127,961
Change in inventories	7,560	(7,579)	(3,761)	16,478	16,179
Change in trade and other receivables	(4,222)	(100,092)	67,632	(34,560)	(34,038)
Change in trade and other payables	103,577	93,506	65,002	(3,811)	(39,671)
Interest paid	(7,059)	(4,380)	(1,238)	(1,091)	(929)
Income tax paid	(17,518)	(22,878)	(12,560)	(3,816)	(39,587)
Net cash generated from operating activities	215,228	94,049	288,376	54,569	29,915
Investing activities					
Payment for the purchase of property, plant and equipment	(5,353)	(67,286)	(30,466)	(20,207)	(20,629)
Proceeds from disposal of property, plant and equipment	229	72	125	–	602
Payment for the purchase of held-for-trading investments	(67,270)	(38,014)	(402,645)	(129,719)	–
Proceeds from disposal of held-for-trading investments	78,332	12,868	465,411	90,000	306
Interest received	2,760	3,641	5,002	1,695	3,686
Net cash generated from/(used in) investing activities	8,698	(88,719)	37,427	(58,231)	(16,035)
Financing activities					
Proceeds from interest-bearing borrowings	80,000	–	132,032	–	–
Repayment of interest-bearing borrowings	(101,050)	(26,400)	(44,800)	(13,200)	–
(Increase)/decrease in pledged deposits	–	–	(136,532)	–	4,500
Dividend paid	–	–	(280,627)	(10,627)	–
Net cash (used in)/generated from financing activities	(21,050)	(26,400)	(329,927)	(23,827)	4,500
Net increase/(decrease) in cash and cash equivalents	202,876	(21,070)	(4,124)	(27,489)	18,380
Cash and cash equivalents at 1 January	140,232	343,108	322,038	322,038	317,914
Cash and cash equivalents at 31 December/30 June	343,108	322,038	317,914	294,549	336,294

The accompanying notes form part of this Financial Information.

C. NOTES TO THE FINANCIAL INFORMATION

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Financial Information, the Group has adopted all these new and revised IFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2010. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on or after 1 January 2010 are set out in note 1(u).

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2009 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

The Financial Information comprises the Company and its subsidiaries and has been prepared on the basis described in Section A.

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for held-for-trading investments that are stated at fair values (see note 1(g)).

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. They could change significantly as a result of competitor's actions in response to severe economic cycles or other changes in market conditions. Management will reassess the estimations at each reporting date.

(ii) Impairment losses on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the management when assessing the credit worthiness and past collection history of each individual customer. Any increase or decrease in the impairment losses for bad and doubtful debts would affect the consolidated statement of comprehensive income in future years.

(iii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The management periodically reviews changes in customer preferences and industry conditions, assets retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expenses in future periods.

(iv) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised in respect of temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, where applicable, are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(e) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The functional currency of the Company and its subsidiaries is RMB. The Financial Information is presented in RMB (the "presentation currency").

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the consolidated statements of comprehensive income.

(iii) Financial statements of foreign operations

Items of income and expenses of operations outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Assets and liabilities are translated into RMB at the foreign exchange rates ruling at the reporting date. The resulting exchange differences are recognised directly in equity. Cash flows are translated at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

(g) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, pledged deposits, held-for-trading investments, interest-bearing borrowings and trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Pledged deposits, trade and other receivables and trade and other payables are measured at amortised cost using the effective interest method, less any impairment losses (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less any impairment losses (see note 1(j)).

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. The fair value of held-for-trading investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the balance sheet dates.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings on an effective interest basis.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 1(j)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (see note 1(r)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, ranging from 14 to 59 years after the date of completion.

The estimated useful lives of other property, plant and equipment are as follows:

Machinery and equipment	5 years
Furniture and other equipment	3-5 years
Motor vehicles	5 years
Leasehold improvements	5-10 years or the remaining term of any non-renewable lease, whichever is shorter
Others	5 years

No depreciation is provided for assets under construction until such time as the relevant assets are completed and available for intended use. Assets under construction are transferred to the relevant category of property, plant and equipment upon the completion of their respective construction.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) Construction in progress

Construction in progress represents primarily leasehold improvements, machinery and equipment, which are stated at cost less accumulated impairment losses (see note 1(j)). Cost includes all direct costs relating to the construction of the assets and acquisition.

(v) Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other net income in the consolidated statement of comprehensive income.

(i) Inventories

Inventories comprise merchandise purchased for resale and are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in, first-out principle, and includes goods purchase cost and other direct costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Short-term employee benefits

Salary, annual bonuses and cost of non-monetary benefits are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Defined contribution retirement plan

Obligations for contributions to PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in the consolidated statement of comprehensive income as incurred.

(l) Provision and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of comprehensive income as follows:

(i) Direct sales

Revenue from direct sales is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Sales of goods that result in award credits for customers under the Group's customer loyalty programme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods sold and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the cash coupons for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

(ii) Commission from concessionaire sales

Commission from concessionaire sales is recognised upon the sales of concessionaire's goods by the relevant stores.

(iii) Rental income from operating leases

Rental income from subleased shop premises under operating leases is recognised in profit or loss in equal instalments over the period covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Advertisement and promotion income

Advertisement and promotion income are recognised according to the underlying contract terms with concessionaries and as the services are provided accordingly.

(v) Credit card handling income

Credit card handling income is recognised when the related service is rendered.

(n) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(o) Finance income and costs

Finance income comprises gains on the disposal of held-for-trading investments, changes in the fair value of held-for-trading investments, interest income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in the consolidated statement of comprehensive income or capitalised using the effective interest method (see note 1(r)).

Foreign currency gains and losses are reported on a net basis.

(p) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(q) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(r) Borrowing costs

Borrowing costs are expensed in the consolidated statement of comprehensive income in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The directors consider that the Group operates in a single business segment, i.e., operation and management of department stores in the PRC. Accordingly, no segmental analysis is presented.

The information reported to the Chairman of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance, is prepared based on the overall operation of department stores in the PRC, which is the only operating and reporting segment of the Group. All revenues from external customers during the Track Record Period are generated in the PRC and all significant operating assets of the Group are located in the PRC.

(t) Related parties

For the purposes of the Financial Information, parties are considered to be related to the Group if:

(i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) The Group and the party are subject to common control;

(iii) The party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) The party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective in respect of the financial periods included in the Track Record Period, and have not been applied in preparing the Financial Information:

		Effective for accounting periods beginning on or after
Improvements to IFRSs		1 July 2010 or 1 January 2011
Amendments to IFRS 1	First-time adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS disclosures for first-time adopters	1 July 2010
Amendment to IAS 32	Financial instruments: Presentation – Classification of rights issues	1 February 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Revised IAS 24	Related party disclosures	1 January 2011
Amendments to IFRIC14, IAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement	1 January 2011
Amendments to IFRS 7	Financial instruments, Disclosures – Transfers of financial assets	1 July 2011
IFRS 9	Financial instruments: Basis for conclusions on IFRS 9 Amendments to other IFRSs and guidance on IFRS 9, Implementation guidance on IFRS 9	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. Up to the date of this report, the Group believes that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 3 (revised), "Business combinations" is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group has adopted the new standard on a prospective basis for its financial year beginning 1 January 2010. No acquisitions have taken place since 1 January 2010 which would require this new standard to be applied.

The Group applied IAS 27 (revised), "Consolidated and separate financial statements" from 1 January 2010. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group had no non-controlling interests during the Track Record Period.

2 TURNOVER

Turnover represents direct sales, commission from concessionaire sales and rental income. The amount of each significant category of revenue recognised is as follows:

		Year ended 31 December			Six months ended 30 June	
		2007	**2008**	**2009**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Direct sales		810,602	882,280	945,651	464,086	503,003
Commission from concessionaire sales		168,152	169,494	172,502	84,517	102,661
Rental income	*(i)*	25,710	28,166	29,877	14,114	17,699
		1,004,464	1,079,940	1,148,030	562,717	623,363

(i) The rental income from the leasing of shop premises is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sublease rental income	20,399	22,232	24,439	11,838	15,403
Contingent rental income	5,311	5,934	5,438	2,276	2,296
	25,710	28,166	29,877	14,114	17,699

3 OTHER OPERATING REVENUE AND OTHER NET INCOME

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other operating revenue					
Advertisement and promotion income	57,904	70,854	77,360	37,136	62,256
Credit card handling income	4,809	7,145	7,675	3,250	5,874
Others	628	887	413	350	316
	63,341	78,886	85,448	40,736	68,446

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other net income					
Net gain/(loss) on disposal of property, plant and equipment	–	(182)	(162)	–	14
Others	532	546	349	296	785
	532	364	187	296	799

4 PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

(a) Net finance income

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net gain on disposal of held-for-trading investments	(11,062)	(4,854)	(32,727)	(896)	(155)
Net changes in fair value of held-for-trading investments	–	(190)	–	–	–
Interest income	(2,760)	(3,641)	(5,002)	(1,695)	(3,686)
Finance income	(13,822)	(8,685)	(37,729)	(2,591)	(3,841)
Interest expense	7,059	4,380	1,238	1,091	929
Finance costs	7,059	4,380	1,238	1,091	929
Net finance income	(6,763)	(4,305)	(36,491)	(1,500)	(2,912)

(b) Personnel costs

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries, and other benefits	84,700	98,440	83,679	41,696	43,787
Contribution to defined contribution plans	3,299	3,397	3,940	1,705	1,885
	87,999	101,837	87,619	43,401	45,672

Personnel costs include directors' remuneration (see note 6).

The Group participates in pension funds organised by the PRC government. According to the respective pension fund regulations, the Group is required to pay annual contributions during the Track Record Period. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) Other items

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Purchase of and changes in inventories	702,839	770,260	812,712	402,081	431,357
Depreciation	32,469	30,874	34,798	17,894	15,234
Operating lease rental expense	79,077	82,155	90,153	44,434	53,651
Auditor's remuneration	220	103	173	80	95

5 INCOME TAX EXPENSE

(a) Income tax expense in the consolidated statements of comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax expense					
Provision for the year/period	16,578	20,647	39,125	15,238	29,779
Deferred tax expense					
Effect of change in tax rate	(8,367)	–	–	–	–
Origination and reversal of temporary differences	(1,774)	(1,442)	(4,597)	(2,679)	(4,206)
	6,437	19,205	34,528	12,559	25,573

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the Track Record Period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) In 2007, Shirble Department Store (Shenzhen) and Shirble Chain Store were entitled to a preferential income tax rate of 15% according to Regulations on Special Economic Zones in Guangdong Province (Approved for implementation at the 15th Meeting of the Standing Committee of the Fifth National People's Congress on 26 August 1980).

(iv) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New EIT Law") which took effect on 1 January 2008. According to the New EIT Law and its relevant regulations issued in December 2007, the income tax rates applicable to Shirble Department Store (Shenzhen) and Shirble Chain Store are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

(v) The applicable income tax rate is 25% for Shirble Department Store (Changsha), Shirble Apparel, Shirble Mingxing Trading, Shirble Xiangzhixuan, Shirble Ruizhuo and Shirble Yuzhixiang.

(vi) Pursuant to the New EIT Law and its implementation rules, PRC-resident enterprises are levied withholding tax at 10% on dividends to their non-PRC-resident corporate investors for profits earned after 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%.

At 30 June 2010, no deferred tax liability was provided on the taxable temporary difference relating to the undistributed profits of PRC subsidiaries amounting to RMB161,745,000 as the Group controls its dividend policy and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	107,184	108,721	174,832	64,975	115,653
Notional tax on profit before taxation, calculated at the respective rates applicable to PRC subsidiaries	14,080	19,020	34,104	12,447	25,469
Effect of change in tax rate	(8,367)	–	–	–	–
Others	724	185	424	112	104
	6,437	19,205	34,528	12,559	25,573

6 DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	Year ended 31 December 2007				
	Fee	**Basic salaries, allowances and other benefits**	**Discretionary bonus**	**Contributions to retirement benefit schemes**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of directors					
Executive directors					
Mr. YANG Xiangbo	–	–	–	–	–
Madam YANG Xiaomei	–	810	200	–	1,010
Independent non-executive directors					
ZHAO Jinlin	–	–	–	–	–
CHEN Fengliang	–	–	–	–	–
JIANG Hongkai	–	–	–	–	–
	–	810	200	–	1,010

	Year ended 31 December 2008				
	Fee	Basic salaries, allowances and other benefits	Discretionary bonus	Contributions to retirement benefit schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of directors					
Executive directors					
Mr. YANG Xiangbo	–	–	–	–	–
Madam YANG Xiaomei	–	866	210	–	1,076
Independent non-executive directors					
ZHAO Jinlin	–	–	–	–	–
CHEN Fengliang	–	–	–	–	–
JIANG Hongkai	–	–	–	–	–
	–	866	210	–	1,076

	Year ended 31 December 2009				
	Fee	Basic salaries, allowances and other benefits	Discretionary bonus	Contributions to retirement benefit schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of directors					
Executive directors					
Mr. YANG Xiangbo	–	–	–	–	–
Madam YANG Xiaomei	–	954	77	–	1,031
Independent non-executive directors					
ZHAO Jinlin	–	–	–	–	–
CHEN Fengliang	–	–	–	–	–
JIANG Hongkai	–	–	–	–	–
	–	954	77	–	1,031

	Six months ended 30 June 2009 (unaudited)				
	Fee	**Basic salaries, allowances and other benefits**	**Discretionary bonus**	**Contributions to retirement benefit schemes**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of directors					
Executive directors					
Mr. YANG Xiangbo	–	–	–	–	–
Madam YANG Xiaomei	–	461	39	–	500
Independent non-executive directors					
ZHAO Jinlin	–	–	–	–	–
CHEN Fengliang	–	–	–	–	–
JIANG Hongkai	–	–	–	–	–
	–	461	39	–	500

	Six months ended 30 June 2010				
	Fee	**Basic salaries, allowances and other benefits**	**Discretionary bonus**	**Contributions to retirement benefit schemes**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of directors					
Executive directors					
Mr. YANG Xiangbo	–	–	–	–	–
Madam YANG Xiaomei	–	505	39	–	544
Independent non-executive directors					
ZHAO Jinlin	9	–	–	–	9
CHEN Fengliang	9	–	–	–	9
JIANG Hongkai	9	–	–	–	9
	27	505	39	–	571

An analysis of directors' remuneration by the number of directors and remuneration range is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
				(unaudited)	
Nil to RMB1,000,000	4	4	4	5	5
RMB1,000,000 to RMB5,000,000	1	1	1	–	–

There were no amounts paid during the Track Record Period to the directors in connection with their retirement from employment with the Group, or inducement to join. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period. Mr. YANG Xiangbo has volunteered not to receive any remuneration during the Track Record Period.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the Track Record Period include one director of the Company, whose emoluments are reflected in the analysis presented in note 6. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Basic salaries, allowances and other benefits	1,262	1,305	1,337	662	673
Discretionary bonus	285	310	79	39	39
Contributions to retirement benefit schemes	21	22	23	11	12
	1,568	1,637	1,439	712	724

The above individuals' emoluments are within the band of Nil to RMB1,000,000.

There were no amounts paid during the Track Record Period to the five highest paid employees in connection with their retirement from employment with the Group, or inducement to join.

