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If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer or registered institutions in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Intime Retail (Group) Company Limited, you should at once hand this circular and the accompanying form to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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銀泰商業

Intime Retail (Group) Company Limited 銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

- (1) STRATEGIC INVESTMENT IN THE GROUP BY
ALIBABA INVESTMENT LIMITED INVOLVING**
- (i) PROPOSED ISSUE OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS;
(ii) PROPOSED ESTABLISHMENT OF THE JOINT VENTURE; AND
(iii) STRATEGIC COOPERATION FRAMEWORK AGREEMENT**
- (2) AMENDMENT DEED OF NON-COMPETITION
(3) APPLICATION FOR WHITEWASH WAIVER**
- (4) AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED
AND
(5) NOTICE OF COMPANY EGM**

**Independent financial adviser to
the Independent Board Committee**



A letter from the Independent Board Committee (as defined in this circular) containing its advice to the Independent Shareholders (as defined in this circular) is set out on pages 31 to 32 of this circular. A letter from Somerley Capital Limited setting out its advice and recommendation to the Independent Board Committee is set out on pages 33 to 69 of this circular.

A notice convening the extraordinary general meeting (the "EGM") of the Company to be held at Conference Room, 1063-3 Creative Culture Industrial Park, Sihui East Road, Chaoyang District, Beijing 100124, the People's Republic of China on 24 June, 2014 at 10:00 a.m. is set out on pages N1 to N2 of this circular.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event by not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

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| “acting in concert” | has the same meaning as ascribed to it under the Takeovers Code |
| “Alibaba Group” | Alibaba Group Holding Limited and its subsidiaries |
| “Amendment Deed of Non-Competition” | an amendment deed of non-competition to be executed by the Controlling Shareholders in favour of the Company on or before Closing |
| “Announcement” | the announcement dated 31 March, 2014 of the Company regarding, among other things, the Subscription |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Bond Instrument” | an instrument to be executed by the Company setting out the terms and conditions of the Convertible Bonds |
| “Closing” | the completion of the issue and subscription of the Subscription Shares and the Convertible Bonds pursuant to the Subscription Agreement |
| “Closing Date” | 10 th business day following the fulfilment of the last of the conditions precedent set out in the Subscription Agreement, or such other date as the parties may agree |
| “Company” | Intime Retail (Group) Company Limited (stock code:1833), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Controlling Shareholders” | Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited, East Jump Management Limited and Intime International Holdings Limited |
| “Conversion Price” | the conversion price of the Convertible Bonds |
| “Conversion Rights” | rights to convert the Convertible Bonds into Conversion Shares under the Bond Instrument |
| “Conversion Shares” | the Shares to be issued and allotted upon the exercise of the Conversion Rights at the Conversion Price |

DEFINITIONS

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| “Convertible Bonds” | the convertible bonds to be issued pursuant to the Subscription Agreement and the Bond Instrument |
| “Covenantor(s)” | Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited and Intime International Holdings Limited |
| “Deed of Undertaking” | a deed of undertaking to be executed by the Controlling Shareholders in favour of the Investor on the Closing Date |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting to be held by the Company at Conference Room, 1063-3 Creative Culture Industrial Park, Sihui East Road, Chaoyang District, Beijing 100124, the People’s Republic of China on 24 June, 2014 at 10:00 a.m. for the purpose of approving, among other things, the Subscription, the respective transactions contemplated therein and the Whitewash Waiver |
| “Executive” | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director |
| “Group” | the Company and its subsidiaries |
| “Group Company” | any entity in the Group |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent board committee comprising all the non-executive Directors, namely Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung Andrew, and all the independent non-executive Directors, namely, Mr. Yu Ning, Mr. Chow Joseph, and Mr. Shi Chungui, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver and as to voting |
| “Independent Shareholders” | Shareholders other than (i) the Investor and parties acting or presumed to be acting in concert with it and (ii) any other Shareholders who are interested or involved in the Subscription |
| “Investor” | Alibaba Investment Limited |

DEFINITIONS

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| “Investor Director” | a Director nominated by the Investor pursuant to the Subscription Agreement |
| “Joint Venture” | a company to be incorporated in either the Cayman Islands or the British Virgin Islands to indirectly hold the entire equity interest of the WFOE |
| “JV Contract” | a joint venture agreement to be entered into by the Company (or its wholly-owned subsidiary), the Investor (or its wholly-owned subsidiary) and the Joint Venture on or before Closing |
| “JV Group” | the Joint Venture and its subsidiaries |
| “Latest Practicable Date” | 6 June, 2014, being the latest practicable date for ascertaining information contained in this circular prior to printing |
| “Last Trading Day” | 26 March, 2014, being the last full trading day of the Shares on the Stock Exchange immediately before the signing of the Subscription Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 24 September, 2014, or such other date as the Company and the Investor may agree |
| “Maturity Date” | the third anniversary of the issue date of the Convertible Bonds |
| “Mr. Chen” | Mr. Chen Xiaodong, an executive Director of the Company |
| “Mr. Shen” | Mr. Shen Guojun, the current chairman, an executive Director and the ultimate controlling shareholder of the Company |
| “Non-Competition Deed” | the non-competition deed dated 6 March, 2007 executed by Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited and Intime International Holdings Limited in favour of the Company |
| “PRC” | the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SDC Member” | a member of the Strategic Development Committee |

DEFINITIONS

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| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of US\$0.00001 each in the share capital of the Company |
| “Share Option Scheme” | the share option scheme of the Company approved by the Shareholders on 24 February, 2007 |
| “Shareholder(s) ” | holder(s) of the Shares |
| “Six-Month Period” | the period beginning on the date which is six months prior to the date of the announcement of the Company, which is 31 March, 2014, and up to and including the Latest Practicable Date |
| “Specific Mandate” | the specific mandate to be granted by the Shareholders to the Board at the EGM for the issue and allotment of the Subscription Shares and the Conversion Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Strategic Development Committee” | the strategic development committee of the board of Directors of the Company |
| “Subscription” | the subscription of the Subscription Shares and Convertible Bonds by the Investor pursuant to the Subscription Agreement |
| “Subscription Agreement” | the conditional subscription agreement entered into between the Company and the Investor dated 30 March, 2014 in relation to the Subscription |
| “Subscription Price” | HK\$7.5335 per Subscription Share |
| “Subscription Share(s)” | 220,541,892 new Shares to be subscribed for by the Investor pursuant to the Subscription Agreement |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Takeovers Code” | The Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time |
| “US\$” | United States dollar, the lawful currency of the United States of America |

DEFINITIONS

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| “WFOE” | a wholly foreign owned enterprise to be incorporated in the PRC whose entire equity interest is to be indirectly held by the Joint Venture and is to develop an online-to-offline (O2O) business in the PRC relating to shopping malls, department stores and supermarkets |
| “Whitewash Waiver” | a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Investor and parties acting or presumed to be acting in concert with it to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Investor and parties acting or presumed to be acting in concert with any of them which would, if the Subscription proceeds, otherwise arise as a result of the issue of the Subscription Shares and the Conversion Shares |
| “2008 Options” | 15,960,000 options granted by the Company on 11 April, 2008 under the Share Option Scheme |
| “2008 Options Exercise Deadline” | lapse of the 2008 Options according to the vesting schedule which states that 25% of the 2008 Options granted to each grantee shall be exercised or will otherwise lapse by 11 April, 2014 |
| “2010 Options” | 19,450,000 options granted by the Company on 26 May, 2010 under the Share Option Scheme |
| “2010 Options Exercise Deadline” | lapse of the 2010 Options according to the vesting schedule which states that 25% of the 2010 Options granted to each grantee shall be exercised or will otherwise lapse by 26 May, 2014 |
| “%” | per cent. |

LETTER FROM THE BOARD



銀泰商業

Intime Retail (Group) Company Limited 銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

Executive Directors:

Mr. Shen Guojun (*Chairman*)
Mr. Chen Xiaodong

Non-executive Directors:

Mr. Xin Xiangdong
Mr. Liu Dong
Mr. Wong Luen Cheung Andrew

Independent non-executive Directors:

Mr. Yu Ning
Mr. Chow Joseph
Mr. Shi Chungui

Registered office:

P.O. Box 309GT
Ugland House
South Church Street, George Town
Grand Cayman
Cayman Islands

Principal place of business in Hong Kong:

Room 1703, Tower II
Admiralty Centre
18 Harcourt Road
Hong Kong

9 June, 2014

To the Shareholders

Dear Sir or Madam,

- (1) STRATEGIC INVESTMENT IN THE GROUP BY
ALIBABA INVESTMENT LIMITED INVOLVING
(i) PROPOSED ISSUE OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS;
(ii) PROPOSED ESTABLISHMENT OF THE JOINT VENTURE; AND
(iii) STRATEGIC COOPERATION FRAMEWORK AGREEMENT
(2) AMENDMENT DEED OF NON-COMPETITION
(3) APPLICATION FOR WHITEWASH WAIVER
(4) AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED
AND
(5) NOTICE OF COMPANY EGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 31 March, 2014, 11 April, 2014, 14 April, 2014, 2 May, 2014 and 23 May, 2014.

LETTER FROM THE BOARD

On 30 March, 2014, the Company entered into the Subscription Agreement with the Investor (a subsidiary of Alibaba Group Holding Limited). The Subscription Agreement relates to (i) the proposed issuance of the Subscription Shares; (ii) the proposed issuance of the Convertible Bonds; and (iii) the proposed establishment of the Joint Venture. Upon completion of the Subscription, the Investor will hold (A) an aggregate of 220,541,892 Subscription Shares, representing approximately 9.89% of the entire issued share capital of the Company as enlarged immediately after the issue of the Subscription Shares and (B) Convertible Bonds with an aggregate principal amount of HK\$3,706,066,630.16 which, if fully converted at the initial Conversion Price (together with maximum amount of interest accrued) will, together with the Subscription Shares, represent 26.11% of the share capital of the Company as enlarged after the issue of the Subscription Shares and the Conversion Shares. Closing is subject to, among other things and as further disclosed in this circular, Shareholders' approval of the Subscription and the Independent Shareholders' approval of the Whitewash Waiver.

As a result of the Whitewash Waiver, requirements of the Takeovers Code and also possible insider dealing considerations, there will be restrictions on Mr. Chen realizing the value of the 2008 Options and 2010 Options granted to him where such realization is by way of disposal of the underlying Shares. In consideration of this and to further incentivise Mr. Chen to remain with the Group, the Board resolved on 10 April, 2014, subject to Shareholders' approval, to amend the 2008 Options Exercise Deadline and 2010 Options Exercise Deadline, details of which are set out in this circular.

The purposes of this circular is to provide the Shareholders with, among other things (1) details of the Subscription; (2) details of the Amendment Deed of Non-Competition; (3) details of the Whitewash Waiver; (4) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (5) the letter of advice from independent financial adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; (6) details of the Amendment of Granted Options (as defined below); and (7) the notice of the EGM to be convened by the Company.

THE SUBSCRIPTION AGREEMENT

Date: 30 March, 2014

Parties:

1. the Company; and
2. the Investor.

Issue of Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and allot to the Investor, and the Investor has conditionally agreed to subscribe in cash for an aggregate of 220,541,892 Subscription Shares at the Subscription Price of HK\$7.5335 per Subscription Share.

LETTER FROM THE BOARD

The Subscription Shares represent (i) approximately 10.97% of the entire existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 9.89% of the entire issued share capital of the Company as enlarged immediately after the issue of the Subscription Shares; and (iii) approximately 8.11% of the issued share capital of the Company as enlarged by the issue of Subscription Shares and assuming the full conversion of the Convertible Bonds (together with the maximum interest accrued) at the initial Conversion Price. The aggregate nominal value of the Subscription Shares under the Subscription will be US\$2,205.41892.

Share Subscription Price

The aggregate consideration for the Subscription Shares, being HK\$1,661,452,343.38, shall be payable by the Investor in cash on Closing. As there is no commission to be paid by the Company in connection with the Share Subscription, the net issue price shall be the Subscription Price.

The Subscription Price of HK\$7.5335 per Subscription Share represents:

- (i) a discount of approximately 13.71% to the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on 26 March, 2014, being the Last Trading Date;
- (ii) a discount of approximately 15.35% to the average closing price of approximately HK\$8.9000 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 7.51% to the average closing price of approximately HK\$8.1453 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 1.80% to the closing price of HK\$7.4000 per Share as quoted on the Stock Exchange on 6 June, 2014, being the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an online-to-offline (O2O) business.

The Directors, including the Independent Board Committee having considered the advice of the independent financial adviser, consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable based on current market conditions and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

Ranking of Subscription Shares

The Subscription Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of issue and allotment of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

Issue of the Convertible Bonds

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$3,706,066,630.16 that can be convertible into Conversion Shares at the Conversion Price. As there is no commission to be paid by the Company in connection with the issue of Convertible Bonds, the net issue price of the Conversion Shares shall be the initial Conversion Price.

Assuming full conversion of the Convertible Bonds (together with maximum amount of interest accrued) at the initial Conversion Price, the Convertible Bonds will be convertible into approximately 489,600,722 Shares, representing (i) approximately 24.36% of the existing issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 18.00% of the share capital of the Company after the full conversion of the Convertible Bonds at the initial Conversion Price (and, for the avoidance of doubt, assuming the Subscription Shares have been issued). The aggregate nominal value of the maximum number of Conversion Shares issuable under the Subscription will be US\$4,896.00722.

Issue Price

100% of the principal amount of the Convertible Bonds.

Maturity Date

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Bonds on the Maturity Date at its principal amount together with accrued and unpaid interest. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.

Redemption

Following the occurrence of an event of default or a change of control of the Company or delisting of the Shares on the Stock Exchange as specified in the terms and conditions of the Convertible Bonds, the Investor shall have the right at its option, to require the Company to redeem all (or any portion of the principal amount thereof) of its Convertible Bonds at their principal amount together with accrued and unpaid interest thereon.

Interest

Until such time as the Convertible Bonds are repaid or redeemed by the Company or converted by the Investor in accordance with the Bond Instrument, the Company shall become liable to pay to the Investor an interest of 1.5% per annum on the outstanding principal amount of the Convertible Bonds in the following manner:

- (i) in case of repayment or redemption of the Convertible Bonds, all interest accrued up to the date of the repayment or redemption of the Convertible Bonds shall be payable together with the principal outstanding on such Convertible Bonds; and

LETTER FROM THE BOARD

- (ii) in case of conversion of the Convertible Bonds by the Investor, all interest accrued up to the date of conversion shall be applied as part of the principal in accordance with the terms and conditions of the Bond Instrument.

Conversion Rights

Subject to the terms and conditions of the Bond Instrument and the applicable approvals and filings under applicable laws, each Convertible Bond shall entitle the Investor to convert such Convertible Bond into Conversion Shares, at any time from time to time during the conversion period referred to below.

Conversion Period

Subject to and upon compliance with the terms and conditions of the Convertible Bonds and applicable approvals and filings under applicable law, the Conversion Rights in respect of the Convertible Bonds may be exercised, at the option of the Investor, at any time from time to time from the date of the issue of Convertible Bonds up to the close of business on the date falling seven days prior to the Maturity Date.

Conversion Shares

The number of Shares to be issued upon the exercise of Conversion Rights will be determined by dividing (A) the sum of outstanding principal amount of the Convertible Bonds to be converted and the interest accrued thereon pursuant to the terms of the Convertible Bonds by (B) the Conversion Price in effect on the relevant conversion date. The Conversion Rights may be exercised in respect of all or any part of the Convertible Bonds.

Ranking of Conversion Shares

The Conversion Shares, when issued, shall be fully paid, free and clear of all encumbrances and will rank pari passu with the Shares in issue (including in respect of entitlement to all dividends and other distributions) in all respects, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Conversion Shares.

Conversion Price

The initial Conversion Price is HK\$7.9102 per Share, which will be subject to the customary adjustments for, among other things, consolidation, reclassification or subdivision of the share capital of the Company, capitalization of profits or reserves of the Company and certain issues of Shares. The Company will publish an announcement upon any adjustment to the Conversion Price.

The initial Conversion Price, being HK\$7.9102 per Conversion Share, represents:

- (i) a discount of approximately 9.39% to the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on 26 March, 2014, being the Last Trading Day;

LETTER FROM THE BOARD

- (ii) a discount of approximately 11.12% to the average closing price of approximately HK\$8.9000 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 2.89% to the average closing price of approximately HK\$8.1453 per Share for the last thirty consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 6.89% to the closing price of HK\$7.4000 per Share as quoted on the Stock Exchange on 6 June, 2014, being the Latest Practicable Date; and
- (v) a premium of approximately 5.00% over the Subscription Price.

The initial Conversion Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an online-to-offline (O2O) business.

The Directors, including the Independent Board Committee having considered the advice of the independent financial adviser, consider that the terms of the Subscription Agreement (including the initial Conversion Price) are fair and reasonable based on current market conditions and the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

Transfer

The Convertible Bonds or interests in such Convertible Bonds are freely transferable, in whole or in part, from the date of the issue of the Convertible Bonds.

Voting Rights

The Investor will not have any right to attend or vote at any meeting of the Company by virtue of the Investor holding the Convertible Bonds, until and unless it has converted its Convertible Bonds into Conversion Shares.

Listing

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Investor Lock-up

The Investor has undertaken to the Company that it shall not:

- (A) from (and including) the Closing Date to (but excluding) the earlier of (i) the first date of conversion of the Convertible Bonds and (ii) the date on which the Convertible Bonds are fully repaid or redeemed, dispose of any Subscription Shares acquired pursuant to the terms of the Subscription Agreement; and

LETTER FROM THE BOARD

- (B) from (and including) the first conversion date to (but excluding) the date falling 6 months after such date, dispose of any Subscription Shares or Conversion Shares acquired pursuant to the terms of the Subscription Agreement and the Bond Instrument. In the event that the Convertible Bonds are fully repaid or redeemed, the provision of this paragraph (B) shall not apply to any Shares held by the Investor at and from that time.

Pre-emption Right

After Closing, if the Company proposes to issue to third party subscriber(s) or purchaser(s) any Shares, any security convertible into or exchangeable into Shares or any warrants, options or other rights to subscribe for or purchase Shares, the Investor shall have the right (but not the obligation) to purchase or subscribe for up to such additional number of securities on the same terms on a pro-rata basis, provided that the pre-emption right shall not apply in the following circumstances:

- (i) any issue of Subscription Shares by the Company to the Investor or the exercise of the Conversion Rights by the Investor;
- (ii) any issue of Shares by the Company pursuant to the Share Option Scheme in compliance with the Listing Rules; or
- (iii) any allotment, issue or grant of securities pursuant to an offer made to Shareholders which excludes for that purpose any shareholder that is resident in a place outside Hong Kong provided the Directors consider such exclusion to be necessary or expedient on account either of the legal restriction under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the Company entitled to be offered them, pro rata (apart from fractional entitlements) to their existing shareholdings.

The exercise of the pre-emption right shall be subject to compliance of the Listing Rules.

Nomination Rights

Subject to applicable laws and the articles of association of the Company, the Company agrees and grants the following rights to the Investor:

- (i) as long as the Investor holds not less than 100% of the Subscription Shares, the Investor shall have the right to nominate one (1) person to be appointed and to continue in office as a non-executive Director by giving notice in writing to the Company provided that such person fulfils the requirements under applicable laws to be appointed as a Director;
- (ii) upon or after the exercise by the Investor of the Conversion Right, the Investor shall have the right to nominate two (2) persons to be appointed and to continue in office as non-executive Directors by giving notice in writing to the Company provided that each such person fulfils the requirements under applicable laws to be appointed as a Director; and
- (iii) a Director designated by the Investor shall be appointed and continue as a SDC Member.

LETTER FROM THE BOARD

Representation and Warranties

The Company has provided customary representations and warranties to the Investor under the Subscription Agreement.

Conditions Precedent of the Subscription Agreement

The completion of the transactions contemplated under the Subscription Agreement is subject to the fulfillment of the following conditions:

- (i) the Stock Exchange having granted permission for the listing of, and the permission to deal in, the Subscription Shares and the Conversion Shares;
- (ii) the Controlling Shareholders continuing to hold (together) directly or indirectly, the legal and beneficial interest of at least 30% of the issued Shares and have a right to control, directly or indirectly, at their discretion, the voting rights attaching to such Shares and there are no circumstances affecting their ability to exercise such voting rights of such Shares;
- (iii) no event or circumstance having a material adverse effect having occurred;
- (iv) representations qualified by materiality or not having material adverse effect are true, accurate and not misleading and representations not so qualified are true, accurate and not misleading in all material respects;
- (v) there being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default and no event or act having occurred which, with the giving of notices, or the lapse of time, or both, would (had the Convertible Bonds already been issued) constitute an event of default;
- (vi) the Company and each member of the Group (including jointly-controlled companies) having made all filings and having obtained and delivered to the Investor all governmental and/or third party permits, authorisations, consents and approvals (including the approval of the Shareholders at a general meeting) required to be obtained by the Company to consummate the transactions contemplated in the Subscription Agreement and the Bond Instrument, provided that this paragraph (vi) shall not apply to any authorisation, consent or approval that the Company or any Group Company may be required to obtain if it relates to a Renminbi denominated financing agreement entered into between a PRC subsidiary and one or more financial institution established in the PRC (“**Onshore Loans**”);
- (vii) in relation to the Onshore Loans, if during the period between the signing of the Subscription Agreement and Closing the relevant financial institution notifies the Company or the relevant PRC subsidiary that the transaction contemplated by the transaction documents will require the authorisation, consent or approval of such financial institution, either (A) the Company or the relevant PRC subsidiary having obtained such authorisation, consent or approval or (B) the Company or the relevant PRC subsidiary having procured the repayment or prepayment in full of the relevant Renminbi denominated loan;

LETTER FROM THE BOARD

- (viii) since the date of the Subscription Agreement, the Shares shall not have been suspended from trading on the Stock Exchange for a continuous period of more than twenty (20) trading days and the Shares shall not be suspended from trading on the Stock Exchange on the Closing Date;
- (ix) either (A) the Securities and Futures Commission confirming in a written ruling that the transactions contemplated under the Subscription Agreement would not trigger a requirement on any party to make a general offer for all the shares in the Company (“**SFC Ruling**”) or (B) a whitewash waiver (as contemplated under Note 1 on dispensation from Rule 26 of the Takeovers Code) being obtained from the Securities and Futures Commission and approved by the independent Shareholders in accordance with the Takeovers Code;
- (x) no injunction, interim or otherwise, having been granted in respect of the Company which would prohibit the Company from entering into and perform its obligations under the Bond Instrument and the Subscription Agreement; and
- (xi) in relation to the establishment of the Joint Venture, (A) the JV Contract having been executed and delivered by the parties thereto and (B) the Joint Venture having been established in accordance with the JV Contract.

If any of the above conditions are not fulfilled by the parties to the Subscription Agreement and/or waived in whole or in part by the Investor (as applicable) on or before the Long Stop Date, the Investor may terminate the Subscription Agreement subject to its terms, all obligations of the parties under the Subscription Agreement shall end except for those expressly stated to continue without limit in time, but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist. Under the Subscription Agreement, the Investor may waive satisfaction, in whole or in part, of conditions precedent (ii) to (xi) with or without conditions as it may decide. Further, if (a) the Whitewash Waiver is not granted by the Securities and Futures Commission or, if granted by the Securities and Futures Commission, not approved by the Independent Shareholders at the EGM and (b) the SFC Ruling is not obtained on or before the Long Stop Date, the Subscription will not proceed as the above condition precedent (ix) will not be waived by any party to the Subscription Agreement. The Investor has not expressed any intention as to whether to waive the other conditions precedent.

Completion of the Subscription

Completion of the issue of Subscription Shares and the Convertible Bonds will take place on the Closing Date.

Deed of Undertaking

Pursuant to the Subscription Agreement, the Controlling Shareholders on the Closing Date will enter into the Deed of Undertaking in favour of the Investor, pursuant to which each of the Controlling Shareholders:

LETTER FROM THE BOARD

Non-competition undertaking

- undertakes to and for the benefit of the Investor and the JV Group that he or it shall comply with all the provisions of the Non-Competition Deed (as amended or to be amended by the Amendment Deed of Non-Competition).

Lock-up

- undertakes to and for the benefit of the Investor that he or it will not, without the prior written consent of the Investor, dispose of any of the Shares or shares in the other Controlling Shareholders held by he or it, directly or indirectly, from time to time, or otherwise beneficially interested in, by him or it, to the extent that it would cause the Controlling Shareholders' total legal and beneficial interest in the Shares (as a percentage of the total issued share capital of the Company from time to time) to be less than the Relevant Percentage (as defined below).

Relevant Percentage under the Deed of Undertaking shall be:

- (A) prior to the earlier of (i) the Convertible Bonds being repaid or redeemed by the Company in full, or (ii) the exercise by the Investor (or its affiliates) of the Conversion Rights in full, 30 per cent.; and
- (B) on and thereafter, shall be calculated as follows:

$$(A + B)/(C + B)$$

where:

- A is the total number of Shares held by the Investor and its affiliates from time to time;
- B is the total number of Conversion Shares that may be converted pursuant to the Conversion Rights attached to the Convertible Bonds from time to time; and
- C is the total issued share capital of the Company from time to time.

Non-solicitation

- undertakes to and for the benefit of the Investor that he or it will not, and will procure that none of its affiliates will, directly or indirectly solicit, endeavour to entice away or offer to employ or to enter into any contract for services with any employee or officer of the Group (including jointly-controlled companies) or the JV Group with a ranking of manager or above.

LETTER FROM THE BOARD

Investor Director and SDC member

- to the extent that the Investor (or its affiliate) is entitled to nominate one or two (as the case may be) Investor Director(s) (who shall also be SDC Member(s)) pursuant to the nomination rights under the Subscription Agreement, undertakes to and for the benefit of the Investor that he or it will exercise or procure the exercise of the voting rights in respect of all Shares held (directly or indirectly) by the Controlling Shareholders to vote in favour of any resolution appointing any such Investor Director or SDC Member that is so nominated by the Investor (or its affiliate).
- to the extent that (i) the Investor (or its affiliate) is entitled to nominate one or two (as the case may be) Investor Director(s) (who shall also be SDC Member(s)) pursuant to the nomination rights under the Subscription Agreement and (ii) Mr. Shen is a Director and/or any other Directors have been nominated by any of the Controlling Shareholders to be a Director or otherwise represent the interest of any of the Controlling Shareholders on the board of Directors (together with Mr. Shen, the “Controlling Shareholder Directors”), undertakes to and for the benefit of the Investor that he/it will procure that each of the Controlling Shareholder Directors, subject to his/her fiduciary duties as a director and any applicable law, will exercise his/her powers as a Director to vote in favour of any resolution of the Board approving the nomination (in the case of an appointment to be approved by Shareholders) or appointment (in the case of an appointment to be approved by the board of Directors) of any Investor Director or SDC Member that is so nominated by the Investor (or its affiliate).

Confirmation of shareholding

- warrants, represents and undertakes to and for the benefit of the Investor that, on the date of the Deed of Undertaking (i) the Controlling Shareholders together hold, directly or indirectly, the legal and beneficial interest of at least 30 per cent. of the issued Shares and have the right to control, directly or indirectly, at their discretion, the voting rights attaching to such Shares and to receive and retain the economic benefit arising in respect of or from such Shares and (ii) there are no circumstances affecting their ability to exercise such voting rights in respect of such Shares.

Trademarks

- warrants and undertakes to and for the benefit of the Investor that he or it will not, and will procure that each of his or its affiliates will not, object to or impose any conditions on, the Company or any Group Company (whether or not established as at the date hereof) using, or otherwise prevent or restrict the Company or any such member of the Group from using, the trademark “銀泰” (registered under class 36).

LETTER FROM THE BOARD

PROPOSED ESTABLISHMENT OF JOINT VENTURE

Pursuant to the Subscription Agreement, the Company and the Investor have undertaken to each other that each will use all reasonable endeavors to:

- (A) agree the definitive terms of the JV Contract reflecting substantially the terms set out further below in this circular;
- (B) execute or procure its wholly-owned subsidiary to execute and deliver the JV Contract on or prior to Closing;
- (C) make and obtain all filings, governmental and/or third party permits, authorisations, consents and approvals required for the establishment of the WFOE; and
- (D) establish (i) the Joint Venture, (ii) any other company within the JV Group as intermediate holding company of the WFOE; and (iii) the WFOE.

The Joint Venture, through the WFOE, is expected to develop an online-to-offline (O2O) business relating to shopping malls, department stores and supermarkets in the PRC by leveraging on the expertise, resources and infrastructure of the Group's department store network across the PRC and the Investor's leading e-commerce platform and consumer data analysis capability.

As of the Latest Practicable Date, no definitive term relating to the JV Contract has been agreed and the JV Contract is expected to be entered into by the respective parties on or before Closing. Neither the Joint Venture, any JV Group company nor the WFOE has been incorporated as of the Latest Practicable Date.

Principal Terms of the JV Contract

The JV Contract is expected to include the following principal terms (and other terms to be agreed between the Company and the Investor):

- (i) the Company and the Investor (or through their respective wholly-owned subsidiary) shall initially hold 19.9% and 80.1% interest in the share capital of the Joint Venture respectively;
- (ii) the Joint Venture shall initially hold the entire issued share capital of one wholly-owned intermediate company incorporated in Hong Kong which will in turn hold the entire equity interest of the WFOE;
- (iii) the board of directors of the Joint Venture shall initially comprise three directors, with one nominated by the Company and two nominated by the Investor. If the Company's shareholding in the Joint Venture becomes greater than 19.9%, the Company can, subject to making all necessary filings and obtaining all necessary permits under applicable law, nominate an additional director to the board of the Joint Venture;

LETTER FROM THE BOARD

- (iv) there will be restrictions on the transfer or shares of the Joint Venture by the Company and the Investor in the form of non-disposal undertakings and right of first refusal; and
- (v) the Investor and its affiliates will not engage in the PRC online-to-offline (O2O) business platforms for shopping malls and department stores (brand stores (品牌專賣店) and online-to-offline (O2O) business platforms for other businesses shall be excluded from the scope of this non-compete), other than through the JV Group.

Termination

The Investor may give a termination notice to the Company at any time prior to the issue of the Subscription Shares and the Convertible Bonds to the Company on the Closing Date if: (i) the representations qualified by materiality or not having a material adverse effect are untrue, inaccurate and misleading or the representations not so qualified are untrue, inaccurate or misleading in any material respects; (ii) there is a breach of obligation by the Company under the Subscription Agreement; or (iii) the conditions precedent set out in the Subscription Agreement have not been satisfied or otherwise waived by the Investor on or before the Long Stop Date.

The Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

The Company and the Investor may agree to postpone (on one or more occasions) the Closing Date to another date not later than 14 days after the scheduled Closing Date, provided that the Closing Date shall not be postponed beyond the Long Stop Date.

Future Intention of the Investor Regarding the Group

The Investor is of the view that, through the Subscription, the interests of the Investor and the Company can be further aligned and both parties can develop closer business relationship on the development of online-to-offline (O2O) business through the Joint Venture. As at the Latest Practicable Date, no proposals, terms or timetable have been determined or agreed for any such possible future cooperation or arrangement (other than proposals and arrangements relating to the Joint Venture).

Upon completion of the Subscription, the Investor expects that the Company will continue operating its existing businesses. Other than as set forth above, the Investor has no intention to make any major changes to the continued employment of the employees of the Company and its subsidiaries, nor does it envisage any redevelopment of the fixed assets of the Company.

Reasons for the Transaction and Use of Proceeds

It is the common goal of the Group together with the Alibaba Group as its strategic partner to develop online-to-offline (O2O) business and provide a more convenient and expedient shopping experience. The Joint Venture will explore opportunities for expansion of online-to-offline (O2O) business relating to shopping malls, department stores and supermarkets in the PRC so as to further the Group's omni-channel (泛渠道) strategy to be a leading consumption solutions provider. The Subscription will also raise additional capital for the Company's business and development.

LETTER FROM THE BOARD

The proceeds from the Subscription would amount to approximately HK\$5,367,518,974. The Company plans to use the proceeds from the issue of Subscription Shares and Convertible Bonds for the following purposes and in the amounts set out below, subject to changes in light of the Company's evolving business needs and changing market conditions:

- (i) approximately HK\$1,500 million for synergizing the Group's online-to-offline (O2O) business with its omni-channel (泛渠道) strategies so as to create a highly convenient and expedient shopping experience;
- (ii) approximately HK\$700 million for expansion of the Group's retail business network by opening of new stores;
- (iii) approximately HK\$1,000 million for possible acquisition of high quality assets and/or retail businesses in order to complement the Group's retail business;
- (iv) approximately HK\$1,100 million for repayment or prepayment of existing debt, and such repayment or prepayment will not be made in respect of indebtedness owed to any Shareholders; and
- (v) approximately HK\$1,068 million for general working capital.

Principal Business of the Group and the Investor

The Group is principally engaged in the business of operation and management of department stores and shopping malls.

The Investor is an investment holding company incorporated in the British Virgin Islands and a directly wholly-owned subsidiary of Alibaba Group Holding Limited, which is the sole shareholder of the Investor. Substantial shareholders (as defined in the Takeovers Code) of Alibaba Group Holding Limited are SoftBank Corp., a public company listed on the Tokyo Stock Exchange, and Yahoo! Inc., a public company listed on the NASDAQ Global Select Market, which (directly or indirectly) hold approximately 34.4% and 22.6%, respectively, of the shares of Alibaba Group Holding Limited⁽¹⁾ as of 31 December, 2013. Alibaba Group, with a mission statement "To make it easy to do business anywhere", together with its related companies, operates an ecosystem where online and mobile commerce participants can leverage the power of the internet to establish and grow their business as well as meet consumer demand efficiently. Since its inception, Alibaba Group and its related companies have developed and expanded to operate a range of online and mobile platforms, including China retail marketplaces, China wholesale marketplace, Global consumer marketplace, Global wholesale marketplace and cloud computing. As of 31 December, 2013, Alibaba Group had a total of 20,884 full-time employees with 73 offices in China and 16 offices outside China.

LETTER FROM THE BOARD

Notes:

- (1) Assuming that there were 2,321,114,237 ordinary shares outstanding as of 31 December, 2013, including (i) 91,243,243 ordinary shares assuming full conversion of all outstanding convertible preference shares, (ii) 33,000,000 ordinary shares underlying preferred shares of Alternate Solutions Management Limited and convertible preferred shares of PCIP I Limited and PCIP II Limited and (iii) 12,077,421 issued but unvested restricted shares.

Application for listing

The Company will apply to the Listing Committee for listing of, and permission to deal in the Subscription Shares and the Conversion Shares.

Fund Raising Activities of the Company during the Past 12 Months

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Effects on Shareholding Structure of the Company by the Subscription

| Name | As at the Latest Practicable Date | | Upon completion of the Share Subscription | | Upon completion of the Share Subscription and the full exercise of Conversion Rights ⁽³⁾ | |
|---|-----------------------------------|--------------------|---|--------------------|---|--------------------|
| | Shares ⁽¹⁾ | Approx. % | Shares ⁽¹⁾ | Approx. % | Shares ^{(1) (4)} | Approx. % |
| Mr. Shen ⁽²⁾ | 721,014,015 | 35.87% | 721,014,015 | 32.33% | 721,014,015 | 26.51% |
| Investor Group ⁽⁶⁾ : | | | | | | |
| Investor | 0 | 0.00% | 220,541,892 | 9.89% | 710,142,614 | 26.11% |
| Joseph Chung Tsai | 8,000 | 0.00% | 8,000 | 0.00% | 8,000 | 0.00% |
| The Libra Capital Greater China Fund Limited | 1,825,000 | 0.09% | 1,825,000 | 0.08% | 1,825,000 | 0.07% |
| Sub-total of shareholdings of the Investor and parties acting or presumed to be acting in concert with it | <u>722,847,015</u> | <u>35.96%</u> | <u>943,388,907</u> | <u>42.30%</u> | <u>1,432,989,629</u> | <u>52.68%</u> |
| Mr. Chen | 750,000 | 0.04% | 750,000 | 0.03% | 750,000 | 0.03% |
| Public Shareholders: | | | | | | |
| JPMorgan Chase & Co. | 100,488,865 | 5.00% | 100,488,865 | 4.51% | 100,488,865 | 3.69% |
| GIC Private Limited | 180,099,789 | 8.96% | 180,099,789 | 8.07% | 180,099,789 | 6.62% |
| Wellington Management Company, LLP | 177,948,190 | 8.85% | 177,948,190 | 7.98% | 177,948,190 | 6.54% |
| Other Public Shareholders | <u>827,782,629</u> | <u>41.18%</u> | <u>827,782,629</u> | <u>37.11%</u> | <u>827,782,629</u> | <u>30.43%</u> |
| Total | <u><u>2,009,916,488</u></u> | <u><u>100%</u></u> | <u><u>2,230,458,380</u></u> | <u><u>100%</u></u> | <u><u>2,720,059,102</u></u> | <u><u>100%</u></u> |

LETTER FROM THE BOARD

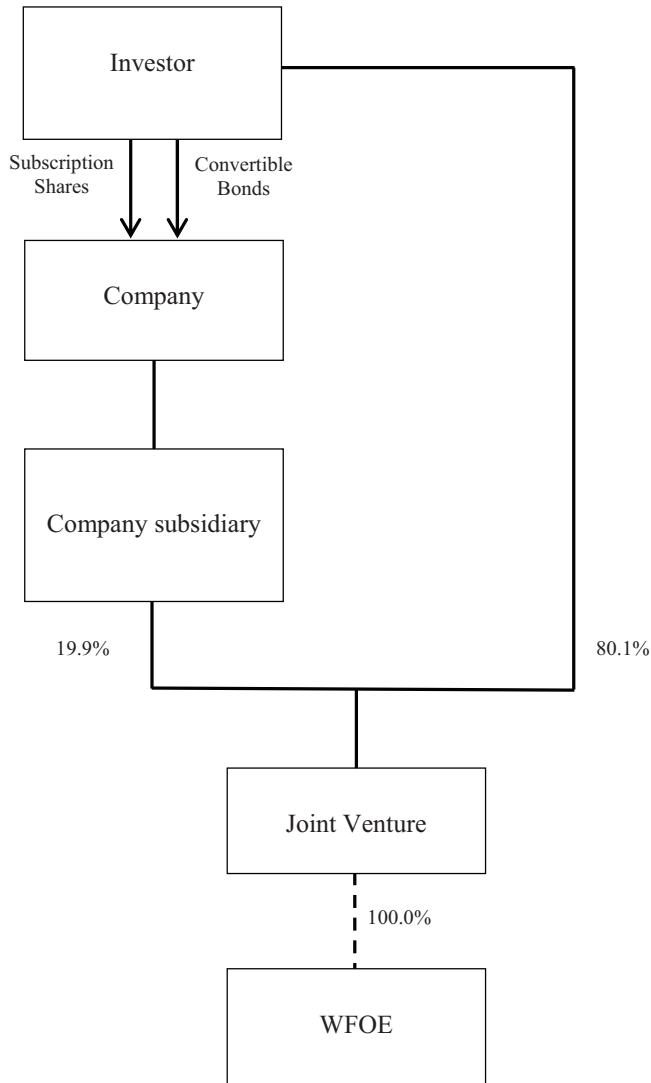
Notes:

- (1) Represents the person's long position in such shares of the Company, except for Mr. Chen, who is the beneficial owner of 750,000 Shares.
- (2) Mr. Shen, an executive Director and the Chairman of the Board, is the beneficial owner of the entire share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 716,814,015 Shares (35.66% of the issued share capital of the Company as at the Latest Practicable Date). Mr. Shen is a director of each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Shen is also the beneficial owner of the entire share capital of East Jump Management Limited which holds 4,200,000 Shares (0.21% of the issued share capital of the Company as at the Latest Practicable Date). Mr. Shen is presumed to be acting in concert with the Investor.
- (3) Including the maximum amount of interest accrued.
- (4) Assuming that the only share capital change is caused by the Investor exercising the Conversion Rights.
- (5) The above shareholding calculations are subject to rounding.
- (6) Investor Group represents the shareholding of the Investor and of Mr. Joseph Chung Tsai and The Libra Capital Greater China Fund Limited who are presumed to be acting in concert with the Investor.

LETTER FROM THE BOARD

Corporate Structure

The corporate structure upon (i) completion of the issue of Subscription Shares and Convertible Bonds and (ii) the establishment of the Joint Venture is as follows:



- - - - - indirect shareholding

LETTER FROM THE BOARD

STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Company and the Investor have also entered into a strategic cooperation framework agreement on 30 March, 2014 with the following terms:

- (i) pursuant to the Subscription Agreement, the Investor will inject capital into the Company through subscription of Shares constituting 9.9 per cent. of the entire enlarged issued share capital of the Company and Convertible Bonds with principal amount of HK\$3,706,066,630.16, so as to partner with the Company to develop online-to-offline (O2O) business relating to shopping mall, department stores and supermarkets;
- (ii) the Company and the Investor will establish the Joint Venture, with the Company and the Investor respectively holding 19.9 per cent. and 80.1 per cent. of the shares of the Joint Venture. The parties will provide the necessary resources and funding to support the operation of the Joint Venture. This is achieved through, among other things, integration of the offline product database and the online sales platform, sharing of membership management system and payment system with the aim of establishing the Joint Venture as a major platform for online-to-offline (O2O) business and developing the omni-channel (泛渠道) business model through unifying the online and offline information about customers and products;
- (iii) taking into account the historic investment amount in yintai.com and the corresponding costs of funding, yintai.com will be integrated into the Joint Venture as soon as practicable after relevant parties reach agreement in order for it to serve as primary medium to the online-to-offline (O2O) business;
- (iv) through cash, asset, equity interests and other means acceptable to the parties and subject to the obtaining of all regulatory approvals, shareholdings of the Company and the Investor in the Joint Venture will be brought closer to an approximate level in due course; and
- (v) the implementation of the above business plans shall be subject to final legal documentation entered into between the parties or their respective affiliates.

AMENDMENT DEED OF NON-COMPETITION

Reference is made to the Non-Competition Deed executed on 6 March, 2007 in favor of the Company, pursuant to which each of the Covenantors had unconditionally and irrevocably undertaken to and for the benefit of the Company that, during period date on which the Shares commenced trading on the Stock Exchange and ending on the earlier of (i) the date on which such Covenantor ceases to be a controlling shareholder of the Company within the meaning of the Listing Rules; and (ii) the date on which the Shares cease to be listed on the Stock Exchange (the “**Non-Compete Period**”), he or it will not, whether as principal or agent and whether undertaken directly or indirectly, carry on, engage, invest, participate or otherwise be interested in the business of retail trade in merchandise in the format of a department store (the “**Restricted Business**”) in the PRC.

LETTER FROM THE BOARD

The Company is of the view that in light of the proposed establishment of the Joint Venture and the strategic cooperation framework agreement described above, it is now an appropriate time to reconsider the scope of the Restricted Business and the length of the Non-Compete Period. Subject to compliance with the Listing Rules, the Amendment Deed of Non-Competition shall be executed on or before Closing to, among other things, broaden the scope of the Restricted Business and extend the Non-Compete Period.

The Non-Compete Period is extended to cover, in respect of each Covenantor and East Jump Management Limited, from the date of the Amendment Deed of Non-Competition and continuing until Mr. Shen no longer controls (directly or indirectly) the largest number of voting rights in the Company and such number of voting rights is less than 20 per cent. of the total voting rights of the Company from time to time.

The Restricted Business is broadened to cover (i) the business of retail trade in merchandise (including but not limited to department stores, shopping malls and supermarkets) or as an owner of any property (including land use right and building) that is used for such business or as an operator of such business and (ii) the business to be conducted by the JV Group from time to time.

The terms and conditions under the Non-Competition Deed provided by the parties thereto shall otherwise remain unchanged and in full force and effect subject to the amendments made under the Amendment Deed of Non-Competition. Further, with effect from the date of the Amendment Deed of Non-Competition, East Jump Management Limited shall become a Covenantor under the Non-Competition Deed (as amended by the Amendment Deed of Non-Competition) and undertakes to adhere to and be bound by the provisions of the Non-Competition Deed (as amended by the Amendment Deed of Non-Competition), and to perform the obligations imposed by the Non Competition Deed (as amended by the Amendment Deed of Non-Competition), in all respects as if East Jump Management Limited were a party to the Non-Competition Deed and named as a “Covenantor”.

The Directors consider that the terms of the Amendment Deed of Non-Competition have been negotiated on an arm’s length basis, to be fair and reasonable and in the interest of the Shareholders as a whole and they represent amendments to the Non-Competition Deed which are favourable to the Group.

LISTING RULES IMPLICATIONS

The issue of the Subscription Shares and the Conversion Shares will be subject to the Specific Mandate to be approved by the Shareholders at the EGM by an ordinary resolution.

The establishment of the Joint Venture, upon the execution of the JV Contract, will constitute a transaction under Rule 14.04 of the Listing Rules by the Company. The Company will comply with the disclosure and shareholders’ approval requirements, where applicable, under the Listing Rules upon the execution of the JV Contract and the establishment of the Joint Venture.

The Amendment Deed of Non-Competition is a *de minimis* connected transaction between the Covenantors, East Jump Management Limited and the Company under Rule 14A.31(2) of the Listing Rules. Accordingly, the execution of Amendment Deed of Non-Competition is exempt from the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. The Covenantors and East Jump Management Limited are expected to execute the Amendment Deed of Non-Competition in favour of the Company on the Closing Date.

LETTER FROM THE BOARD

WHITEWASH WAIVER

One of the conditions precedent to the Closing (condition precedent (ix)) described above under the heading “Conditions Precedent of the Subscription Agreement” is either (A) an SFC Ruling being obtained or (B) a Whitewash Waiver being obtained from the Securities and Futures Commission and approved by the Independent Shareholders in accordance with the Takeovers Code. As further disclosed in the Company’s announcement dated 11 April, 2014, if (a) the Whitewash Waiver is not granted by the Securities and Futures Commission or, if granted by the Securities and Futures Commission, not approved by the Independent Shareholders at the EGM and (b) the SFC Ruling is not obtained on or before the Long Stop Date, the Subscription will not proceed. Accordingly, the offer period closed on 11 April, 2014 as the above condition precedent (ix) will not be waived by any party to the Subscription Agreement. The Company has been informed by the Investor that it wishes to first pursue the Whitewash Waiver application in satisfaction of the above condition precedent, which offers more certainty and expediency to the implementation of the transactions contemplated under the Subscription Agreement.

Takeovers Code Implications

Mr. Shen holds 721,014,015 Shares, representing approximately 35.87% of the issued share capital of the Company as of the Latest Practicable Date and is presumed to be a party acting in concert with the Investor for the purpose of the Takeovers Code as a result of having both made investments in two companies outside the Group, and will also be presumed to be a party acting in concert with the Investor if and when the Investor exercises its conversion rights of the Convertible Bonds so as to result in its holding 20% or more voting rights in the Company. Upon Closing, 220,541,892 new Shares will be issued to the Investor, and the interests of the Investor and parties acting or presumed to be acting in concert with it in the voting rights of the Company will be increased from approximately 35.96% (being the aggregate percentage of Shares held by Mr. Shen who is presumed to be acting in concert with the Investor, and Mr. Joseph Chung Tsai and The Libra Capital Greater China Fund Limited, who are also presumed to be acting in concert with the Investor) to approximately 42.30% (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Upon the full exercise of Conversion Rights by the Investor at the initial Conversion Price (including the maximum of interest accrued), a further 489,600,722 Shares will be issued to the Investor, and the interests of the Investor and parties acting or presumed to be acting in concert with it in the voting rights of the Company will be increased from 42.30% to 52.68%. Under Rule 26.1 of the Takeovers Code, the Investor and its concert parties would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is granted by the Securities and Futures Commission and approved by the Independent Shareholders or the SFC Ruling is obtained from the Securities and Futures Commission. In this regard, the Investor does not consider itself or any of its concert parties to be, as a matter of fact, acting in concert with Mr. Shen as it does not have any agreement or understanding with Mr. Shen for actively cooperating to obtain or consolidate control in the Company. Nevertheless, they are presumed to be acting in concert unless the contrary is established. However, both the Investor and the Company consider that the Whitewash Waiver offers more certainty and expediency to the implementation of the transactions contemplated under the Subscription Agreement. Therefore, the Investor has made an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares and Conversion Shares.

LETTER FROM THE BOARD

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll. Closing is conditional upon, among other things, either the Whitewash Waiver being granted by the Securities and Futures Commission and approved by the Independent Shareholders or the SFC Ruling being obtained. The Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders on a vote by way of a poll at the EGM.

If the Whitewash Waiver is approved by the Independent Shareholders and the Convertible Bonds are fully converted into Conversion Shares, the aggregate shareholding of the Investor and parties acting or presumed (including Mr. Shen) to be acting in concert with it in the Company will exceed 50%. Subject to the Takeovers Code, the Investor and parties acting or presumed to be acting in concert with it may further increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Dealings and Interests of the Investor and Parties Acting in Concert with it in the Shares

Pursuant to paragraph 3 of Schedule VI to the Takeovers Code, the Executive will not normally waive an obligation to make a mandatory general offer with respect to a company under Rule 26 of the Takeovers Code if there occurs any disqualifying transaction prior to the grant of such waiver. Disqualifying transactions include transactions where the person seeking a waiver or any person acting in concert with it has acquired voting rights in such company in the six months prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the relevant proposal. Further, a waiver will not be granted or if granted will be invalidated if, without the prior consent of the Executive, any non-exempt acquisitions or disposals of voting rights are made by such persons between the time of announcement of the proposals and the completion of the Subscription.

During the Six-Month Period, to the best knowledge of the Investor having made reasonable inquiries:

- (a) Mr. Joseph Chung Tsai, a director of Alibaba Group Holding Limited and a party presumed to be acting in concert with the Investor, holds 8,000 Shares which were acquired prior to the Six-Month Period; and
- (b) The Libra Capital Greater China Fund Limited, an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited and a party presumed to be acting in concert with the Investor, holds 1,825,000 Shares which were acquired prior to the Six-Month Period.

Mr. Shen holds 721,014,015 Shares, representing approximately 35.87% of the issued share capital of the Company as of the Latest Practicable Date and is presumed to be acting in concert with the Investor.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the Subscription and as disclosed above, neither the Investor nor, to the best knowledge of the Investor having made reasonable inquiries, any parties acting in concert with it:

- (a) has acquired voting rights in the Company in the Six-Month Period but subsequent to negotiations, discussions or the reaching of understandings or agreement with the Directors in relation to the Subscription;
- (b) holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or received any irrevocable commitment to vote for or against the Whitewash Waiver during the Six-Month Period;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Investor with any other persons during the Six-Month Period;
- (d) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription or the Whitewash Waiver;
- (e) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Six-Month Period; or
- (f) has dealt in Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the Six-Months Period.

AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED

On 11 April, 2008 and 26 May, 2010, the Company granted the 2008 Options and the 2010 Options, respectively, to certain individuals to subscribe for a total of 15,960,000 and 19,450,000 Shares, respectively, subject to acceptance by such grantees, under the Share Option Scheme.

Each of the 2008 Options and the 2010 Options shall be exercisable according to the vesting schedule set out in each grant letter to the grantees. The vesting schedule under the 2008 Options states that 25% of the 2008 Options granted to each grantee shall be exercised or will otherwise lapse before the 2008 Options Exercise Deadline. The vesting schedule under the 2010 Options states that 25% of the 2010 Options shall be exercised or will otherwise lapse before the 2010 Options Exercise Deadline.

LETTER FROM THE BOARD

Mr. Chen, as one of the grantees, holds options that have vested but remain unexercised before the 2008 Options Exercise Deadline and the 2010 Options Exercise Deadline, details of which are set out below:

| Option tranche | Date of grant | Date of acceptance | Exercise price | Exercise deadline | Number of options expected to be outstanding on the respective exercise deadline |
|----------------|---------------|--------------------|----------------|-------------------|--|
| 2008 Options | 11 April 2008 | 30 April 2008 | HK\$5.64 | 11 April 2014 | 300,000 |
| 2010 Options | 26 May 2010 | 31 May 2010 | HK\$6.49 | 26 May 2014 | 750,000 |

As a result of the Whitewash Waiver, requirements of the Takeovers Code and also possible insider dealing considerations, there will be restrictions on Mr. Chen realizing the value of the 2008 Options and 2010 Options granted to him where such realization is by way of disposal of the underlying Shares. In consideration of this and to further incentivise Mr. Chen to remain with the Group, the Board resolved on 10 April, 2014, subject to Shareholders' approval, to extend each of the 2008 Options Exercise Deadline and the 2010 Options Exercise Deadline by one year in order to enable Mr. Chen to exercise the 2008 Options and 2010 Options beyond the abovementioned exercise deadlines (the "**Amendment of Granted Options**").

According to Note 2 to Rule 17.03 of the Listing Rules, such amendment of the exercise period constitutes an alteration of the terms and conditions of the share options already granted and will be subject to approval from the Shareholders. Mr. Chen will abstain from voting in the resolution in relation to the Amendment of Granted Options in the EGM.

GENERAL

As at the Latest Practicable Date, the Company has 52,625,000 outstanding share options (exercisable into a total of 52,625,000 new Shares) under the Share Option Scheme at the exercise price ranging from HK\$1.88 to HK\$10.77 per option. Save as disclosed above, the Company has no other outstanding warrants, options or securities convertible into Shares as to the Latest Practicable Date.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the fairness and reasonableness of the Subscription and the Whitewash Waiver and make recommendation on voting. An independent financial adviser, Somerley Capital Limited, has been appointed to advise the Independent Board Committee on these matters. The appointment of the independent financial adviser has been approved by the Independent Board Committee.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Subscription and the Whitewash Waiver, among other things. The voting in relation to the Subscription Agreement, the Whitewash Waiver and the Amendment of Granted Options at the EGM will be conducted by way of a poll whereby:

- (i) any Shareholder who has a material interest in the Subscription shall abstain from voting on the resolution to be proposed at the EGM to approve the Subscription;

LETTER FROM THE BOARD

- (ii) Mr. Shen who is presumed to be acting in concert with the Investor, Mr. Chen who is involved in the negotiation of the Subscription and other Shareholders who are interested or involved in the Subscription shall abstain from voting on the resolution to be proposed at the EGM to approve the Whitewash Waiver;
- (iii) Mr. Joseph Chung Tsai, who is presumed to be acting in concert with the Investor, shall abstain from voting on the resolution to be proposed at the EGM to approve the Whitewash Waiver;
- (iv) The Libra Capital Greater China Fund Limited, which is presumed to be acting in concert with the Investor, shall abstain from voting on the resolution to be proposed at the EGM to approve the Whitewash Waiver;
- (v) the Investor and parties acting or presumed to be acting in concert with it (to the extent any of them holds Shares) shall also abstain from voting on the resolution to be proposed at the EGM to approve the Whitewash Waiver; and
- (vi) Mr. Chen who has a material interest in the Amendment of Granted Options shall abstain from voting on the resolution to be proposed at the EGM to approve the Amendment of Granted Options.

EGM

Set out on pages N1 to N2 of this circular is the notice to convene and hold the EGM at Conference Room, 1063-3 Creative Culture Industrial Park, Sihui East Road, Chaoyang District, Beijing 100124, the People's Republic of China, on 24 June 2014 at 10:00 a.m..

It is proposed that an ordinary resolution for the approval of the Subscription Agreement and the transactions contemplated thereunder be put to the Shareholders for their consideration and voting at the EGM. Voting will be conducted by way of poll pursuant to the Listing Rules. Any connected person and/or Shareholder with a material interest in the Subscription Agreement and their respective associates will abstain from voting on the resolutions approving and ratifying the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting in relation to the resolution to approve the Subscription Agreement and the transactions contemplated thereunder. It is proposed that an ordinary resolution for the approval of the Whitewash Waiver be put to the Independent Shareholders for their consideration and voting by way of poll at the EGM. It is also proposed that an ordinary resolution for the approval of the Amendment of Granted Options be put to the Shareholders (other than Mr. Chen) for their consideration and voting by way of poll at the EGM.

For the purposes of the EGM, the register of members of the Company will be closed from 20 June, 2014 to 24 June, 2014 (both days inclusive), during which no transfer of Shares will be registered. Accordingly, holders of Shares whose name appear on the register of members of the Company at the close of business on 19 June, 2014 shall have the right to attend the EGM.

LETTER FROM THE BOARD

Each Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and vote on his behalf at the EGM.

The proxy form for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The Board, including the non-executive Directors who are members of the Independent Board Committee, having taken into account the advice of Somerley Capital Limited, consider that the terms of the Subscription, the Whitewash Waiver and the terms of the Amendment of Granted Options are fair and reasonable for the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board, including the non-executive Directors who are members of the Independent Board Committee, recommends that the Shareholders and the Independent Shareholders (as applicable) vote in favour of the resolutions set out in the notice of the EGM for the approval of the Subscription, the Whitewash Waiver and the Amendment of Granted Options.

The Independent Board Committee comprising all the non-executive Directors, namely Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung Andrew, and all the independent non-executive Directors, namely, Mr. Yu Ning, Mr. Chow Joseph, and Mr. Shi Chungui has been established to advise the Independent Shareholders in respect of the resolutions to be proposed at the EGM in relation to the Subscription and the application for the Whitewash Waiver.

Somerley Capital Limited has been appointed with the approval of the Independent Board Committee as the independent financial adviser for the purpose of advising the Independent Board Committee in respect of the fairness and reasonableness of the Subscription and the Whitewash Waiver and make recommendation on voting.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Somerley Capital Limited and the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Intime Retail (Group) Company Limited
Shen Guojun
Chairman



銀泰商业

Intime Retail (Group) Company Limited

銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

To the Independent Shareholders

9 June, 2014

Dear Sir or Madam,

**(1) STRATEGIC INVESTMENT IN THE GROUP BY
ALIBABA INVESTMENT LIMITED INVOLVING
(i) PROPOSED ISSUE OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS;
(ii) PROPOSED ESTABLISHMENT OF THE JOINT VENTURE; AND
(iii) STRATEGIC COOPERATION FRAMEWORK AGREEMENT
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular dated 9 June, 2014 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the non-executive Directors, have been appointed as the Independent Board Committee to advise you as a Shareholder in connection with the Subscription and the Whitewash Waiver, details of which are set out in the Letter from the Board contained in the Circular.

Having considered the Subscription and the Whitewash Waiver, and the advice and opinion of Somerley Capital Limited in relation thereto as set out on pages 33 to 69 of the Circular, we are of the opinion that the terms of the Subscription and the Whitewash Waiver are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned. We therefore recommended that you vote in favour of the resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Yours faithfully,
Independent Board Committee

Xin Xiangdong

Liu Dong

Wong Luen Cheung Andrew

Non-executive Directors

Yu Ning

Chow Joseph

Shi Chungui

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver, which has been prepared for the purpose of inclusion in the Circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

9 June 2014

To: The Independent Board Committee of Intime Retail (Group) Company Limited

Dear Sirs,

**(I) PROPOSED ISSUE OF SUBSCRIPTION SHARES AND
CONVERTIBLE BONDS TO ALIBABA INVESTMENT LIMITED; AND
(II) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Subscription and the Whitewash Waiver. Details of the Subscription and the Whitewash Waiver are set out in the circular to the Shareholders dated 9 June 2014 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 30 March 2014, the Company entered into the Subscription Agreement with the Investor (a directly wholly-owned subsidiary of Alibaba Group Holding Limited). The Subscription Agreement relates to (i) the proposed issue of the Subscription Shares; (ii) the proposed issue of the Convertible Bonds; and (iii) the proposed establishment of the Joint Venture.