8 DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dividends declared and approved during the year/period	–	–	280,627	10,627	30,000

Pursuant to the resolutions passed at the respective board of directors' meetings on 31 March 2009 and 28 August 2009, dividends of RMB10,627,000 and RMB270,000,000 were declared to the then equity shareholders of Shirble Chain Store and Shirble Department Store (Shenzhen), respectively. Pursuant to a resolution passed at the board of directors' meeting on 17 June 2010, a special dividend of RMB30,000,000 was declared by the Company to its shareholders.

The directors consider that these dividends are not indicative of the future dividend policy of the Group.

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the Track Record Period is based on the profit attributable to equity holders of the Company for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 and the 1,875,000,000 shares in issue and issuable, comprising 100,000 shares in issue as at the date of the Prospectus and 1,874,900,000 shares to be issued upon completion of the listing of the Company's shares on the Main Board of the stock exchange (the "Listing") pursuant to the capitalisation issue as detailed in the paragraph headed "Written resolutions of our shareholders" passed on 30 October 2010 set out in Appendix VI to the Prospectus, as if the shares were outstanding throughout the entire Track Record Period.

There were no dilutive potential ordinary shares during the Track Record Period and, therefore, diluted earnings per share is equivalent to basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Furniture and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2007	125,340	38,721	30,422	8,939	222,092	287	391	426,192
Transferred from construction in progress	–	–	391	–	–	–	(391)	–
Additions	–	179	130	98	85	141	–	633
Disposals	–	–	(947)	–	–	–	–	(947)
At 31 December 2007	125,340	38,900	29,996	9,037	222,177	428	–	425,878
Transferred from construction in progress	–	–	–	–	19,107	–	(19,107)	–
Additions	28,874	9,513	2,574	4,035	–	1,768	25,570	72,334
Disposals	–	(38)	(322)	(1,732)	–	–	–	(2,092)
At 31 December 2008	154,214	48,375	32,248	11,340	241,284	2,196	6,463	496,120
Transferred from construction in progress	–	3,840	–	–	22,923	–	(26,763)	–
Additions	–	831	2,980	329	–	115	20,300	24,555
Disposals	(84,270)	(2,646)	(1,279)	(1,734)	–	–	–	(89,929)
At 31 December 2009	69,944	50,400	33,949	9,935	264,207	2,311	–	430,746
Additions	–	123	240	152	1,624	17	16,869	19,025
Disposals	(307)	(37)	(27)	–	–	–	–	(371)
At 30 June 2010	69,637	50,486	34,162	10,087	265,831	2,328	16,869	449,400
Accumulated depreciation								
At 1 January 2007	(14,254)	(28,753)	(17,251)	(4,960)	(107,926)	(15)	–	(173,159)
Charge for the year	(5,827)	(3,057)	(3,658)	(981)	(18,872)	(74)	–	(32,469)
Disposals	–	–	718	–	–	–	–	718
At 31 December 2007	(20,081)	(31,810)	(20,191)	(5,941)	(126,798)	(89)	–	(204,910)
Charge for the year	(5,857)	(1,926)	(2,807)	(1,087)	(18,878)	(319)	–	(30,874)
Disposals	–	17	262	1,559	–	–	–	1,838
At 31 December 2008	(25,938)	(33,719)	(22,736)	(5,469)	(145,676)	(408)	–	(233,946)
Charge for the year	(3,839)	(4,238)	(3,430)	(1,655)	(21,190)	(446)	–	(34,798)
Disposals	26,136	2,630	1,093	1,514	–	–	–	31,373
At 31 December 2009	(3,641)	(35,327)	(25,073)	(5,610)	(166,866)	(854)	–	(237,371)
Charge for the period	(572)	(909)	(1,717)	(679)	(11,133)	(224)	–	(15,234)
Disposals	30	33	17	–	–	–	–	80
At 30 June 2010	(4,183)	(36,203)	(26,773)	(6,289)	(177,999)	(1,078)	–	(252,525)
Net book value								
At 31 December 2007	105,259	7,090	9,805	3,096	95,379	339	–	220,968
At 31 December 2008	128,276	14,656	9,512	5,871	95,608	1,788	6,463	262,174
At 31 December 2009	66,303	15,073	8,876	4,325	97,341	1,457	–	193,375
At 30 June 2010	65,454	14,283	7,389	3,798	87,832	1,250	16,869	196,875

(i) All of the property, plant and equipment owned by the Group are located in the PRC.

(ii) No property, plant and equipment was pledged as collateral for the Group's bank loans at 30 June 2010 (2009: nil, 2008: carrying amount of RMB99,431,000, 2007: carrying amount of RMB105,259,000) (see note 17(ii)).

11 INVENTORIES

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Merchandise for resale	166,071	173,650	177,411	161,232

No inventory provision was made as at 31 December 2007, 2008, 2009 and 30 June 2010. The inventories as at 31 December 2007, 2008, 2009 and 30 June 2010 were stated at cost.

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	702,839	770,260	812,712	431,357

12 TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	5,716	3,290	4,507	7,402
Deposits, prepayments and other receivables	31,552	37,844	34,389	59,827
Amounts due from related parties (see note 24(b))	285,797	389,055	374,214	381,377
	323,065	430,189	413,110	448,606

All of the trade and other receivables apart from deposits for lease of premises with a carrying amount of RMB11,747,000, RMB13,034,000, RMB14,923,000 and RMB19,781,000 at 31 December 2007, 2008, 2009 and 30 June 2010, respectively, are expected to be recovered or recognised as expenses within one year, or for certain listing expenses occurred in connection with the Listing, to offset against the share premium account upon Listing.

Retail sales to individual consumers are usually settled in cash or by debit card or credit card. The Group has a policy of allowing a credit period ranging from 0 to 60 days to its corporate customers depending on the customers' relationship with the Group, their credit worthiness and settlement record.

An ageing analysis of trade receivables of the Group is as follows:

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one month	5,716	3,290	4,507	7,402

13 HELD-FOR-TRADING INVESTMENTS

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Held-for-trading investments	–	30,190	151	–

As at 31 December 2008, held-for-trading investments represent investments in a financial product issued by a bank in China. As at 31 December 2009, they represent investments in listed securities. Held-for-trading investments are measured at fair value at each balance sheet date. The fair value of the financial product is based on the quoted price available by the bank at year end which is the amount that the Group would receive upon the redemption of the investment. The fair value of the listed securities is based on the quoted market prices at period end.

14 PLEDGED DEPOSITS

Bank deposits of RMB4,500,000 and RMB132,032,000 as at 31 December 2009 were pledged to secure the Group's bills payable (see note 16) and bank loans (see note 17). Bank deposits of RMB132,032,000 as at 30 June 2010 were pledged to secure the Group's bank loans (see note 17).

15 CASH AND CASH EQUIVALENTS

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposit with banks within three months of maturity	–	–	5,043	–
Cash at banks and on hand	343,108	322,038	312,871	336,294
	343,108	322,038	317,914	336,294

16 TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers	255,452	327,287	352,530	329,373
Trade and bills payables	231,310	247,306	280,750	263,550
Rental payables	64,779	64,426	73,241	81,641
Other taxes payables	52,816	67,258	61,337	53,312
Deferred income	25,252	17,510	24,974	29,686
Accrued wages and salaries	21,472	22,233	12,298	8,945
Amounts due to related parties (see note 24(b))	2,831	2,129	2,909	3,549
Other payables and accruals	21,951	33,300	34,785	33,248
Dividends payable (see note 24(b))	–	–	–	30,000
	675,863	781,449	842,824	833,304

Amounts due to related parties at 31 December 2007, 2008, 2009 and 30 June 2010 are unsecured, interest-free and repayable on demand.

An ageing analysis of trade and bills payables of the Group is as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	175,672	195,017	215,857	197,303
Over three months but within one year	39,302	35,430	49,229	48,586
Over one year	16,336	16,859	15,664	17,661
	231,310	247,306	280,750	263,550

At 31 December 2009, bills payable of RMB4,500,000 were secured by pledged deposits of RMB4,500,000.

17 INTEREST-BEARING BORROWINGS

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Secured bank loans	–	–	132,032	132,032
Current portion of non-current secured bank loans	26,400	26,400	–	–
	26,400	26,400	132,032	132,032
Non-current				
Secured bank loans	44,800	18,400	–	–
	71,200	44,800	132,032	132,032

(i) At each of the balance sheet dates, all bank loans were denominated in Renminbi. They were subject to an annual interest rate of 6.57% to 7.56%, 5.40% to 7.29%, 1.41% and 1.41% during the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, respectively.

(ii) At 31 December 2007 and 2008, the bank loans of the Group were secured by mortgages over buildings with an aggregated carrying value of RMB105,259,000 and RMB99,431,000, respectively. At 31 December 2009 and 30 June 2010, the bank loans of the Group were secured by the pledged deposits of RMB132,032,000.

(iii) At 31 December 2007 and 2008, the bank loans with a carrying amount of RMB71,200,000 and RMB44,800,000 were guaranteed jointly by 深圳市瑞卓投資發展有限公司 (Shenzhen Ruizhuo Investment Development Co., Ltd. ("Ruizhuo Investment")), and 深圳市恒大投資發展有限公司 (Shenzhen Hengda Investment Development Co., Ltd. ("Hengda Investment")). The guarantees were released on 3 July 2009.

(iv) The Group's non-current bank loans were repayable as follows:

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	26,400	26,400	–	–
Over 1 year but less than 2 years	26,400	18,400	–	–
Over 2 years but less than 5 years	18,400	–	–	–
	44,800	18,400	–	–
	71,200	44,800	–	–

18 DEFERRED TAX ASSETS

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	24,811	26,253	30,850	35,056

The components of deferred tax assets recognised in the consolidated balance sheets and the movements during the Track Record Period are as follows:

	Accrued expenses *RMB'000*	Depreciation on property, plant and equipment *RMB'000*	Total deferred tax *RMB'000*
Deferred tax arising from:			
At 1 January 2007	9,828	4,842	14,670
Credited to consolidated statement of comprehensive income	1,548	226	1,774
Effect of change in tax rate *(note 5(a) iv)*	5,070	3,297	8,367
At 31 December 2007	16,446	8,365	24,811
Credited to consolidated statement of comprehensive income	1,194	248	1,442
At 31 December 2008	17,640	8,613	26,253
Credited to consolidated statement of comprehensive income	3,352	1,245	4,597
At 31 December 2009	20,992	9,858	30,850
Credited to consolidated statement of comprehensive income	3,515	691	4,206
At 30 June 2010	24,507	10,549	35,056

19 SHARE CAPITAL

(a) Share capital in the Group's consolidated balance sheets as at 31 December 2007, 2008, 2009 represents the aggregate amount of paid-in capital of the companies comprising the Group at the respective dates, after elimination of investment in subsidiaries. Share capital in the consolidated balance sheet as at 30 June 2010 represents the issued and paid-up share capital of the Company.

(b) The Company was incorporated in Cayman Islands on 5 November 2008 with an authorised share capital of HKD380,000 divided into 3,800,000 shares of HKD0.10 each. On the same date, one share was subscribed by Codan Trust Company (Cayman) Limited which was subsequently transferred to Mr. YANG Xiangbo. On the same date, an additional 914 shares was allotted and issued to Mr. YANG Xiangbo, 60 shares were allotted and issued to Madam YANG Xiaomei and 25 shares were allotted and issued to Mr. LI Zuolin.

(c) On 5 August 2009, Shirble Department Store (Shenzhen) acquired all the equity interest of Shirble Chain Store amounting to RMB10,000,000, which was previously held by Ruizhuo Investment and Hengda Investment, at a consideration of the same amount. Accordingly, the share capital of Shirble Chain Store was eliminated in preparing the consolidated balance sheet from that date.

(d) On 9 December 2009, the Company, Shirble Hong Kong and Shirble Department Store Limited ("Shirble BVI") entered into a share exchange agreement pursuant to which Shirble BVI transferred the entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong, a wholly owned subsidiary of the Company, in exchange for 87,751 ordinary shares of HKD0.10 each issued by the Company. The transfer was approved by the relevant PRC government authorities on 11 March 2010.

(e) Pursuant to the written resolution passed at the board of directors' meeting on 18 June 2010, the authorised share capital of the Company was increased from HKD380,000 to HKD1,500,000,000 divided into 15,000,000,000 shares of HKD0.10 each.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of debt-to-equity ratio. For this purpose, the Group defines debt as total loans and borrowings and equity as total equity attributable to equity holders of the Company.

The debt-to-equity ratio at 31 December 2007, 2008, 2009 and 30 June 2010 was as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
Debt-to-equity ratio	22.04%	10.86%	50.35%	40.97%

The Group considers the cost of capital and the risks associated with each class of capital, and will balance the debt-to-equity ratio through the policy of dividends, new share issues of the Company as well as the raising of bank loans.

20 RESERVES

(a) Merger reserve

Merger reserve represents the excess of the paid-in capital of Shirble Department Store (Shenzhen) over the consideration paid by the Company, representing the nominal value of the shares issued by the Company in exchange therefor (note 19(d)).

(b) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Financial assets of the Group include cash and cash equivalents, trade and other receivables, pledged deposits and other investments. Financial liabilities of the Group include interest-bearing borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The credit risk on liquid funds and pledged deposits is limited because the majority of the counterparties are state-owned banks.

The Group has no significant concentration of credit risk for receivables from non-related parties, as the exposure is spread over a large number of counterparties and customers. The Group believes that no impairment allowance is necessary in respect of those receivables based on historic default rates as they are not past due or past due by up to 30 days. The Group has concentration of credit risk on amounts due from Hengda Investment, which represent approximately 85%, 90%, 64% and 62% of the trade and other receivables at 31 December 2007, 2008, 2009 and 30 June 2010, respectively (note 24(b)).

The Group does not provide any guarantee which would expose the Group to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutes to meet its liquidity requirements in the short and longer term.

The Group had net current assets of RMB122,049,000, RMB142,517,000, RMB37,996,000 and RMB90,370,000 as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively. The Group had net cash generated from operating activities amounting to RMB215,228,000, RMB94,049,000, RMB288,376,000 and RMB29,915,000 for the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreement:

		31 December 2007 Contractual undiscounted cash outflow				
	Note	**Carrying amount** *RMB'000*	**Total undiscounted cash flow** *RMB'000*	**Within one year or on demand** *RMB'000*	**More than one year but less than five years** *RMB'000*	**More than five years** *RMB'000*
Interest-bearing borrowings		71,200	78,146	30,549	47,597	–
Trade and other payables	*16*	675,863	675,863	675,863	–	–
		747,063	754,009	706,412	47,597	–

		31 December 2008 Contractual undiscounted cash outflow				
	Note	**Carrying amount** *RMB'000*	**Total undiscounted cash flow** *RMB'000*	**Within one year or on demand** *RMB'000*	**More than one year but less than five years** *RMB'000*	**More than five years** *RMB'000*
Interest-bearing borrowings		44,800	47,597	28,696	18,901	–
Trade and other payables	*16*	781,449	781,449	781,449	–	–
		826,249	829,046	810,145	18,901	–

		31 December 2009 Contractual undiscounted cash outflow				
	Note	Carrying amount RMB'000	Total undiscounted cash flow RMB'000	Within one year or on demand RMB'000	More than one year but less than five years RMB'000	More than five years RMB'000
Interest-bearing borrowings		132,032	133,866	133,866	–	–
Trade and other payables	16	842,824	842,824	842,824	–	–
		974,856	976,690	976,690	–	–

		30 June 2010 Contractual undiscounted cash outflow				
	Note	Carrying amount RMB'000	Total undiscounted cash flow RMB'000	Within one year or on demand RMB'000	More than one year but less than five years RMB'000	More than five years RMB'000
Interest-bearing borrowings		132,032	133,866	133,866	–	–
Trade and other payables	16	833,304	833,304	833,304	–	–
		965,336	967,170	967,170	–	–

(c) Market risk

(i) Interest rate risk

Cash and cash equivalents and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk. Cash and cash equivalents are with fixed interest rates ranging from 0.36% to 0.81% per annum as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively. Pledged bank deposits are placed to satisfy conditions for issuance of commercial bills and bank loans granted to the Group, with fixed interest rates ranging from 1.71% to 2.25% per annum as at 31 December 2009 and 30 June 2010.