As at the Latest Practicable Date, Mr. Shen holds 721,014,015 Shares, representing approximately 35.87% of the issued share capital of the Company and is presumed to be a party acting in concert with the Investor for the purpose of the Takeovers Code as a result of having both made investments in two companies outside the Group, and will also be presumed to be a party acting in concert with the Investor if and when the Investor exercises its conversion rights of the Convertible Bonds so as to result in its holding 20% or more voting rights in the Company. Upon Closing, 220,541,892 new Shares will be issued to the Investor, and the interests of the Investor and parties acting or presumed to be acting in concert with it in the voting rights of the Company will be increased from approximately 35.96% (being the aggregate percentage of Shares held by Mr. Shen who is presumed to be acting in concert with the Investor, and Mr. Joseph Chung Tsai and The Libra Capital Greater China Fund Limited, who are also presumed to be acting in concert with the Investor) to approximately 42.30% (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Upon the full exercise of Conversion Rights by the Investor (including the maximum of interest accrued) at the initial Conversion Price, a further 489,600,722 Shares will be issued to the Investor, and the interests of the Investor and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

parties acting or presumed to be acting in concert with it in the voting rights of the Company will be increased from 42.30% to 52.68%. Under Rule 26.1 of the Takeovers Code, the Investor and its concert parties would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders or the Securities and Futures Commission (the “SFC”) confirming in a written ruling that the transactions contemplated under the Subscription Agreement would not trigger a requirement on any party to make a general offer for all the shares in the Company (the “SFC Ruling”).

Pursuant to the Subscription Agreement, Closing is conditional upon, among other things, either the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders or the SFC Ruling being obtained. The Company has been informed by the Investor that it wishes to first pursue the Whitewash Waiver application which is considered to offer more certainty and expediency to the implementations of the transactions contemplated under the Subscription Agreement. Accordingly, the Investor has made an application to the Executive for the Whitewash Waiver in respect of the issue of the Subscription Shares and the Conversion Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll.

The Independent Board Committee comprising all the non-executive Directors, namely Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung and all the independent non-executive Directors, namely Mr. Yu Ning, Mr. Chow Joseph and Mr. Shi Chungui, has been formed to advise the Independent Shareholders on whether terms of the Subscription and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and make recommendation on voting. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee on these matters. Our appointment has been approved by the Independent Board Committee.

We are not associated or connected with the Company or the Investor, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Subscription and the Whitewash Waiver. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Investor, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the “Management”), which we have assumed to be true, accurate and complete. We have reviewed the published information on the Company, including but not limited to, annual reports of the Company for the years ended 31 December 2011, 31 December 2012 (the “2012 Annual Report”) and 31 December 2013 (the “2013 Annual Report”), and other information contained in the Circular. We have reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. The Company will notify the Shareholders of any material changes during the offer period (as defined under the Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be notified of any material changes to such information provided and our opinion as soon as possible after the Latest Practicable Date and throughout the offer period (as defined under the Takeovers Code). We consider that the information we have received is sufficient for us to reach

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular are true at the time they were made and at the date of the Circular and Shareholders will be notified of any material changes as soon as possible, if any.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Subscription and the Whitewash Waiver, we have taken into account the following principal factors and reasons:

1. Introduction

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since 2007. The principal activity of the Company is investment holding. The Group is principally engaged in the business of operation and management of department stores and shopping malls in the PRC.

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store. As at 31 December 2013, the Group operated and managed a total of 30 department stores and 6 shopping malls with a total gross floor area of 1,774,130 square meters, including 20 department stores and 3 shopping centers in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 department store located in Beijing, 1 shopping center in Anhui province, 1 department store and 1 shopping center in Hebei province, 2 department store and 1 shopping center in Shaanxi province. All of the Group's stores and shopping centers are located in prime shopping locations of the respective cities where they are operated.

As mentioned in the 2013 Annual Report, the Group, harnessing the latest internet technologies, seeks to employ omni-channel (泛渠道) strategies and pull together multi- and cross-channel offerings, including physical stores, online platforms and social media, to create a highly convenient and expedient shopping experience. In this respect, the Group has established its own online shopping platform, Yintai.com (銀泰網), in October 2010 in view of the growing trend of online shopping and to tap into the online population. In October 2013, the Company entered into a strategic partnership with Tmall.com in order to further integrate its online-to-offline (“O2O”) development and to provide customers a new and better shopping experience. In addition, on 15 November 2013, the Company established strategic cooperation relationship with Alipay Wallet to jointly explore mobile payment and value-added customer services for off-line stores. Since November 2013, the Group has offered mobile phone “Face-to-Face Payment” service to customers in its various retail stores. The Group is the first department store chain enterprise in China to introduce Alipay's service in its physical stores, marking a cross-sector alliance between the two enterprises.

In order to better reflect the Group's strategy and focus on operating and developing three core businesses namely Intime Department Stores (銀泰百貨), Intime Shopping Centres (銀泰購物中心) and Yintai.com (銀泰網) simultaneously, the Company recently changed its English name from “Intime Department Store (Group) Company Limited” to “Intime Retail (Group) Company Limited” with effect from 5 July 2013.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Review of the financial information on the Group

2.1 Financial performance of the Group

Set out below are certain key financial information on the Group as extracted from the consolidated statement of profit or loss for the three years ended 31 December 2013 (the “Period”), details of which are set out in the 2012 Annual Report and the 2013 Annual Report:

| | For the year ended | | |
|---|---------------------------|-------------------------|-----------------------|
| | 31 December | | |
| | 2013 | 2012 | 2011 |
| | (audited) | (audited) | (audited) |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 4,510,219 | 3,907,230 | 3,117,198 |
| – Sales of goods – direct sales | 1,808,984 | 1,467,311 | 1,137,322 |
| – Commissions from concessionaire sales | 2,322,547 | 2,120,386 | 1,763,632 |
| – Rental income | 350,140 | 288,859 | 193,933 |
| – Management fee income from operation of department stores | 28,548 | 30,674 | 22,311 |
| Other income and gains | 720,290 | 557,177 | 400,900 |
| Profit before income tax | 1,571,473 | 1,320,527 | 1,129,033 |
| Income tax expense | <u>(435,107)</u> | <u>(300,075)</u> | <u>(270,865)</u> |
| Profit for the year | <u><u>1,136,366</u></u> | <u><u>1,020,452</u></u> | <u><u>858,168</u></u> |
| Profit for the year attributable to: | | | |
| – Owners of the Company | 1,065,181 | 972,548 | 821,427 |
| – Non-controlling interests | 71,185 | 47,904 | 36,741 |

The Group conducts its sale of merchandise primarily through concessionaire sales and, to a lesser extent, direct sales. Concessionaire sales refer to arrangements under which the Group allows suppliers of branded goods (called concessionaires) to occupy designated areas of the Group’s stores and sell their merchandise and, in return, the Group receives a commission expressed as a percentage of the gross sales from the concessionaires. For direct sales, the Group sources and sells merchandise it purchases directly. The Group also leases designated areas of the stores to operators of other relevant retail businesses to earn rental income.

As shown in the table above, revenue generated from direct sales and concessionaire sales in department stores and shopping malls in the PRC has been the main source of income, which represented over 90% of the annual total revenue of the Group during the Period. The rest of the revenue came from rental income from investment properties and management fee from operation of department stores.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2012 Annual Report, for the financial year ended 2012 (“**FY2012**”), the Group recorded an increase of approximately 25.3% in total revenue to approximately RMB3,907.2 million as compared to the total revenue of approximately RMB3,117.2 million for the year ended 2011 (“**FY2011**”). The revenue growth was mainly due to the increase in sales proceeds from concessionaire sales and direct sales, which were driven by the same store sales growth of approximately 9.1% in FY2012 and the increase in commission rate of concessionary sales from 17.2% in FY2011 to 17.4% in FY2012 respectively. Other income and gains of the Group increased to approximately RMB557.2 million for FY2012 from approximately RMB400.9 million for FY2011 which was mainly attributable to the increase in advertisement, promotion and administration income from suppliers and concessionaires and the one-off net gains of approximately RMB165.9 million as a result of the disposal of the subsidiaries and associates of the Company. However, given the increase in purchase of good and changes in inventories, staff costs and depreciation and amortisation in FY2012, the profit attributable to owners of the Company for FY2012 increased, to a lesser extent than the growth in revenue, by approximately 18.4% from approximately RMB821.4 million in FY2011 to approximately RMB972.5 million in FY2012.

For the financial year ended 31 December 2013 (“**FY2013**”), the Group achieved an increase in total revenue of approximately 15.4% to approximately RMB4,510.2 million, which was mainly due to the same store sales growth of 8.0%, despite of the decrease in commission rate of concessionaire sales and direct sales margin during the same period. In addition, the Group recorded a further increase in other income and gains of around 29.3% to approximately RMB720.3 million which was principally contributed by the increase in advertisement, promotion and administration income from suppliers and concessionaires and the net gains arising from, amongst other, the disposal of the subsidiaries of the Company of approximately RMB341.4 million which was one-off in nature. Despite the increase in purchase of good and changes in inventories, staff costs and depreciation and amortisation during FY2013, the profit attributable to owners of the Company for FY2013 increased by approximately 9.5% from approximately RMB972.5 million in FY2012 to approximately RMB1,065.2 million in FY2013.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 Financial position of the Group

Set out below is the summary of the consolidated statements of financial position of the Group as at 31 December 2011, 2012 and 2013 as extracted from the 2012 Annual Report and the 2013 Annual Report:

| | As at 31 December | | |
|--|--------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| | (audited) | (audited) | (audited) |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | 5,747,773 | 4,276,023 | 3,073,972 |
| Investment properties | 2,367,439 | 2,545,476 | 1,726,188 |
| Prepaid land lease payments | 2,057,696 | 2,177,497 | 2,954,790 |
| Properties under development | – | 239,729 | 96,604 |
| Other non-current assets | 4,618,603 | 3,978,642 | 4,639,684 |
| | <u>14,791,511</u> | <u>13,217,367</u> | <u>12,491,238</u> |
| Current assets | | | |
| Properties under development | 905,067 | 478,229 | 713,569 |
| Inventories | 484,193 | 361,277 | 294,485 |
| Cash and cash equivalents | 1,738,513 | 2,117,380 | 1,779,253 |
| Other current assets | 3,243,263 | 3,203,287 | 1,724,448 |
| | <u>6,371,036</u> | <u>6,160,173</u> | <u>4,511,755</u> |
| Assets of disposal group classified as held for sale | <u>1,393,739</u> | <u>1,916,459</u> | <u>237,669</u> |
| | 7,764,775 | 8,076,632 | 4,749,424 |
| Total assets | 22,556,286 | 21,293,999 | 17,240,662 |
| Current liabilities | | | |
| Trade and bills payable | 1,782,148 | 2,376,210 | 1,669,945 |
| Interest-bearing bank and other borrowings | 1,709,200 | 1,150,551 | 281,909 |
| Other current liabilities | 6,131,388 | 6,033,283 | 3,824,811 |
| | <u>9,622,736</u> | <u>9,560,044</u> | <u>5,776,665</u> |
| Liabilities directly associated with the assets classified as held for sale | <u>144,688</u> | <u>1,088,104</u> | <u>4,931</u> |
| | 9,767,424 | 10,648,148 | 5,781,596 |
| Non-current liabilities | | | |
| Interest-bearing bank and other borrowings | 3,044,942 | 1,012,000 | 1,203,682 |
| Other non-current liabilities | 740,687 | 1,458,744 | 2,986,708 |
| | <u>3,785,629</u> | <u>2,470,744</u> | <u>4,190,390</u> |
| Total liabilities | 13,553,053 | 13,118,892 | 9,971,986 |
| Total equity | | | |
| Equity attributable to owners of the Company | 7,980,262 | 7,262,068 | 6,551,988 |
| Non-controlling interests | 1,022,971 | 913,039 | 716,688 |
| | <u>9,003,233</u> | <u>8,175,107</u> | <u>7,268,676</u> |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2013, total assets amounted to approximately RMB22,556.3 million whilst total liabilities amounted to approximately RMB13,553.1 million. There was no significant change in the total assets and total liabilities of the Group as at 31 December 2013 as compared with those as at 31 December 2012.

As provided by the Management, among the total assets, the net book value of the property interests held by the Group for self-use, for investment, for development, and contracted for sale in aggregate amounted to approximately RMB10,665.7 million which represented approximately 47.3% of the total assets as at 31 December 2013. As at 31 December 2013, the net book value of the property interests occupied by the Group for its own uses of approximately RMB6,808.5 million comprised mainly the department stores and shopping malls currently held and operated by the Group and have been accounted for in items of property, plant and equipment and prepaid land lease payments in the consolidated balance sheet. As at 31 December 2013, the net book value of the property interests held for investment and development of approximately RMB3,857.2 million comprised mainly the shopping malls, hotels and residential/commercial properties currently held by the Group to earn rental income or for sale and have been accounted for in items of investment properties, properties under development and assets of disposal group classified as held for sale in the consolidated balance sheet. According to the accounting policy adopted by the Company, all the aforesaid property interests of the Group as shown in the consolidated balance sheet of the Group have not been marked to market. The latest market value of the property interest of the Group are further discussed in the section headed “2.3 Valuation on property interests of the Group” below.

The Group had cash and cash equivalents of approximately RMB1,738.5 million as at 31 December 2013, representing a decrease of approximately 17.9% from 31 December 2012. The Group recorded net current liabilities of approximately RMB2,002.6 million as at 31 December 2013. Total interest-bearing bank and other borrowings surged from approximately RMB2,162.6 million as at 31 December 2012 by approximately 119.8% to approximately RMB4,754.1 million as at 31 December 2013 mainly due to an increase in non-current borrowings of approximately RMB2,032.9 million. The current ratio of the Group slightly increased from approximately 0.76 times as at 31 December 2012 to approximately 0.79 times as at 31 December 2013. As at 31 December 2013, total equity attributable to owners of the Company amounted to approximately RMB7,980.3 million. The total equity attributable to owners of the Company has been on an increasing trend as a result of, among other things, the net profits recorded as at 31 December 2011, 2012 and 2013.

We also noted from the 2013 Annual Report that in order to focus on its core business of operation of department stores and shopping malls, the Company entered into equity transfer agreements to dispose of (i) three subsidiaries which are principally engaged in property development and/or hotel development and management in the PRC (details of which please refer to the Company’s announcement dated 10 January 2013 and circular dated 12 April 2013); and (ii) a subsidiary that is principally engaged in development and management of departments stores and retails outlets in the PRC (together with the aforesaid three subsidiaries, the “**Disposal Subsidiaries**”) as the investment returns of which failed to meet the Board’s expectation since its establishment in 2007 (details of which please refer to the Company’s announcement dated 4 November 2013). As at 31 December 2013, the transactions relating to the disposal of the Disposal Subsidiaries were in progress and the Disposal Subsidiaries have been classified as disposal group held for sale. By

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disposing its equity interest in the Disposal Subsidiaries, the Group's financial and management resources can be devoted to its other existing business and, where appropriate, to pursue other potentially more profitable investment opportunities in the future.

2.3 Valuation on property interests of the Group

The property interests of the Group (including the property interests held by associates and a joint venture of the Group, collectively, the “**Properties**”) have been valued by Knight Frank Petty Limited (“**Knight Frank**”), an independent and duly qualified Hong Kong valuer. The full text of the valuation report and certificate of Properties for their respective market value in existing state as at 31 March 2014 (the “**Valuation Report**”) is set out in Appendix II to the Circular. According to the Valuation Report, the market value in existing state of the Properties attributable to the Group is approximately RMB23,072.6 million as at 31 March 2014 (the “**Valuation**”).

We have reviewed the Valuation Report and discussed with Knight Frank regarding the methodology of, and bases and assumptions adopted for the valuations and adjustments made to arrive at the Valuation. We noted that Knight Frank has valued the properties which are held by the Group for investment and held by joint venture company of the Group and properties which are held by the Group for self-use by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to Knight Frank by the Group. Knight Frank has also allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

For properties which are held by the Group for sale, the valuation has been arrived by using direct comparison approach with reference to market comparable transactions as available on the market.

For properties which are held by the Group under development and held by associated companies of the Group, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties and associated companies of the Group. Knight Frank has assumed that the properties will be completed in accordance with the Group's latest development proposals provided by the Group and the relevant approvals for the proposals have been obtained. Knight Frank has also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the properties.

The above valuation methodologies are, in our opinion, commonly used and reasonable approaches in establishing the market values of the Properties. Furthermore, we have performed works as required under note (1)(d) to the Rules 13.80 of the Listing Rules in relation to Knight Frank and its work as regards the Valuation.

3. Background to and reasons for the Subscription and the use of proceeds

As mentioned in the letter from the Board, it is the common goal of the Group together with the Investor as its strategic partner to develop O2O business and provide a more convenient and expedient shopping experience.

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The Subscription forms a crucial part of the strategic cooperation framework agreement (the “**Strategic Agreement**”) entered into between the Company and the Investor on 30 March 2014 which will allow the Group to leverage on the Investor’s expertise and to develop its O2O business in the retail market jointly with the Investor in an effective and efficient manner. Apart from the Subscription, the terms of the Strategic Agreement also provide that:

- (i) the Company and the Investor will establish the Joint Venture, with the Company and the Investor respectively holding 19.9% and 80.1% of the shares of the Joint Venture. The parties will provide the necessary resources and funding to support the operation of the Joint Venture. This is achieved through, among other things, integration of the offline product database and the online sales platform, sharing of membership management system and payment system with the aim of establishing the Joint Venture as a major platform for O2O business and developing the omni-channel business model through unifying the online and offline information about customers and products;
- (ii) taking into account the historic investment amount in yintai.com and the corresponding costs of funding, yintai.com will be integrated into the Joint Venture as soon as practicable after relevant parties reach agreement in order for it to serve as primary medium to the O2O business;
- (iii) through cash, asset, equity interests and other means acceptable to the parties and subject to the obtaining of all regulatory approvals, shareholdings of the Company and the Investor in the Joint Venture will be brought closer to an approximate level in due course; and
- (iv) the implementation of the above business plans shall be subject to final legal documentation entered into between the parties or their respective affiliates.

Accordingly, the Subscription could be regarded as a mean to introduce Alibaba Group, a leading corporation with operations in a range of online and mobile platforms, including China retail marketplaces, China wholesale marketplace, Global consumer marketplace, Global wholesale marketplace and cloud computing, as a strategic investor and business partner of the Company upon Closing to jointly develop O2O business relating to shopping malls, department stores and supermarkets in the PRC by leveraging on the expertise, resources and infrastructure of the Group’s department store network across the PRC and the Investor’s leading e-commerce platform and consumer data analysis capability, which is in line with the Company’s omni-channel strategies to be a leading consumption solutions provider. The strategic cooperation with Alibaba Group is likely to transform the Group from a brick & mortar retailer into an O2O e-commerce platform company through the Joint Venture. It is expected that meaningful data sharing between the Group and Alibaba Group on consumer behavior and merchandise management, and collaborated marketing and promotions programs will also boost sales of the Group’s online and offline stores in medium to long term.

As stated in the letter from the Board, the proceeds from the Subscription would amount to approximately HK\$5,367,518,974. The Company plans to use the proceeds from the issue of Subscription Shares and Convertible Bonds (i) as to approximately HK\$1,500 million for synergising the Group’s O2O business with its omni-channel strategies so as to create a highly convenient and expedient shopping experience; (ii) as to approximately HK\$700 million for the expansion of the Group’s retail business

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network by opening of new stores; (iii) as to approximately HK\$1,000 million for possible acquisition of high quality assets and/or retail businesses in order to complement the Group's retail business; (iv) as to approximately HK\$1,100 million for the repayment or prepayment of existing debt, and such repayment or prepayment will not be made in respect of indebtedness owed to any Shareholders; and (v) the balance of approximately HK\$1,068 million for general working capital. The Subscription will provide substantial amount of additional funds for the Company and over 60% of the net proceeds of the Subscription are intended to be applied for the existing and future business development as well as for the enhancement of the short term liquidity of the Group. We consider the intended use and allocation of the proceeds of the Subscription are fair and reasonable.

In our opinion, not only the Subscription will raise additional funds for the Company's business and development, it can also align the interests of the Investor with those of the Company and its Shareholders by allowing the Investor to potentially take up substantial equity interests in the Company through the Subscription. Having considered the above, we concur with the Directors that the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

4. Information on the Investor and its intention regarding the Group

As disclosed in the letter from the Board, the Investor is an investment holding company incorporated in the British Virgin Islands and a directly wholly-owned subsidiary of Alibaba Group Holding Limited, which is the sole shareholder of the Investor. Substantial shareholders (as defined in the Takeovers Code) of Alibaba Group Holding Limited are SoftBank Corp., a public company listed on the Tokyo Stock Exchange, and Yahoo! Inc., a public company listed on the NASDAQ Global Select Market, which (directly or indirectly) hold approximately 34.4% and 22.6%, respectively, of the shares of Alibaba Group Holding Limited (assuming that there were 2,321,114,237 ordinary shares outstanding as of 31 December 2013, including (i) 91,243,243 ordinary shares assuming full conversion of all outstanding convertible preference shares, (ii) 33,000,000 ordinary shares underlying preferred shares of Alternate Solutions Management Limited and convertible preferred shares of PCIP I Limited and PCIP II Limited and (iii) 12,077,421 issued but unvested restricted shares) as of 31 December 2013. Alibaba Group, with a mission statement "To make it easy to do business anywhere", together with its related companies, operates an ecosystem where online and mobile commerce participants can leverage the power of the internet to establish and grow their business as well as meet consumer demand efficiently. Since its inception, Alibaba Group and its related companies have developed and expanded to operate a range of online and mobile platforms, including China retail marketplaces, China wholesale marketplace, Global consumer marketplace, Global wholesale marketplace and cloud computing. As of 31 December 2013, Alibaba Group had a total of 20,884 full-time employees with 73 offices in China and 16 offices outside China.

As disclosed in the letter from the Board, the Investor is of the view that, through the Subscription, the interests of the Investor and the Company can be further aligned and both parties can develop closer business relationship on the development of O2O business through the Joint Venture. As at the Latest Practicable Date, no proposals, terms or timetable have been determined or agreed for any such possible future cooperation or arrangement (other than the proposals and arrangements relating to Joint Venture). Upon completion of the Subscription, the Investor expects that the Company will continue operating its existing businesses. Other than as set forth above, the Investor has no intention to make any major changes to the continued employment of the employees of the Company and its subsidiaries, nor does it envisage any redevelopment of the fixed assets of the Company.

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5. Principal terms of the Subscription Agreement

5.1 *Issue of Subscription Shares*

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and allot to the Investor, and the Investor has conditionally agreed to subscribe in cash for an aggregate of 220,541,892 Subscription Shares at the Subscription Price of HK\$7.5335 per Subscription Share.

As stated in the letter from the Board, the Subscription Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an O2O business.

The Subscription Shares represent (i) approximately 10.97% of the entire existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 9.89% of the entire issued share capital of the Company as enlarged immediately after the issue of the Subscription Shares; and (iii) approximately 8.11% of the issued share capital of the Company as enlarged by the issue of Subscription Shares and assuming the full conversion of the Convertible Bonds (together with the maximum interest accrued) at the initial Conversion Price. The aggregate nominal value of the Subscription Shares under the Subscription will be US\$2,205.41892.

5.2 *Issue of the Convertible Bonds*

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$3,706,066,630.16. Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Bonds on the Maturity Date at its principal amount together with accrued and unpaid interest. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date. In addition, the Investor will not have any right to attend or vote at any meeting of the Company by virtue of the Investor holding the Convertible Bonds, until and unless it has converted its Convertible Bonds into Conversion Shares.

Pursuant to the terms of the Bond Instrument, until such time as the Convertible Bonds are repaid or redeemed by the Company or converted by the Investor in accordance with the Bond Instrument, the Company shall become liable to pay to the Investor an interest of 1.5% per annum on the outstanding principal amount of the Convertible Bonds.

Subject to the terms and conditions of the Bond Instrument and the applicable approvals and filings under applicable laws, each Convertible Bond shall entitle the Investor to convert such Convertible Bond into Conversion Shares at the initial Conversion Price of HK\$7.9102 per Conversion Share (subject to adjustment), at any time from time to time during from the date of the issue of Convertible Bonds up to the close of business on the date falling seven days prior to the third anniversary of the issue date of the Convertible Bonds (i.e. the Maturity Date).

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As disclosed in the letter from the Board, the initial Conversion Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an O2O business.

Assuming full conversion of the Convertible Bonds (together with maximum amount of interest accrued) at the initial Conversion Price, the Convertible Bonds will be convertible into approximately 489,600,722 Shares, representing (i) approximately 24.36% of the existing issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 18.00% of the share capital of the Company after the full conversion of the Convertible Bonds at the initial Conversion Price (and, for the avoidance of doubt, assuming the Subscription Shares have been issued). The aggregate nominal value of the maximum number of Conversion Shares issuable under the Subscription will be US\$4,896.00722.

5.3 Proposed Establishment of Joint Venture

Pursuant to the Subscription Agreement, the Company and the Investor have undertaken to each other that each will use all reasonable endeavours to, amongst others, agree the definitive terms of the JV Contract and establish (i) the Joint Venture, (ii) any other company within the JV Group as intermediate holding company of the WFOE; and (iii) the WFOE.

The Joint Venture, through the WFOE, is expected to develop an O2O business relating to shopping malls, department stores and supermarkets in the PRC by leveraging on the expertise, resources and infrastructure of the Group's department store network across the PRC and the Investor's leading e-commerce platform and consumer data analysis capability. As disclosed in the letter from the Board, the JV Contract is expected to include, among other things, the term that the Investor and its affiliates will not engage in the PRC O2O business platforms for shopping malls and department stores (brand stores (品牌專賣店) and O2O business platforms for other businesses shall be excluded from the scope of this non-compete), other than through the JV Group. Details of other proposed principal terms of the JV Contract are set out in the section headed "Proposed establishment of Joint Venture" in the letter from the Board. Based on the aforesaid, it is expected that the strategic cooperation with the Investor is likely to transform the Group from a brick & mortar retailer into an O2O e-commerce platform company through the Joint Venture, which is considered in the interest of the Company.

5.4 Conditions precedent and other principal terms of the Subscription Agreement

The completion of the transactions contemplated under the Subscription Agreement is subject to the fulfillment of the conditions of the Subscription Agreement, including, amongst others and as further disclosed in the Circular, the obtaining of the SFC Ruling or the Whitewash Waiver being obtained from the SFC and approved by the Independent Shareholders in accordance with the Takeovers Code. Details of the conditions precedent to the Subscription Agreement are set out in the section headed "Conditions precedent of the Subscription Agreement" in the letter from the Board. As disclosed in the letter from the Board, if (i) the Whitewash Waiver is not granted by the SFC or, if granted by the SFC, not approved by the Independent Shareholders at the EGM; and (ii) the SFC

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Ruling is not obtained on or before the Long Stop Date, the Subscription will not proceed as the condition precedent relating to the obtaining of either the Whitewash Waiver or the SFC Ruling will not be waived by any party to the Subscription Agreement.

Other principal terms of the Subscription Agreement are as follows:

Investor lock-up

Pursuant to the Subscription Agreement, the Investor has undertaken to the Company that it shall not:

- (a) from (and including) the Closing Date to (but excluding) the earlier of (i) the first date of conversion of the Convertible Bonds and (ii) the date on which the Convertible Bonds are fully repaid or redeemed, dispose of any Subscription Shares acquired pursuant to the terms of the Subscription Agreement; and
- (b) from (and including) the first conversion date to (but excluding) the date falling 6 months after such date, dispose of any Subscription Shares or Conversion Shares acquired pursuant to the terms of the Subscription Agreement and the Bond Instrument. In the event that the Convertible Bonds are fully repaid or redeemed, the provision of this paragraph (B) shall not apply to any Shares held by the Investor at and from that time.

Pre-emption right

In accordance with the Subscription Agreement, after Closing, if the Company proposes to issue to third party subscriber(s) or purchaser(s) any Shares, any security convertible into or exchangeable into Shares or any warrants, options or other rights to subscribe for or purchase Shares, the Investor shall have the right (but not the obligation) to purchase or subscribe for up to such additional number of securities on the same terms on a pro-rata basis, provided that the pre-emption right shall not apply in the following circumstances:

- (a) any issue of Subscription Shares by the Company to the Investor or the exercise of the Conversion Rights by the Investor;
- (b) any issue of Shares by the Company pursuant to the Share Option Scheme in compliance with the Listing Rules; or
- (c) any allotment, issue or grant of securities pursuant to an offer made to Shareholders which excludes for that purpose any shareholder that is resident in a place outside Hong Kong provided the Directors consider such exclusion to be necessary or expedient on account either of the legal restriction under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the Company entitled to be offered them, pro rata (apart from fractional entitlements) to their existing shareholdings.

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The exercise of the pre-emption right shall be subject to compliance of the Listing Rules.

Nomination right

Subject to applicable laws and the articles of association of the Company, the Company agrees and grants the following rights to the Investor:

- (a) as long as the Investor holds not less than 100% of the Subscription Shares, the Investor shall have the right to nominate one (1) person to be appointed and to continue in office as a non-executive Director by giving notice in writing to the Company provided that such person fulfils the requirements under applicable laws to be appointed as a Director;
- (b) upon or after the exercise by the Investor of the Conversion Right, the Investor shall have the right to nominate two (2) persons to be appointed and to continue in office as non-executive Directors by giving notice in writing to the Company provided that each such person fulfils the requirements under applicable laws to be appointed as a Director; and
- (c) a Director designated by the Investor shall be appointed and continue as a SDC member.

Termination

The Investor may give a termination notice to the Company at any time prior to the issue of the Subscription Shares and the Convertible Bonds to the Company on the Closing Date if: (i) the representations qualified by materiality or not having a material adverse effect are untrue, inaccurate and misleading or the representation not so qualified are untrue, inaccurate or misleading in any material respects; (ii) there is a breach of obligation by the Company under the Subscription Agreement; or (iii) the conditions precedent set out in the Subscription Agreement have not been satisfied or otherwise waived by the Investor on or before the Long Stop Date.

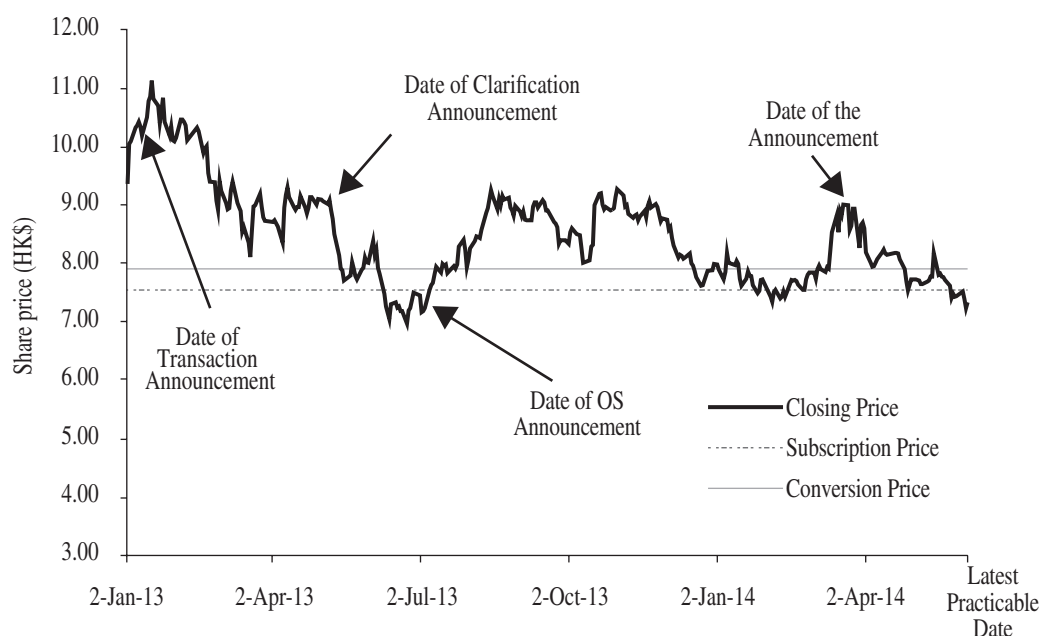
The Company and the Investor may agree to postpone (on one or more occasions) the Closing Date to another date not later than 14 days after the scheduled Closing Date, provided that the Closing Date shall not be postponed beyond the Long Stop Date.

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6. Evaluation of the Subscription Price and the Conversion Price

6.1 Historical price performance of the Shares

Set out below is a chart reflecting movements in the closing prices of the Shares from 2 January 2013 to the Latest Practicable Date (being the period of approximately 15 months prior to the Last Trading Day and up to and including the Latest Practicable Date, which represented a sufficient period of time to provide a general overview on the recent market performance of the Shares) (the “**Review Period**”):



Source: Website of the Stock Exchange

From the chart above, the closing prices of the Shares were ranged from HK\$7.03 to HK\$11.26 per Share during the period from 2 January 2013 to 26 March 2014 (being the Last Trading Day prior to the suspension of trading in the Shares pending the publication of the Announcement) (both dates inclusive, the “**Pre-Announcement Period**”), with an average of HK\$8.67 per Share.

On 10 January 2013, the Company announced the disposal of 70% equity interests in three non department store subsidiaries and acquisition of 溫嶺銀泰購物中心開發有限公司 (Wenling Intime Shopping Mall Development Co., Ltd*) (the “**Transaction Announcement**”). Following the Transaction Announcement, the closing price of the Shares rose to the highest of HK\$11.26 per Share on 17 January 2013 and has been on a downward trend since then. On 18 April 2013, in response to the then speculation on the acquisition of the Company by Dalian Wanda Group (大連萬達集團), Wanda Department Store (萬達百貨) and/or other possibly related companies (collectively, “**Wanda**”), the Company made an announcement to clarify that, among other things, (i) the Company was not in the process of negotiating with Wanda for the disposal of any assets and (ii) the controlling shareholder of the Company, Intime International Holdings Limited, which is wholly

* For identification purpose only

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owned by Mr. Shen, had no plan or intention to dispose of its interests in the Company to Wanda (the “**Clarification Announcement**”). Since then, the closing price per Share went further downwards to a trough of HK\$7.03 per Share on 24 June 2013.

On 5 July 2013, the Company announced the Group’s operation statistics for the six months ended 30 June 2013 which recorded the year-on-year total sales growth and same store sales growth of the Company of 16.9% and 13.7% respectively (the “**OS Announcement**”). Thereafter, the closing price of the Shares has demonstrated a rising trend and reached HK\$9.37 per Share on 1 November 2013. During the period from November 2013 to January 2014, the closing price of the Shares has shown a moderate downward trend and since early February 2014, the closing price of the Shares went up again and on 26 March 2014, being the Last Trading Day, the trading price of the Shares closed at HK\$8.73. On 27 March 2014, the day after the Last Trading Day, the Share price rose from HK\$8.73 to HK\$9.03 immediately before the Shares suspended from trading in the morning session on 27 March 2014 pending the release of the Announcement.

Following the release of the Announcement and the resumption of trading in Shares on 31 March 2014, the closing price per Share gradually went down and closed at HK\$7.4000 on the Latest Practicable Date.

The Subscription Price of HK\$7.5335 per Subscription Share represents:

- (i) a discount of approximately 13.71% to the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.35% to the average closing price of approximately HK\$8.9000 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 7.51% to the average closing price of approximately HK\$8.1453 per Share as quoted on the Stock Exchange for the last thirty trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 1.80% over the closing price of the Share on the Latest Practicable Date.

The initial Conversion Price of HK\$7.9102 per Conversion Share represents:

- (i) a discount of approximately 9.39% to the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.12% to the average closing price of approximately HK\$8.9000 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

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- (iii) a discount of approximately 2.89% to the average closing price of approximately HK\$8.1453 per Share for the last thirty trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 6.89% over the closing price of the Share on the Latest Practicable Date; and
- (v) a premium of approximately 5.00% over the Subscription Price.

6.2 Comparison with recent subscription/placing of new shares exercises

We have conducted a comparable analysis through identifying companies listed on the Stock Exchange (excluding companies under debt restructuring) which announced subscriptions or placements of new shares for cash during the period between 1 January 2014 and the Latest Practicable Date with issue sizes below HK\$3,320 million, being the range of +/-100% the issue size of the Subscription Shares under the Subscription. On such basis, we have identified 146 placings and/or subscriptions of shares which we consider an exhaustive list of relevant comparable subscriptions or placements of new shares based on the said criteria above. Out of the 146 comparable share issue precedents, 12 of them have (i) no standalone placing/issue price of the new shares is available; (ii) the actual placing/issue price of the new shares of which have not been determined as at the Latest Practicable Date; or (iii) lapsed/been terminated as at the Latest Practicable Date. Accordingly, only 134 comparable share issue precedents (“**Comparable Share Issues**”) have been considered for the purpose of our analysis.

During the aforesaid period, no subscription of listed company engaged in the business of operation and management of department stores and shopping malls in the PRC could be identified based on the above selection criteria. However, while this analysis is aiming at comparing the respective subscription price towards their prevailing market price, but not the underlying asset value, of the subject companies, we therefore consider our analysis taking into account all comparable transaction of similar issue size during the period without limiting to a particular industry fair and reasonable. Though the circumstances under each of the Comparable Share Issues may be different which may or may not have impacts on the terms of the Comparable Share Issues, we consider that our analysis on the Comparable Share Issues is still meaningful to the Shareholders for their information and reference given that the selected review period has covered a reasonable size of

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samples to provide an overview on the terms of the recent share subscriptions and/or placements for comparison purposes. Highlights of information of the identified 146 placings and/or subscriptions of shares precedents are set out in the table below.

| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|---|--|---|--|
| 2-Jan-14 | 8356 | CNC Holdings Limited | 1.0200 | (19.05) | 51 |
| 2-Jan-14 | 159 | Brockman Mining Limited | 0.4000 | (13.98) | 195 |
| 2-Jan-14 | 204 | China Investment Development Limited | 1.4200 | (11.80) | 99 |
| 6-Jan-14 | 875 | Cypress Jade Agricultural Holdings Limited | 0.1450 | (18.08) | 5 |
| 6-Jan-14 | 810 | Opes Asia Development Limited | 0.1650 | (13.16) | 12 |
| 6-Jan-14 | 8071 | China Netcom Technology Holdings Limited | 0.3200 | (16.88) | 115 |
| 10-Jan-14 | 566 | Hanergy Solar Group Limited (Note 3) | 0.8200 | 3.80 | 410 |
| 10-Jan-14 | 1020 | Sinoref Holdings Limited | 0.3800 | (18.28) | 76 |
| 10-Jan-14 | 460 | Sihuan Pharmaceutical Holdings Group Ltd. | 7.5500 | - | 53 |
| 10-Jan-14 | 8075 | Media Asia Group Holdings Limited | 0.6070 | (13.29) | 80 |
| 12-Jan-14 | 8021 | WLS Holdings Limited | 0.1080 | (17.56) | 48 |
| 13-Jan-14 | 702 | Sino Oil and Gas Holdings Limited | 0.2200 | (7.17) | 66 |
| 13-Jan-14 | 479 | CIL Holdings Limited | 0.1100 | (15.38) | 35 |
| 13-Jan-14 | 364 | Ping Shan Tea Group Limited | 0.1800 | (5.76) | 108 |
| 15-Jan-14 | 1668 | China South City Holdings Limited (Note 1) | n/a | n/a | n/a |
| 15-Jan-14 | 8212 | Celebrate International Holdings Limited | 0.2500 | (15.25) | 38 |
| 15-Jan-14 | 8116 | China Fortune Investments (Holding) limited | 0.1030 | (11.21) | 8 |
| 16-Jan-14 | 2012 | Sunshine Oilsands Ltd. (Note 1) | n/a | n/a | n/a |
| 16-Jan-14 | 653 | Bonjour Holdings Limited | 1.5600 | - | 164 |
| 16-Jan-14 | 1680 | Macau Legend Development Limited (Note 11) | 7.2500 | (7.76) | 1,363 |
| 17-Jan-14 | 198 | SMI Corporation Limited | 0.2100 | (8.70) | 116 |
| 17-Jan-14 | 2389 | Genvon Group Limited | 0.3250 | - | 260 |
| 19-Jan-14 | 8269 | Wealth Glory Holdings Limited | 0.1700 | (9.09) | 10 |
| 19-Jan-14 | 881 | Zhongsheng Group Holdings Limited | 10.7992 | (6.30) | 2,576 |
| 20-Jan-14 | 8269 | Wealth Glory Holdings Limited | 0.1900 | (7.32) | 10 |
| 21-Jan-14 | 1187 | Pearl River Tyre (Holdings) Limited | 2.5000 | (11.66) | 50 |
| 21-Jan-14 | 39 | Sino Distillery Group Limited | 0.4050 | (19.00) | 97 |

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| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|--|--|---|--|
| 21-Jan-14 | 8207 | Credit China Holdings Limited (Note 3) | 0.8000 | (13.04) | 160 |
| 22-Jan-14 | 8106 | Zheda Lande Scitech Limited (Note 2) | 0.2700 | n/a | n/a |
| 22-Jan-14 | 956 | China Suntien Green Energy Corporation Limited (Note 11) | 3.3500 | (6.16) | 1,597 |
| 23-Jan-14 | 241 | CITIC 21CN Company Limited (Note 11) | 0.3000 | (63.86) | 1,327 |
| 22-Jan-14 | 8063 | Well Way Group Limited (Note 6) | 1.0000 | (28.57) | 25 |
| 24-Jan-14 | 686 | United Photovoltaics Group Limited | 1.7200 | (8.51) | 826 |
| 24-Jan-14 | 8192 | Global Energy Resources International Group Limited | 0.3900 | (13.33) | 98 |
| 26-Jan-14 | 816 | Huadian Fuxin Energy Corporation Limited (Note 11) | 3.3000 | (6.52) | 1,178 |
| 27-Jan-14 | 96 | Yusei Holdings Limited | 0.8000 | (5.88) | 21 |
| 27-Jan-14 | 326 | China Star Entertainment Limited | 0.1250 | (6.72) | 400 |
| 27-Jan-14 | 1428 | Bright Smart Securities & Commodities Group Limited | 1.3000 | (18.24) | 94 |
| 27-Jan-14 | 776 | JF Household Furnishings Limited | 3.1400 | (19.90) | 150 |
| 28-Jan-14 | 509 | Century Sunshine Group Holdings Limited | 0.7500 | (9.64) | 116 |
| 29-Jan-14 | 476 | Sinocop Resources (Holdings) Limited | 0.6000 | (14.29) | 53 |
| 8-Feb-14 | 176 | United Pacific Industries Limited (Note 4) | 0.8870 | 4.35 | 132 |
| 9-Feb-14 | 582 | Landing International Development Limited | 0.4000 | (36.51) | 424 |
| 9-Feb-14 | 582 | Landing International Development Limited | 0.3000 | (52.38) | 243 |
| 12-Feb-14 | 8083 | China Innovationpay Group Limited | 0.6400 | (18.99) | 128 |
| 13-Feb-14 | 451 | Same Time Holdings Limited | 4.0000 | (70.40) | 144 |
| 14-Feb-14 | 8207 | Credit China Holdings Limited | 0.8000 | (15.79) | 80 |
| 19-Feb-14 | 8150 | Seamless Green China (Holdings) Limited | 1.0000 | (6.54) | 4 |
| 20-Feb-14 | 764 | Eternity Investment Limited | 0.7800 | (17.02) | 71 |
| 20-Feb-14 | 2312 | China Financial Leasing Group Limited (Note 5) | 0.2600 | (10.34) | 23 |

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| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|---|--|---|--|
| 21-Feb-14 | 8163 | Merdeka Resources Holdings Limited | 0.1710 | (16.99) | 13 |
| 21-Feb-14 | 8156 | China Vanguard Group Limited | 5.1400 | (9.51) | 280 |
| 24-Feb-14 | 756 | China Tianyi Holdings Limited | 1.1200 | (8.20) | 116 |
| 24-Feb-14 | 9 | Cheung Wo International Holdings Limited (<i>Note 1</i>) | n/a | n/a | n/a |
| 24-Feb-14 | 1319 | Oi Wah Pawnshop Credit Holdings Limited | 1.4500 | (8.20) | 73 |
| 25-Feb-14 | 8108 | FAVA International Holdings Limited | 0.0780 | (12.36) | 18 |
| 26-Feb-14 | 8116 | China Fortune Investments (Holding) Limited | 0.1030 | - | 3 |
| 28-Feb-14 | 8269 | Wealth Glory Holdings Limited (<i>Note 1</i>) | n/a | n/a | n/a |
| 3-Mar-14 | 471 | CMMB Vision Holdings Limited | 0.2600 | - | 16 |
| 4-Mar-14 | 476 | Sinocop Resources (Holdings) Limited (<i>Note 7</i>) | 0.8300 | (1.19) | 329 |
| 4-Mar-14 | 8116 | China Fortune Investments (Holding) Limited | 0.1030 | (1.90) | 5 |
| 4-Mar-14 | 703 | Future Bright Holdings Limited | 4.3000 | (6.52) | 281 |
| 5-Mar-14 | 37 | Far East Hotels & Entertainment Limited | 0.1900 | (15.93) | 19 |
| 6-Mar-14 | 1191 | Yueshou Environmental Holdings Limited | 0.2000 | (4.76) | 44 |
| 6-Mar-14 | 651 | China Ocean Shipbuilding Industry Group Limited | 0.1070 | (17.69) | 57 |
| 7-Mar-14 | 720 | Auto Italia Holdings Limited | 0.1250 | (13.79) | 63 |
| 11-Mar-14 | 689 | EPI (Holdings) Limited | 0.2200 | (13.70) | 242 |
| 11-Mar-14 | 8098 | CL Group (Holdings) Limited | 0.3050 | (18.67) | 30 |
| 14-Mar-14 | 904 | China Green (Holdings) Limited (<i>Note 3</i>) | 0.6000 | (7.69) | 265 |
| 14-Mar-14 | 8200 | Sau San Tong Holdings Limited | 0.4500 | (10.00) | 22 |
| 14-Mar-14 | 904 | China Green (Holdings) Limited | 0.6000 | (7.69) | 159 |
| 14-Mar-14 | 572 | China Packaging Group Company Limited (<i>Note 8</i>) | 0.1050 | (15.32) | 18 |
| 18-Mar-14 | 381 | Kiu Hung Energy Holdings Limited | 0.1750 | (16.67) | 24 |
| 18-Mar-14 | 8167 | Neo Telemedia Limited (<i>Note 3</i>) | 0.2000 | (14.53) | 100 |
| 20-Mar-14 | 729 | Sinopoly Battery Limited | 0.5000 | (10.71) | 700 |
| 24-Mar-14 | 630 | AMCO United Holding Limited | 0.2390 | (9.81) | 84 |
| 24-Mar-14 | 698 | Tongda Group Holdings Limited | 1.1200 | (11.81) | 672 |
| 25-Mar-14 | 8116 | China Fortune Investments (Holding) Limited (<i>Note 3</i>) | 1.0000 | 4.17 | 2 |

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| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|---|--|---|--|
| 25-Mar-14 | 1868 | Neo-Neon Holdings Limited (Note 11) | 0.9000 | (50.00) | 900 |
| 26-Mar-14 | 1130 | China Environmental Resources Group Limited | 0.3750 | (18.48) | 59 |
| 26-Mar-14 | 718 | Bestway International Holdings Limited | 0.5600 | (8.20) | 84 |
| 26-Mar-14 | 2196 | Shanghai Fosun Pharmaceutical (Group) Company Limited (Note 11) | 26.5100 | (4.98) | 1,782 |
| 27-Mar-14 | 943 | eForce Holdings Limited | 0.2350 | (16.07) | 9 |
| 28-Mar-14 | 8325 | China Smartpay Group Holdings Limited | 1.4600 | (11.00) | 210 |
| 28-Mar-14 | 8135 | ZMFY Automobile Glass Services Limited | 0.5500 | (34.50) | 44 |
| 31-Mar-14 | 905 | Mastermind Capital Limited | 0.1000 | (16.67) | 40 |
| 1-Apr-14 | 8108 | FAVA International Holdings Limited | 0.0670 | (14.10) | 27 |
| 3-Apr-14 | 8172 | China Media and Films Holdings Limited | 0.2300 | (14.80) | 23 |
| 4-Apr-14 | 1522 | China City Railway Transportation Technology Holdings Company Limited | 1.2500 | (26.04) | 416 |
| 4-Apr-14 | 8116 | China Fortune Investments (Holding) Limited | 0.0960 | - | 2 |
| 4-Apr-14 | 8078 | China 3D Digital Entertainment Limited | 0.1280 | (19.50) | 17 |
| 4-Apr-14 | 712 | Comtec Solar Systems Group Limited | 1.3100 | (7.50) | 78 |
| 9-Apr-14 | 8116 | China Fortune Investments (Holding) Limited | 0.1000 | (9.09) | 3 |
| 10-Apr-14 | 605 | China Financial Services Holdings Limited | 0.5500 | (12.70) | 165 |
| 11-Apr-14 | 8116 | China Fortune Investments (Holdings) Limited | 0.0900 | - | 17 |
| 14-Apr-14 | 1788 | Guotai Junan International Holdings Limited | 4.3000 | (7.73) | 688 |
| 14-Apr-14 | 633 | China All Access (Holdings) Limited | 3.2000 | (8.80) | 373 |
| 14-Apr-14 | 397 | Jun Yang Solar Power Investments Limited | 0.1000 | 17.65 | 150 |
| 17-Apr-14 | 1188 | Hybrid Kinetic Group Limited | 0.1000 | (11.50) | 208 |
| 17-Apr-14 | 1089 | Sumpo Food Holdings Limited | 0.2000 | (16.32) | 66 |
| 22-Apr-14 | 1830 | Perfect Shape (PRC) Holdings Limited | 1.7500 | (2.23) | 131 |

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| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|--|--|---|--|
| 22-Apr-14 | 1178 | Vitop Bioenergy Holdings Limited | 0.1121 | (19.93) | 31 |
| 23-Apr-14 | 102 | Summit Ascent Holdings Limited | 11.3000 | (12.13) | 588 |
| 23-Apr-14 | 1380 | China Kingstone Mining Holdings Limited | 0.1285 | (19.69) | 49 |
| 24-Apr-14 | 8172 | China Media and Films Holdings Limited | 0.2800 | (32.53) | 84 |
| 24-Apr-14 | 1069 | China Agroforestry Low-Carbon Holdings Limited | 1.3000 | (18.75) | 96 |
| 25-Apr-14 | 8215 | First Credit Finance Group Limited | 0.0900 | (11.76) | 22 |
| 25-Apr-14 | 521 | Shougang Concord Technology Holdings Limited | 0.3000 | (16.67) | 114 |
| 25-Apr-14 | 1003 | 21 Holdings Limited | 0.8100 | (18.18) | 52 |
| 28-Apr-14 | 628 | Sino Credit Holdings Limited | 1.2500 | (2.34) | 54 |
| 28-Apr-14 | 802 | RCG Holdings Limited | 0.2700 | (11.48) | 45 |
| 28-Apr-14 | 381 | Kiu Hung Energy Holdings Limited | 0.1600 | (13.98) | 12 |
| 28-Apr-14 | 997 | Chinlink International Holdings Limited | 0.5500 | 3.77 | 192 |
| 29-Apr-14 | 521 | Shougang Concord Technology Holdings Limited | 0.3000 | (11.76) | 48 |
| 29-Apr-14 | 495 | Paladin Limited | 0.3000 | - | 64 |
| 29-Apr-14 | 39 | Sino Distillery Group Limited | 0.7000 | (12.50) | 56 |
| 30-Apr-14 | 8310 | Gamma Logistics Corporation | 0.2720 | (13.65) | 44 |
| 30-Apr-14 | 8130 | Zhi Cheng Holdings Limited | 0.8100 | (5.81) | 24 |
| 30-Apr-14 | 681 | Chinese People Holdings Company Limited (Note 3) | 0.2050 | - | 354 |
| 5-May-14 | 33 | Harmonic Strait Financial Holdings Limited | 0.1000 | 6.38 | 33 |
| 6-May-14 | 185 | Heng Fai Enterprises Limited | 0.3600 | (11.11) | 19 |
| 7-May-14 | 8046 | Heng Xin China Holdings Limited | 0.2500 | 113.70 | 13 |
| 8-May-14 | 8239 | Ming Kei Holdings Limited | 0.4500 | (11.76) | 20 |
| 8-May-14 | 1019 | Convoy Financial Services Holdings Limited | 1.1500 | (13.53) | 46 |
| 9-May-14 | 810 | Opes Asia Development Limited | 0.4100 | (19.61) | 35 |
| 9-May-14 | 228 | China Energy Development Holdings Limited (Note 3) | 0.0950 | (8.70) | 151 |
| 13-May-14 | 1082 | Hong Kong Education (Int'l) Investments Limited | 0.1450 | (14.71) | 74 |
| 14-May-14 | 1323 | Newtree Group Holdings Limited | 2.4500 | (12.19) | 78 |

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| Date of announcement | Stock code | Name of the issuer | Issue price/ Conversion price (HK\$) | Premium/ (Discount) of the issue price/ subscription price over/to the closing price on last trading day (%) | Issue size of the placing/ subscription (HK\$' million) |
|----------------------|------------|--|--|---|--|
| 15-May-14 | 1191 | Yueshou Environmental Holdings Limited | 0.2000 | (11.89) | 44 |
| 15-May-14 | 8167 | Neo Telemedia Limited | 0.2010 | (19.60) | 40 |
| 15-May-14 | 8270 | China Leason CBM & Shale Gas Group Company Limited (Note 9) | 0.3110 | (17.07) | 59 |
| 16-May-14 | 8351 | Larry Jewelry International Company Limited | 0.1100 | (6.78) | 29 |
| 19-May-14 | 2012 | Sunshine Oilsands Limited (Note 10) | 0.8500 | (9.57) | 160 |
| 23-May-14 | 673 | China HealthCare Holdings Limited | 0.2120 | (15.20) | 11 |
| 27-May-14 | 986 | China Environmental Energy Investment Limited | 0.1070 | (18.32) | 19 |
| 27-May-14 | 145 | The Hong Kong Building and Loan Agency Limited | 0.8000 | (3.60) | 70 |
| 27-May-14 | 8150 | Seamless Green China (Holdings) Limited | 0.6500 | (12.16) | 11 |
| 30-May-14 | 1094 | China Public Procurement Limited | 0.3600 | (8.86) | 540 |
| 30-May-14 | 1129 | China Water Industry Group Limited | 1.0000 | (11.50) | 222 |
| 1-Jun-14 | 2389 | Genvon Group Limited (Note 11) | 0.2500 | (43.18) | 996 |
| 2-Jun-14 | 2012 | Sunshine Oilsands Limited | 0.8500 | (6.60) | 384 |
| 3-Jun-14 | 1830 | Perfect Shape (PRC) Holdings Limited | 1.9000 | (4.50) | 110 |
| 3-Jun-14 | 8212 | Celebrate International Holdings Limited | 0.0760 | (18.28) | 14 |
| 4-Jun-14 | 981 | Semiconductor Manufacturing International Corporation (Note 11) | 0.6000 | (4.76) | 1,554 |
| 5-Jun-14 | 8078 | China 3D Digital Entertainment Limited | 0.0700 | (43.09) | 105 |
| 6-Jun-14 | 616 | Easyknit Enterprises Holdings Limited | 0.3500 | (11.39) | 23 |
| | | | Maximum | 113.70 | |
| | | | Minimum | (70.40) | |
| | | | Average | (12.41) | |
| | | The Subscription Share | 7.5335 | (13.71) | 1,661 |

Source: Website of the Stock Exchange

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Notes:

1. These placings/subscriptions involved bonus issues of convertible securities such as options or warrants on top of the issue of shares and the issue price per share stated therein represented the total issue price of both share and the relevant convertible securities. Since no information in respect of the price for the placing shares alone is available, such placings/subscriptions have not been considered for the purpose of our analysis.
2. As stated in the circular of Zheda Lande Scitech Limited dated 6 March 2014, the minimum issue price under this placing conducted by Zheda Lande Scitech Limited is approximately HK\$0.27. As at the Latest Practicable Date, the actual placing price has not been determined. Accordingly, we have not considered this placing exercise for the purpose of our analysis.
3. The agreements relating to these placings/subscriptions have lapsed/been terminated as at the Latest Practicable Date. Accordingly, such placings/subscriptions have not been considered for the purpose of our analysis.
4. As disclosed in the announcement of United Pacific Industries Limited dated 12 February 2014, the share subscription price of HK\$0.887 per share of United Pacific Industries Limited was finalised on 12 February 2014. We have taken 7 February 2014, being the trading day prior to the issue of the initial announcement, as the last trading day for our assessment.
5. As disclosed in the announcement of China Financial Leasing Group Limited dated 21 February 2014, the share placing price per share of China Financial Leasing Group Limited has been revised from HK\$0.241 to HK\$0.26. We have taken 20 February 2014, being the date of the initial announcement, as the last trading day for our assessment.
6. As disclosed in the announcement of Well Way Group Limited dated 30 January 2014, the share placing price per share of Well Way Group Limited has been revised from HK\$1.19 to HK\$1.00. We have taken 22 February 2014, being the date of the initial announcement, as the last trading day for our assessment.
7. As disclosed in the announcement of Sinocop Resources (Holdings) Limited dated 17 March 2014, the share placing price of HK\$0.83 per share of Sinocop Resources (Holdings) Limited was finalized on 17 March 2014. We have taken 4 March 2014, being the date of the initial announcement as the last trading day for our assessment.
8. As disclosed in the announcement of China Packaging Group Company Limited dated 17 March 2014, the share placing price per share of China Packaging Group Company Limited has been revised from HK\$0.103 to HK\$0.105. We have taken 14 March 2014, being the date of the initial announcement, as the last trading day for our assessment.
9. As disclosed in the announcement of China Leason CBM & Shale Gas Group Company Limited dated 22 May 2014, the share subscription price per share of China Leason CBM & Shale Gas Group Company Limited has been revised from HK\$0.305 to HK\$0.311. We have taken 15 May 2014, being the date of the initial announcement, as the last trading day for our assessment.
10. As disclosed in the announcement of Sunshine oilsands Limited dated 2 June 2014, pursuant to amendment and cancellation of relevant placing agreements, the subscription size has been reduced to 188,000,000 shares. Accordingly, the issue size has been reduced to approximately HK\$160 million.
11. The issue sizes of these placings/subscriptions fall within the range from HK\$830 million to HK\$2,490 million, being the range of 50% to 150% the issue size of the Share issue under the Subscription.