The Group's interest-bearing borrowings and interest rates as at 31 December 2007, 2008, 2009 and 30 June 2010 are set as below:

		At 31 December			At 30 June
	Effective interest rate	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Fixed rate borrowings	1.41%	–	–	132,032	132,032
Variable rate borrowings	5.40%-7.56%	71,200	44,800	–	–
		71,200	44,800	132,032	132,032

Sensitivity analysis

The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Variable rate borrowings are accounted for at fair value through comprehensive income at reporting dates. A general increase/decrease of 100 basis points in interest rates prevailing at the reporting dates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained earnings by approximately RMB707,000 and RMB476,000 as of 31 December 2007 and 2008, respectively.

This sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet dates and had been applied to the exposure to interest rate risk for financial instruments in existence at those dates. The analysis has been performed on the same basis for 2007, 2008, 2009 and the six months ended 30 June 2010.

(ii) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to foreign currency risk primarily through advances to a related party that are denominated in HKD, while all the other operations of the Group are mainly transacted in RMB. Changes in exchange rate affect the RMB value of the amount due from a related party that are denominated in foreign currencies.

The following table demonstrates the Group's exposure at the balance sheet dates to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	At 31 December			**At 30 June**
	2007	**2008**	**2009**	**2010**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Cash	–	–	116	1,996
Trade and other receivables	–	–	59,601	49,399
Balance sheet exposure	–	–	59,717	51,395

The following table demonstrates the changes in the HKD exchange rate during the Track Record Period.

	Year ended 31 December			**Six months ended 30 June**
	2007	**2008**	**2009**	**2010**
HKD				
– Average rate	0.9752	0.8933	0.8813	0.8779
– Reporting date mid-spot rate	0.9364	0.8819	0.8805	0.8724

Foreign exchange sensitivity analysis

A 5 percent strengthening of the RMB against the HKD at 31 December/30 June would have decreased the profit by the amount shown below. This analysis assumes that the reasonably possible change in foreign exchange rates had occurred at the balance sheet dates and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. (The analysis has been performed on the same basis for 2007, 2008, 2009 and the six months ended 30 June 2010.)

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit decrease				
– HKD	–	–	2,195	1,872

A 5 percent weakening of the RMB against the HKD at 31 December/30 June would have had the equal but opposite effect on the above currency to the amounts shown above. The analysis has been performed on the basis that all other variables remain constant.

(d) Fair value

The carrying amounts of significant financial assets and liabilities approximate their respective fair values as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively.

22 CAPITAL COMMITMENTS

Capital commitments outstanding at the respective year/period end but not provided for in the Financial Information were as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	2,480	14,773	581	32,656
Authorised but not contracted for	37,104	9,707	27,268	–
	39,584	24,480	27,849	32,656

23 OPERATING LEASES

(a) Leases as lessee

At each balance sheet date, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	71,484	80,541	103,690	114,205
After 1 year but within 5 years	253,412	313,516	393,466	430,778
After 5 years	430,358	556,627	627,585	728,300
	755,254	950,684	1,124,741	1,273,283

The Group leases a number of properties under operating leases in respect of retail shops, offices and warehouses. The leases typically run for a period of 12 to 22 years, with an option to renew the lease when all terms should be subjected to renegotiation. None of the leases includes contingent rentals.

(b) Leases as lessor

Future minimum lease income under non-cancellable operating leases are as follows:

	At 31 December			At 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	9,627	12,361	16,653	23,190
After 1 year but within 5 years	18,957	25,753	27,610	57,550
After 5 years	6,807	8,363	6,312	18,775
	35,391	46,477	50,575	99,515

24 RELATED PARTY TRANSACTIONS

During the Track Record Period, transactions with the following parties are considered as related party transactions.

Name of party *(note*)*	**Relationship**
Ruizhuo Investment	One of the registered holders of the equity interest of Shirble Department Store (Shenzhen) and Shirble Chain Store during the Track Record Period
Hengda Investment	One of the registered holders of the equity interest of Shirble Department Store (Shenzhen) and Shirble Chain Store during the Track Record Period
深圳市國展投資發展有限公司 *Shenzhen Guozhan Investment Development Co., Ltd. ("Shenzhen Guozhan")	Wholly-owned by Mr. YANG Xiangbo's brother-in-law and niece, who is one of the equity interest holders of Ruizhuo Investment
陸河縣歲寶賓館 *Luhe County Shirble Inn ("Shirble Inn")	Controlled by Mr. YANG Xiangbo, one of the Controlling Shareholders
歲寶物業管理(深圳)有限公司 *Shirble Property Management (Shenzhen) Co., Ltd. ("Shirble Property Management")	Controlled by Mr. YANG Xiangbo, one of the Controlling Shareholders
Mr. YANG Xiangbo	One of the Controlling Shareholders
Mr. LI Zuolin	One of the Controlling Shareholders
Shirble BVI	Our shareholders
Homey Enterprises Limited ("Homey Enterprises")	Our shareholders
Kwan Mei Enterprise Limited ("Kwan Mei Enterprise")	Our shareholders

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

(a) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Recurring transactions:					
Rental fee paid to					
Ruizhuo Investment	1,457	871	1,457	728	728
Shenzhen Guozhan	–	–	5,185	1,669	4,118
Shirble Inn	198	198	198	99	99
Shirble Property Management	1,198	896	835	418	209
	2,853	1,965	7,675	2,914	5,154

The Group entered into lease agreements in respect of certain leasehold properties with related parties of the Group for its distribution centre, retail shops, training centre and employee dormitories.

The directors of the Company are of the opinion that the above related party transactions were conducted on terms no less favourable to the Group than terms available to or from independent third parties and in the ordinary course of business. The directors have confirmed that the above transactions will continue in the future after the listing of the Company's shares on the Main Board of the Stock Exchange.

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Non-recurring transactions:					
Advances to					
Ruizhuo Investment	3,000	–	–	–	–
Hengda Investment	10,198	112,751	32,000	13,500	27,000
Mr. YANG Xiangbo	–	–	52,476	–	–
Shenzhen Guozhan	–	–	–	–	3,000
	13,198	112,751	84,476	13,500	30,000
Repayment of advance from					
Ruizhuo Investment	–	(461)	–	–	–
Hengda Investment	–	–	(156,687)	–	(13,533)
Mr. LI Zuolin	(3,692)	(7,963)	–	–	–
Mr. YANG Xiangbo	–	–	–	–	(9,381)
	(3,692)	(8,424)	(156,687)	–	(22,914)
Dispose the property to					
Shenzhen Guozhan	–	–	58,270	–	–
Ruizhuo Investment	–	–	–	–	297
	–	–	58,270	–	297

(b) Balances with related parties

	Note	At 31 December 2007 RMB'000	At 31 December 2008 RMB'000	At 31 December 2009 RMB'000	At 30 June 2010 RMB'000
Amounts due to					
Ruizhuo Investment		–	–	447	878
Shirble Property Management		2,831	2,129	2,462	2,671
	16	2,831	2,129	2,909	3,549
Amounts due from					
Ruizhuo Investment		1,480	148	–	–
Hengda Investment		275,645	388,396	263,709	277,176
Shenzhen Guozhan		–	–	57,716	60,893
Shirble Inn		709	511	313	213
Mr. YANG Xiangbo		–	–	52,476	43,095
Mr. LI Zuolin		7,963	–	–	–
	12	285,797	389,055	374,214	381,377
Dividends payable					
Shirble BVI		–	–	–	26,610
Homey Enterprises		–	–	–	2,400
Kwan Mei Enterprise		–	–	–	990
	16	–	–	–	30,000

The outstanding balances with these related parties are unsecured, interest-free and have no fixed repayment terms.

(c) Guarantees issued by related parties

	At 31 December 2007 RMB'000	At 31 December 2008 RMB'000	At 31 December 2009 RMB'000	At 30 June 2010 RMB'000
Bank loans guarantee issued by				
Ruizhuo Investment and Hengda Investment jointly	71,200	44,800	–	–

The guarantees issued by related parties were released on 3 July 2009.

(d) Transaction with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	3,405	3,766	3,631	1,701	2,093
Post employment benefits	50	55	56	24	26
Equity compensation benefits	–	–	–	–	–
	3,455	3,821	3,687	1,725	2,119

Total remuneration is included in "personnel costs" (see note 4(b)).

25 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at the date of this report to be Xiang Rong Investment Limited, a company incorporated in the British Virgin Islands.

26 THE COMPANY'S BALANCE SHEET

		At 31 December		At 30 June
		2008	**2009**	**2010**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investments in a subsidiary	*(a)*	–	–	107,380
Current assets				
Cash and cash equivalents		–	4	4
Receivable from a subsidiary		–	–	30,000
		–	4	30,004
Current liabilities				
Amount due to subsidiaries		–	4	4
Dividend payables	8	–	–	30,000
		–	4	30,004
Net current assets		–	–	–
Net assets		–	–	107,380
Capital and reserves				
Share capital	*(a)*	–	–	8
Reserves	*(b)*	–	–	107,372
Total equity		–	–	107,380

Note:

(a) On 9 December 2009, the Company issued 87,751 ordinary shares in exchange for the transfer of Shirble BVI's entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong, a wholly owned subsidiary of the Company. Investments in a subsidiary are stated at cost which represents the cost of initial investment in Shirble Hong Kong and subsequent capital contribution of investment in Shirble Department Store (Shenzhen) measured at the carrying value in Shirble BVI's books as at the date of transfer.

(b) Reserves represent the capital reserve as the difference between the cost of investment in Shirble Department Store (Shenzhen) transferred to Shirble Hong Kong by Shirble BVI and the nominal values of the shares issued by the Company in exchange thereof.

27 SUBSEQUENT EVENTS

Share option scheme

Pursuant to the written resolution of the shareholders of the Company passed on 30 October 2010, the Company has conditionally adopted a Share Option Scheme. The principal terms of the Share Option Scheme are summarized in Appendix VI to the Prospectus.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2010.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to illustrate the effect of the Global Offering on the unaudited pro forma adjusted net tangible assets and unaudited pro forma earnings per Share of our Group.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of our Group during the Track Record Period or any further date.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets, prepared in accordance with Rule 4.29 of the Listing Rules, is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 30 June 2010 as if the Global Offering had taken place on that date.

Because of their illustration purposes, the following data may not give a true position of the net tangible assets of our Group following the Global Offering. The following data is based on our consolidated net tangible assets of the Company as of 30 June 2010 as shown in the Accountants' Report included in Appendix I to this prospectus, and adjusted as described below:

	Consolidated net tangible assets of the Company as of 30 June 2010(1)	**Estimated net proceeds from the Global Offering**(2)	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*(4)
Based on Offer Price of HK$1.85 per Share	322,301	914,158	1,236,459	0.49	0.57
Based on Offer Price of HK$2.55 per Share	322,301	1,281,221	1,603,522	0.64	0.75

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(1) The consolidated net tangible assets of the Company is extracted from the Accountants' Report included in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the respective low and high-ends of the indicative Offer Price range of HK$1.85 and HK$2.55 per Share, respectively, after deducting underwriting fees and other related expenses payable by our Company. The estimated net proceeds do not take into account any Shares which may be issued pursuant to the Over-allotment Option. If the Over-allotment Option is exercised in full, the adjusted net tangible asset value per Share will be increased. The estimated net proceeds are converted to Renminbi at the rate of RMB1.00 to HK$1.162.

(3) The unaudited pro forma net tangible assets per Share is based on a total of 2,500,000,000 Shares expected to be in issue immediately after the Capitalisation Issue and completion of the Global Offering, but without taking into account any Shares which may be issued upon exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme.

(4) The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at the rate of RMB1.00 to HK$1.162.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering as if it had taken place on 1 January 2010.

The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010(1)	not less than RMB195 million (equivalent to approximately HK$227 million)
Unaudited pro forma forecast earnings per Share(2)(3)	not less than RMB0.08 (equivalent to approximately HK$0.09)

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(1) The forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010 is extracted from the section headed "Financial Information – Profit Forecast" in this Prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2010 has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the forecast of the consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010 based on the audited consolidated results of the Group for the six months ended 30 June 2010, unaudited consolidated results based on management accounts of the Group for the three months ended 30 September 2010 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2010.

(2) The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010 by 2,500,000,000 Shares assumed to be issued and outstanding during the entire year, as if the Global Offering and the Capitalisation Issue had occurred on 1 January 2010, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme.

(3) Forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 and unaudited pro forma earnings per Share are converted into Hong Kong dollars at the rate of RMB1.00 to HK$1.162.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

5 November 2010

The Directors
Shirble Department Store Holdings (China) Limited

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of Shirble Department Store Holdings (China) Limited ("the Company") and its subsidiaries ("the Group") set out on pages II-1 and II-2 in Appendix II of the prospectus dated 5 November 2010 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering of the Company's shares might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Parts (A) and (B) on pages II-1 and II-2 in Appendix II of the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2010 or any future dates; or
- the earnings per Share of the Group for the year ending 31 December 2010 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

A. BASES

The Directors have prepared the forecast of consolidated profit attributable to equity holders of the Company for the year ending 31 December 2010 on the basis of the audited consolidated results of the Group for the six months ended 30 June 2010, the results shown in the unaudited management accounts of the Group for the three months ended 30 September 2010 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as summarised in Appendix I to this prospectus.

B. PRINCIPAL ASSUMPTIONS

The forecast has been prepared based on the following principal assumptions:

- there will be no material change in existing political, legal, fiscal, market or economic conditions in the PRC or any other country or territory in which the Group currently operates or which are otherwise material to the Group's business;

- there will be no changes in legislation, regulations or rules in the PRC or any other country or territory in which the Group operates or with which the Group has arrangements or agreements, which materially adversely affect its business;

- there will be no material change in the bases or rates of taxation in the PRC or any other country or territory in which the Group operates, except as otherwise disclosed in this prospectus;

- there will be no material changes in inflation rates, interest rates or foreign currency exchange rates from those currently prevailing;

- the Group's operations will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents;

- the Group's operations, results, and financial position will not be adversely affected by the risk factors described under the "Risk Factors" section of this prospectus;

- the exchange rate for RMB vs. Hong Kong Dollars ("HKD") is fixed at RMB1:HKD1.162.

C. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for the sole purpose of inclusion in this prospectus, received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong, in respect of the profit forecast for the year ending 31 December 2010.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

5 November 2010

The Directors
Shirble Department Store Holdings (China) Limited

BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity holders of Shirble Department Store Holdings (China) Limited ("the Company") for the year ending 31 December 2010 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed Financial Information in the prospectus of the Company dated 5 November 2010 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010, the unaudited consolidated management accounts of the Group for the three months ended 30 September 2010 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report dated 5 November 2010, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BNP Paribas Capital (Asia Pacific) Limited
59/F-63/F Two International Finance Centre
8 Finance Street, Central, Hong Kong

5 November 2010

The Board of Directors
Shirble Department Store Holdings (China) Limited

Dear Sirs,

We refer to the forecast consolidated profit attributable to equity shareholders of Shirble Department Store Holdings (China) Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ending 31 December 2010 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast for the year ending 31 December 2010" under the section headed "Financial Information" in the prospectus of the Company dated 5 November 2010.

The Profit Forecast, for which the directors of the Company (the "Directors") are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the six months ended 30 June 2010, the unaudited consolidated management accounts of the Group for the three months ended 30 September 2010 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2010.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 5 November 2010 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made. On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by KPMG, we have formed the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
BNP Paribas Capital (Asia Pacific) Limited
Tony Chan
Managing Director

The following is the text of a letter with the summary of valuations and valuation certificates received from DTZ Debenham Tie Leung Limited, an independent valuer, prepared for the purpose of incorporation in this prospectus, in connection with their valuations as at 30 September 2010 of, all the property interests of the Group.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

5 November 2010

The Directors
Shirble Department Store Holdings (China) Limited
No. 30 Hongling South Road
Shenzhen
The PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE AND DATE OF VALUATION

We refer to your instruction for us to value the properties held by Shirble Department Store Holdings (China) Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") and Hong Kong as listed in the attached summary of valuations. We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 30 September 2010 (the "date of valuation").

DEFINITION OF MARKET VALUE

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS AND ASSUMPTION

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

In the course of our valuation, we have assumed that the transferable land use rights of property in Group I for its respective specific term at nominal annual land use fee have been granted and that any land grant premium payable has already been fully paid. We have relied on the information, regarding the title of the property and the interests of the Group in the property, given by the Group. In valuing the property, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted right to use, occupy or assign the property for the whole of the respective unexpired term as granted/leased.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificates.

METHOD OF VALUATION

In valuing the property in Group I which is held and occupied by the Group in the PRC, we have adopted the direct comparison approach assuming sale of the property in its existing state by making reference to comparable sales transactions as available in the relevant market.

The properties in Groups II and III which are rented by the Group in the PRC and Hong Kong respectively, have no commercial value mainly due to the prohibitions against subletting or otherwise due to the lack of substantial profit rents.

SOURCE OF INFORMATION

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the properties and have accepted advice given by its PRC legal adviser, Jingtian & Gongcheng, on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, particulars of occupancy, lease terms, rents, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

SITE INSPECTION

We have inspected the exterior and, wherever possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the properties are free of rot, infestation or any other structural defect. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew KF Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.R.I.C.S., M.H.K.I.S.,
Director

Note: Mr. Andrew KF Chan is a registered professional surveyor who has over 22 years of experience in the valuation of properties in the PRC and Hong Kong.

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 30 September 2010	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 30 September 2010
	Group I – Property held and occupied by the Group in the PRC			
1.	196 commercial units, Shirble Department Store Hongbao Branch, Levels 1-5 of Ri Hao Ming Yuan, Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路 日豪名園裙樓1-5層 歲寶百貨紅寶店196個商業單位	RMB110,000,000	100	RMB110,000,000
			Sub-total:	RMB110,000,000

SUMMARY OF VALUATIONS

Property	Capital value in existing state attributable to the Group as at 30 September 2010
Group II – Properties rented by the Group in the PRC	
2. Levels 1-3, Convention Centre, Levels 1-3, Office Building, Nos. 1-5, Exhibition Halls, power station and basement levels 1-2 of International Exhibition Center, Zone 7-1, Bagualing, Shangbu North Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區上步北路八卦嶺7-1區會議中心1-3層，辦公樓1-3層，展覽廳1-5廳配電室及國展中心地下室1-2層	No commercial value
3. Shirble Department Store Mingxing Branch, Levels 1-3 of First World Square, No. 7002 Hongli West Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市紅荔西路7002號第壹世界廣場裙樓1-3層歲寶百貨明星店	No commercial value
4. Shirble Department Store Longgang Branch, Levels 1-3 of Part A, Xinde Square, New Asia Garden, Longxiang Avenue, Longgang District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市龍崗區龍翔大道新亞洲花園新德廣場A段1-3層歲寶百貨龍崗店	No commercial value

	Property	Capital value in existing state attributable to the Group as at 30 September 2010
5.	Shirble Department Store Jufu Branch, Levels 1-3, Jinse Nianhua Garden, Junction of Jufu Road and Jubao Road, Liantang, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區蓮塘聚福路與聚寶路交匯處 金色年華家園裙樓1-3層歲寶百貨聚福店	No commercial value
6.	Shirble Department Store Huahaoyuan Branch, Levels 1-2, Huahaoyuan, Junction of Binhai Road and Dongchong Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區濱海大道與東涌路交匯處 花好園裙樓1-2層歲寶百貨花好園店	No commercial value
7.	Shirble Department Store Hongling Branch, Binjiang Block 2, No. 30 Hongling South Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區紅嶺南路30號濱江2號樓 歲寶百貨紅嶺店	No commercial value

	Property	Capital value in existing state attributable to the Group as at 30 September 2010
8.	Shirble Department Store Jingtian Branch, Levels 1-4 of Tianjian Mingyuan, Block 5 of Xiangmi Third Village, Hongli West Road, Futian District, Shenzhen City, Guangdong Province, the PRC 深圳市福田區紅荔西路香蜜三村5號樓天健名苑1-4層歲寶百貨景田店	No commercial value
9.	Shirble Department Store Wanxiang Branch, Levels 1-4, Podium of Blocks A to D, Wanxiang Xinyuan, Guimiao Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC 深圳市南山區桂廟路萬象新園A至D棟裙樓1-4層歲寶百貨萬象店	No commercial value
10.	Shirble Department Store Kaifu Branch, Levels 1 (portion)-4, Block H, Tianjian Furong Shengshi, No. 88, Part 1 of Furong Road Middle, Kaifu District, Changsha City, Hunan Province, the PRC 湖南省長沙市開福區芙蓉路中1段88號天健芙蓉盛世H棟1層(部份)-4層歲寶百貨開福店	No commercial value

	Property	Capital value in existing state attributable to the Group as at 30 September 2010
11.	Shirble Department Store Longzhu Branch, Basement levels 1-2 and Unit 101 of Blocks 10-12, Phase 3 of Taoyuan, Longzhu Avenue, Nanshan District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市南山區龍珠大道桃源3期10-12棟裙樓 地下1,2層及101單位歲寶百貨龍珠店	No commercial value
12.	Shirble Department Store Luhe Branch, Levels 1-2, Shirble Inn, Tian Xin Keng Development Zone, Luhe County, Guangdong Province, the PRC 廣東省陸河縣天心坑開發區歲寶賓館1-2層歲寶百貨陸河店	No commercial value
13.	Unit 104, Ri Hao Ming Yuan, No. 2139 Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路2139號日豪名園裙樓104單位	No commercial value
14.	Unit 108, Chengjian Business Building, Dong Yuan Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區東園路城建商業樓108單位	No commercial value

Property	Capital value in existing state attributable to the Group as at 30 September 2010
15. Units 505 and 506 of Ri Hao Ming Yuan, No. 2139 Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路2139號日豪名園裙樓505、506單位	No commercial value
16. Levels 1-4 of Hao Jing Cheng, Junction of Minzhu Road and extension of Binhai Avenue, Shajing Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市寶安區沙井街道民主路與濱海大道延長線交匯處濠景城商鋪1-4層	No commercial value
17. Unit 101B, Level 1, Tianjian Mingyuan, Block 5 of Xiangmi Third Village, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區香蜜三村5號樓天健名苑1層101B	No commercial value
18. B101, No.104, Retail podium of Wanxiang Xinyuan, North of Guimiao Road and West of Nanguang Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市南山區桂廟路以北、南光路以西萬象新園商業裙樓104號B101	No commercial value

Property	Capital value in existing state attributable to the Group as at 30 September 2010
19. Shirble Department Store Minzhi Branch, Levels 1-4, Niu Lan Qian Plaza, Minzhi Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市寶安區民治街道 牛欄前大廈1-4層歲寶百貨民治店	No commercial value
Sub-total of Group II:	No commercial value

SUMMARY OF VALUATIONS

Property	Capital value in existing state attributable to the Group as at 30 September 2010
Group III – Property rented by the Group in Hong Kong	
20. Suites 1401-1402 on 14th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong	No commercial value
Sub-total of Group III:	No commercial value
Total:	RMB110,000,000

VALUATION CERTIFICATE

Group I – Property held and occupied by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2010
1.	196 commercial units, Shirble Department Store Hongbao Branch, Levels 1-5 of Ri Hao Ming Yuan, Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路日豪名園裙樓1-5層歲寶百貨紅寶店196個商業單位	The property comprises levels 1-5 of the commercial podium of Ri Hao Ming Yuan, which is a residential complex building completed in 2000. The property comprises 196 commercial units with a total gross floor area of approximately 6,636.67 sq. m.. The land use rights of the property have been granted for a term of 70 years from 28 December 1993 to 27 December 2063 for commercial and office uses.	The property is currently owner-occupied for department store.	RMB110,000,000

Notes:

(1) According to 196 Real Estate Title Certificates, the land use rights and building ownership of the property, comprising a total gross floor area of 6,636.67 sq. m., have been granted to Shenzhen Shirble Department Store Co., Ltd. (深圳歲寶百貨有限公司) for a term of 70 years from 28 December 1993 to 27 December 2063 for commercial and office uses.

(2) According to Business Licence No. 440301501126344 dated 1 February 2008, Shenzhen Shirble Department Store Co., Ltd. was established with a registered capital of HK$100,000,000 for a valid operation period from 9 November 1995 to 9 November 2025.

(3) We have been provided with the legal opinion of the property prepared by the Group's legal adviser, which contains, inter alia, the following information:

(i) Shenzhen Shirble Department Store Co., Ltd. has obtained the land use rights and building ownership of the property.

(ii) The relevant registrations have been completed.

(iii) Shenzhen Shirble Department Store Co., Ltd. has the right to transfer, lease, mortgage, or otherwise dispose of the property.

(4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II – Properties rented by the Group in the PRC