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As shown in the above table, the placing/subscription prices of the Comparable Share Issues ranged from a discount of approximately 70.40% to a premium of approximately 113.70% to/over the respective closing prices of their shares on their respective last trading day(s) (“Share Last Trading Day(s)”) prior to the release of the relevant announcement(s) in relation to the issue of new shares or the relevant agreement date(s) relating to the respective issue of new shares, with an average discount of 12.41%. Out of the 134 Comparable Share Issues, 121 of them have the placing/subscription prices at a discount to the respective closing prices of their shares on the Share Last Trading Day(s). The discount of the Subscription Price to the closing price of the Share on the Last Trading Day is deeper than the average discount of the placing/subscription prices of the Comparable Share Issues over their respective closing price(s) on their respective Share Last Trading Day(s), but is close to the mean value and falls within the said range of the Comparable Share Issues.

When we take a closer look into the 8 Comparable Share Issues (the subscription/placing of new shares by (i) Macau Legend Development Limited announced on 16 January 2014; (ii) China Suntien Green Energy Corporation Limited announced on 22 January 2014; (iii) CITIC 21CN Company Limited announced on 23 January 2014; (iv) Huadian Fuxin Energy Corporation Limited announced on 26 January 2014; (v) Neo-Neon Holdings Limited announced on 25 March 2014; (vi) Shanghai Fosun Pharmaceutical (Group) Company Limited announced on 26 March 2014; (vii) Genvon Group Limited announced on 1 June 2014; and (viii) Semiconductor Manufacturing International Corporation announced on 4 June 2014) with issue sizes ranged from HK\$830 million to HK\$2,490 million, being the range of approximately 50% to 150% the issue size of the Subscription Shares under the Subscription, we note that the average discount of the placing/subscription prices of such Comparable Share Issues to their respective closing price(s) on their respective Share Last Trading Day(s) is approximately 23.40%. The discount of the Subscription Price to the closing price of the Share on the Last Trading Day is indeed less than the average discount of such 8 Comparable Share Issues that had issue sizes closer to that of the Subscription Shares under the Subscription.

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6.3 Comparison with recent convertible bonds placing/subscription exercises

To further evaluate the fairness and reasonableness of the Conversion Price, we have reviewed and identified 13 recent transactions which involved the placing/issue of convertible bonds/notes for cash (the “**Comparable Bond Issues**”). The Comparable Bond Issues are selected based on the following criteria: (i) the issuers are listed on the Stock Exchange and such transactions were publicly announced by way of announcement and/or circular; (ii) the convertible bonds/notes are with a term of 3 years; and (iii) and such placing/issue of convertible bonds/notes were announced between 1 January 2014 and the Latest Practicable Date with issue sizes below HK\$7,412 million, being the range of +/-100% the issue size of the Convertible Bonds under the Subscription, and we consider the Comparable Bond Issues an exhaustive list of relevant comparable bond issue transactions based on the said criteria above. Set out below is the summary of the Comparable Bond Issues:

| Date of announcement | Name of the issuer | Issue size (HK\$' million) | Conversion price (HK\$) | Premium/ (Discount) of the conversion price over/to the closing price on the last trading day (%) | Interest rate (per annum) | Redemption on maturity |
|----------------------|--|-------------------------------|----------------------------|---|------------------------------|---------------------------|
| 13-Jan-14 | China Vanguard Group Limited (stock code: 8156) | 90 | 2.39 | (19.26) | 2.00% | 100% |
| 14-Jan-14 | Green International Holdings Limited (stock code: 2700) | 80 | 0.50 | (9.09) | 5.00% | 100% |
| 19-Jan-14 | Zhongsheng Group Holdings Limited (stock code: 881) | 3,092 | 12.95899 | 12.49 | 2.85% | 100% |
| 21-Jan-14 | Ping Shan Tea Group Limited (stock code: 364) (Note 1) | 253 | 0.21 | 5.00 | 4.00% | 100% |
| 14-Mar-14 | Prosperity International Holdings (H.K.) Limited (stock code: 803) | 195 | 0.45 | 69.81 | 8.25% | 100% |
| 20-Mar-14 | Sinopoly Battery Limited (stock code: 729) | 400 | 0.60 | 7.14 | 8.00% | 100% |
| 21-Mar-14 | Starlight International Holdings Limited (stock code: 485) | 75 | 0.172 | (33.85) | 3.00% | 100% |
| 1-Apr-14 | Crosby Capital Limited (stock code: 8088) | 175 | 0.80 | 12.68 | 5.00% | 100% |
| 8-Apr-14 | China HealthCare Holdings Limited (stock code: 673) | 225 | 0.15 | (44.44) | 0.00% | 100% |
| 17-Apr-14 | China Renji Medical Group Limited (stock code: 648) | 10 | 0.04 | (4.80) | 5.00% | 100% |
| 30-Apr-14 | Cosmopolitan International Holdings Limited (stock code: 120) | 500 | 0.35 | (42.60) | 2.50% | 100% |

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| Date of announcement | Name of the issuer | Issue size (HK\$ million) | Conversion price (HK\$) | Premium/ (Discount) of the conversion price over/to the closing price on the last trading day (%) | Interest rate (per annum) | Redemption on maturity |
|----------------------|--|------------------------------|----------------------------|---|------------------------------|----------------------------------|
| 14-May-14 | China Ocean Shipbuilding Industry Group Limited (Stock code: 651) | 1,000 | 0.20 | (33.33) | 7.50% | 100% |
| 3-Jun-14 | China HealthCare Holdings Limited (Stock code: 673) | 195 | 0.15 | (40.00) | 0.00% | Mandatory conversion at maturity |
| | | | Maximum | 69.81 | 8.25% | |
| | | | Minimum | (44.44) | 0.00% | |
| | | | Average | (9.25) | 4.08% | |
| | The Convertible Bonds | 3,706 | 7.9102 | (9.39) | 1.50% | |

Source: Website of the Stock Exchange

Notes:

- As disclosed in the announcement of Ping Shan Tea Group Limited dated 21 January 2014, the initial conversion price of HK\$0.21 per conversion share (subject to adjustments) represents 105% of the reference market price, which is the lower of (i) the arithmetic average of the volume weighted average price of a share of Ping Shan Tea Group Limited for each of the 30 consecutive trading days immediately prior to the date of the relevant subscription agreement; and (ii) the volume weighted average price of a share of Ping Shan Tea Group Limited as of the trading day immediately preceding the announcement of the transactions contemplated under the subscription agreement. As the announcement states that the relevant agreement was entered into after trading hours on 21 January 2014, we have taken 21 January 2014 as the last trading day for the purpose of our analysis.

As shown in the above table, the conversion prices of the Comparable Bond Issues ranged from a discount of approximately 44.44% to a premium of approximately 69.81% to/over the respective closing prices of their shares on their respective last trading day(s) (“**CB Last Trading Day(s)**”) prior to the release of the relevant announcement(s) in relation to the issue of convertible bonds/notes or the relevant agreement date(s) in relation to the respective issue of convertible bonds/notes, with an average discount of 9.25%.

Out of the 13 Comparable Bond Issues, 8 of them have the conversion prices at a discount to the respective closing prices of their shares on the CB Last Trading Day. Despite the Conversion Price representing a discount to the Share closing price on the Last Trading Day which is deeper than the average discount of the conversion prices of the Comparable Bond Issues to their respective closing price(s) on the CB Last Trading Day, we however note that (i) the interest rate of the Convertible Bonds is less than half of the average interest rate of the Comparable Bond Issues of

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4.08%; (ii) interest for the Convertible Bonds is payable only until the Convertible Bonds are repaid or redeemed by the Company or converted by the Investor; and (iii) despite the issue size of the Convertible Bonds under the Subscription being higher than all those of the Comparable Bond Issues, the discount of the Conversion Price to the closing price of the Shares falls within the said range of the Comparable Bond Issues and is therefore not exceptional in the market; and (iii) the Conversion price represents a premium of approximately 5.00% over the Subscription Price. We also note that, as stated in the 2013 Annual Report, the Group has certain interest-bearing borrowings which carry effective/contractual interests rate from 1.60% to 7.50% per annum for the year ended 31 December 2013. The issue of Convertible Bonds therefore allows the Company to obtain additional funding with less finance cost which is considered favourable to the Company.

6.4 Comparison with peer companies

As discussed above, revenue generated from direct sales and concessionaire sales in department stores and shopping malls in the PRC has been the main source of income which represented over 90% of the total revenue of the Group during the Period. Therefore, we have identified 6 companies (the “**Comparable Companies**”) which (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in the business of operation and management of department stores and shopping malls in the PRC, which not less than 80% of revenue derived from such business activities in the latest financial year as set out in their respective published annual report; and (iii) are profit-making for the latest financial year as set out in their respective published annual report. We consider the Comparable Companies an exhaustive list of relevant comparable companies based on the said criteria above.

The table below illustrates the level of price-to-earnings ratio (“**P/E Ratio(s)**”) and price-to-book ratio (“**P/B Ratio(s)**”) of each of the Comparable Companies and the Company.

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| Stock code | Company name | Closing price HK\$ (Note 1) | Market capitalisation HK\$' million (Note 1) | Latest earnings HK\$' million (Note 1) | Net assets | P/E Ratio times (Note 2) | P/B Ratio times (Note 3) |
|-------------|---------------------------------------|-----------------------------------|---|---|--|--------------------------------|--------------------------------|
| | | | | | attributable to owners HK\$' million (Note 1) | | |
| 162 | Century Ginwa Retail Holdings Ltd. | 1.60 | 1,793.9 | 443.6 | 4,928.2 | 4.0 | 0.4 |
| 602 | Jiahua Stores Holdings Ltd. | 0.345 | 357.9 | 56.7 | 626.2 | 6.3 | 0.6 |
| 825 | New World Department Store China Ltd. | 3.200 | 5,395.7 | 641.5 | 6,909.2 | 8.4 | 0.8 |
| 848 | Maoye International Holdings Ltd. | 1.130 | 5,902.1 | 1,002.6 | 7,327.7 | 5.9 | 0.8 |
| 3308 | Golden Eagle Retail Group Ltd. | 9.580 | 17,250.6 | 1,543.8 | 6,555.4 | 11.2 | 2.6 |
| 3368 | Parkson Retail Group Ltd. | 2,140 | 5,948.2 | 442.1 | 6,996.5 | 13.5 | 0.9 |
| | | | | | Maximum | 13.5 | 2.6 |
| | | | | | Minimum | 4.0 | 0.4 |
| | | | | | Average | 8.2 | 1.0 |
| 1833 | the Company | 7.5335 | 15,141.7 | 1,331.5 | 9,975.3 | 11.4 | 1.5 |
| | | (Note 4) | (Note 5) | (Note 6) | (Note 7) | (Note 8) | (Note 9) |
| | | 7.9102 | 15,898.8 | | | 11.9 | 1.6 |
| | | (Note 10) | (Note 5) | | | (Note 8) | (Note 9) |

Source: Website of the Stock Exchange

Notes:

- The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the website of the Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respectively closing share price and number of issued shares as at the Latest Practicable Date. The audited/unaudited consolidated net asset value attributable to owners are extracted from the latest annual/interim reports of the Comparable Companies and audited profits attributable to owners are extracted from the latest annual reports of the Comparable Companies.
- The historical P/E Ratio of the Comparable Companies is calculated based on their latest audited consolidated profits attributable to owners and their market capitalisations as at the Latest Practicable Date.
- The historical P/B Ratio of the Comparable Companies is calculated based on their latest audited/unaudited consolidated net asset value attributable to owners and their market capitalisations as at the Latest Practicable Date.
- Being the Subscription Price of HK\$7.5335 per Subscription Share.
- Theoretical market capitalisation of the Company being the sum of the Subscription Price/Conversion Price times 2,009,916,488 Shares in issue as at the Latest Practicable Date.

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6. Being the earnings attributable to owners of the Company for the year ended 31 December 2013 which is extracted from the 2013 Annual Report.
7. Being the consolidated net asset value attributable to owners of the Company as at 31 December 2013 which is extracted from the 2013 Annual Report.
8. The P/E Ratio of the Company is calculated based on (i) its theoretical market capitalisation; and (ii) the earnings attributable to owners of the Company for the year ended 31 December 2013.
9. The P/B of the Company is calculated based on (i) its theoretical market capitalisation; and (ii) consolidated net asset value attributable to owners of the Company as at 31 December 2013.
10. Being the Conversion Price of HK\$7.9102 per Conversion Share.
11. For the purpose of this table, the translation of RMB into HK\$ is based on the average exchange rate of RMB0.80 to HK\$1.00 for the purpose of illustration only.

P/E Ratio comparison

As shown in the above table, the historical P/E Ratios of the Comparable Companies ranged from approximately 4.0 times to 13.5 times, with an average of approximately 8.2 times. The P/E Ratios of the Company based on its market capitalisation represented by the Subscription Price and the Conversion Price are approximately 11.4 times and approximately 11.9 times respectively, which are higher than the average of the P/E Ratios of the Comparable Companies, and considered favourable to the Company.

As discussed in the sub-section headed “2.1 Financial performance of the Group” in the section headed “2. Review of the financial information on the Group” above, the Group recorded net one-off gains in aggregate of approximately RMB341.4 million for the year ended 31 December 2013. If such net one-off gains were excluded, the Group would have recorded net profit attributable to owners of the Company of approximately RMB723.8 million (equivalent to approximately HK\$904.8 million) and accordingly, the P/E Ratios calculated based on such net profit would increase and reach approximately 16.7 times (based on its market capitalisation represented by the Subscription Price) and 17.6 times (based on its market capitalisation represented by the Conversion Price) respectively, which are higher than the average P/E Ratios of the Comparable Companies of approximately 8.2 times as mentioned above.

P/B Ratio comparison

As at the Latest Practicable Date, the historical P/B Ratios of the Comparable Companies ranged from 0.4 times to 2.6 times with an average of 1.0 times. The P/B Ratios represented by the Subscription Price and the Conversion Price over the audited net asset value per share attributable to owners of the Company as at 31 December 2013 of approximately 1.5 times and 1.6 times are higher than the average of the P/B Ratios of the Comparable Companies, and considered favourable to the Company.

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6.5 Reassessed NAV of the Group

The Group had the audited consolidated net assets attributable to owners of the Company of approximately RMB7,980.3 million as at 31 December 2013, represented approximately RMB3.97 per Share (equivalent to approximately HK\$4.96 per Share) based on the 2,009,916,488 Shares in issue as at the Latest Practicable Date.

As discussed in sub-section headed “2.2 Financial position of the Group” above, we understand that according to the accounting policy adopted by the Company, among other things, the property interests accounted for in the consolidated balance sheet of the Group have not been marked to market. In such regard, we have also considered the adjusted consolidated net asset value attributable to owners of the Company (the “**Reassessed NAV**”) based on the audited consolidated net assets attributable to owners of the Company as at 31 December 2013 and the latest valuation of the Properties as at 31 March 2014 for our analysis purposes. The Reassessed NAV is estimated by the Company as follows:

| | Approximately <i>RMB'million</i> |
|--|---|
| Audited consolidated net assets attributable to owners of the Company as at 31 December 2013 as extracted from the 2013 Annual Report | 7,980.3 |
| <i>Less:</i> | |
| Net book value of properties held by Jiaxing Intime Xintiandi attributable to owners of the Company as at 31 December 2013 (<i>Note 1</i>) | (221.0) |
| <i>Add:</i> | |
| Net book value of properties held by Jingtai Peace attributable to owners of the Company as at 31 December 2013 (<i>Note 2</i>) | 663.8 |
| Revaluation surplus arising from the valuation of the Properties as at 31 March 2014 (<i>Note 3</i>) | <u>2,224.4</u> |
| Reassessed NAV | <u><u>10,647.5</u></u> |
| Reassessed NAV per Share (based on 2,009,916,488 Shares in issue as at the Latest Practicable Date) | <u><u>RMB5.30</u></u> |
| | <i>(equivalent to</i> <i>approximately</i> <i>HK\$6.62)</i> |

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Notes:

1. The Group disposed of its 60% equity interest in 嘉興銀泰梅灣新天地投資管理有限公司 (Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited*, “**Jiaxing Intime Xintiandi**”) pursuant to the equity transfer agreement dated 1 November 2013 (details of are set out in the Company’s announcement dated 4 November 2013). As disclosed in the 2013 Annual Report, the disposal was completed in February 2014 and the Company ceased to have any interest in Jiaxing Intime Xintiandi since then.
2. As provided by the Company, the Group acquired 80% equity interest in 北京京泰祥和資產管理有限責任公司 (Beijing Jingtai Peace Asset Management Company Limited*, “**Jingtai Peace**”) pursuant to the equity transfer agreement dated 11 December 2013, which was completed in April 2014.
3. This represents a revaluation surplus estimated by the Company based on the valuation of the Properties of RMB23,072.6 million attributable to owners of the Company as extracted from the Valuation Report, net of the net book value of the Properties attributable to owners of the Company as of 31 December 2013 of approximately RMB13,185.9 million and relevant potential PRC tax liability of approximately RMB7,662.3 million (based on relevant PRC business tax and associated surcharges, PRC land appreciation tax and PRC corporate income tax estimated by the Company) with the assumption that the state-owned land use rights certificates of Jingtai Peace have been obtained. Independent Shareholders should note that the estimated tax liabilities embedded in the calculation of the Reassessed NAV may differ from the actual tax payable because of the changes in the final selling price of the Properties and/or changes in the government tax policies.
4. For the purpose of the calculation of the Reassessed NAV, the conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.80 to HK\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

Each of the Subscription Price and the Conversion Price represents a premium of approximately HK\$0.9135 (or around 13.8%) and approximately HK\$1.2902 (or around 19.5%) over the Reassessed NAV per Share of approximately HK\$6.62 respectively, and are therefore, in our view, fair and reasonable.

Taking into account, among other things, (i) the overall benefit of partnering with the Investor in developing the O2O business as discussed under the section headed “3. Background to and reasons for the Subscription and the use of proceeds” above; (ii) as discussed in section headed “6.2 Comparison with recent subscription/placing of new shares exercises” above, the discount of the Subscription Price to the closing price of the Shares is considered in line with the Comparable Share Issues; (iii) as discussed in section headed “6.3 Comparison with recent convertible bonds placing/subscription exercises” above, terms of the Convertible Bonds are generally in line with the market whilst it also represents a funding source for the Company at less finance cost as compared with the Group’s existing interest-bearing borrowings; (iv) as discussed in the section headed “6.4 Comparison with peer companies” above, the P/E Ratios and P/B ratios of the Company based on the Subscription Price and the Conversion Price are higher than the average P/E Ratios and average P/B Ratios of the Comparable Companies respectively; and (v) as discussed in the section headed “6.5 Reassessed NAV of the Group” above, each of the Subscription Price and the Conversion Price represents a premium of approximately HK\$0.9135 (or around 13.8%) and approximately HK\$1.2902 (or around

* For identification purpose only

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19.5%) over the Reassessed NAV per Share respectively, we are of the view that each of the Subscription Price and the Conversion Price is fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

7. Effect on the shareholding structure of the Company

As shown in the letter from the Board, the shareholding in the Company held by existing public Shareholders would be diluted from approximately 63.99% as at the Latest Practicable Date to (i) approximately 57.67% upon completion of the Share Subscription or (ii) approximately 47.28% upon completion of the Share Subscription and the full exercise of Conversion Rights.

However, taking into account (i) the overall benefit of the Subscription and partnering with the Investor in developing the O2O business as discussed under the section headed “3. Background to and reasons for the Subscription and the use of proceeds” above; and (ii) that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the dilution effect on the shareholding of existing public Shareholders in the Company is acceptable so far as the Independent Shareholders are concerned.

8. Financial impact of the Subscription

Working capital

The Group had cash and cash equivalents of approximately RMB1,738.5 million as at 31 December 2013. According to the 2013 Annual Report, the audited current assets and current liabilities of the Group were approximately RMB7,764.8 million and approximately RMB9,767.4 million respectively as at 31 December 2013, resulting in a current ratio (defined as current assets divided by current liabilities) of approximately 0.79 times and net current liabilities of approximately RMB2,002.6 million. As the Company is expected to raise a gross proceed of approximately HK\$5,367.5 million (or approximately RMB4,294.0 million) from the Subscription, it is expected that the working capital position, together with the current ratio and short term liquidity of the Group, will be improved immediately upon Closing.

Net asset value

According to the 2013 Annual Report, the Group’s audited consolidated net asset value attributable to the owners of the Company was approximately RMB7,980.3 million as at 31 December 2013.

As advised by the Directors, the Subscription will constitute (i) an increase in cash, by the amount of the net proceeds of the Subscription; (ii) an increase in non-current liabilities (liability portion of the Convertible Bonds); (iii) an increase in convertible bonds equity reserve (equity portion of the Convertible Bonds); and (iv) an increase in the share capital and share premium (equivalent to the gross proceeds from the issue of Subscription Shares) of the Group.

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Given that the equity portion and liability portion of the Convertible Bonds to be recognised in the financial statements of the Group will be subject to assessment and valuation by a professional valuer with reference to certain instant market conditions, the Company is currently unable to assess the exact impact of the Convertible Bonds on the net asset value of the Group until reliable estimations of the value of the Convertible Bonds can be made as at the date of issue.

In the event that the holders of the Convertible Bonds exercise the conversion rights of the Convertible Bonds, the net assets of the Group will increase.

Gearing ratio

The gearing ratio of the Group is measured as total interest-bearing bank and other borrowings and guaranteed bonds over the total assets of the Group. As advised by the Directors, immediately upon Closing, the Group's total assets are expected to increase by the amount of the gross proceeds of the Subscription while the liabilities are expected to increase by the amount of the liability component of the Convertible Bonds. Given that the fair value of the Convertible Bonds, and the liability portion of the Convertible Bonds to be recognised in the financial statements of the Group will be subject to assessment and valuation by a professional valuer, the Company is currently unable to assess the impacts of the gearing ratio of the Group until reliable estimations of the value of the Convertible Bonds can be made.

Earnings

As advised by the Directors, the liability portion of the Convertible Bonds will be carried at amortised cost using the effective interest method in subsequent periods. The effective interest expenses of the Convertible Bonds will be charged to the consolidated statement of profit or loss subsequent to completion of issue of Convertible Bonds and until the conversion and/or redemption of the Convertible Bonds in full.

Although the carrying interest of the Convertible Bonds may create negative impact on the future earnings of the Group, the issue of the Convertible Bonds is part of the Subscription Agreement which is considered necessary in order to allow the Group to partner with the Investor for the development of O2O business taking into account the overall benefits to the Group as discussed under the section headed "3. Background to and reasons for the Subscription and the use of proceeds" above.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position/results of the Group will be upon Closing.

9. The Whitewash Waiver

As at the Latest Practicable Date, Mr. Shen holds 721,014,015 Shares, representing approximately 35.87% of the issued share capital of the Company and is presumed to be a party acting in concert with the Investor for the purpose of the Takeovers Code as a result of having both made investments in two companies outside the Group, and will also be presumed to be a party acting in concert with the Investor if and when the Investor exercises its conversion rights of the Convertible Bonds so as to result in its holding

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20% or more voting rights in the Company. Upon Closing, 220,541,892 new Shares will be issued to the Investor, and the interests of the Investor and parties acting or presumed to be acting in concert with it in the voting rights of the Company will be increased from approximately 35.96% (being the aggregate percentage of Shares held by Mr. Shen who is presumed to be acting in concert with the Investor, and Mr. Joseph Chung Tsai and The Libra Capital Greater China Fund Limited, who are also presumed to be acting in concert with the Investor) to approximately 42.30% (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Upon the full exercise of Conversion Rights by the Investor at the initial Conversion Price (including the maximum of interest accrued), a further 489,600,722 Shares will be issued to the Investor, and the interests of the Investor and parties acting or presumed to be acting in concert with it the voting rights of the Company will be increased from 42.30% to 52.68%. Under Rule 26.1 of the Takeovers Code, the Investor and its concert parties would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with any of them unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders or the SFC Ruling being obtained from the Executive.

The Company has been informed by the Investor that it wishes to first pursue the Whitewash Waiver application which is considered to offer more certainty and expediency to the implementations of the transactions contemplated under the Subscription Agreement. Accordingly, the Investor has made an application to the Executive for the Whitewash Waiver in respect of the issue of the Subscription Shares and the Conversion Shares. The Whitewash Waiver, if granted by the Executive, is subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to the approval of the Independent Shareholders on a vote by way of poll at the EGM.

We note that the granting of the Whitewash Waiver and the approval of the Whitewash Waiver by the Independent Shareholders or the obtaining of the SFC Ruling is one of the conditions precedent for the Subscription Agreement which will not be waived. If the Whitewash Waiver is not granted and the SFC Ruling is not obtained on or before the Long Stop Date, the Subscription will not proceed. The Company would then lose all the benefits that are expected to be brought to the Group by the Subscription.

Having considered the factors discussed under section headed “3. Background to and reasons for the Subscription and the use of proceeds” above, in particular, (i) the formation of the Joint Venture will explore opportunities for expansion of O2O business relating to shopping malls, department stores and supermarkets in the PRC so as to further the Group’s omni-channel strategy to be a leading consumption solutions provider; (ii) the proceeds from the Subscription will not only be applied for synergising the Group’s O2O business with its omni-channel strategies, but also for the enhancement the Group’s retail business segment by the opening of new stores and possible acquisition of high quality assets and/or business for retail operations, and improve the short term liquidity and refinancing ability of the Group; (iii) the fairness and reasonableness of the terms of the Subscription Agreement (including the Subscription Price and the Conversion Price) as discussed under the sections headed “3. Background to and reasons for the Subscription and the use of proceeds” and “6. Evaluation of the Subscription Price and the Conversion Price” above; and (iv) the successful obtaining of the SFC Ruling is uncertain, we consider the granting of the Whitewash Waiver to be fair and reasonable so far as the Independent Shareholders are concerned.

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DISCUSSION AND ANALYSIS

The Subscription

We consider that the terms of the Subscription Agreement, including the Subscription Price and the Conversion Price, are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the above principal factors and reasons, in particular:

- i. as discussed in the section headed “3. Background to and reasons for the Subscription and the use of proceeds” above, the Subscription could be regarded as a mean to introduce the Investor as a strategic investor and business partner of the Company upon Closing to jointly develop O2O business which is in line with the Company’s omni-channel strategies to be a leading consumption solutions provider. The strategic cooperation with the Investor is likely to transform the Group from a brick & mortar retailer into an O2O e-commerce platform company through the Joint Venture;
- ii. not only the Subscription will raise additional capital for the Company’s business and development, it can also align the interests of the Investor with those of the Company and its Shareholders by allowing the Investor to potentially take up substantial equity interests in the Company through the Subscription;
- iii. as discussed in the section headed “6.2 Comparison with recent subscription/placing of new shares exercises” above, the discount of the Subscription Price to the closing price of the Shares is considered in line with the Comparable Share Issues;
- iv. as discussed in the section headed “6.3 Comparison with recent convertible bonds placing/subscription exercises” above, terms of the Convertible Bonds are generally in line with the market whilst the Convertible Bonds also represent a funding source for the Company at less finance cost as compared with the Group’s existing interest-bearing borrowings;
- v. as discussed in the section headed “6.4 Comparison with peer companies” above, the P/E Ratios and P/B Ratios of the Company based on its market capitalisation represented by the Subscription Price and the Conversion Price respectively are both higher than the average P/E Ratios and the average P/B Ratios of the Comparable Companies, which are considered favourable to the Company; and
- vi. as discussed in the section headed “6.5 Reassessed NAV of the Group” above, each of the Subscription Price and the Conversion Price represents a premium over the Reassessed NAV per Share.

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The Whitewash Waiver

As stated in the letter from the Board, the condition precedent relating to either the granting of the Whitewash Waiver and the approval of the Whitewash Waiver by the Independent Shareholders or the obtaining of the SFC Ruling will not be waived by any party to the Subscription Agreement. If the Whitewash Waiver is not granted by the SFC or, if granted by the SFC, not approved by the Independent Shareholders at the EGM, and the SFC Ruling is not obtained on or before the Long Stop Date, the Subscription will not proceed.