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
2.	Levels 1-3, Convention Centre, Levels 1-3, Office Building, Nos. 1-5, Exhibition Halls, power station and basement levels 1-2 of International Exhibition Center, Zone 7-1, Bagualing, Shangbu North Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區上步北路八卦嶺7-1區會議中心1-3層，辦公樓1-3層，展覽廳1-5廳配電室及國展中心地下室1-2層	The property comprises 5 exhibition halls, 3 levels of office building and convention centre, power station and basement levels 1-2 of Exhibition Centre with a total gross floor area of approximately 24,145.18 sq. m., which was completed in 1989 and is currently used as storage and office. Portions of the property with a total gross floor area 20,799.36 sq. m. are currently rented by the Group at a total monthly rent of RMB686,378.88, for various lease terms commencing on 1 January 2009, 1 April 2009 and 15 September 2009 and expiring on 31 December 2012. The remaining portions are rented at a total monthly rent of RMB121,394.14. for various lease terms commencing on 1 July 2002 and 1 January 2004 and expiring on 31 December 2012. The above mentioned rents exclude utilities fees, management fee and other outgoings. The Group has the priority to renew the leases. According to the PRC legal opinion, the lessors are entitled to lease the property; the leases have been registered in the relevant authority and are legal, valid, enforceable and binding on both parties of each tenancy.	No commercial value
3.	Shirble Department Store Mingxing Branch, Levels 1-3 of First World Square, No. 7002 Hongli West Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市紅荔西路7002號第壹世界廣場裙樓1-3層歲寶百貨明星店	The property comprises levels 1-3 of a commercial podium of First World Square with a total gross floor area of 7,920.09 sq. m. which was completed in 2002 and is used for department store. The property is currently rented by the Group for a term from 30 October 2004 to 29 October 2016 at a total monthly rent of RMB475,205, subject to upward adjustment at a rate of 1% every year from 30 October 2006, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
4.	Shirble Department Store Longgang Branch, Levels 1-3 of Part A, Xinde Square, New Asia Garden, Longxiang Avenue, Longgang District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市龍崗區 龍翔大道新亞洲花園 新德廣場A段1-3層 歲寶百貨龍崗店	The property comprises a building with a total gross floor area of 20,988.14 sq. m., which was completed in 2005 and is used for department store. The property is currently rented by the Group from 1 March 2005 to 28 February 2020. The monthly rent was reviewed to RMB678,084.83 on 1 March 2010, subject to upward adjustment at a rate of 2.5% every year from 1 January 2011, exclusive of utilities fees. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
5.	Shirble Department Store Jufu Branch, Levels 1-3, Jinse Nianhua Garden, Junction of Jufu Road and Jubao Road, Liantang, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區 蓮塘聚福路與聚寶路交匯處 金色年華家園裙樓1-3層 歲寶百貨聚福店	The property comprises various units on levels 1-3 of the commercial podium of Jinse Nianhua Garden with a total gross floor area of 21,766.41 sq. m., which was completed in 2005 and is used for department store. A portion of the property with a total gross floor area of 18,819.73 sq. m. is currently rented by the Group for a term from 1 March 2005 to 28 February 2023 at a monthly rent of RMB49/sq. m. and the remaining portions with gross floor areas of 2,206.46 sq. m. and 740.22 sq. m. are rented for a term from 11 July 2007 to 30 April 2023 at a monthly rent of RMB32/sq. m., subject to upward adjustment at a rate of 2% every year from 2 October 2007 and 11 February 2010 respectively. The above mentioned rents exclude utilities fees, management fee and other outgoings. The Group has the priority to renew the leases. According to the PRC legal opinion, the lessors are entitled to lease the property; the leases are legal, valid, enforceable and binding on both parties of each tenancy; apart from the lease of the gross floor area of 740.22 sq. m., the other leases have been registered in the relevant authority; based on a confirmation issued by the local authority, no penalty is to be imposed on the Group.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
6.	Shirble Department Store Huahaoyuan Branch, Levels 1-2 Huahaoyuan, Junction of Binhai Road and Dongchong Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區 濱海大道與東涌路交匯處 花好園裙樓1-2層 歲寶百貨花好園店	The property comprises levels 1-2 of the commercial podium of Huahaoyuan Garden with a total gross floor area of 10,888.17 sq. m., which was completed in 2005 and is used for department store. The property is currently rented by the Group for a term from 15 December 2005 to 15 December 2023 at a monthly rent of RMB476,901.85, subject to upward adjustment at a rate of 2% every year from 16 August 2009, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
7.	Shirble Department Store Hongling Branch, Binjiang Block 2, No. 30 Hongling South Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區 紅嶺南路30號濱江2號樓 歲寶百貨紅嶺店	The property comprises Binjiang Block 2 with a total gross floor area of 13,092.79 sq. m., which was completed in 1988 and is used for department store and office. The property is currently rented by the Group for a term from 15 February 2003 to 15 February 2018 at a monthly rent of RMB893,398, subject to upward adjustment at a rate of 2% every year from 1 January 2006, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
8.	Shirble Department Store Jingtian Branch, Levels 1-4 of Tianjian Mingyuan, Block 5 of Xiangmi Third Village, Hongli West Road, Futian District, Shenzhen City, Guangdong Province, the PRC 深圳市福田區紅荔西路 香蜜三村5號樓 天健名苑1-4層 歲寶百貨景田店	The property comprises levels 1-4 of the commercial podium of Tianjian Mingyuan with a total gross floor area of 11,980 sq. m., which was completed in 2001 and is used for department store. The property is currently rented by the Group for a term from 1 January 2010 to 31 December 2024 at a monthly rent of RMB842,853.14, subject to upward adjustment at a rate of 5% every year from 1 January 2011, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
9.	Shirble Department Store Wanxiang Branch, Levels 1-4, Podium of Blocks A to D, Wanxiang Xinyuan, Guimiao Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC 深圳市南山區桂廟路萬象新園A至D棟裙樓1-4層歲寶百貨萬象店	The property comprises levels 1-4 of the commercial podium of Blocks A, B, C and D of Wanxiang Xinyuan with a total gross floor area of 29,882.65 sq. m., which was completed in 2002 and is used for department store. Blocks A-C with a total gross floor area of 22,812.48 sq. m. are rented by the Group for a term from 15 April 2005 to 14 September 2017 at a monthly rent of RMB866,874.24 and Block D with a total gross floor area of 7,070.17 sq. m. is rented for a term from 1 January 2003 to 31 December 2017 at a monthly rent of RMB38/sq. m., subject to upward adjustment at a rate of 3% every year from 1 August 2005 and 5% every year from 1 August 2007. The above mentioned rents are exclusive of utilities fees and management fee. The Group has the priority to renew the leases. According to the PRC legal opinion, the lessors are entitled to lease the property; the leases have been registered in the relevant authority and are legal, valid, enforceable and binding on both parties of each tenancy.	No commercial value
10.	Shirble Department Store Kaifu Branch, Levels 1(portion)-4, Block H, Tianjian Furong Shengshi, No. 88, Part 1 of Furong Road Middle, Kaifu District, Changsha City, Hunan Province, the PRC 湖南省長沙市開福區芙蓉路中1段88號天健芙蓉盛世H棟1層(部份)-4層歲寶百貨開福店	The property comprises levels 1(portion)-4 of a commercial podium of Block H of Tianjian Furong Shengshi Garden having a total gross floor area of 16,212.35 sq. m., which was completed in 2008 and is used for department store. The property is currently rented by the Group for a term from 10 October 2008 to 9 October 2028 at a monthly rent of RMB518,795.20, subject to upward adjustment at a rate of 2% every year from the third to fifth years, 2.5% every year from the sixth to tenth years, 3% every year from the eleventh to fifteenth years and 3.5% every year from the sixteenth to twentieth years, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
11.	Shirble Department Store Longzhu Branch, Basement levels 1-2 and Unit 101 of Blocks 10-12, Phase 3 of Taoyuan Longzhu Avenue, Nanshan District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市南山區龍珠大道桃源3期10-12棟裙樓地下1,2層及地上一層101室歲寶百貨龍珠店	The property comprises basement levels 1 and 2 and unit 101 of the commercial podium of Blocks 10-12 of Phase 3 of Taoyuan Village with a total gross floor area of 17,139.48 sq. m., which was completed in 2008 and is used for department store. The property is currently rented by the Group for a term from 1 April 2010 to 31 December 2023 at a monthly rent of RMB599,881.8, subject to upward adjustment at the higher of a rate of 3% or Shenzhen's CPI growth rate every year from 1 January 2011, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, while the lessor has not obtained the Building Ownership Certificate of the property, it has obtained the Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit, and it is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties; the Group has the right to claim compensation from the lessor in the event that the lease is affected due to the Building Ownership Certificate not being obtained and the Controlling Shareholders have agreed to indemnify the Group for any excess damages which the Group may suffer and of which may not be recovered from the lessor.	No commercial value
12.	Shirble Department Store Luhe Branch, Levels 1-2, Shirble Inn, Tian Xin Keng Development Zone, Luhe County, Guangdong Province, the PRC 廣東省陸河縣天心坑開發區歲寶賓館1-2層歲寶百貨陸河店	The property comprises levels 1-2 of Shirble Inn with a total gross floor area of 2,227 sq. m., which was completed in 2004 and is used for department store. The property is currently rented by the Group for a term from 3 June 2004 to 31 December 2012 at a total monthly rent of RMB17,000, inclusive of management fees and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties; the lessor has not obtained the Building Ownership Certificate of the property; the Group has the right to claim compensation from the lessor in the event that the lease is affected due to the Building Ownership Certificate not being obtained and the Controlling Shareholders have agreed to indemnify the Group for any losses suffered by the Group caused by the lack of proper title.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
13.	Unit 104, Ri Hao Ming Yuan, No. 2139 Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路2139號日豪名園裙樓104單位	The property comprises one unit of Ri Hao Ming Yuan with a total gross floor area of 39.02 sq. m. completed in 2000 for commercial use. The property is currently rented by the Group for a term from 10 January 2010 to 9 January 2013 at a total monthly rent of RMB1,677.86, exclusive of utilities fees and management fee. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
14.	Unit 108, Chengjian Business Building, Dong Yuan Road, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區東園路城建商業樓108單位	The property comprises one unit with a total gross floor area of 20 sq. m. completed in 1988 for commercial use. The property is currently rented by the Group for a term from 1 September 2009 to 15 February 2018 at a total monthly rent of RMB1,477.2, subject to upward adjustment at a rate of 2% every year from 2010, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
15.	Units 506 and 506 of Ri Hao Ming Yuan, No. 2139 Bao'an Road, Luohu District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市羅湖區寶安路 2139號日豪名園裙樓505、506單位	The property comprises two retail units on level 5 of Ri Hao Ming Yuan with a total gross floor area of 125.18 sq. m. completed in 2000 for commercial use. The property is currently rented by the Group for a term from 1 January 2008 to 31 December 2017 at a total monthly rent of RMB5,315.14, subject to upward adjustment at a rate of 5% every year from the second year, exclusive of utilities fees, management fee and other outgoings. The rent free period is from 1 January 2013 to 30 April 2013. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
16.	Levels 1-4 of Hao Jing Cheng, Junction of Minzhu Road and extension of Binhai Avenue, Shajing Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市寶安區沙井街道民主路與濱海大道延長線交匯處濠景城商鋪1-4層	The property comprises levels 1-4 of Hao Jing Cheng with a total gross floor area of 19,950 sq. m., which was completed in 2010 and is used for department store. The property is currently rented by the Group for a term from 1 April 2010 to 31 March 2032 (level 4 with an area of 1,950 sq. m. is leased from 1 September 2010), at a total monthly rent of RMB299,250, subject to upward adjustment at a rate of 5% every 5 years from the sixth year, inclusive of utilities fees and other outgoings. The rent free periods of Levels 1-3 and level 4 are from 1 April 2010 to 31 March 2012 and from 1 September 2010 to 28 February 2011 The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties; while the lessor has not obtained the Building Ownership Certificate and relevant construction works permissions of the property, the Group has the right to claim compensation from the lessor in the event that the lease is affected due to the Building Ownership Certificate not being obtained and the lessor has undertaken that it will bear all responsibility caused by the lack of proper title.	No commercial value
17.	Unit 101B, Level 1, Tianjian Mingyuan, Block 5 of Xiangmi Third Village, Futian District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市福田區香蜜三村5號樓天健名苑1層101B	The property comprises one unit on level one of Tianjin Mingyuan with a total gross floor area of 15 sq. m. completed in 2001 for retail use. The property is currently rented by the Group for a term from 1 August 2009 to 14 April 2019 at a total monthly rent of RMB750, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
18.	B101, No.104, Retail podium of Wanxiang Xinyuan, North of Guimiao Road and West of Nanguang Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市南山區桂廟路以北、南光路以西萬象新園商業裙樓104號B101	The property comprises one unit on level one of Wanxiang Xinyuan, with a total gross floor area of 48 sq. m. completed in 2000 for retail use. The property is currently rented by the Group for a term from 31 December 2009 to 14 September 2017 at a total monthly rent of RMB2,174.4, exclusive of utilities fees, management fee and other outgoings. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease has been registered in the relevant authority and is legal, valid, enforceable and binding on both parties.	No commercial value
19.	Shirble Department Store Minzhi Branch, Levels 1-4, Niu Lan Qian Plaza, Minzhi Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC 廣東省深圳市寶安區民治街道牛欄前大廈1-4層歲寶百貨民治店	The property comprises levels 1-4 of a 16-storey commercial building completed in 2010 with a total gross floor area of approximately 30,000 sq. m., which has been handed over on 8 May 2010 and used as department store. The property has been handed over to the Group on 8 May 2010. The lease term is from 8 August 2011 to 7 August 2031 at a monthly unit rent of RMB18/sq. m., subject to upward adjustment at RMB1/sq. m. every 2 years from 8 August 2013, including management fee. Rent free period is from 8 May 2010 to 7 August 2011. The lessor has agreed to pay RMB1.5/sq. m. per month in the first 10 years, as the depreciation fee of the relevant equipments paid and installed by the Group. The Group has the priority to renew the lease. According to the PRC legal opinion, the lessor is entitled to lease the property; the lease is legal, valid, enforceable and binding on both parties; the lease has been registered in the relevant authority and application of the relevant ownership document is under process; the Group has the right to claim compensation from the lessor and terminate the lease in the event that the lease is affected due to the Building Ownership Certificate not being obtained.	No commercial value

VALUATION CERTIFICATE

Group III – Property rented by the Group in Hong Kong

	Property	Description and particulars of occupancy	Capital value in existing state as at 30 September 2010
20.	Suites 1401-1402 on 14th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong	The property comprises 2 office units with a total saleable area of approximately 1,937 sq. ft. on the 14th floor of a 40-storey commercial building completed in 1991. The property is currently rented by the Group for a term of 36 months from 1 January 2010 to 31 December 2012 at a total monthly rent of HK$77,962, exclusive of utilities charges. The rent free period is from 23 November 2012 to 31 December 2012.	No commercial value

Set out below is a summary of certain provisions of the memorandum of association ("**Memorandum**") of our Company and Articles and of certain aspects of Cayman companies law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2008 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

(b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 18 June 2010. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of our Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of our Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. Our Directors shall also be entitled to be pre-paid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of our Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Our Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Our Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the Board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(ix) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)).

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the Board or our Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of our Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as our Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the Board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman companies law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman companies law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands ("**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if our Directors consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provision relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of 20 years from 25 November 2008.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in the Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands companies law. This letter, together with a copy of the Companies Law, is available for public inspection as referred to in the paragraphs under "Documents available for public inspection in Hong Kong" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands companies law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company on 5 November 2008 and was registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 19 December 2008. Our principal place of business in Hong Kong is at Suite 1402, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong. Mr. YANG of House 20, Las Pinadas, 33 Shouson Hill Road, Hong Kong has been appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitutive documents comprising our Articles and memorandum of association. A summary of the relevant aspect of the Companies Law and certain provisions of our Articles are set forth in Appendix V to this prospectus.

2. Changes in the share capital of our Company

The following changes in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

(a) as of the date of incorporation of our Company, the authorised share capital of our Company was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each. On the same date, one Share was subscribed by Codan Trust Company (Cayman) Limited which was subsequently transferred to Mr. YANG. On the same date, an additional 914 Shares were allotted and issued to Mr. YANG, 60 Shares were allotted and issued to Madam YANG Xiaomei and 25 Shares were allotted and issued to Mr. LI Zuolin;

(b) on 9 December 2009, our Company, Shirble Hong Kong and Shirble BVI entered into the First Share Exchange Agreement whereby our Company issued and allotted 87,751 new Shares to Shirble BVI, in consideration of Shirble BVI's transfer of the entire equity interest of Shirble Department Store (Shenzhen) to Shirble Hong Kong; and

(c) on 15 June 2010, the Final Share Exchange Deed was entered into whereby (i) Homey Enterprises and Kwan Mei Enterprises transferred to Xiang Rong Investment their shareholding in Shirble BVI, in consideration of Xiang Rong Investment paying an aggregate amount equal to the par value of the new Shares as consideration for the Company to allot and issue to Homey Enterprises and Kwan Mei Enterprises 7,940 new Shares and 3,309 new Shares, respectively, and (ii) each of Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin transferred to Shirble BVI, Homey Enterprises and Kwan Mei Enterprises, respectively, the Shares registered in his or her name. Upon completion, our Company has in aggregate 100,000 Shares in issue, of which 88,666 Shares are owned by Shirble BVI, 8,000 Shares are owned by Homey Enterprises and 3,334 Shares are owned by Kwan Mei Enterprises.

Our authorised share capital as at the date of this prospectus is HK$1,500,000,000 divided into 15,000,000,000 Shares.

Assuming that the Global Offering becomes unconditional, the Capitalisation Issue is completed and the Offer Shares are issued but taking no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$250,000,000 divided into 2,500,000,000 Shares, fully paid or credited as fully paid, and 12,500,000,000 Shares will remain unissued.

Other than the issue of the Offer Shares and the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme and pursuant to the Issuing Mandate, our Directors have no present intention to issue any part of our authorised but unissued share capital and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company within twelve months from the Listing Date.

Save as disclosed in this prospectus, there has been no alteration in our share capital since incorporation.

3. Changes in the share capital of the subsidiaries of our Company

Further information on our subsidiaries is referred to in the accountants' report, the text of which is set forth in Appendix I to this prospectus and in the section headed "Further Information About Members of our Group" in this appendix.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(a) Shirble Department Store (Shenzhen)

Shirble Department Store (Shenzhen) was established in China on 9 November 1995.

On 29 September 2009, pursuant to the Shirble Acquisition Agreements, Shirble BVI acquired 47.8% equity interest in Shirble Department Store (Shenzhen) from Ruizhuo Investment and Hengda Investment at an aggregate consideration of approximately RMB61.0 million. Upon completion of the Shirble Acquisition Agreements, Shirble Department Store (Shenzhen) became a wholly-owned subsidiary of Shirble BVI.

Pursuant to the First Share Exchange Agreement, Shirble Department Store (Shenzhen) became a wholly-owned subsidiary of Shirble Hong Kong.

(b) Shirble Chain Store

Shirble Chain Store was established in China on 19 December 2003 and was owned by Ruizhuo Investment and Hengda Investment in equal shares. Pursuant to the Shirble Chain Store Acquisition Agreements, Shirble Chain Store became a wholly-owned subsidiary of Shirble Department Store (Shenzhen).

(c) Shirble Department Store (Changsha)

Shirble Department Store (Changsha) was established in China on 1 July 2008, with a registered capital of RMB30 million and is wholly-owned by Shirble Chain Store.

(d) Shirble Apparel

Shirble Apparel was established in China on 21 April 2009, with a registered capital of RMB0.1 million and is wholly-owned by Shirble Department Store (Changsha).