Having considered the benefits of the Subscription and partnering with the Investor in developing an O2O business, the fairness and reasonableness of the terms of the Subscription Agreement (including the Subscription Price and the Conversion Price) and the uncertainty on obtaining of the SFC Ruling, we are of the view that the Subscription, which gives rise to the Whitewash Waiver, is crucial to the future development of the Group and therefore the granting of the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we consider that (i) the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the granting of the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Subscription and the Whitewash Waiver at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Lyan Tam
Director

A. FINANCIAL SUMMARY OF THE GROUP

| | For the year ended 31 December | | |
|-------------------------------|--------------------------------|------------------|------------------|
| | 2013 | 2012 | 2011 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| RESULTS | | | |
| Revenue | 4,510,219 | 3,907,230 | 3,117,198 |
| Profit before income tax | 1,571,473 | 1,320,527 | 1,129,033 |
| Income tax expense | <u>(435,107)</u> | <u>(300,075)</u> | <u>(270,865)</u> |
| Profit for the year | <u>1,136,366</u> | <u>1,020,452</u> | <u>858,168</u> |
| Profit attributable to: | | | |
| – Owners of the parent | 1,065,181 | 972,548 | 821,427 |
| – Non-controlling interests | <u>71,185</u> | <u>47,904</u> | <u>36,741</u> |
| | <u>1,136,366</u> | <u>1,020,452</u> | <u>858,168</u> |
| Full year dividends per share | 0.21 | 0.19 | 0.17 |
| Basic earnings per share | 0.53 | 0.49 | 0.43 |
| Diluted earnings per share | 0.53 | 0.48 | 0.42 |

| | For the year ended 31 December | | |
|--|--------------------------------|-------------------------|-------------------------|
| | 2013 | 2012 | 2011 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS | | | |
| Non-current assets | 14,791,511 | 13,217,367 | 12,491,238 |
| Current assets | 7,764,775 | 8,076,632 | 4,749,424 |
| Current liabilities | 9,767,424 | 10,648,148 | 5,781,596 |
| Non-current liabilities | <u>3,785,629</u> | <u>2,470,744</u> | <u>4,190,390</u> |
| Capital and Reserves | | | |
| Issued capital | 154 | 154 | 153 |
| Equity component of convertible bonds | – | 23,607 | 23,607 |
| Reserves | 7,759,433 | 7,058,033 | 6,388,686 |
| Proposed final dividend | <u>220,675</u> | <u>180,274</u> | <u>139,542</u> |
| | 7,980,262 | 7,262,068 | 6,551,988 |
| Non-controlling interests | <u>1,022,971</u> | <u>913,039</u> | <u>716,688</u> |
| Total equity | <u><u>9,003,233</u></u> | <u><u>8,175,107</u></u> | <u><u>7,268,676</u></u> |

B. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

Year ended 31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|-------|--------------------|-----------------|
| Revenue | 5 | 4,510,219 | 3,907,230 |
| Other income and gains | 5 | 720,290 | 557,177 |
| Purchases of goods and changes in inventories | 6 | (1,553,885) | (1,236,879) |
| Staff costs | 6 | (629,774) | (507,175) |
| Depreciation and amortisation | 6 | (452,697) | (382,158) |
| Other expenses | | (1,304,336) | (1,284,572) |
| Share of profits and losses of: | | | |
| Joint ventures | | (48,737) | (3,612) |
| Associates | | 275,438 | 245,417 |
| Finance income | 7 | 239,015 | 202,477 |
| Finance costs | 7 | (184,060) | (177,378) |
| Profit before tax | | 1,571,473 | 1,320,527 |
| Income tax expense | 8 | (435,107) | (300,075) |
| Profit for the year | | 1,136,366 | 1,020,452 |
| Attributable to: | | | |
| Owners of the parent | 11 | 1,065,181 | 972,548 |
| Non-controlling interests | | 71,185 | 47,904 |
| | | 1,136,366 | 1,020,452 |
| Earnings per share attributable to ordinary equity | | | |
| holders of the parent (expressed in RMB per share) | 13 | | |
| Basic | | | |
| – For profit for the year | | 0.53 | 0.49 |
| Diluted | | | |
| – For profit for the year | | 0.53 | 0.48 |

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|-------|------------------|-----------------|
| Profit for the year | | 1,136,366 | 1,020,452 |
| Other comprehensive income | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | – | – |
| Available-for-sale investments: | | | |
| Change in fair value | | – | (1,365) |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss | | | |
| – impairment losses | 5 | – | 1,365 |
| Income tax effect | | – | – |
| | | – | – |
| Share of other comprehensive loss of associates | | – | (3,062) |
| Exchange differences on translation of foreign operations | | 19,691 | 18,900 |
| Other comprehensive income for the year, net of tax | | 19,691 | 15,838 |
| Total comprehensive income for the year | | 1,156,057 | 1,036,290 |
| Attributable to: | | | |
| Owners of the parent | 11 | 1,084,872 | 988,386 |
| Non-controlling interests | | 71,185 | 47,904 |
| | | 1,156,057 | 1,036,290 |

Consolidated Statement of Financial Position

31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 15 | 5,747,773 | 4,276,023 |
| Investment properties | 16 | 2,367,439 | 2,545,476 |
| Prepaid land lease payments | 17 | 2,057,696 | 2,177,497 |
| Properties under development | 18 | – | 239,729 |
| Prepayments, deposits and other receivables | 28 | 330,084 | – |
| Goodwill | 19 | 650,781 | 650,781 |
| Other intangible assets | 20 | 30,049 | 32,213 |
| Prepaid rental | 21 | 64,435 | 60,494 |
| Investment in a joint venture | 23 | 230,401 | 281,463 |
| Interests in associates | 24 | 2,378,314 | 2,351,490 |
| Loans and receivables – third parties | 29 | 35,654 | 100,000 |
| Loans and receivables – related parties | 29 | 696,648 | 314,110 |
| Available-for-sale investments | 25 | – | 24,466 |
| Held-to-maturity investments | | 12,000 | – |
| Deferred tax assets | 26 | 190,237 | 163,625 |
| Total non-current assets | | 14,791,511 | 13,217,367 |
| CURRENT ASSETS | | | |
| Inventories | 27 | 484,193 | 361,277 |
| Properties under development | 18 | 905,067 | 478,229 |
| Prepayments, deposits and other receivables | 28 | 1,115,029 | 823,981 |
| Loans and receivables – third parties | 29 | 100,290 | 237,736 |
| Loans and receivables – related parties | 29 | 294,625 | 579,644 |
| Due from related parties | 46(c) | 1,294,440 | 898,593 |
| Trade receivables | 30 | 44,628 | 51,840 |
| Cash in transit | 31 | 131,336 | 407,455 |
| Pledged deposits | 32 | 67,000 | 175,500 |
| Restricted bank balances | 32 | 195,915 | 28,538 |
| Cash and cash equivalents | 32 | 1,738,513 | 2,117,380 |
| Assets of disposal group classified as held for sale | 14 | 6,371,036 | 6,160,173 |
| | | 1,393,739 | 1,916,459 |
| Total current assets | | 7,764,775 | 8,076,632 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 33 | 1,782,148 | 2,376,210 |
| Other payables and accruals | 34 | 4,717,171 | 3,525,951 |
| Guaranteed bonds due July 2014 | 37 | 998,374 | – |
| Interest-bearing bank and other borrowings | 35 | 1,709,200 | 1,150,551 |
| Due to related parties | 46(e) | 14,183 | 599,830 |
| Tax payable | | 401,660 | 262,379 |
| Convertible bonds | 36 | – | 1,645,123 |
| Liabilities directly associated with the assets classified as held for sale | 14 | 9,622,736 | 9,560,044 |
| | | 144,688 | 1,088,104 |
| Total current liabilities | | 9,767,424 | 10,648,148 |
| NET CURRENT LIABILITIES | | (2,002,649) | (2,571,516) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 12,788,862 | 10,645,851 |

Consolidated Statement of Financial Position

31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|--|-------|------------------|------------------|
| NON-CURRENT LIABILITIES | | | |
| Other payables and accruals | 34 | 288,786 | – |
| Guaranteed bonds due July 2014 | 37 | – | 996,764 |
| Interest-bearing bank and other borrowings | 35 | 3,044,942 | 1,012,000 |
| Deferred tax liabilities | 26 | 402,560 | 409,839 |
| Deferred subsidy income | | 49,341 | 52,141 |
| Total non-current liabilities | | 3,785,629 | 2,470,744 |
| NET ASSETS | | 9,003,233 | 8,175,107 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 38 | 154 | 154 |
| Equity component of convertible bonds | 36 | – | 23,607 |
| Reserves | 39 | 7,759,433 | 7,058,033 |
| Proposed final dividend | 12 | 220,675 | 180,274 |
| | | 7,980,262 | 7,262,068 |
| Non-controlling interests | | 1,022,971 | 913,039 |
| Total equity | | 9,003,233 | 8,175,107 |

Shen Guojun
Chairman

Chen Xiaodong
Executive Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

| Notes | Attributable to owners of the parent | | | | | | | | | | Non-controlling interests RMB'000 | Total equity RMB'000 | | | |
|--|--|---------------------------------------|---------------------------------------|----------------------------|---|--|--|-----------------------------|---|---|--------------------------------------|-------------------------|--|---|------------------|
| | Issued capital RMB'000 (note 38) | Share premium RMB'000 (note 38) | Capital redemption reserve RMB'000 | Capital reserve RMB'000 | Reserve for fair value changes of available-for-sale investments RMB'000 | Discretionary reserve fund RMB'000 (note 39) | Statutory reserves RMB'000 (note 39) | Retained profits RMB'000 | Exchange fluctuation reserve RMB'000 | Equity component of convertible bonds RMB'000 (note 36) | | | Share option reserve RMB'000 (note 40) | Proposed final dividend RMB'000 (note 12) | Total RMB'000 |
| At 1 January 2012 | 153 | 4,243,253 | 4 | 368,661 | 425 | - | 299,073 | 1,482,645 | (61,075) | 23,607 | 55,700 | 139,542 | 6,551,988 | 716,688 | 7,268,676 |
| Profit for the year | - | - | - | - | - | - | 972,548 | - | - | - | - | - | 972,548 | 47,904 | 1,020,452 |
| Other comprehensive income for the year: | | | | | | | | | | | | | | | |
| Change in fair value of available-for-sale investments, net of tax | - | - | - | - | 999 | - | - | - | - | - | - | - | 999 | - | 999 |
| Impairment losses of available-for-sale investments, net of tax | - | - | - | - | (1,365) | - | - | - | - | - | - | - | (1,365) | - | (1,365) |
| Acquisition of non-controlling interests | - | - | - | (2,696) | - | - | - | - | - | - | - | - | (2,696) | - | (2,696) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | 18,900 | - | - | - | - | 18,900 | - | 18,900 |
| Total comprehensive income for the year | - | - | - | (2,696) | (366) | - | 972,548 | 18,900 | - | - | - | - | 988,386 | 47,904 | 1,036,290 |
| Acquisition of subsidiaries | 41 | - | - | - | - | - | - | - | - | - | - | - | - | 26,003 | 26,003 |
| Transfer of share option reserve upon the forfeiture or expiry of share options | - | - | - | - | - | - | 6,550 | - | - | (6,550) | - | - | - | - | - |
| Equity-settled share option arrangements | 40 | - | - | - | - | - | - | - | - | 28,366 | - | - | 28,366 | - | 28,366 |
| Exercise of share options | 40 | 1 | 48,769 | - | - | - | - | - | - | (12,145) | - | (139,542) | 36,625 | - | 36,625 |
| Final 2011 dividend declared | 12 | - | - | - | - | - | - | - | - | - | (139,542) | - | (139,542) | - | (139,542) |
| Dividend on shares issued for employees share options exercised after 31 December 2011 | - | - | - | - | - | - | (405) | - | - | - | - | - | (405) | - | (405) |
| Interim 2012 dividend | 12 | - | - | - | - | - | (199,749) | - | - | - | - | - | (199,749) | - | (199,749) |
| Proposed final 2012 dividend | 12 | - | - | - | - | - | (180,274) | - | - | - | 180,274 | - | - | - | - |
| Contribution by a non-controlling shareholder | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer from retained profits | - | - | - | - | - | 3,284 | 96,467 | (99,751) | - | - | - | - | 136,766 | - | 136,766 |
| Dividend distribution to non-controlling interests of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | (17,923) | (17,923) |
| Distribution to non-controlling interests of a subsidiary | - | - | - | (3,601) | - | - | - | - | - | - | - | - | (3,601) | 3,601 | - |
| At 31 December 2012 | 154 | 4,292,022 | 4 | 362,364 | 59 | 3,284 | 395,540 | 1,981,564 | (42,175) | 23,607 | 65,371 | 180,274 | 7,262,068 | 913,039 | 8,175,107 |

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

| | Attributable to owners of the parent | | | | | | | | | | Total equity RMB'000 | | | | |
|---|--|---------------------------------------|---------------------------------------|----------------------------|---|--|--|-----------------------------|---|---|-------------------------|--|---|------------------|--------------------------------------|
| | Issued capital RMB'000 (note 38) | Share premium RMB'000 (note 38) | Capital redemption reserve RMB'000 | Capital reserve RMB'000 | Reserve for fair value changes of available-for-sale investments RMB'000 | Discretionary reserve fund RMB'000 (note 39) | Statutory reserves RMB'000 (note 39) | Retained profits RMB'000 | Exchange fluctuation reserve RMB'000 | Equity component of convertible bonds RMB'000 (note 36) | | Share option reserve RMB'000 (note 40) | Proposed final dividend RMB'000 (note 12) | Total RMB'000 | Non-controlling interests RMB'000 |
| At 1 January 2013 | 154 | 4,292,022 | 4 | 362,364 | 59 | 3,284 | 395,540 | 1,981,564 | (42,175) | 23,607 | 65,371 | 180,274 | 7,262,068 | 913,039 | 8,175,107 |
| Profit for the year | - | - | - | - | - | - | 1,065,181 | 1,065,181 | - | - | - | - | 1,065,181 | 71,185 | 1,136,366 |
| Other comprehensive income for the year: | | | | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | 19,691 | - | - | - | - | 19,691 | - | 19,691 |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,065,181 | 1,065,181 | 19,691 | - | - | - | 1,084,872 | 71,185 | 1,156,057 |
| Transfer of share option reserve upon the forfeiture or expiry of share options | - | - | - | - | - | - | 1,336 | 1,336 | - | - | (1,336) | - | - | - | - |
| Equity-settled share option arrangements | 40 | - | - | - | - | - | - | - | - | - | 25,784 | - | 25,784 | - | 25,784 |
| Exercise of share options | 40 | 92,736 | - | - | - | - | - | - | - | (21,910) | - | - | 70,827 | - | 70,827 |
| Final 2012 dividend declared | 12 | - | - | - | - | - | - | - | - | - | (180,274) | - | (180,274) | - | (180,274) |
| Repurchase of shares | (1) | (80,298) | 1 | - | - | - | - | - | - | - | - | - | (80,298) | - | (80,298) |
| Dividend on shares issued for employee share options exercised after 31 December 2012 | - | - | - | - | - | - | (2,456) | (2,456) | - | - | - | - | (2,456) | - | (2,456) |
| Interim 2013 dividend | 12 | - | - | - | - | - | - | - | - | - | - | - | (200,261) | - | (200,261) |
| Proposed final 2013 dividend | 12 | - | - | - | - | - | - | - | - | - | 220,675 | - | 220,675 | - | 220,675 |
| Contribution by non-controlling shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | 74,507 | 74,507 |
| Transfer from retained profits | - | - | - | - | - | 3,748 | (112,850) | (112,850) | - | - | - | - | - | - | - |
| Convertible bonds redeemed | - | - | - | 23,607 | - | - | - | - | - | (23,607) | - | - | - | - | - |
| Dividend distribution to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | (35,760) | (35,760) |
| At 31 December 2013 | 154 | 3,883,524* | 5* | 385,971* | 59* | 7,052* | 504,642* | 2,932,775* | (22,484)* | - | 67,908* | 220,675 | 7,980,262 | 1,022,971 | 9,003,233 |

* These reserve accounts comprise the consolidated reserves of RMB7,759,433,000 (2012: RMB7,058,033,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|--------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 1,571,473 | 1,320,527 |
| Adjustments for: | | | |
| Finance costs | 7 | 184,060 | 177,378 |
| Share of losses of a joint venture | | 48,737 | 3,612 |
| Share of profits and losses of associates | | (275,438) | (245,417) |
| Finance income | 7 | (239,015) | (202,477) |
| Loss/(gain) on disposal of items of property, plant and equipment | | 665 | (14,209) |
| Gain on disposal of subsidiaries | | (341,379) | (38,972) |
| Gain on disposal of shares of an associate | | – | (126,938) |
| Gain on bargain purchase | | – | (39,956) |
| Impairment of available-for-sale investments | | – | 1,365 |
| (Gain)/loss on disposal of available-for-sale investments | | (672) | 782 |
| Gain on disposal of held for trading securities | | (11,752) | – |
| Gain on early redemption of convertible bonds | | (111) | – |
| Equity-settled share option expense | 40 | 25,784 | 28,366 |
| Depreciation of property, plant and equipment | | 316,282 | 276,633 |
| Depreciation of investment properties | 16 | 77,149 | 57,885 |
| Amortisation of prepaid land lease payments | 15, 17 | 51,168 | 44,255 |
| Amortisation of other intangible assets | 20 | 4,432 | 3,385 |
| Amortisation of prepaid rental | 21 | 102,534 | 28,114 |
| | | 1,513,917 | 1,274,333 |
| (Increase)/decrease in restricted cash | | (432,553) | 58,283 |
| Decrease/(increase) in pledged deposits | | 108,500 | (175,500) |
| Increase in prepayments, deposits and other receivables | | (52,757) | (189,881) |
| Decrease/(increase) in trade receivables | | 5,111 | (8,189) |
| Decrease/(increase) in cash in transit | | 276,119 | (275,141) |
| Increase in inventories | | (122,916) | (33,090) |
| (Decrease)/increase in trade and bills payables | | (594,062) | 697,777 |
| Increase in advances from customers | | 1,222,791 | 550,787 |
| Increase in amounts due from related parties | | (198,656) | (24,208) |
| Increase/(decrease) in amounts due to related parties | | 2,353 | (5,580) |
| Increase in properties under development | | (252,277) | (468,727) |
| (Decrease)/increase in other payables and accruals | | (66,854) | 64,181 |
| Cash generated from operations | | 1,408,716 | 1,465,045 |
| Interest paid | | (242,215) | (247,203) |
| Income tax paid | | (335,536) | (376,015) |
| Net cash flows from operating activities | | 830,965 | 841,827 |

Consolidated Statement of Cash Flows

Year ended 31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|-------|-----------------|-----------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 170,005 | 197,799 |
| Purchases of items of property, plant and equipment and investment properties | | (2,496,049) | (784,800) |
| Purchases of other intangible assets | 20 | (2,376) | (3,580) |
| Acquisition of subsidiaries, net of cash acquired | | – | (280,139) |
| Payment of consideration for purchasing of equity interests | | – | (33,703) |
| Capital injection to associates | 24 | (29,000) | – |
| Establishment of an associate | 24 | – | (14,500) |
| Acquisition of prepaid land lease payments | 17 | (3,033) | (321,661) |
| Prepayment of prepaid land lease payments | | (55,600) | – |
| Disposal of subsidiaries | 41 | 116,595 | (26,473) |
| Prepayment of acquisition of a subsidiary | | (153,160) | – |
| Purchases of held-to-maturity investments | | (12,000) | – |
| Proceeds from disposal of available-for-sale investments | | 25,138 | 15,111 |
| Proceeds from disposal of held for trading securities | | 11,752 | – |
| Advance from disposal of subsidiaries | | 200,492 | 102,000 |
| Loans to related parties | | (130,000) | (262,390) |
| Proceeds from disposal of items of property, plant and equipment | | 571 | 18,161 |
| Proceeds from sale of intangible assets | | 108 | – |
| Proceeds from disposal of shares of an associate, net off tax | | – | 196,298 |
| Advances to third parties | | (230,632) | (155,974) |
| Repayment of advances from third parties | | 60,654 | 21,002 |
| Loans and receivables made to third parties | | (35,654) | (486,198) |
| Advances to related parties | | (173,112) | (218,498) |
| Repayment of loans and receivables from third parties | | 237,000 | 498,529 |
| Repayment of loans and receivables from related parties | | 50,000 | 306,700 |
| Repayment of advances from related parties | | 27,477 | 51,620 |
| Dividend received from an associate | | 150,000 | 300,000 |
| Advances received from third parties | | 125,980 | 257,705 |
| Receipt of government grants | | 60,750 | 50,000 |
| Repayment from advance to subsidiaries disposed of | | 155,117 | – |
| Repayment from non-controlling shareholders | | 80,173 | – |
| Net cash flows used in investing activities | | (1,848,804) | (572,991) |

Consolidated Statement of Cash Flows

Year ended 31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|--|-------|------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from exercise of share options | | 70,827 | 36,625 |
| Capital contribution from non-controlling shareholders | | 74,507 | 13,000 |
| Proceeds from interest-bearing bank and other borrowings | | 5,036,572 | 2,329,496 |
| Repayments of interest-bearing bank and other borrowings | | (2,444,981) | (1,832,534) |
| Dividends paid | | (382,991) | (339,696) |
| Dividends paid to non-controlling shareholders | | (35,760) | (17,923) |
| Repurchase of shares | | (80,298) | – |
| Redemption of convertible bonds | 36 | (1,657,325) | – |
| Net cash flows from financing activities | | 580,551 | 188,968 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (437,288) | 457,804 |
| Cash and cash equivalents at beginning of year | | 2,243,986 | 1,783,839 |
| Effect of foreign exchange rate changes, net | | 7,742 | 2,343 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,814,440 | 2,243,986 |
| Analysis of balances of cash and cash equivalents | | | |
| Cash and bank balances | | 1,738,513 | 2,093,522 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 32 | – | 23,858 |
| Cash and cash equivalents as stated in the statement of financial position | 32 | 1,738,513 | 2,117,380 |
| Cash and short term deposits attributable to the disposal group held for sale | 14 | 75,927 | 126,606 |
| Cash and cash equivalents as stated in the statement of cash flows | | 1,814,440 | 2,243,986 |

Statement of Financial Position

31 December 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|--|-------|------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Prepayments, deposits and other receivables | 28 | 90,000 | – |
| Other intangible assets | | 441 | – |
| Investments in subsidiaries | 22 | 1,493,886 | 1,185,958 |
| Due from subsidiaries | 22 | 6,990,784 | 6,542,107 |
| Total non-current assets | | 8,575,111 | 7,728,065 |
| CURRENT ASSETS | | | |
| Prepayments, deposits and other receivables | 28 | 1,024 | 1,056 |
| Due from subsidiaries | 22 | – | 524,000 |
| Cash and cash equivalents | 32 | 48,066 | 6,105 |
| Total current assets | | 49,090 | 531,161 |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | 34 | 26,549 | 21,512 |
| Guaranteed bonds due July 2014 | 37 | 998,374 | – |
| Convertible bonds | 36 | – | 1,645,123 |
| Total current liabilities | | 1,024,923 | 1,666,635 |
| NET CURRENT LIABILITIES | | (975,833) | (1,135,474) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7,599,278 | 6,592,591 |
| NON-CURRENT LIABILITIES | | | |
| Other payables and accruals | 34 | 288,786 | – |
| Interest-bearing bank and other borrowings | 35 | 2,174,942 | – |
| Guaranteed bonds due July 2014 | 37 | – | 996,764 |
| Due to subsidiaries | 22 | 117,699 | 88,023 |
| Total non-current liabilities | | 2,581,427 | 1,084,787 |
| NET ASSETS | | 5,017,851 | 5,507,804 |
| EQUITY | | | |
| Issued capital | 38 | 154 | 154 |
| Equity component of convertible bonds | 36 | – | 23,607 |
| Reserves | 39 | 4,797,022 | 5,303,769 |
| Proposed final dividend | 12 | 220,675 | 180,274 |
| Total equity | | 5,017,851 | 5,507,804 |

Shen Guojun
Chairman

Chen Xiaodong
Executive Director

Notes to Financial Statements

31 December 2013

1. CORPORATE INFORMATION

Intime Retail (Group) Company Limited (formerly known as Intime Department Store (Group) Company Limited, the “Company”) was incorporated in the Cayman Islands on 8 November 2006 as an exempted company with limited liability under the Cayman Islands Companies Law. The address of the Company’s registered office is M&C Corporate Services Limited, P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (together the “Group”) are principally engaged in the operation and management of department stores and shopping malls in Mainland China.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007.

In the opinion of the directors, the ultimate holding company of the Company is Fortune Achieve Group Ltd., a company incorporated in West Samoa. The intermediate holding company of the Company is Intime International Holdings Limited (“Intime International”), a company incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise stated.

As at 31 December 2013, the Group had net current liabilities of approximately RMB2,002,649,000 (2012: RMB2,571,516,000). The directors believe that the Group has sufficient cash flows from the operations and currently available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

Notes to Financial Statements

31 December 2013

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

31 December 2013

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

| | |
|--|---|
| HKFRS 1 Amendments | Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> |
| HKFRS 7 Amendments | Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> |
| HKFRS 10 | <i>Consolidated Financial Statements</i> |
| HKFRS 11 | <i>Joint Arrangements</i> |
| HKFRS 12 | <i>Disclosure of Interests in Other Entities</i> |
| HKFRS 10, HKFRS 11 and HKFRS 12 Amendments | Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i> |
| HKFRS 13 | <i>Fair Value Measurement</i> |
| HKAS 1 Amendments | Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> |
| HKAS 19 (2011) | <i>Employee Benefits</i> |
| HKAS 27 (2011) | <i>Separate Financial Statements</i> |
| HKAS 28 (2011) | <i>Investments in Associates and Joint Ventures</i> |
| HKAS 36 Amendments | Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted) |
| HK(IFRIC)-Int 20 <i>Annual Improvements</i> <i>2009-2011 Cycle</i> | <i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012 |

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

Notes to Financial Statements

31 December 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|--|---|
| HKFRS 9 | <i>Financial Instruments</i> ⁴ |
| HKFRS 9, HKFRS 7 and HKAS 39 Amendments | <i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ⁴ |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments | Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹ |
| HKFRS 14 | <i>Regulatory Deferral Accounts</i> ³ |
| HKAS 19 Amendments | Amendments to HKAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ² |
| HKAS 32 Amendments | Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹ |
| HKAS 39 Amendments | Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹ |
| HK(IFRIC)-Int 21 <i>Annual Improvements 2010-2012 Cycle</i> | <i>Levies</i> ¹ Amendments to a number of HKFRSs issued in January 2014 ² |
| <i>Annual Improvements 2011-2013 Cycle</i> | Amendments to a number of HKFRSs issued in January 2014 ² |

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

Notes to Financial Statements

31 December 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the “Additions”) and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option (“FVO”). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (“OCI”). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 30 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Notes to Financial Statements

31 December 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The results of subsidiaries are included in the Company’s statement of profit or loss to the extent of dividends received and receivable. The Company’s investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties, goodwill and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognised such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|-----------------------------------|-----------------|
| Land and buildings | 2.375% to 4.75% |
| Decorations | 20% to 33.33% |
| Machinery | 9.5% to 19% |
| Vehicles | 7.92% to 19% |
| Furniture, fittings and equipment | 19% to 31.67% |
| Leasehold improvements | 20% to 33.33% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 to 40 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement on disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, the carrying amount of this item at the date of transfer is recognised as the cost of an investment property for accounting purposes. Property being constructed or developed for future as an investment property is classified as an investment property.

Properties under development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Properties under development (continued)

Properties under development which are intended to be held for sale and expected to be completed within 12 months from the end of the reporting period are classified as current assets.

Properties under development which are intended to be held for sale and expected to be completed beyond 12 months from the end of the reporting period are classified as non-current assets.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss or capitalised as part of the cost of construction in progress, investment properties and properties under development on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Leases agreement buyout

The lease agreement buyout represents the Group's payments to an old tenant to buy out its lease agreement. The lease agreement buyout is stated at cost less any impairment losses and is amortised on the straight-line basis over the lease terms of 20 years.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, when the cumulative gain or loss reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends whilst holding the available-for-sale financial investments earned are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bills payables, other payables, amounts due to related parties and interest-bearing loans and borrowings and guaranteed bonds due July 2014.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the bond is redeemed, any difference between the fair values and the carrying amounts of the liability component and the derivative is recognised immediately in profit or loss. The difference between the total redemption payment and the fair value of the liability component and the derivative is considered as payment to redeem the equity component of the convertible bonds. This deemed redemption payment in relation to the equity component of the convertible bonds is dealt with directly in equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Inventories

Inventories comprise merchandises purchased for resale and are stated at the lower of cost and net realisable value. Cost of merchandise is determined using the first-in, first-out method. The cost of merchandise comprises purchase cost of goods and other direct costs. Net realisable value is based on the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue

The Group operates a loyalty point programme, which allows customers to accumulate points when they purchase products in the Group's department stores. The points can then be redeemed for gifts and coupons, subject to a minimum number of points being obtained. The coupons are cash-equivalent when customers use them to purchase products of the Group.

Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying statistical analyses. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (continued)

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is measured at the fair value of the consideration received net of value-added tax, estimated returns, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) *Sale of goods – retail*

Sales of goods are recognised when a group entity sells a product to the customers. Retail sales are usually in cash or by debit card or credit card.

(b) *Commission revenue*

Commission revenue from concessionaire sales is recognised upon the sale of goods by the relevant stores.

Customer loyalty award credits granted in sales of goods and concessionaire sales are accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

(c) *Operating lease rental income and display space leasing income*

These incomes are recognised on a time proportion basis over the terms of the respective leases.

(d) *Other service incomes*

Other service incomes including the administration fee and credit card handling fee are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(e) *Management fee income*

Management fee income from the operation of department stores is recognised when management services are rendered.

(f) *Promotion income*

Promotion income is recognised according to the underlying contract terms with concessionaires and as the service is provided in accordance herewith.

(g) *Sales of property income*

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to the purchasers;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the purchasers, and the collectibility of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

(h) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(i) Dividend income

Dividend income is recognised when the right to receive payment has been established.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 40 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension obligations

The group companies operating in Mainland China participate in defined contribution retirement benefit plans organised by the relevant government authorities for its employees in Mainland China and contribute to these plans based on a certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions to these plans are recognised as employee benefit expenses when incurred.

Housing benefits

Employees of the group companies operating in Mainland China participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 6% and 7% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of the Company and certain subsidiaries is the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these companies are translated into the presentation currency of the Group (RMB) at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Notes to Financial Statements

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Associate

The Group's management determines the classification of the Group's equity investments according to its ability to exercise control or influence on the investee companies. The respective accounting treatments under the Group's accounting policies are set out in note 2.4 above.

Certain equity investments in which the Group holds less than 20% of their voting power and over which the Group is able to exercise significant influence is classified by management as an investment in associates. When determining whether the Group has significant influence over these companies, management takes into consideration whether:

- (a) the Group has representatives on the board of directors or an equivalent governing body of these companies;
- (b) the Group can participate in the policy making processes of these companies, including participation in decision making such as dividends or other distributions;
- (c) there are any material transactions between the Group and these companies;
- (d) there are any interchange of managerial personnel between the Group and these companies;
- (e) the Group provides any essential technical information to these companies; or
- (f) there are any substantial or majority ownership by other investors which can significantly impair the Group's ability to exercise its influence over these companies.