(e) Shirble Department Store (Hong Kong)

Shirble Department Store (Hong Kong) was incorporated in Hong Kong on 21 September 2009, with an authorised share capital of US$1,200 divided into 1,200 shares of US$1.00 each and is a wholly-owned subsidiary of Shirble Department Store (Shenzhen).

(f) Shirble Hong Kong

Shirble Hong Kong was incorporated in Hong Kong on 27 October 2008, with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. One share was transferred to Mr. YANG on incorporation. On 27 November 2009, this one share was transferred to our Company and Shirble Hong Kong became a wholly-owned subsidiary of our Company.

(g) Shirble Mingxing

Shirble Mingxing Trading was established in China on 22 September 2009, with a registered capital of RMB0.1 million and is wholly owned by Shirble Chain Store.

(h) Shirble Xiangzhixuan

Shirble Xiangzhixuan was established in China on 1 December 2009, with a registered capital of RMB0.1 million and is wholly-owned by Shirble Chain Store.

(i) Shirble Ruizhuo

Shirble Ruizhuo was established in China on 4 February 2010, with a registered capital of RMB0.1 million and is wholly-owned by Shirble Chain Store.

(j) Shirble Yuzhixiang

Shirble Yuzhixiang was established in China on 5 March 2010, with a registered capital of RMB1.0 million and is wholly-owned by Shirble Chain Store.

Save as set forth in the above paragraphs and in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders

On 18 June 2010, our Shareholders passed resolutions which included the following:

(a) the authorised share capital of our Company was increased from HK$380,000 to HK$1,500,000,000 divided into 15,000,000,000 shares of HK$0.10 each; and

(b) the Articles were adopted and approved as the articles of association of our Company.

Pursuant to the written resolutions passed by our Shareholders on 30 October 2010:

(i) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorised to allot and issue a total of 1,874,900,000 Shares, credited as fully paid, at par to Shirble BVI, Homely Enterprises and Kwan Mei Enterprises in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$187,490,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares (the "**Capitalisation Issue**").

(ii) conditional upon all the conditions set forth in the section entitled "Structure of the Global Offering" in this prospectus being fulfilled:

  (i) the Global Offering at the Offer Price on the terms and subject to conditions set forth in this prospectus and the Application Forms and the Over-allotment Option were approved and our Directors were authorised to effect the same and to allot and issue new Shares pursuant thereto; and

  (ii) the Share Option Scheme was approved and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any option that may be granted thereunder and to take all such actions as they consider necessary or desirable to implement or give effect to the provisions of the Share Option Scheme;

(iii) a general unconditional mandate was granted to our Directors authorising them to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of a rights issue or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of the Over-allotment Option, any other option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by our Shareholders in general meeting, Shares not exceeding the aggregate of 20% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering;

(iv) a general unconditional mandate was granted to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or any other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose provided that the number of Shares which our Directors were authorised to purchase may not exceed 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering; and

(v) the general unconditional mandate as mentioned in paragraph (iii) above was extended by the addition of an amount representing the Shares repurchased by our Company pursuant to paragraph (iv) above, provided that such extended amount shall not exceed the aggregate of 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering.

Each of the general mandates referred to in paragraphs (iii) and (iv) above will remain in effect until the earliest of: (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Companies Law or the Articles or any applicable laws of the Cayman Islands or (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

REORGANISATION

We underwent the Reorganisation to rationalise our Group's shareholding and corporate structure for the Listing. As a result, our Company became the holding company of our Group. A diagram illustrating our Group's shareholding and corporate structure after completion of the Reorganisation as at the date of this prospectus is set forth in the section headed "Reorganisation" in this prospectus.

The Reorganisation involved the following principal steps:

(a) On 3 October 2008, Xiang Rong Investment was incorporated under the laws of the BVI, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. Mr. YANG is the sole shareholder.

(b) On 3 October 2008, Homey Enterprises was incorporated under the laws of the BVI, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. Madam YANG Xiaomei is the sole shareholder.

(c) On 3 October 2008, Kwan Mei Enterprises was incorporated under the laws of the BVI authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. Mr. LI Zuolin is the sole shareholder.

(d) On 20 October 2008, pursuant to a share transfer agreement, Mr. YANG transferred to Xiang Rong Investment, Homey Enterprises and Kwan Mei Enterprises 45,750, 3,000 and 1,250 shares in Shirble BVI respectively.

(e) On 27 October 2008, Shirble Hong Kong was incorporated in Hong Kong. On the same day, one share was issued and allotted to Mr. YANG who held the share on trust for our Company.

(f) On 5 November 2008, our Company was established. An aggregate of 1,000 Shares were issued, of which 915, 60 and 25 Shares are held by Mr. YANG, Madam Yang Xiaomei and Mr. LI Zuolin respectively.

(g) On 25 May 2009, Shirble Department Store (Shenzhen) entered into the Shirble Chain Store Acquisition Agreements to acquire 100% equity interest in Shirble Chain Store from Ruizhuo Investment and Hengda Investment and Shirble Chain Store became a wholly-owned subsidiary of Shirble Department Store (Shenzhen).

(h) On 29 September 2009, pursuant to the Shirble Acquisition Agreements, Shirble BVI acquired 47.8% equity interest in Shirble Department Store (Shenzhen) from Ruizhuo Investment and Hengda Investment at a consideration of RMB12,767,000 and RMB48,260,000 respectively. Upon completion of the Shirble Acquisition Agreements, Shirble Department Store (Shenzhen) became a wholly-owned subsidiary of Shirble BVI.

(i) On 27 November 2009, Mr. YANG transferred to our Company the one share of Shirble Hong Kong held on trust and Shirble Hong Kong became a wholly-owned subsidiary of our Company.

(j) On 9 December 2009, our Company, Shirble Hong Kong and Shirble BVI entered into the First Share Exchange Agreement pursuant to which Shirble BVI transferred the entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong at a consideration of HK$100,000,000 which was settled by the issue and allotment of 87,751 Shares to Shirble BVI, which was approved by the relevant PRC government authorities on 11 March 2010.

(k) On 15 June 2010, the Final Share Exchange Deed was entered into whereby (i) Homey Enterprises and Kwan Mei Enterprises transferred to Xiang Rong Investment their shareholding in Shirble BVI, in consideration of Xiang Rong Investment paying an aggregate amount equal to the par value of the new Shares as consideration for the Company to allot and issue to Homey Enterprises and Kwan Mei Enterprises 7,940 new Shares and 3,309 new Shares, respectively, and (ii) each of Mr. YANG, Madam YANG Xiaomei and Mr. LI Zuolin transferred to Shirble BVI, Homey Enterprises and Kwan Mei Enterprises, respectively, the Shares registered in his or her name. Upon completion, our Company has in aggregate 100,000 Shares in issue, of which 88,666 Shares are owned by Shirble BVI, 8,000 Shares are owned by Homey Enterprises and 3,334 Shares are owned by Kwan Mei Enterprises.

Further information on the Reorganisation is set forth in the section headed "Reorganisation" in this prospectus.

REPURCHASE OF OUR OWN SECURITIES

This section includes the information relating to the repurchase by us of our own securities and includes the information required by the Stock Exchange to be included in this prospectus concerning such repurchases.

1. Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the resolutions in writing passed by our Shareholders on 30 October 2010, the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase the Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Share which may be issued pursuant to the exercise of the Over-allotment Option).

(b) Shares to be repurchased

The Listing Rules provide that Shares proposed to be repurchased by our Company must be fully paid-up.

(c) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in the company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities (except pursuant to the exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchases on the Stock Exchange if the result of the repurchases would be that the number of the listed securities in public hands would fall below the relevant prescribed minimum percentage as required by the Stock Exchange, which is currently 25% in the case of our Company.

(d) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital requirements of our Company as set forth in this prospectus in the event that the Repurchase Mandate is exercised in full.

(e) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the related share certificates shall be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(f) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a price-sensitive development has occurred or has been the subject of our Directors' decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of the company's interim report, a company may not purchase its securities on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(g) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange in the prescribed form not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a repurchase of shares. In addition, a company's annual report and accounts are required to disclose details regarding securities repurchases made during the financial year under review, including the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the aggregate prices paid. The Directors' report is also required to include reference to the purchases made during the year and the Directors' reasons for making such purchases. A company shall make arrangements with its broker who effects the purchase to provide to the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(h) Connected parties

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a connected person and a connected person shall not knowingly sell his or her or its securities to our Company.

2. Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share and will only be made when our Directors believe that such repurchase will benefit our Company and our Shareholders.

3. Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate on the basis of 2,500,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering (excluding any Share which may be issued pursuant to the exercise of the Over-allotment Option) could accordingly result in up to 250,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Companies Law or the Articles to be held or any applicable laws of the Cayman Islands or (3) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

4. General

None of our Directors or, to the best of their knowledge after having made all reasonable enquiries, any of their respective associates have any present intention to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised. No connected person of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has he or she or it undertaken not to do so if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands. If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of any such increase.

Our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised. No repurchase of Shares has been made by our Company since its incorporation.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(1) the agreement dated 5 December 2008 and entered into between Shirble Chain Store and two Independent Third Parties pursuant to which Shirble Chain Store disposed of the entire equity interest in 深圳市歲寶互聯網服務有限公司 (Shenzhen Shirble Internet Services Company Limited*) to two Independent Third Parties at a consideration of RMB1,122,000 and RMB1,078,000;

(2) the five agreements dated 20 August 2009 and entered into between Shirble Department Store (Shenzhen) and Shenzhen Guozhan for the disposal of a property being part of our Shenzhen Distribution Centre at an aggregate consideration of RMB58,270,000;

(3) the Shirble Chain Store Acquisition Agreements each at a consideration of RMB5,000,000;

(4) the Shirble Acquisition Agreements at a consideration of RMB48,260,000 and RMB12,767,000;

(5) the First Share Exchange Agreement at a consideration of HK$100,000,000;

(6) the Final Share Exchange Deed pursuant to which Homey Enterprises and Kwan Mei Enterprises transferred to Xiang Rong Investment their shareholding in Shirble BVI in consideration of (a) Xiang Rong Investment paying an aggregate amount equal to the par value of the new Shares as consideration for our Company allotting and issuing to Homey Enterprises 7,940 new Shares and Kwan Mei Enterprises 3,309 new Shares and (b) our Individual Controlling Shareholders transferring their Shares to Shirble BVI, Homey Enterprises and Kwan Mei Enterprises;

(7) the Hong Kong underwriting agreement dated 24 June 2010 and entered into between, amongst others, the Sole Sponsor, our Controlling Shareholders, our executive Directors, our Company and the underwriters, namely BNP Paribas, CIMB Securities (HK) Limited, Guotai Junan Securities (Hong Kong) Limited and Sun Hung Kai International Limited pursuant to which the underwriters therein have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong offer shares then being offered which are not taken up under the Hong Kong public offer of the Company in June 2010;

(8) a deed of non-competition dated 30 October 2010 given by our Controlling Shareholders and executive Directors in favour of our Company (which supersedes the deed of non-competition dated 18 June 2010 entered into among the same parties);

(9) the Deed of Indemnity (which supersedes the deed of indemnity dated 24 June 2010 entered into among the same parties);

(10) the cornerstone placing agreement dated 1 November 2010 entered into between our Company, the Joint Global Coordinators and CCB International Asset Management Limited ("**CCBIAM**") pursuant to which CCBIAM agreed to subscribe for the Offer Shares at the Offer Price with an aggregate amount of US$20 million; and

(11) the Hong Kong Underwriting Agreement.

2. Intellectual property

Trademarks

As of the Latest Practicable Date, our Group, through Shirble Department Store (Shenzhen), had applied for the following trademarks in China:

Trademark	Class	Application number	Date of application
歲寶百貨	35	7373765	5 May 2009
SUIBAO	35	6031825	30 April 2007
SHIRBLE	35	6031826	30 April 2007
歲寶百貨	35	7525376	7 July 2009
岁宝	35	7523663	6 July 2009
岁宝	2	7657783	31 August 2009
岁宝	6	7657782	31 August 2009
岁宝	7	7657781	31 August 2009
岁宝	9	7657780	31 August 2009
岁宝	10	7657779	31 August 2009
岁宝	11	7657778	31 August 2009
岁宝	13	7657777	31 August 2009
岁宝	14	7657776	31 August 2009
岁宝	15	7657775	31 August 2009
岁宝	16	7657774	31 August 2009
岁宝	17	7657793	31 August 2009
岁宝	19	7657792	31 August 2009

Trademark	Class	Application number	Date of application
步宝	21	7657791	31 August 2009
步宝	22	7657256	31 August 2009
步宝	23	7657789	31 August 2009
步宝	26	7657788	31 August 2009
步宝	27	7657787	31 August 2009
步宝	28	7657786	31 August 2009
步宝	31	7657785	31 August 2009
步宝	33	7657784	31 August 2009
步宝	34	7657423	31 August 2009
步宝	36	7657422	31 August 2009
步宝	37	7657421	31 August 2009
步宝	38	7657420	31 August 2009
步宝	39	7657419	31 August 2009
步宝	40	7657418	31 August 2009
步宝	41	7657417	31 August 2009
步宝	42	7657416	31 August 2009
步宝	44	7657415	31 August 2009
步宝	45	7657414	31 August 2009

Trademark	Class	Application number	Date of application
	1	7658462	31 August 2009
	2	7658463	31 August 2009
	3	7658461	31 August 2009
	4	7658460	31 August 2009
	5	7658459	31 August 2009
	6	7658458	31 August 2009
	7	7658457	31 August 2009
	8	7658456	31 August 2009
	9	7658455	31 August 2009
	10	7658454	31 August 2009
	11	7658473	31 August 2009
	12	7658472	31 August 2009
	13	7658471	31 August 2009
	14	7658470	31 August 2009
	15	7658469	31 August 2009
	16	7658468	31 August 2009
	17	7658467	31 August 2009
	18	7658466	31 August 2009
	19	7658465	31 August 2009

Trademark	Class	Application number	Date of application
	20	7658464	31 August 2009
	21	7658483	31 August 2009
	22	7658482	31 August 2009
	23	7658481	31 August 2009
	24	7658480	31 August 2009
	25	7658479	31 August 2009
	26	7658478	31 August 2009
	27	7658477	31 August 2009
	28	7658476	31 August 2009
	29	7658475	31 August 2009
	30	7658474	31 August 2009
	31	7658493	31 August 2009
	32	7658492	31 August 2009
	33	7658491	31 August 2009
	34	7658490	31 August 2009
	36	7658489	31 August 2009
	37	7658488	31 August 2009
	38	7658487	31 August 2009
	39	7658486	31 August 2009

Trademark	Class	Application number	Date of application
	40	7658485	31 August 2009
	41	7658484	31 August 2009
	42	7658077	31 August 2009
	43	7658076	31 August 2009
	44	7658075	31 August 2009
	45	7658074	31 August 2009
	16	7616868	13 August 2009
	21	7616940	13 August 2009
	24	7616952	13 August 2009
	16	7616901	13 August 2009
	21	7616923	13 August 2009
	24	7616967	13 August 2009
E's choice	16	7616891	13 August 2009
E's choice	21	7616929	13 August 2009
E's choice	24	7616958	13 August 2009