Management reassesses the classification of each equity investment based on the above criteria at each reporting date or when there are events or changes in circumstances which affect the Group's ability to exercise control or influence over the investee companies.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Notes to Financial Statements

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 was RMB650,781,000 (2012: RMB650,781,000). More details are given in note 19.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses in Mainland China at 31 December 2013 was RMB72,726,000 (2012: RMB56,017,000). The amount of unrecognised tax losses at 31 December 2013 was RMB634,959,000 (2012: RMB399,793,000). Further details are contained in note 26 to the financial statements.

Notes to Financial Statements

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at each reporting date.

Impairment of other receivables, loans and receivables and amounts due from related parties

The Group's management estimates the provision for impairment of other receivables, loans and receivables and amounts due from related parties by assessing their recoverability based on credit history and the prevailing market conditions. This requires the use of estimates and judgements. Management reassesses the provision at each reporting date.

Provisions are applied to other receivables and amounts due from related parties where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimates, the difference will affect the carrying values of other receivables and amounts due from related parties and thus the impairment charge in the period in which the estimates are changed.

PRC land appreciation tax ("LAT")

LAT in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

Notes to Financial Statements

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

PRC land appreciation tax ("LAT") (continued)

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the statement of profit or loss and the provision for land appreciation taxes in the period in which such determination is made.

Deferred revenue

The amount of revenue attributable to the award credits earned by the customers of the Group's VIP programme is estimated based on the fair value of the credits awarded and the expected redemption rate. The expected redemption rate was estimated considering the number of the credits that will be available for redemption in the future after allowing for credits which are not expected to be redeemed.

Income taxes

The Group is primarily subject to income taxes in Mainland China. There are certain transactions and calculations for which the ultimate tax determination is uncertain. Where the final outcome of tax assessment is different from the carrying amounts of tax provision, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

4. SEGMENT INFORMATION

For management purposes, the Group has a single operating and reportable segment – the operation and management of department stores and shopping malls in Mainland China. All the Group's operations are carried out in Mainland China. All revenues from external customers are generated from business relating to the operation and management of department stores and shopping malls and no revenue from operations amounting to 10 percent or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2013 and 2012. All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in Mainland China.

Notes to Financial Statements

31 December 2013

5. REVENUE, OTHER INCOME AND GAINS

| | 2013 | 2012 |
|---|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Sale of goods – direct sales | 1,808,984 | 1,467,311 |
| Commissions from concessionaire sales | 2,322,547 | 2,120,386 |
| Rental income | 350,140 | 288,859 |
| Rental income from investment properties | 236,424 | 146,664 |
| Sublease rental income | 88,794 | 117,239 |
| Contingent rental income | 24,922 | 24,956 |
| Management fee income from operation of department stores | 28,548 | 30,674 |
| | 4,510,219 | 3,907,230 |

The commissions from concessionaire sales are analysed as follows:

| | 2013 | 2012 |
|---|-------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Gross revenue from concessionaire sales | 13,504,441 | 12,152,227 |
| Commissions from concessionaire sales | 2,322,547 | 2,120,386 |

The direct sales and gross revenue from concessionaire sales are mainly settled by cash, debit card or credit card. The Group has no fixed credit policy.

Notes to Financial Statements

31 December 2013

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

| | 2013 | 2012 |
|---|-----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Other income | | |
| Advertisement, promotion and administration income | 317,500 | 266,722 |
| Supplementary income | 37,415 | 43,280 |
| Subsidy income | 57,657 | 18,780 |
| Others | 33,729 | 24,265 |
| | 446,301 | 353,047 |
| Gains/(losses) | | |
| (Loss)/gain on disposal of items of property, plant and equipment | (665) | 14,209 |
| Gain on disposal of subsidiaries (note 41) | 341,379 | 38,972 |
| Gain on disposal of shares of an associate | – | 126,938 |
| Gain on disposal of available-for-sale investments | 672 | – |
| Gain on bargain purchase | – | 39,956 |
| Impairment of available-for-sale investments | – | (1,365) |
| Gain on disposal of trading securities | 11,752 | – |
| Others | (79,149) | (14,580) |
| | 273,989 | 204,130 |
| | 720,290 | 557,177 |

Notes to Financial Statements

31 December 2013

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Purchases of goods and changes in inventories | 1,553,885 | 1,236,879 |
| Depreciation and amortisation | 452,697 | 382,158 |
| Staff costs (including directors' and chief executive's remuneration (note 9)): | 629,774 | 507,175 |
| Wages, salaries and bonuses | 470,353 | 377,369 |
| Pension costs – defined contribution schemes (note (a)) | 81,798 | 65,658 |
| Welfare, medical and other benefits | 51,839 | 35,782 |
| Equity-settled share option expense (note 40) | 25,784 | 28,366 |
| Utility expenses | 248,163 | 204,602 |
| Store rental expenses | 400,442 | 456,282 |
| Credit card charges | 91,176 | 92,740 |
| Advertising expenses | 238,743 | 174,120 |
| Auditors' remuneration | 3,200 | 3,200 |
| Professional service charges | 14,789 | 13,447 |
| Other tax expenses | 74,357 | 108,540 |
| Direct operating expenses (including repairs and maintenance, but excluding depreciation and amortisation) arising on rental-earning investment properties | 90,633 | 55,061 |
| Rental income on investment properties less direct operating expenses of RMB90,633,000 (2012: RMB55,061,000) | (145,791) | (91,603) |

Note:

- (a) Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds to the retirement schemes to fund the retirement benefits of the employees which are calculated on a certain percentage of the average employee salary as agreed by the local municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Notes to Financial Statements

31 December 2013

7. FINANCE INCOME/FINANCE COSTS

An analysis of finance income and finance costs is as follows:

Finance income

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest income from bank deposits | 16,979 | 9,202 |
| Interest income from loans and receivables | 114,838 | 153,206 |
| Interest income from a joint venture | 14,973 | 9,791 |
| Interest income from associates | 18,286 | 15,270 |
| Other interest income | 73,939 | 15,008 |
| | 239,015 | 202,477 |

Finance costs

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest expenses on bank loans wholly repayable within five years | 177,857 | 119,974 |
| Interest on convertible bonds | 65,692 | 80,969 |
| Interest on guaranteed bonds due July 2014 | 49,783 | 49,794 |
| Less: Interest capitalised | (109,272) | (73,359) |
| | 184,060 | 177,378 |

Notes to Financial Statements

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8. INCOME TAX

| | 2013 | 2012 |
|-------------------------------------|-----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Group: | | |
| Current income tax – Mainland China | 461,220 | 359,368 |
| Deferred taxation (note 26) | (26,113) | (59,293) |
| | 435,107 | 300,075 |

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

The subsidiaries incorporated in the British Virgin Islands (the “BVI”) are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries incorporated in Singapore are subject to Singapore Income tax at the rate of 17% (2012: 17%).

All the subsidiaries established in Mainland China are subject to corporate income tax (“CIT”) at the rate of 25% for the year 2013 (2012: 25%).

Notes to Financial Statements

31 December 2013

8. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

Group:

| | 2013 | 2012 |
|---|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit before tax | 1,571,473 | 1,320,527 |
| Tax at the statutory tax rate of 25% (2012: 25%) | 392,868 | 330,132 |
| Lower tax rates for specific provinces or enacted by local authorities | (1,451) | (1,580) |
| Tax losses utilised from previous periods | – | (17,743) |
| Profits and losses attributable to associates and a joint venture | (56,675) | (60,451) |
| Effect of withholding tax at 10% on the distributable profits of an associate | 18,049 | 18,338 |
| Income not subject to tax | (5,751) | (10,146) |
| Adjustments in respect of current tax of previous periods | (340) | (18,541) |
| Tax losses not recognised | 82,932 | 34,651 |
| Expenses not deductible for tax | 5,475 | 25,415 |
| Tax charge at the Group's effective rate | 435,107 | 300,075 |

The share of tax attributable to associates and a joint venture amounting to RMB75,567,000 (2012: RMB80,601,000) is included in "Share of profits and losses of joint ventures and associates" on the face of the consolidated statement of profit or loss.

Notes to Financial Statements

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

| | Group | |
|---|------------------------|------------------------|
| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
| Fees | 471 | 486 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | 5,979 | 5,986 |
| Equity-settled share option expense | 4,005 | 4,664 |
| | 9,984 | 10,650 |
| | 10,455 | 11,136 |

During the years, certain directors were granted share options in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 40 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|-----------------|------------------------|------------------------|
| Mr. SHI Chungui | 157 | 162 |
| Mr. YU Ning | 157 | 162 |
| Mr. CHOW Joseph | 157 | 162 |
| | 471 | 486 |

There were no other emoluments payable to the independent non-executive directors during the year (2012: nil).

Notes to Financial Statements

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

| | Salaries, allowances and benefits in kind <i>RMB'000</i> | Equity-settled share option expense <i>RMB'000</i> | Total remuneration <i>RMB'000</i> |
|---|---|---|---|
| 2013 | | | |
| Executive director: | | | |
| Mr. SHEN Guojun | 2,440 | – | 2,440 |
| Executive director and chief executive: | | | |
| Mr. CHEN Xiaodong | 2,639 | 4,005 | 6,644 |
| Non-executive directors: | | | |
| Mr. LIU Dong | 393 | – | 393 |
| Mr. XIN Xiangdong | 393 | – | 393 |
| Mr. WONG Luen Cheung Andrew | 114 | – | 114 |
| | 900 | – | 900 |
| | 5,979 | 4,005 | 9,984 |
| 2012 | | | |
| Executive director: | | | |
| Mr. SHEN Guojun | 2,505 | – | 2,505 |
| Executive director and chief executive: | | | |
| Mr. CHEN Xiaodong | 2,671 | 4,664 | 7,335 |
| Non-executive directors: | | | |
| Mr. LIU Dong | 405 | – | 405 |
| Mr. XIN Xiangdong | 405 | – | 405 |
| Mr. LEE KaKit | – | – | – |
| | 810 | – | 810 |
| | 5,986 | 4,664 | 10,650 |

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2012: one director and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2012: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | Group | |
|---|----------------|----------------|
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Salaries, allowances and benefits in kind | 4,809 | 2,227 |
| Discretionary bonuses | 1,200 | 3,049 |
| Contributions to retirement benefit plans | 290 | 251 |
| Equity-settled share option expense | 2,665 | 6,155 |
| | 8,964 | 11,682 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | Number of employees | |
|---------------------------------|---------------------|------|
| | 2013 | 2012 |
| HK\$1,500,001 to HK\$ 2,000,000 | 1 | – |
| HK\$3,000,001 to HK\$ 3,500,000 | 1 | 2 |
| HK\$3,500,001 to HK\$ 4,000,000 | 1 | 1 |
| HK\$4,000,001 to HK\$ 4,500,000 | – | 1 |
| | 3 | 4 |

During the year, share options were granted to the above non-director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 40 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

Notes to Financial Statements

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11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of RMB215,515,000 (2012 profit: RMB355,090,000) which has been dealt with in the financial statements of the Company (note 39).

12. DIVIDENDS

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interim – RMB0.10 (2012: RMB0.10) per ordinary share | 200,261 | 199,749 |
| Proposed final – RMB0.11 (2012: RMB0.09) per ordinary share | 220,675 | 180,274 |
| | 420,936 | 380,023 |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

All dividends declared for the year ended 31 December 2012 totalling RMB380,023,000 and an interim dividend of RMB200,261,000 had been paid prior to 31 December 2013.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,007,448,832 (2012: 1,992,119,977) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to Financial Statements

31 December 2013

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

| | 2013 | 2012 |
|---|-------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 1,065,181 | 972,548 |
| Interest on convertible bonds | – | 80,969 |
| Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation | 1,065,181 | 1,053,517 |
| | Number of shares | |
| | 2013 | 2012 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | 2,007,448,832 | 1,992,119,977 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Share options | 7,320,876 | 14,489,757 |
| Convertible bonds | – | 151,996,868 |
| Weighted average number of ordinary shares used in the diluted earnings per share calculation | 2,014,769,708 | 2,158,606,602 |

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31 December 2013

14. DISPOSAL GROUP HELD FOR SALE

On 9 January 2013, the Company entered into three equity transfer agreements with Xintai Investment Co., Ltd. (“Xintai Investment”), to dispose of each of their 70% equity interests in Wenling Taiyue Real Estate Development Limited (“Wenling Taiyue”), Wenling Intime Properties Limited (“Wenling Intime Properties”) and Wenling Intime Hotel Development Limited (“Wenling Intime Hotel”), subsidiaries of the Company, for a total consideration of RMB405,574,900. As at 31 December 2013, the transactions were in progress and Wenling Taiyue, Wenling Intime Properties and Wenling Intime Hotel were classified as a disposal group held for sale.

On 1 November 2013, Intime Department Store Company Limited (“Shanghai Intime”) and Jiaxing Intime Investment and Management Company Limited (“Jiaxing Intime”) entered into equity transfer agreements with Jiaxing Construction Investment Company Limited (“Jiaxing Construction”), to dispose of 30% and 30% of their respective equity interests in Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited (“Jiaxing Intime Xintiandi”), a subsidiary of the Company, for a total consideration of RMB362,488,800 for the 60% equity interest in aggregate. As at 31 December 2013, the transaction was in progress and Jiaxing Intime Xintiandi was classified as a disposal group held for sale.

The results of Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaxing Intime Xintiandi for the year (The 2012 results also included: Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzhuhua Intime Management Co., Ltd., which have been disposed of in 2013) are presented below:

| | 2013 | 2012 |
|---|-----------------|---------|
| | RMB'000 | RMB'000 |
| Revenue | 29,476 | – |
| Other gain | – | 1,174 |
| Total expenses | (30,907) | (5,865) |
| Loss before tax | (1,431) | (4,691) |
| Income tax expense | (1,751) | (677) |
| Loss for the year from the disposal group held for sale | (3,182) | (5,368) |

Notes to Financial Statements

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14. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaxing Intime Xintiandi (The major classes of assets and liabilities as at 31 December 2012 also included Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzihua Intime Management Co., Ltd., which have been disposed of in 2013) classified as held for sale as at 31 December are as follows:

| | Notes | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|--|-------|------------------------|------------------------|
| Assets | | | |
| Property, plant and equipment | | 33,554 | 53,447 |
| Prepaid land lease payments | | 90,157 | 309,790 |
| Properties under development | | 520,255 | 1,171,224 |
| Trade receivables | | 2,101 | – |
| Deposits, prepayments and other receivables | | 38,237 | 249,721 |
| Investment properties | | 368,332 | – |
| Deferred tax assets | 26 | – | 5,671 |
| Restricted bank balances | | 265,176 | – |
| Cash and cash equivalents | | 75,927 | 126,606 |
| Assets classified as held for sale | | 1,393,739 | 1,916,459 |
| Liabilities | | | |
| Other payables and accruals | | 144,851 | 1,069,082 |
| Tax payable | | (163) | (961) |
| Deferred tax liabilities | 26 | – | 19,983 |
| Liabilities directly associated with the assets classified as held for sale | | 144,688 | 1,088,104 |
| Net assets directly associated with the disposal group | | 1,249,051 | 828,355 |

Amounts due from and due to the disposal group held for sale amounting to RMB312,509,962 (2012: RMB582,511,489) and RMB5,774,105 (2012: RMB72,500,000), respectively were eliminated as at 31 December 2013 and not included in liabilities directly associated with the assets classified as held for sale and assets classified as held for sale.

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14. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The net cash flows incurred by Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaying Intime Xintiandi for the years (The 2012 net cash flows also included: Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzhihua Intime Management Co., Ltd., which have been disposed of in 2013) are as follows:

| | 2013 | 2012 |
|--|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Operating activities | 2,874 | (24,358) |
| Investing activities | (72,860) | (3,805) |
| Financing activities | 320,305 | 142,546 |
| Net cash inflow | 250,319 | 114,383 |
| Non-recurring fair value measurements: | | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Assets held for sale | 1,579,824 | 1,159,454 |

Notes to Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT

Group

| | Land and buildings | Decorations | Machinery | Vehicles | Furniture, fittings and equipment | Leasehold improvements | Construction in progress | Total |
|---|-----------------------|-------------|-----------|----------|---|---------------------------|-----------------------------|-------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 31 December 2012 | | | | | | | | |
| At 31 December 2011 and at 1 January 2012: | | | | | | | | |
| Cost | 1,961,082 | 368,165 | 170,632 | 29,087 | 82,801 | 596,933 | 626,822 | 3,835,522 |
| Accumulated depreciation | (247,717) | (109,019) | (76,858) | (12,665) | (33,911) | (281,380) | – | (761,550) |
| Net carrying amount | 1,713,365 | 259,146 | 93,774 | 16,422 | 48,890 | 315,553 | 626,822 | 3,073,972 |
| At 1 January 2012, net of accumulated depreciation | | | | | | | | |
| | 1,713,365 | 259,146 | 93,774 | 16,422 | 48,890 | 315,553 | 626,822 | 3,073,972 |
| Additions | 545,146 | 22,343 | 35,567 | 9,992 | 21,775 | 95,997 | 833,847 | 1,564,667 |
| Transfer | 252,616 | 26,405 | 21,530 | – | 1,712 | 11,317 | (313,580) | – |
| Acquisition of subsidiaries | 98,890 | 19,199 | 12,340 | 1,163 | 117 | – | – | 131,709 |
| Depreciation provided during the year | (68,107) | (71,006) | (18,841) | (5,533) | (17,051) | (95,825) | – | (276,363) |
| Transfer to assets held for sale | – | – | – | – | (34) | – | (3,511) | (3,545) |
| Transfer to investment properties (note 16) | (168,110) | (12,143) | (12,540) | – | – | – | (16,926) | (209,719) |
| Disposals | (962) | – | (112) | (142) | (288) | (2,448) | – | (3,952) |
| Disposal of a subsidiary | – | – | – | (308) | (438) | – | – | (746) |
| At 31 December 2012, net of accumulated depreciation | 2,372,838 | 243,944 | 131,718 | 21,594 | 54,683 | 324,594 | 1,126,652 | 4,276,023 |
| At 31 December 2012: | | | | | | | | |
| Cost | 2,684,109 | 407,483 | 224,478 | 40,378 | 103,136 | 700,505 | 1,126,652 | 5,286,741 |
| Accumulated depreciation | (311,271) | (163,539) | (92,760) | (18,784) | (48,453) | (375,911) | – | (1,010,718) |
| Net carrying amount | 2,372,838 | 243,944 | 131,718 | 21,594 | 54,683 | 324,594 | 1,126,652 | 4,276,023 |

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31 December 2013

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

| | Land and buildings RMB'000 | Decorations RMB'000 | Machinery RMB'000 | Vehicles RMB'000 | Furniture, fittings and equipment RMB'000 | Leasehold improvements RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|----------------------------------|------------------------|----------------------|---------------------|--|--------------------------------------|--|------------------|
| 31 December 2013 | | | | | | | | |
| At 31 December 2012 and at 1 January 2013: | | | | | | | | |
| Cost | 2,684,109 | 407,483 | 224,478 | 40,378 | 103,136 | 700,505 | 1,126,652 | 5,286,741 |
| Accumulated depreciation | (311,271) | (163,539) | (92,760) | (18,784) | (48,453) | (375,911) | - | (1,010,718) |
| Net carrying amount | 2,372,838 | 243,944 | 131,718 | 21,594 | 54,683 | 324,594 | 1,126,652 | 4,276,023 |
| At 1 January 2013, net of accumulated depreciation | | | | | | | | |
| | 2,372,838 | 243,944 | 131,718 | 21,594 | 54,683 | 324,594 | 1,126,652 | 4,276,023 |
| Additions | 150,125 | 58,694 | 1,073 | 9,066 | 38,895 | 192,106 | 1,422,169 | 1,872,128 |
| Transfer | 623,788 | 6,475 | 328 | - | 1,340 | 111,563 | (743,494) | - |
| Depreciation provided | | | | | | | | |
| during the year | (106,918) | (54,990) | (19,392) | (7,282) | (21,599) | (106,086) | - | (316,267) |
| Transfer to assets held for sale | - | - | - | (39) | (172) | - | - | (211) |
| Transfer from/(to) investment properties (note 16) | 73,601 | (5,204) | 6,931 | - | - | - | (159,115) | (83,787) |
| Transfer from properties under development (note 18) | 1,123 | - | - | - | - | - | - | 1,123 |
| Disposals | - | - | (6) | (746) | (384) | (100) | - | (1,236) |
| At 31 December 2013, net of accumulated depreciation | | | | | | | | |
| | 3,114,557 | 248,919 | 120,652 | 22,593 | 72,763 | 522,077 | 1,646,212 | 5,747,773 |
| At 31 December 2013: | | | | | | | | |
| Cost | 3,541,934 | 502,021 | 233,800 | 46,768 | 139,655 | 969,092 | 1,646,212 | 7,079,482 |
| Accumulated depreciation | (427,377) | (253,102) | (113,148) | (24,175) | (66,892) | (447,015) | - | (1,331,709) |
| Net carrying amount | 3,114,557 | 248,919 | 120,652 | 22,593 | 72,763 | 522,077 | 1,646,212 | 5,747,773 |

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amortisation of land lease payments of approximately RMB15,575,000 (2012: RMB18,935,000) during the construction period capitalised as part of the construction cost incurred in Haining City, Linhai City and Wenling City in Zhejiang Province and Liuzhou City in Guangxi Province was included in the above additions of construction in progress.

The Group pledged certain of its buildings to secure the Group's banking facilities (note 35(b)). The net carrying amount of these pledged buildings as at 31 December 2013 was approximately RMB1,718,008,000 (2012: RMB528,300,000).

The application for the ownership certificates of certain buildings located in Xiantao City of Hubei Province and Xi'an City of Shaanxi Province, the PRC, with a carrying amount of RMB168,020,000 as at 31 December 2013 (2012: RMB1,434,647,000) is in progress.

The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2013.

16. INVESTMENT PROPERTIES

Group

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Carrying amount at 1 January | 2,545,476 | 1,726,188 |
| Additions | 153,106 | 131,913 |
| Acquisition of a subsidiary | – | 477,921 |
| Depreciation for the year | (77,149) | (57,885) |
| Transfer from property, plant and equipment (note 15) | 83,787 | 209,719 |
| Transfer from prepaid land lease payments (note 17) | 30,551 | 57,620 |
| Transfer to assets held for sale | (368,332) | – |
| Carrying amount at 31 December | 2,367,439 | 2,545,476 |
| Fair value | 4,822,615 | 3,395,670 |

Notes to Financial Statements

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16. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties principally comprise buildings held for long term rental yields, which are located in Hangzhou City and Jinhua City of Zhejiang Province, Shenyang City of Liaoning Province, Hefei City of Anhui Province, Xi'an City of Shaanxi Province, and Suizhou City of Hubei Province, the PRC, and are held under the following lease terms:

| | <i>RMB'000</i> |
|--------------------|------------------|
| Medium term leases | 1,075,799 |
| Short term leases | 1,291,640 |
| | <u>2,367,439</u> |

The above fair value of investment properties as at each reporting date for disclosure purpose is estimated by the Company's directors based on the discounted cash flow of estimated future rental income.

The Group pledged certain of its investment properties to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged investment properties as at 31 December 2013 was approximately RMB647,272,000 (2012: RMB634,198,000).

The application for the ownership certificates of certain buildings located in Xi'an City of Shaanxi Province, the PRC, with a carrying amount of RMB323,381,000 as at 31 December 2013 (2012: RMB855,080,000) is in progress.

The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned investment properties. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2013.

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17. PREPAID LAND LEASE PAYMENTS

Group

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Carrying amount at 1 January | 2,177,497 | 2,954,790 |
| Additions | 3,033 | 321,661 |
| Acquisition of a subsidiary | – | 95,524 |
| Transfer to assets held for sale | – | (269,162) |
| Transfer to investment properties (note 16) | (30,551) | (57,620) |
| Transfer from/(to) properties under development (note 18) | 13,246 | (804,506) |
| Government grant received | (38,786) | – |
| Amortisation for the year | (66,743) | (63,190) |
| Carrying amount at 31 December | 2,057,696 | 2,177,497 |

The Group's leasehold land is located in Hangzhou City, Haining City, Wenling City, Jinhua City and Cixi City of Zhejiang Province, Hefei City of Anhui Province, Suizhou City, Wuhan City and Xiantao City of Hubei Province, Liuzhou City of Guangxi Province and Xi'an City of Shaanxi Province, the PRC, with lease periods ranging from 32 to 50 years.

Included in the amortisation provided during the year was an amount of approximately RMB15,575,000 (2012: RMB18,935,000), which was capitalised as part of the construction cost of the stores in Haining City, Linhai City and Wenling City in Zhejiang Province and Liuzhou City in Guangxi Province. Further details of this capitalisation are included in note 15.

The Group pledged its prepaid land lease payments to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged prepaid land lease payments as at 31 December 2013 was approximately RMB1,161,816,000 (2012: RMB777,175,000).

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18. PROPERTIES UNDER DEVELOPMENT

Group

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of year | 717,958 | 810,173 |
| Transfer (to)/from prepaid land lease payments (note 17) | (13,246) | 804,506 |
| Additions | 324,356 | 542,884 |
| Transfer to property, plant and equipment (note 15) | (1,123) | – |
| Disposal of a subsidiary | – | (340,249) |
| Transfer to assets held-for-sale | – | (963,699) |
| Government grant received | (21,964) | – |
| Recognised in the statement of profit or loss | (100,914) | (135,657) |
| At end of year | 905,067 | 717,958 |
| Current assets | 905,067 | 478,229 |
| Non-current assets | – | 239,729 |
| | 905,067 | 717,958 |

The Group's properties under development are located in Mainland China.

The carrying amounts of the properties under development situated on the leasehold land in Mainland China are as follows:

| | 2013 | 2012 |
|-----------------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Leases of over 50 years | 244,182 | 539,459 |
| Leases of between 20 and 50 years | 660,885 | 178,499 |
| | 905,067 | 717,958 |

The Group pledged certain of its properties under development to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged properties under development as at 31 December 2013 was RMB460,383,000 (2012: RMB10,205,000).

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19. GOODWILL

Group

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cost at 1 January | 650,781 | 560,085 |
| Acquisition of subsidiaries | – | 90,696 |
| Cost and net carrying amount at 31 December | 650,781 | 650,781 |

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the relevant department stores from which the goodwill was resulted. These individual department stores are treated as a cash-generating unit for impairment testing:

Department store cash-generating unit

The recoverable amount of the department store cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14% and cash flows beyond the five-year period are extrapolated using a growth rate of 3% which is the same as the long term average growth rate of the department store industry.