As of the Latest Practicable Date, our Group had registered the following trademarks:

Trademark	Registrant	Place of registration	Class	Registration number	Expiry date
	Our Company	Hong Kong	35, 43	301406682	13 August 2019
SHIRBLE	Our Company	Hong Kong	35, 43	301406673	13 August 2019
	Our Company	Hong Kong	35, 43	301406664	13 August 2019
	Our Company	Hong Kong	35, 43	301406655	13 August 2019

Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registration date	Expiry date
www.shirble.net	8 August 2008	8 August 2012

3. Further information about members of our Group

The following sets forth further information on each member of our Group:

PRC

Shirble Department Store (Shenzhen)

Type of company	Wholly foreign-owned enterprise
Business licence number of enterprise legal person	440301501126344
Address of registered office	Building No. 2, Binjiang Grand Hotel, No. 30 Hongling South Road, Futian District, Shenzhen, PRC
Date and place of incorporation	9 November 1995, PRC
Registered capital	HK$100 million (fully paid up according to approved schedule)
Business scope	Engage in retail business of daily-use sundry goods, hardware, communications and electrical appliances, arts and crafts products, toys, furniture, cereals, oils and foodstuffs, dry and fresh vegetable and fruits, frozen foods, electronic computers and accessories, agricultural by-products, stainless steel kitchenware, building and decoration materials, film developing equipment and cigarettes and wine in Building No. 2, Binjiang Grand Hotel, Hongling South Road; as well as the setting up of various kinds of ancillary services in connection with the shopping mall (specific items will be separately applied for). Addition: retail business of jewelleries and repair and maintenance on behalf of customers.
Equity holder	Shirble Hong Kong
Legal representative	Mr. YANG
Term	9 November 1995 to 9 November 2025

Shirble Department Store (Changsha)

Type of company	Limited liability company
Business licence number of enterprise legal person	430100000059389
Address of registered office	No. 88, Section 1, Furong Central Road, Kaifu District, Changsha, PRC
Date and place of incorporation	1 July 2008, PRC
Registered capital	RMB30 million fully paid up according to approved schedule
Business scope	Engage in the processing and operation of cooked foods, cakes and bakes; sale of standardised packaged foods, foods in bulk, health foods and chilled (frozen) foods (the Food Hygiene License shall be valid until 30 June 2012); retail business of books, newspapers and magazines (the Publication Retail Business License shall be valid until 11 June 2014), audio-visual products, daily-use sundry goods, clothing, shoes and hats, knitwear and textiles, cosmetics, agricultural by-products, household electrical appliances, electronic products, computer software and hardware, office automation equipment, communication equipment, digital products, clocks, watches and spectacles, photographic equipment, cultural and entertainment items, musical instruments, hardware, furniture, toys, arts and crafts products, machinery and equipment, building materials, chemical products, and cigarettes; retail business and processing of precious metals and jewelleries; and repair and maintenance of photographic equipment, clocks, watches and shoes.
Equity holder	Shirble Chain Store
Legal representative	Mr. ZHU Bijiang
Term	1 July 2008 to 30 June 2058

Shirble Apparel

Type of company	Limited liability company
Business licence number of enterprise legal person	430100000096588
Address of registered office	No. 121, Podium Level, Block H, Tonge Grand Lotus, No. 88, Section 1, Furong Central Road, Kaifu District, Changsha, PRC
Date and place of incorporation	21 April 2009, PRC
Registered capital	RMB100,000 (fully paid up according to the approved schedule)
Business scope	Sale of daily-use sundry goods, clothing, shoes and hats, knitwear and textiles, household electrical appliances, electronic products, computer software and hardware, office automation equipment, communication equipment, digital products, photographic equipment, cultural and entertainment items, hardware, musical instruments, furniture, toys, arts and crafts products, machinery and equipment, building materials, chemical products and jewelleries. (Where administrative licensing is required for sale of certain items, operation thereof shall be conducted based on a license.)
Equity holder	Shirble Department Store (Changsha)
Legal representative	Mr. YANG
Term	21 April 2009 to 20 April 2059

Shirble Chain Store

Type of company	Limited liability company
Business licence number of enterprise legal person	440301103174956
Address of registered office	Entire Podium Levels 1-3 (except for Commercial 1), First World Plaza, Hongli West Road, Futian District, Shenzhen, PRC
Date and place of incorporation	19 December 2003, PRC
Registered capital	RMB10 million
Business scope	Sale of daily-use sundry goods, cosmetics, crafts, special gifts, precious metals and jewelleries, clocks, watches and spectacles, photographic equipment, household electrical appliances, hardware, communications and electrical appliances, kitchenware, clothing, shoes and hats, leather goods, bags, cases and boxes, women's goods, bedding items, toys, children's goods, stationery, computers, office automation supplies, communication equipment, software, musical instruments, sporting goods, gymnasium equipment, building and decoration materials as well as ancillary after-sale services; film developing (excluding the restricted items and franchise, proprietary commodities and concessionaries; commencement of operating activities is subject to the passing of fire safety inspection); retail of audio-visual products (branch operation; operations carried out in accordance with the audio-visual products operating permit (Shen Wen Yin DLH No.0139) issued by Shenzhen Luohu District Culture Bureau).
Equity holder	Shirble Department Store (Shenzhen)
Legal representative	Mr. YANG
Term	19 December 2003 to 19 December 2033

Shirble Xiangzhixuan

Type of company	Limited liability company
Business licence number of enterprise legal person	440301104388165
Address of registered office	Shop 108, 1st Floor, Chengjian Commercial Building, North of Dongyuan Road, Futian District, Shenzhen, PRC
Date and place of incorporation	1 December 2009, PRC
Registered capital	RMB100,000 (fully paid up according to the approved schedule)
Business scope	Sale of household necessities, cosmetics, crafts, gold and silver ornaments, watches and glasses, camera equipment, household electrical appliances, hardware and electrical appliances, kitchenware, apparels, leather goods, boxes and cases, women's articles, bedclothes, toys, children's articles, stationery, computers, office automated products, communication devices, softwares, musical instruments, sportswear products, gym equipment and construction and decoration materials
Equity holder	Shirble Chain Store
Legal representative	Mr. YANG
Term	1 December 2009 to 1 December 2039

Shirble Mingxing Trading

Type of company	Limited liability company
Business licence number of enterprise legal person	440301104283916
Address of registered office	101B, 1st Floor, Block 5 (Tianjian Mingyuan), Xiangmisan Village, Futian District, Shenzhen, PRC
Date and place of incorporation	22 September 2009, PRC
Registered capital	RMB0.1 million

Business scope	Sale of household necessities, cosmetics, crafts, articles, gold and silver ornaments, jewelries, watches and glasses, camera equipment, household electrical appliances, hardware and electrical appliances, kitchenware, apparels, footwear, boxes and cases, women's articles, bedclothes, toys, children's articles, stationery, computers, office automated products, communication devices, softwares, musical instruments, sportswear products, gym equipment and construction and decoration materials (excluding the establishment and operation of markets, shopping malls and franchise, proprietary commodities and concessionaries)
Equity holder	Shirble Chain Store
Legal representative	Mr. YANG
Term	22 September 2009 to 22 September 2019

Shirble Ruizhuo

Type of company	Limited liability company
Business licence number of enterprise legal person	440301104507165
Address of registered office	Unit 104, Ri Hao Ming Yuan, South Bao'an Road, Luohu District, Shenzhen City
Date and place of incorporation	4 February 2010, PRC
Registered capital	RMB100,000 (fully paid up according to the approved schedule)
Business scope	Engage in sales business of daily-use sundry goods, cosmetics, gold and silver ornaments, clocks, watches and spectacles, photographic equipment, household electrical appliances, hardware, kitchenware, apparels, leather goods, boxes and cases, bedding items, toys, children's items, stationery, computers, office automated products, communication devices, softwares, musical instruments, sportswear products, gym equipment and building and decoration materials (other than items subject to approval prior to registration under the laws, administrative rules and provisions of the State Council)
Equity holder	Shirble Chain Store

Legal representative	Mr. YANG
Term	4 February 2010 to 4 February 2040

Shirble Yuzhixiang

Type of company	Limited liability company
Business licence number of enterprise legal person	440301104531551
Address of registered office	No. 104, B101, Retail podium of Wanxiang Xinyuan, North of Guimiao Road and West of Nanguang Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC
Date and place of incorporation	5 March 2010, PRC
Registered capital	RMB1,000,000 (fully paid up according to the approved schedule)
Business scope	Engage in sales business of daily-use sundry goods, cosmetics, arts and crafts products, special items, gold and silver ornaments, jewelleries, clocks, watches and spectacles, photographic equipment, household electrical appliances, hardware, kitchenware, apparels, shoes and hats, leather goods, boxes and cases, women's items, bedding items, toys, children's items, stationery, computers, office automated products, communication devices, softwares, musical instruments, sportswear products, gym equipment and building and decoration materials (excluding the establishment and operation of markets, shopping malls and franchise, proprietary commodities and concessionaries)
Equity holder	Shirble Chain Store
Legal representative	Mr. YANG
Term	5 March 2010 to 5 March 2040

Hong Kong

Shirble Department Store (Hong Kong)

Type of company	Limited company
Company number	1375052
Address of registered office	24th Floor, Central Tower, 28 Queen's Road Central, Hong Kong
Date and place of incorporation	21 September 2009, Hong Kong
Authorised share capital	US$1,200 divided into 1,200 shares of US$1.00 each
Issued share capital	1,200 shares
Shareholder	Shirble Department Store (Shenzhen)
Director(s)	Mr. YANG
Term	Perpetual

Shirble Hong Kong

Type of company	Limited company
Company number	1282627
Address of registered office	24th Floor, Central Tower, 28 Queen's Road Central, Hong Kong
Date and place of incorporation	27 October 2008, Hong Kong
Authorised share capital	HK$10,000 divided into 10,000 shares of HK$1.00 each
Issued share capital	1 share
Shareholder	our Company
Director(s)	Mr. YANG
Term	Perpetual

FURTHER INFORMATION ABOUT OUR DIRECTORS AND OUR SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

Directors

Immediately following completion of the Capitalisation Issue and the Global Offering without taking into consideration the Shares which may be taken up under the Global Offering and that may be issued pursuant to the exercise of the Over-allotment Option, and any option which may be granted under the Share Option Scheme, the interests and short positions of our Directors and our chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

(a) Long positions in Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of issued Shares
			(%)
Mr. YANG[1]	Interest in a controlled corporation	1,662,487,500	66.5
Madam YANG Xiaomei[2]	Interest in a controlled corporation	150,000,000	6.0

Notes:

(1) Mr. YANG is the beneficial owner of all the issued share capital of Xiang Rong Investment, which in turn owns the entire issued share capital of Shirble BVI and is deemed to be interested in the 1,662,487,500 Shares held by Shirble BVI.

(2) Madam YANG Xiaomei is the beneficial owner of all the issued share capital of Homey Enterprises which holds 150,000,000 Shares and is deemed to be interested in the Shares held by Homey Enterprises.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Number of Shares	Approximate percentage of issued Shares
				(%)
Mr. YANG	Shirble BVI	Interest in a controlled corporation	50,000	100
Mr. YANG	Xiang Rong Investment	Beneficial owner	100	100
YANG Xiaomei	Homey Enterprises	Beneficial owner	100	100

Substantial Shareholders

So far as is known to any Director or chief executive of our Company, the following persons (other than a Director or chief executive of our Company), will, following completion of the Capitalisation Issue and the Global Offering without taking into consideration the Shares which may be taken up under the Global Offering and that may be issued pursuant to the exercise of the Over-allotment Option, and any option which may be granted under the Share Option Scheme, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity	Number of Shares	Approximate percentage of issued Shares
			(%)
Shirble BVI	Beneficial owner	1,662,487,500	66.5
Xiang Rong Investment	Interest in a controlled corporation	1,662,487,500	66.5
Homey Enterprises	Beneficial owner	150,000,000	6.0

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Global Offering, have an interest or short position in Shares or, underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Particulars of our Directors' service contracts and appointment letters with our independent non-executive Directors

Each of our executive Directors has entered into a service contract, together with supplement, with our Company for an initial term of three years commencing on the Listing Date. The service contract shall continue thereafter and may only be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

The monthly salary (before taxation) of our executive Directors under their service contracts with our Company are as follows:

Name of our executive Director	Monthly salary
	(HK$)
Mr. YANG	120,000
Madam YANG Xiaomei	65,000

The annual salary of each executive Director shall be determined by our Board. Each of our executive Directors will also be entitled to a discretionary bonus provided that the aggregate amount of bonus to be paid to all executive Directors in each year ending 31 December shall not exceed 1% of the audited consolidated net profit after taxation but before extraordinary items of our Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

Ms. ZHAO Jinlin, Mr. CHEN Fengliang and Mr. JIANG Hongkai have been appointed from 18 June 2010 as independent non-executive Directors. Each of their annual fees (after taxation) is set forth below:

Name of the independent non-executive Director	Annual fee
	(HK$)
Ms. ZHAO Jinlin	300,000
Mr. CHEN Fengliang	300,000
Mr. JIANG Hongkai	300,000

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Directors' remuneration

Under the arrangements presently in force, all our executive Directors will be entitled to receive remuneration which, for the year ending 31 December 2010, is expected to be in the aggregate amount of HK$271,333, excluding the discretionary bonus payable to the executive Directors. All our independent non-executive Directors will be entitled to receive director fee which, for the year ending 31 December 2010, is expected to be in the aggregate amount of HK$487,500.

Our Directors' remuneration is determined with regard to their experience, performance and the prevailing market conditions.

Save as disclosed in this prospectus, no Director in the promotion of our Company has been paid in cash or shares or otherwise by any person either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of our Company.

4. Disclaimers

(a) Save as disclosed in this prospectus, none of our Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group.

(b) None of the experts named in the paragraphs under "Other information – 7. Consents of experts" in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(c) Save as disclosed in this appendix under the section "Further information about the business of our Group", none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.

SHARE OPTION SCHEME

Summary of terms

The following is a summary of the terms of the Share Option Scheme conditionally adopted pursuant to written resolutions of our Shareholders passed on 30 October 2010:

(a) Who may join and purpose

Our Board may at its discretion offer options to:

(i) any executive, non-executive or independent non-executive Director;

(ii) any employee ("**Employee**") of our Group; and

(iii) any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor to any member of our Group.

The above persons are collectively referred to as "**Eligible Participants**" and each an "Eligible Participant". In order for a person to satisfy our Board that he or she is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as our Board may request for the purpose of assessing his or her eligibility (or continuing eligibility). Subject to the terms and conditions of the Share Option Scheme, our Board shall have an absolute discretion as to granting options to any particular Eligible Participant.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants have made or may make to the business development of our Group. Apart from the determination of the subscription price, our Directors will have an absolute discretion to impose performance targets on the option holders before any option that can be exercised with reference to the objectives of the Share Option Scheme. A consideration of HK$1.0 will be payable upon acceptance of the offer.

(b) Subscription price of the Shares

The subscription price in respect of each Share under the Share Option Scheme shall, subject to any adjustments made as described in paragraph (l) below, be a price determined by our Board and notified to the Eligible Participant and shall be no less than the highest of:

(i) the nominal value of a Share;

(ii) the closing price of each Share as stated in the Stock Exchange's daily quotations sheet on the date of offer to the Eligible Participant, which must be a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (a "**Trading Day**"); and

(iii) the average closing price of each Share as stated in the Stock Exchange's daily quotations sheets for the five (5) consecutive Trading Days immediately preceding the date of offer to the Eligible Participant, provided that the final Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date if the Shares have been listed on the Main Board for less than five Trading Days before the date of grant.

(c) Grant of options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one (1) month immediately preceding the earlier of (1) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

(d) Maximum number of Shares available for subscription

(i) Subject to paragraphs (d)(ii), (iii) and (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by our Company (excluding those options that have already been granted by our Company prior to the date of approval of the Share Option Scheme) (the "**Scheme Mandate Limit**") shall not, in aggregate, exceed 10% of the Shares in issue upon completion of the Capitalisation Issue and the Global Offering on the Listing Date (being currently expected to be 250,000,000 Shares) unless approved by our Shareholders pursuant to paragraphs (d)(ii) and (iii) below.

(ii) Subject to paragraphs (d)(iii) and (iv) below, the Scheme Mandate Limit may be refreshed by our Shareholders in general meeting from time to time, provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such refreshment by our Shareholders in general meeting. Upon such refreshment, all options granted under the Share Option Scheme and any other share options schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In such a case, we shall send to our Shareholders a circular containing such information from time to time as required under the Listing Rules.

(iii) Subject to paragraph (d)(iv) below, our Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit (whether or not refreshed), provided that the options in excess of the Scheme Mandate Limit (whether or not refreshed) are granted only to the Eligible Participants specified by our Company before such approval is sought and we shall send to our Shareholders a circular containing such information from time to time required under the Listing Rules in relation to any such proposed grant to such Eligible Participants.

(iv) The maximum number of our Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. Options may not be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the said 30% limit being exceeded.

(e) Maximum entitlement of each Eligible Participant

Unless approved by our Shareholders, no option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding share option) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of Shares in issue as at the date of such new grant.

(f) Grant of options to Substantial Shareholders, Directors and chief executive of our Company or connected persons

Any grant of options under the Share Option Scheme to any Director and chief executive of our Company or a Substantial Shareholder or any of their respective associate must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of our Company in the 12-month period up to and including the date of such grant:

(i) representing in aggregate more than 0.1% of the total number of Shares in issue as at the date of such grant; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant of option, in excess of HK$5.0 million, such further grant of options must be approved by Shareholders. For the purpose of seeking approval of Shareholders under paragraphs (d), (e) and (f) above, we shall send to our shareholders a circular containing the information required under the Listing Rules and the vote at our Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll during which those persons required under the Listing Rules to abstain from voting, will not vote.

(g) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by our Board to the grantee save that such period shall not be more than 10 years from the business day on which the option is deemed to have been granted in accordance with the terms of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised.

If a grantee is a PRC resident, he shall not be entitled to exercise any option until any restriction or condition imposed by the relevant PRC laws and regulations in relation to the subscription for, holding of, or dealing in, shares of overseas listed companies by PRC residents or any laws, regulations or notices with similar effect have been abolished, removed or ceased to be applicable to the grantee or the grantee has obtained approval, exemption or waiver from the relevant PRC regulatory authorities, or complied with the laws, regulations and notices, for the subscription for, holding of or dealing in the Shares. By exercising the options, he has given, and is deemed to have given, representations and warranties to us that he has satisfied all the relevant laws, regulations, notices and other PRC foreign exchange control requirements in exercising the options, and we shall not be liable for any loss suffered by the grantee arising from his failure to do so. We are entitled to not issuing any Share(s) to a grantee unless and until he can provide evidence satisfactory to us that he has obtained all relevant approvals, exemptions or waivers from the relevant PRC regulatory authorities for the subscription for, holding of or dealing in the Shares.

(h) Performance target

Unless our Board otherwise determined and stated in the offer of grant of options to the grantee, a grantee is not required to achieve any performance target before any options granted under the Share Option Scheme can be exercised.

(i) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, failing which the option (to the extent it has not already been exercised) shall lapse.

(j) Rights on death

In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme by reason of his or her death before exercising his or her option in full and none of the events which would be a ground for termination of his or her employment as specified in the Share Option Scheme having arisen, his or her legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within 12 months following his or her death.

(k) Rights on ceasing employment

(i) In the event of the grantee who is an Employee ceasing to be a participant of Share Option Scheme by reason of the termination of his or her employment or directorship on one or more of the grounds specified in the Share Option Scheme, his or her option (to the extent not already exercised) shall lapse automatically and immediately and shall not be exercisable on or after the date of termination of his or her employment and to the extent the grantee has exercised the option in whole or in part pursuant to the Share Option Scheme, but Shares have not been allotted to him or her, the grantee shall be deemed not to have so exercised such option and we shall return to the grantee the amount of the subscription price for the Shares received by our Company in respect of the purported exercise of such option.

(ii) In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme for any reason other than his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in the Share Option Scheme, the option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the grantee's last actual working day with our Company or our relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(iii) In the event of the grantee who is not an Employee ceasing to be a participant of the Share Option Scheme as and when determined by our Board by resolution for any reason other than his or her death, our Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(l) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company which arises from a capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of the Shares or reduction of capital of our Company (excluding any alteration in the capital structure of our Company as a result of an issue of securities as consideration in respect of a transaction to which our Company is a party) at any time after the Listing Date, such corresponding alterations (if any) certified in writing by an independent financial adviser appointed by our Company or the auditors for the time being of our Company as fair and reasonable will be made to the subscription price at which the offeror gives notice to acquire the remaining Shares and/or the number or nominal amount of Shares subject to the option so far as unexercised, provided that (i) any such alterations shall give a grantee as nearly as possible the same proportion of the issued share capital of our Company as that to the option he or she was previously entitled; (ii) no such alteration shall be made to the effect that Share would be issued at less than its nominal value; and (iii) any such alterations shall be in compliance with the requirements set forth in Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange from time to time, including those set forth in the letter from the Stock Exchange dated 5 September 2005.

(m) Rights on a general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or, in the case of takeover offer, all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code) prior to the expiry date of the relevant option or such scheme has been approved by the necessary number of Shareholders at the requisite meetings, the grantee shall be entitled to exercise the option in full (to the extent not exercised) or to the extent notified by our Company at any time within such period as shall be notified by our Company.

(n) Rights on winding-up

If notice is duly given by our Company to Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, we shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter exercise the relevant option to its full extent or to the extent specified in such notice or in part and we shall, as soon as possible and in any event no later than three (3) business days immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and not be exercisable.

(o) Rights on a compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), we shall give notice thereof to all grantees on the same date as it despatches notice of the meeting to its shareholders or creditors to consider such a compromise or arrangement and thereupon any grantees may at any time thereafter exercise the relevant option in full or to the extent notified by our Company and we shall, as soon as possible and in any event no later than three business days, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

(p) Ranking of Shares

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles in force as at the date of allotment and shall rank pari passu in all respects with the existing fully paid Shares in issue on such date of allotment and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after such date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date of allotment. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

(q) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

(r) Alteration

Our Directors may from time to time amend the rules of the Share Option Scheme by resolution of our Board save and except the following which shall be approved by our Shareholders in general meeting:

(i) the provisions of the Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Participant;

(ii) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any change to the authority of our Board as scheme administrator in relation to any alteration to the terms of the Share Option Scheme,

provided always that the amended terms of the Share Option Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

(s) Lapse of option

An option (to the extent such option has not already been exercised) will lapse and not be exercisable on the earliest of:

(i) the expiry of the exercise period of the options;

(ii) the expiry of any of the periods referred to in paragraphs (j), (k), (m), (n) and (o) above;

(iii) subject to any competent court in any jurisdiction making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (m) above;

(iv) the date of the commencement of the winding-up of our Company;

(v) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (o) above;

(vi) the date on which the grantee who is an Employee of any member of our Group ceases to be an Employee of any member of our Group by reason of the termination of his employment on the grounds set forth in the Share Option Scheme;

(vii) the date on which a situation as contemplated in paragraph (i) arises;

(viii) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise resolved to the contrary by our Board; or

(ix) the date on which our Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to the Share Option Scheme.

(t) Cancellation of options

Our Board shall have the absolute discretion to cancel any option granted at any time if so agreed by the grantee, provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made within the limits referred to in paragraph (d) above (excluding the cancelled options).

(u) Termination of the Share Option Scheme

We may by resolution in general meeting or our Board may at any time terminate the Share Option Scheme and in such event, no further option shall be granted but the provisions of the Share Option Scheme shall remain in force in respect of all options granted during the life of the Share Option Scheme and which remains unexpired immediately prior to the termination of the Share Option Scheme.

Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

(a) the passing of the resolution by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any option under the Share Option Scheme;

(b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme; and

(c) the commencement of dealings in the Shares on the Main Board.

If any of the above conditions is not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

Disclosure in annual and interim reports

Our Company shall disclose details of the Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

Administration of the Share Option Scheme

The Share Option Scheme shall be administered by our Board whose decision shall be final and binding on all parties.

Present status of the Share Option Scheme

As at the date of this Prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 250,000,000 Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

OTHER INFORMATION

1. Deed of Indemnity

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries), (being a material contract referred to in the paragraphs under "Further information about the business of our Group – Summary of material contracts" in this appendix), to give joint and several indemnities in respect of, among other things:

(a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended)) to any member of our Group on or before the date on which the Global Offering becomes unconditional;

(b) any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date;

(c) any tax liabilities which might be payable by any member of our Group under or by reason of any transfer of property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the Listing Date;

(d) all such other relevant payments, suits, settlement payment, cost, liability, damages or expense under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, on or before the Listing Date or as a result of or in relation to all litigations, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings by or against our Group which was issued, accrued and/or arising from any act of our Group at any time on or before the Listing Date, save as to such circumstances including:

– to the extent that full provision or allowance has been made for such taxation in the audited accounts of our Group for the Track Record Period;

– to the extent that such taxation arises or is incurred as a result of any retrospective change in law or the interpretation thereof or retrospective increase in tax rates coming into force after the Listing Date;

– to the extent that such taxation or liability would not have arisen but for any act or omission voluntarily effected by, any of the members of our Group without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed), otherwise than in the ordinary course of business after the date of the deed of indemnity; or

– to the extent of any provisions or reserve made for taxation in the audited accounts of our Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve;

(e) all claims, demands, costs, expenses (including legal expenses), fines, penalties and charges suffered by us arising from or in connection with (i) the issuance of pre-paid gift cards to our customers, including but not limited to, a maximum aggregate fine of up to RMB600,000 on us, and legal costs and other costs involved of the civil actions which pre-paid gift cardholders may take against us, but excluding the redemption cost for refund of the pre-paid gift cards, (ii) irregularities on the part of the Bureau of Housing and Construction of Shenzhen Municipality, i.e. the landlord of our Longzhu store, in obtaining relevant regulatory approvals including the relevant construction permits in respect of our Longzhu store, (iii) title defects, failures of registration and absence of relevant landlords' consents regarding our leased properties or properties leased by us, (iv) failure or delay in obtaining any pollutant discharge permits for any of our stores, and (v) any additional social insurance payment in the PRC that may be borne by any member of our Group before 31 December 2009; and

(f) the Individual Controlling Shareholders undertake to pay all withholding taxes levied on dividends distributed by Shirble Department Store (Shenzhen) for the period from 1 January 2008 to 30 June 2010, and any withholding taxes levied on dividends which may be declared by Shirble Department Store (Shenzhen) for the period from 1 July 2010 to 31 December 2010 relating to any of their indirect equity ownership therein.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, China and other jurisdictions in which the companies comprising our Group are incorporated.

As our Controlling Shareholders are interested in the Shares and in particular, Mr. YANG has interest in other business as disclosed in the section headed “Controlling Shareholders and Substantial Shareholders” in this prospectus, our Directors consider that our Controlling Shareholders have adequate financial resources to honour their obligations under the Deed of Indemnity.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sponsor

BNP Paribas, being the sole sponsor to the Listing, has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering and the Capitalisation Issue, and the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme.

All necessary arrangements have been made enabling such Shares to be admitted to CCASS.

4. Preliminary expenses

Our preliminary expenses are estimated to be approximately HK$55,000 (equivalent to approximately RMB47,332) which are payable by us.

5. Promoter

We have no promoter and no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
BNP Paribas	A corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
DTZ Debenham Tie Leung Limited	Property valuer
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	Qualified PRC legal adviser

7. Consents of experts

Each of BNP Paribas, KPMG, DTZ Debenham Tie Leung Limited, Conyers Dill & Pearman and Jingtian & Gongcheng has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and/or references to its name included in the form and context in which it is respectively included.

As at the Latest Practicable Date, none of the experts named above has any shareholding interests in our Group or the right (whether legally enforceable or not) to subscribe for or, to nominate persons to subscribe for securities in any member of our Group.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

9. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(1) Save as disclosed in this prospectus and, in particular, in the paragraphs under "Further information about the business of our Group – Summary of material contracts":

(i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) we have no outstanding convertible debt securities or debentures;

(iv) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued;

(v) no commissions, discounts, brokerages or other special terms have been granted within the two years immediately preceding the date of this prospectus or agreed to be granted in connection with the issue or sale of any share capital of our Company or any of its subsidiaries; and

(vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares or any equity interest in any of the subsidiaries of our Company.

(2) No member of our Group is presently listed on any stock exchange or traded on any trading system.

(3) There is no arrangement under which future dividends are waived or agreed to be waived.

(4) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.

(5) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of the Application Forms; (b) the written consents set forth under "Other information – 7. Consents of experts" in Appendix VI to this prospectus and (c) a copy of each of the material contracts set forth under "Further information about the business of our Group – 1. Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG

Copies of the following documents will be available for inspection at the offices of Squire, Sanders & Dempsey at 24th Floor, Central Tower, 28 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- the memorandum of association of our Company and the Articles;
- the accountants' report prepared by KPMG, the text of which is set forth in Appendix I to this prospectus;
- the report from KPMG relating to the unaudited pro forma financial information, the text of which is set forth in Appendix II to this prospectus;
- letters on profit forecast, the texts of which are set forth in Appendix III to this prospectus;
- the letter, the summary of valuation and the valuation certificates relating to our property interests prepared by DTZ Debenham Tie Leung Limited, the text of which is set forth in Appendix IV to this prospectus;
- the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands companies law as referred to in Appendix V to this prospectus;
- the Companies Law;
- the legal opinions issued by Jingtian & Gongcheng in respect of, amongst other things, general matters, property interests and taxation matters of our Group in the PRC;
- the rules of the Share Option Scheme;
- the material contracts set forth under "Further information about the business of our Group – 1. Summary of material contracts" in Appendix VI to this prospectus;
- the service agreements, together with the supplements, referred to in the paragraphs under "Further information about our Directors and our Substantial Shareholders – 2. Particulars of our Directors' service contracts and appointment letters with our independent non-executive Directors" in Appendix VI to this prospectus; and
- the written consents set forth under "Other information – 7. Consents of experts" in Appendix VI to this prospectus.

Shirble Department Store Holdings (China) Limited
歲寶百貨控股(中國)有限公司