The carrying amount of goodwill allocated to each cash-generating unit of operation of department stores is:

| | 2013 | 2012 |
|-----------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Carrying amount of goodwill | 650,781 | 650,781 |

Assumptions were used in the value in use calculation of the department store cash-generating unit for 31 December 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted income – The basis used to determine the value assigned to income is the average income achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

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20. OTHER INTANGIBLE ASSETS

Group

| | Computer software <i>RMB'000</i> | Lease agreement buyout <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|--|--|-------------------------|
| 31 December 2013 | | | |
| At 1 January 2013: | | | |
| Cost | 13,958 | 28,000 | 41,958 |
| Accumulated amortisation | (7,995) | (1,750) | (9,745) |
| Net carrying amount | 5,963 | 26,250 | 32,213 |
| Cost at 1 January 2013, net of accumulated amortisation | 5,963 | 26,250 | 32,213 |
| Additions | 2,376 | – | 2,376 |
| Disposal | (108) | – | (108) |
| Amortisation provided during the year | (3,032) | (1,400) | (4,432) |
| At 31 December 2013 | 5,199 | 24,850 | 30,049 |
| At 31 December 2013: | | | |
| Cost | 16,226 | 28,000 | 44,226 |
| Accumulated amortisation | (11,027) | (3,150) | (14,177) |
| Net carrying amount | 5,199 | 24,850 | 30,049 |
| 31 December 2012 | | | |
| At 1 January 2012: | | | |
| Cost | 10,407 | 28,000 | 38,407 |
| Accumulated amortisation | (6,015) | (350) | (6,365) |
| Net carrying amount | 4,392 | 27,650 | 32,042 |
| Cost at 1 January 2012, net of accumulated amortisation | 4,392 | 27,650 | 32,042 |
| Additions | 3,580 | – | 3,580 |
| Disposal of a subsidiary | (24) | – | (24) |
| Amortisation provided during the year | (1,985) | (1,400) | (3,385) |
| At 31 December 2012 | 5,963 | 26,250 | 32,213 |
| At 31 December 2012: | | | |
| Cost | 13,958 | 28,000 | 41,958 |
| Accumulated amortisation | (7,995) | (1,750) | (9,745) |
| Net carrying amount | 5,963 | 26,250 | 32,213 |

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21. PREPAID RENTAL

Group

RMB'000

31 December 2013

| | |
|---------------------------------------|-----------|
| Carrying amount at 1 January 2013, | 82,324 |
| Addition | 101,650 |
| Recognised during the year | (102,534) |
| At 31 December 2013 | 81,440 |
| Less: Current portion | (17,005) |
| Non-current portion of prepaid rental | 64,435 |

31 December 2012

| | |
|---------------------------------------|----------|
| Carrying amount at 1 January 2012, | 70,015 |
| Addition | 40,423 |
| Recognised during the year | (28,114) |
| At 31 December 2012 | 82,324 |
| Less: Current portion | (21,830) |
| Non-current portion of prepaid rental | 60,494 |

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22. INVESTMENTS IN SUBSIDIARIES

Company

| | 2013 | 2012 |
|--------------------------|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Unlisted shares, at cost | 1,493,886 | 1,185,958 |

The amounts due from and to subsidiaries included in the Company's non-current assets and non-current liabilities of RMB6,990,784,000 (2012: RMB6,542,107,000) and RMB117,699,000 (2012: RMB88,023,000), respectively, are unsecured and interest-free, and have no fixed repayment terms. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|--|----------|--|
| | | | Direct | Indirect | |
| North Hill Holdings Limited | BVI, limited liability company | United States dollars ("US\$") 1 | 100% | – | Investment holding |
| River Three Holdings Limited | BVI, limited liability company | US\$1 | 100% | – | Investment holding and trademark management |
| Hangzhou Intime North Hill Enterprise Management Co., Ltd. | Mainland China, wholly- foreign-owned enterprise ("WFOE") | US\$55,000,000 | – | 100% | Investment holding |
| Zhejiang Intime Department Store Co., Ltd. ("Zhejiang Intime") | Mainland China, WFOE | RMB800,000,000 | – | 100% | Operation and management of department stores and investment holding |
| Shanghai Intime | Mainland China, WFOE | RMB300,000,000 | – | 100% | Operation and management of department stores and investment holding |

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|--|----------|--|
| | | | Direct | Indirect | |
| Zhejiang Wenzhou Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | - | 100% | Operation and management of department stores |
| Hangzhou Intime Outlets Commercial Development Co., Ltd. ("Hangzhou Outlets") | Mainland China, limited liability company | RMB20,000,000 | - | 100% | Investment holding |
| Zhejiang Intime Department Store (Jinhua) Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | - | 100% | Operation and management of department stores |
| Intime Department Store (Ningbo Yinzhou) Co., Ltd. | Mainland China, limited liability company | RMB20,000,000 | - | 100% | Operation and management of department stores |
| Zhejiang Zheliant Investment and Management Co., Ltd. * | Mainland China, limited liability company | RMB10,000,000 | - | 50% | Investment holding and property development |
| Hangzhou Yinxi Intime Department Store Co., Ltd. * | Mainland China, limited liability company | RMB36,000,000 | - | 50% | Operation and management of department stores |
| Ezhou Intime Department Store & Trade Company Limited | Mainland China, limited liability company | RMB23,000,000 | - | 100% | Operation and management of department stores |
| Hubei Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB90,000,000 | - | 100% | Operation and management of department stores |
| Hangzhou Linping Intime Shopping Center Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | - | 100% | Operation and management of department stores |
| Jinhua Intime Shopping Center Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | - | 100% | Operation and management of department stores |

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|--|---|---|--|----------|---|
| | | | Direct | Indirect | |
| Shenyang North Intime Real Estate Co., Ltd. | Mainland China, limited liability company | RMB6,800,000 | – | 100% | Lease of real estate and equipment; property management |
| Xi'an Central Intime Commercial Management Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | – | 60% | Operation and management of department stores |
| Yiwu Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB15,000,000 | – | 52% | Operation and management of department stores |
| Hubei Intime Xiantao Shangcheng Building Co., Ltd. | Mainland China, limited liability company | RMB36,925,000 | – | 65.8% | Operation and management of department stores |
| Intime Department Store (Hong Kong) Company Limited (“Intime HK”) | Hong Kong, limited liability company | HK\$1,000,000 | 100% | – | Investment holding |
| Zhejiang Intime Investment Co., Ltd. (“Zhejiang Intime Investment”) | Mainland China, WFOE | RMB1,310,000,000 | – | 100% | Investment holding |
| Fuyang Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | – | 100% | Operation and management of department stores |
| Anhui Province Huaqiao Hotel Company Limited (“Anhui Huaqiao Hotel”) | Mainland China, limited liability company | RMB260,000,000 | – | 100% | Property development |
| Cixi Intime Commercial Management Co., Ltd. | Mainland China, limited liability company | RMB150,600,000 | – | 100% | Property development |

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|--|---|---|--|----------|---|
| | | | Direct | Indirect | |
| Sin Cheng Holdings Pte Ltd. ("Sin Cheng") | Singapore, private limited company | Singapore dollars ("SG\$") 1,200,000 | – | 100% | Investment and business management |
| Hubei Wuluo Innovation Park Development Co., Ltd. | Mainland China, limited liability company | RMB60,000,000 | – | 100% | Property development |
| Hangzhou Intime Century Department Store Co., Ltd. | Mainland China, WFOE | US\$20,000,000 | – | 100% | Operation and management of department stores |
| Intime Department Store (Ningbo Haishu) Co., Ltd. | Mainland China, limited liability company | RMB50,000,000 | – | 100% | Operation and management of department stores |
| Intime Department Store (Ningbo Jiangdong) Co., Ltd. | Mainland China, limited liability company | RMB50,000,000 | – | 100% | Operation and management of department stores |
| Zhoushan Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | – | 100% | Operation and management of department stores |
| Hubei New Century Shopping Center Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | – | 85% | Operation and management of department stores |
| Raffland Pte. Ltd. | Singapore, private limited company | SG\$33,246,499 | – | 51% | Investment holding |
| Liuzhou New Real Estate Development Company Limited | Mainland China, WFOE | US\$49,000,000 | – | 51% | Property development |
| Xi'an Southline Department Store Co., Ltd. | Mainland China, limited liability company | HK\$91,000,000 | – | 100% | Lease of real estate and equipment; property management |

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|--|----------|---|
| | | | Direct | Indirect | |
| Anhui Intime Commercial Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | – | 100% | Operation and management of department stores |
| Tangshan Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | – | 100% | Operation and management of department stores |
| Wenling Intime Shopping Mall Development Co., Ltd. | Mainland China, limited liability company | RMB300,000,000 | 70% | – | Operation and management of department stores |
| Haining Intime Property Co., Ltd. | Mainland China, WFOE | US\$150,000,000 | – | 100% | Property development |
| Xi'an Qujiang Intime International Shopping Mall Co., Ltd. ("Xi'an Qujiang Intime") | Mainland China, limited liability company | RMB175,000,000 | – | 100% | Lease of real estate and equipment; property management |
| Wenzhou Mingchen Trade Co., Ltd. | Mainland China, limited liability company | RMB26,290,000 | – | 51% | Cosmetics trading |
| Linhai Intime Shopping Mall Development Co., Ltd. | Mainland China, limited liability company | RMB100,000,000 | – | 100% | Lease of real estate and equipment; property management |
| Hangzhou Yinyao Shopping Mall Co., Ltd. * | Mainland China, limited liability company | RMB20,000,000 | – | 50% | Operation and management of department stores |
| Hangzhou Intime Sanjiang Commercial Development Co., Ltd. ("Intime Sanjiang") | Mainland China, WFOE | US\$40,000,000 | – | 100% | Operation and management of department stores |

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name | Place of incorporation/ registration and kind of legal entity | Nominal value of issued ordinary/ registered and share capital | Percentage of equity attributable to the Company | | Principal activities |
|--|---|---|--|----------|---|
| | | | Direct | Indirect | |
| Fenghua Intime Department Store Co., Ltd. ("Fenghua Intime") | Mainland China, limited liability company | RMB50,000,000 | - | 100% | Operation and management of department stores |
| Haining Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | - | 100% | Operation and management of department stores |
| Linhai Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB120,000,000 | - | 100% | Operation and management of department stores |
| Shaoxing Jindi Intime Shopping Centre Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | - | 51% | Operation and management of department stores |
| Hefei Intime City Commercial Management Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | - | 100% | Operation and management of department stores |
| Huzhou Yindong Shopping Centre Co., Ltd. | Mainland China, limited liability company | RMB20,000,000 | - | 51% | Operation and management of department stores |
| Shaoxing Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB35,000,000 | - | 100% | Operation and management of department stores |
| Huzhou Yinjia Department Store Co., Ltd. | Mainland China, limited liability company | RMB38,000,000 | - | 100% | Operation and management of department stores |
| Baoji Dongling Intime Department Store Co., Ltd. | Mainland China, limited liability company | RMB30,000,000 | - | 70% | Operation and management of department stores |
| Zhejiang Intime Trade Co., Ltd. | Mainland China, limited liability company | RMB10,000,000 | - | 100% | Cosmetics and apparel trading |

* These companies are accounted for as subsidiaries of the Group as the Group is able to control their financial and operating policies.

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

23. INVESTMENT IN A JOINT VENTURE

Group

| | 2013 | 2012 |
|-------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Share of net assets | 93,882 | 144,944 |
| Goodwill on acquisition | 136,519 | 136,519 |
| | 230,401 | 281,463 |

The movements of the investment in a joint venture during the years 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|-----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January | 281,463 | 293,729 |
| Share of losses | (48,737) | (3,612) |
| Unrealised profit and loss resulting from the transaction with the Group | (2,325) | (8,654) |
| At 31 December | 230,401 | 281,463 |

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23. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Particulars of the Group's joint venture is as follows:

| Name | Registered share capital | Place of registration and business | Percentage of | | | Principal activities |
|---|-----------------------------|--|-----------------------|-----------------|-------------------|--|
| | | | Ownership interest | Voting power | Profit sharing | |
| Hangzhou Xin Hubin Commercial Development Co., Ltd. ("Xin Hubin") | RMB80,000,000 | PRC/ Mainland China | 50 | 50 | 50 | Property development; Wholesale and retailing |

The investment in the joint venture is held through a wholly-owned subsidiary of the Company.

The following table illustrates the summarised financial information of the Group's joint venture that is not material to the Group:

| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Share of the joint venture's assets and liabilities: | | |
| Current assets | 14,886 | 7,351 |
| Non-current assets | 1,036,713 | 1,010,263 |
| Current liabilities | 105,267 | 175,789 |
| Non-current liabilities | 852,450 | 696,881 |
| Net assets | 93,882 | 144,944 |
| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
| Share of the joint venture's loss for the year: | (48,737) | (3,612) |

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24. INTERESTS IN ASSOCIATES

Group

| | 2013 | 2012 |
|------------------------------------|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Unlisted: | | |
| Share of net assets | 443,114 | 523,897 |
| Goodwill on acquisition | 972,791 | 972,791 |
| | 1,415,905 | 1,496,688 |
| Listed in Mainland China: | | |
| Share of net assets | 827,819 | 789,572 |
| Goodwill on acquisition | 134,590 | 134,590 |
| | 962,409 | 924,162 |
| Disposal of shares in an associate | – | (69,360) |
| | 962,409 | 854,802 |
| | 2,378,314 | 2,351,490 |
| Market value of listed shares | 1,461,417 | 1,317,108 |

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24. INTERESTS IN ASSOCIATES (CONTINUED)

The movements of the investments in associates during the years 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January | 2,351,490 | 2,519,602 |
| Share of profits and losses | 275,438 | 245,418 |
| Establishment of an associate | – | 14,500 |
| Capital injection to associates | 29,000 | – |
| Dividends | (250,000) | (300,000) |
| Disposal of shares of an associate | – | (69,360) |
| Unrealised profit and loss resulting from the transaction with the Group | (12,574) | (26,242) |
| Share of other comprehensive loss of an associate | – | (3,062) |
| Transfer to a subsidiary | – | (45,887) |
| Exchange realignment | (15,040) | 16,521 |
| At 31 December | 2,378,314 | 2,351,490 |

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24. INTERESTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows:

| Name | Particulars of issued shares held | Registered and share capital | Place of registration and business | Percentage of ownership interest attributable to the Group | Principal activities |
|---|--|---------------------------------|--|--|--|
| Wuhan Department Store Group Co., Ltd. | 114,531,139 ordinary shares of RMB1 each | N/A | PRC/Mainland China | 22.58% | Operation and management of supermarkets and department stores |
| Zhejiang Intime Electronic Commerce Co., Ltd. ("Zhejiang Intime Electronic Commerce") | N/A | RMB127,890,000 | PRC/Mainland China | 26.5% | Operation and management of on-line shopping mall |
| Anhui Hualun Gangwan Culture Investment Co., Ltd. ("Anhui Hualun") | N/A | RMB200,000,000 | PRC/Mainland China | 43% | Operation and management of department stores and property development |
| Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre ("Beijing Youyi Lufthansa") | N/A | RMB60,000,000 | PRC/Mainland China | 50% | Operation and management of department stores |
| Hangzhou Zhongda Shengma Property Co., Ltd. ("Zhongda Shengma") | N/A | RMB50,000,000 | PRC/Mainland China | 40% | Property development |
| Bozhou Hualun International Culture Investment Co., Ltd. ("Bozhou Hualun") | N/A | RMB150,000,000 | PRC/Mainland China | 29% | Operation and management of department stores and property development |

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24. INTERESTS IN ASSOCIATES (CONTINUED)

The investments in associates are held through wholly-owned subsidiaries of the Company.

The percentages of voting rights and profit sharing of these associates are the same with the percentage of ownership interests.

The Group has discontinued the recognition of its share of losses of associates Zhejiang Intime Electronic Commerce and Zhongda Shengma because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised shares of losses of these associates for the current year and cumulatively were RMB43,059,000 (2012: RMB22,563,000) and RMB65,622,000 (2012: RMB22,563,000), respectively.

Beijing Youyi Lufthansa, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the operation and management of the department stores and shopping malls and is accounted for using the equity method.

The following table illustrates the summarised financial information of Beijing Youyi Lufthansa adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

| | 2013 | 2012 |
|---|--------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current assets | 2,048,638 | 2,015,457 |
| Non-current assets | 157,408 | 158,629 |
| Current liabilities | (1,758,526) | (1,587,542) |
| Net assets | 447,520 | 586,544 |
| Reconciliation to the Group's interest in the associates: | | |
| Portion of the Group's ownership | 50% | 50% |
| Group's share of the net assets of the associate | 223,760 | 293,272 |
| Goodwill on acquisition | 972,791 | 972,791 |
| Exchange realignment | 1,481 | 14,521 |
| Carrying amount of the investment | 1,198,032 | 1,280,584 |
| Revenues | 1,337,635 | 1,398,434 |
| Profit for the year | 360,976 | 366,768 |
| Total comprehensive income for the year | 360,976 | 366,768 |
| Dividend received/receivable from the associate | 250,000 | 300,000 |

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24. INTERESTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information of the Group's associates that are not individually material:

| | 2013 | 2012 |
|--|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Share of the associates' profit or loss for the year | 94,950 | 62,033 |
| Share of the associates' total comprehensive income | 94,950 | 58,971 |
| Aggregate carrying amount of the Group's investments in the associates | 1,180,282 | 1,070,906 |

25. AVAILABLE-FOR-SALE INVESTMENTS

Group

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Listed equity investments, at fair value: | | |
| Mainland China | – | 24,466 |

The movements of the available-for-sale investments during the years 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|-----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of year | 24,466 | 41,724 |
| Impairment charged to the statement of profit or loss | – | (1,365) |
| Disposal | (24,466) | (15,893) |
| At end of year | – | 24,466 |

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26. DEFERRED TAX

Group

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

| | Accruals | Government subsidy | Losses available for offsetting against future taxable profits | Others | Total |
|---|----------------|-----------------------|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January 2012 | 37,885 | 25,313 | 37,912 | 9,009 | 110,119 |
| Recognised in the statement of profit or loss (note 8) | 7,098 | 12,500 | 18,105 | 21,474 | 59,177 |
| Transfer to assets of disposal group classified as held for sale (note 14) | (5,671) | – | – | – | (5,671) |
| At 31 December 2012 and 1 January 2013 | 39,312 | 37,813 | 56,017 | 30,483 | 163,625 |
| Recognised in the statement of profit or loss (note 8) | 3,740 | 15,188 | 16,709 | (9,025) | 26,612 |
| At 31 December 2013 | 43,052 | 53,001 | 72,726 | 21,458 | 190,237 |

The Group has tax losses arising in Mainland China of RMB634,959,000 (2012: RMB399,793,000) that will expire in one to five years for offsetting against future taxable profits for which no deferred tax assets have been recognised, as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

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26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

| | Available- for-sale investments <i>RMB'000</i> | Fair value adjustment arising from acquisition of subsidiaries <i>RMB'000</i> | Withholding tax at 10% on the distributable profits of Group's PRC subsidiaries and associates <i>RMB'000</i> | Others <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---|--|---|--------------------------|-------------------------|
| At 1 January 2012 | 10,211 | 347,551 | 36,165 | 4,371 | 398,298 |
| Acquisition of a subsidiary | - | 46,617 | - | - | 46,617 |
| Transfer to tax payable during the year | - | - | (15,000) | - | (15,000) |
| Transfer to liabilities directly associated with the assets classified as held for sale (note 14) | - | (19,983) | - | - | (19,983) |
| Exchange realignment | - | - | 23 | - | 23 |
| Recognised in the statement of profit or loss (note 8) | (4,436) | (11,754) | 3,315 | 12,759 | (116) |
| At 31 December 2012 and 1 January 2013 | 5,775 | 362,431 | 24,503 | 17,130 | 409,839 |
| Transfer to tax payable during the year | - | - | (7,500) | - | (7,500) |
| Exchange realignment | - | - | (278) | - | (278) |
| Recognised in the statement of profit or loss (note 8) | (5,775) | (13,403) | 10,827 | 8,850 | 499 |
| At 31 December 2013 | - | 349,028 | 27,552 | 25,980 | 402,560 |

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in Mainland China in respect of earnings generated from 1 January 2008.

Notes to Financial Statements

31 December 2013

26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities (continued)

At 31 December 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities arising from the withholding tax have not been recognised totalled approximately RMB4,369,506,000 at 31 December 2013 (2012: RMB3,221,393,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. INVENTORIES

Group

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Store merchandise, at cost or net realisable value | 481,496 | 358,807 |
| Low value consumables | 2,697 | 2,470 |
| | 484,193 | 361,277 |

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28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | Group | | Company | |
|--|------------------|---------|---------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current: | | | | |
| Advance to the subsidiaries disposed of | 144,160 | 155,072 | – | – |
| Rental deposits | 86,101 | 78,600 | – | – |
| Prepaid rental | 17,005 | 21,830 | – | – |
| Advances to suppliers | 27,720 | 25,414 | – | – |
| Advances to third parties | 410,799 | 251,314 | – | – |
| Prepaid tax | 75,099 | 19,831 | – | – |
| Prepayments | 88,808 | 118,500 | – | – |
| Guarantee deposits | 45,271 | 49,055 | – | – |
| Dividend receivable from an associate | 100,000 | – | – | – |
| Others | 120,066 | 104,365 | 1,024 | 1,056 |
| | 1,115,029 | 823,981 | 1,024 | 1,056 |
| Non-current: | | | | |
| Advanced to the subsidiary disposed of | 31,324 | – | – | – |
| Deposit paid for prepaid land lease payment | 55,600 | – | – | – |
| Prepayment for acquisition of a subsidiary (note (ii)) | 153,160 | – | – | – |
| Prepayment for acquisition of a non-controlling interest of a subsidiary | 90,000 | – | 90,000 | – |
| | 330,084 | – | 90,000 | – |
| | 1,445,113 | 823,981 | 91,024 | 1,056 |

Notes:

- (i) None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.
- (ii) On 11 December 2013, Hangzhou Outlets entered into an equity transfer agreement with Metro Land Corporation Ltd. (“Metro Land”) to purchase 80% equity interests in a wholly-owned subsidiary of Metro Land, for a total cash consideration of RMB255,266,710. As at 31 December 2013, Hangzhou Outlets made the down payment of RMB153,160,026 and the acquisition had not been completed.

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29. LOANS AND RECEIVABLES

Group

During the year, the Group granted interest-bearing loans to the following parties:

| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Third parties | | |
| Principal | 135,654 | 337,000 |
| Interest receivable | 290 | 736 |
| | 135,944 | 337,736 |
| Less: non-current portion | (35,654) | (100,000) |
| | 100,290 | 237,736 |
| Related parties | | |
| Principal: | | |
| Zhejiang Intime Electronic Commerce (note (ii)) | 265,110 | 195,110 |
| Hangzhou Intime Shopping Centre Co., Ltd. ("Hangzhou Intime") (note (iii)) | 150,000 | 200,000 |
| Zhongda Shengma (note (iv)) | 550,538 | 490,538 |
| | 965,648 | 885,648 |
| Interest receivable: | | |
| Zhejiang Intime Electronic Commerce (note (ii)) | 22,451 | 5,774 |
| Hangzhou Intime (note (iii)) | 687 | 917 |
| Zhongda Shengma (note (iv)) | 2,487 | 1,415 |
| | 25,625 | 8,106 |
| | 991,273 | 893,754 |
| Less: non-current portion | (696,648) | (314,110) |
| | 294,625 | 579,644 |

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29. LOANS AND RECEIVABLES (CONTINUED)

Notes:

(i) During the year, the Group granted entrusted loans or other types of loans to certain third parties with principle amounts of RMB135,654,000 (2012: RMB337,000,000) which bear interest at rates ranging from 6.15% to 15% per annum with maturity periods of one to three years.

(ii) Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided interest-free shareholder's loans with a total amount of RMB132,110,000 (2012: RMB62,720,000) to Zhejiang Intime Electronic Commerce for a period of three years. The fair value of the loan was RMB121,110,000 (2012: RMB51,720,000) and the loan was affiliate with options provided to the Group to convert its amount of loans into the paid-in capital of Zhejiang Intime Electronic Commerce. The loan was guaranteed by the controlling shareholder of Zhejiang Intime Electronic Commerce.

Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided shareholder's loans with a total amount of RMB144,000,000 (2012: RMB143,390,000) to Zhejiang Intime Electronic Commerce with no fixed repayment terms for an annual fee at a rate of 12%.

(iii) Pursuant to a co-development agreement between Hangzhou Intime, Zhejiang Fuqiang Properties Co., Ltd. ("Zhejiang Fuqiang") and the Group, the Group provided loans to Hangzhou Intime with an amount of RMB300,000,000 for the construction and development of the department store property in the west of Hangzhou City with an annual fee of 15% and due on January 2013. Intime International provided guarantee to secure due performance of the obligations of Zhejiang Fuqiang and Hangzhou Intime under the co-development agreement. During 2012, Hangzhou Intime repaid the principal of RMB100,000,000 to the Group.

Pursuant to the supplemental agreement between Hangzhou Intime, Zhejiang Fuqiang and the Group on 15 July 2013, Zhejiang Fuqiang and Hangzhou Intime shall repay RMB50,000,000 in 2013 the remaining RMB150,000,000 in 2014. During the year, Hangzhou Intime repaid the principal of RMB50,000,000 to the Group. The remaining RMB150,000,000 were repaid subsequently in January 2014.

(iv) Pursuant to loan agreements between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB550,538,000 (2012: RMB490,538,000) for a period of 24 months for the construction and development of the department store property at an annual interest rate of 10%.

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30. TRADE RECEIVABLES

Group

| | 2013 | 2012 |
|-------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 44,628 | 51,840 |
| Impairment | - | - |
| | 44,628 | 51,840 |

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

| | 2013 | 2012 |
|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 month | 38,871 | 36,801 |
| 1 to 2 months | 1,905 | 12,438 |
| 2 to 3 months | 18 | 2,186 |
| Over 3 months | 3,834 | 415 |
| | 44,628 | 51,840 |

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

| | 2013 | 2012 |
|-------------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Neither past due nor impaired | 40,794 | 51,425 |
| Less than one month past due | 3,834 | 415 |
| | 44,628 | 51,840 |

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31. CASH IN TRANSIT

Group

| | 2013 | 2012 |
|-----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash in transit | 131,336 | 407,455 |

The cash in transit represents the sales proceeds settled by debit cards or credit cards, which have yet to be credited by the banks to the Group.

32. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

| | Note | Group | | Company | |
|-----------------------------|-------|------------------|----------------|----------------|----------------|
| | | 2013 | 2012 | 2013 | 2012 |
| | | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash and bank balances | | 2,001,428 | 2,297,560 | 48,066 | 6,105 |
| Time deposits | | - | 23,858 | - | - |
| | | 2,001,428 | 2,321,418 | 48,066 | 6,105 |
| Less: Pledged time deposits | 35(a) | (67,000) | (175,500) | - | - |
| Restricted bank balances | | (195,915) | (28,538) | - | - |
| Cash and cash equivalents | | 1,738,513 | 2,117,380 | 48,066 | 6,105 |

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32. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (CONTINUED)

At 31 December 2013 and 2012, the cash at banks and on hand were denominated in the following currencies:

| | Group | | Company | |
|------|------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| RMB | 1,969,881 | 2,252,768 | 31,366 | 37 |
| US\$ | 8,573 | 20,117 | 2,589 | – |
| HK\$ | 22,974 | 48,496 | 14,111 | 6,068 |
| SG\$ | – | 37 | – | – |
| | 2,001,428 | 2,321,418 | 48,066 | 6,105 |

At the end of the reporting period, the cash and bank balances of the Group denominated in US\$ and HK\$ amounted to RMB8,573,000 and RMB22,974,000 (2012: RMB20,117,000, and RMB48,496,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from the relevant local government authorities is obtained. As at 31 December 2013, such guarantee deposits amounted to approximately RMB153,352,000 (2012: nil).

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33. TRADE AND BILLS PAYABLES

Group

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

| | 2013 | 2012 |
|----------------|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 month | 1,283,389 | 1,568,342 |
| 1 to 2 months | 386,280 | 679,842 |
| 2 to 3 months | 93,141 | 100,469 |
| over 3 months | 19,338 | 27,557 |
| | 1,782,148 | 2,376,210 |

Trade and bills payables as at the end of each reporting period were denominated in RMB.

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31 December 2013

34. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Current: | | | | |
| Payables for purchase of property, plant and equipment and properties under development | 526,379 | 421,027 | – | – |
| Advances from customers | 1,605,261 | 1,543,917 | – | – |
| Advances from pre-sale of properties under development | 1,317,667 | 275,274 | – | – |
| Advances from a non-controlling shareholder of a subsidiary | – | 67,000 | – | – |
| Advances from third parties (note(i)) | 123,376 | 101,471 | – | – |
| Other liabilities to local government | – | 21,446 | – | – |
| Other tax payables | 247,979 | 254,332 | – | 70 |
| Bonus and welfare payables | 134,944 | 111,123 | – | – |
| Deposits received from suppliers/concessionaires | 232,720 | 161,260 | – | – |
| Accruals | 299,436 | 314,511 | – | – |
| Accrued interest | 29,019 | 21,442 | 26,474 | 21,442 |
| Deferred revenue | 43,326 | 27,533 | – | – |
| Deferred government subsidy | 3,012 | 3,277 | – | – |
| Advance from disposal of a subsidiary | 72,498 | 102,000 | – | – |
| Others | 81,554 | 100,338 | 75 | – |
| | 4,717,171 | 3,525,951 | 26,549 | 21,512 |
| Non-current: | | | | |
| Advances from disposal of subsidiaries | 288,786 | – | 288,786 | – |
| | 5,005,957 | 3,525,951 | 315,335 | 21,512 |

Note:

- (i) The advances from third parties are interest-free and have no fixed repayment terms.

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35. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

| | 2013 | | | 2012 | | |
|--|--|-----------|-----------|---|-----------|-----------|
| | Effective/ contractual interest rate (%) | Maturity | RMB'000 | Effective/ contractual interest rate (%) | Maturity | RMB'000 |
| Current: | | | | | | |
| Bank loans – unsecured | 2.283-6.888 | 2014 | 250,449 | 5.88-7.84 | 2013 | 339,000 |
| Bank loans – secured (a) | 1.600-7.500 | 2014 | 1,043,751 | 2.399-6.941 | 2013 | 596,551 |
| Current portion of long term bank loans – secured (a) | 5.895-7.315 | 2014 | 385,000 | 6.65-7.755 | 2013 | 190,000 |
| Current portion of long term bank loans – unsecured | 2.55-6.15 | 2014 | 5,000 | 6.650 | 2013 | 25,000 |
| Secured other loans (a) | 7.380 | 2014 | 25,000 | – | – | – |
| | | | 1,709,200 | | | 1,150,551 |
| Convertible bonds (note 36) | – | – | – | Weighted average of 5.13 | 2013 | 1,645,123 |
| Guaranteed bonds due July 2014 (note 37) | Weighted average of 4.93 | 2014 | 998,374 | – | – | – |
| | | | 2,707,574 | | | 2,795,674 |
| Non-current: | | | | | | |
| Secured bank loans (a) | 6.15-7.59 | 2015-2018 | 820,000 | 6.65-7.98 | 2014-2018 | 702,000 |
| Unsecured bank loans | 5.843 | 2015-2016 | 50,000 | 6.12-7.04 | 2014-2015 | 110,000 |
| Secured other loans (a) | – | – | – | 7.98 | 2014 | 200,000 |
| Syndicated loan | LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings | 2015-2016 | 2,174,942 | – | – | – |
| Guaranteed bonds due July 2014 (note 37) | – | – | – | Weighted average of 4.93 | 2014 | 996,764 |
| | | | 3,044,942 | | | 2,008,764 |
| | | | 5,752,516 | | | 4,804,438 |

Notes to Financial Statements

31 December 2013

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

| | 2013 | 2012 |
|--|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Analysed into: | | |
| Within one year or on demand | 2,707,574 | 2,795,674 |
| In the second year | 844,988 | 1,536,764 |
| In the third to fifth years, inclusive | 2,199,954 | 472,000 |
| | 5,752,516 | 4,804,438 |

Notes:

- (a) Secured bank and other loans of RMB2,273,751,000 as at 31 December 2013 were secured by certain of the Group's buildings, investment properties, prepaid land lease payments, properties under development and time deposits, the total carrying amount of which at 31 December 2013 was RMB4,054,479,000 (2012: RMB2,125,378,000) (notes 15, 16, 17, 18 and 32).
- (b) The Group has the following undrawn banking facilities:

| | 2013 | 2012 |
|---|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At floating rate: | | |
| Expiring within 1 year | 105,363 | 65,000 |
| Expiring within 2 to 4 years, inclusive | 1,792,283 | 1,659,499 |
| Expiring after 5 years | 1,604,500 | 367,500 |
| | 3,502,146 | 2,091,999 |

The Group's banking facilities were secured by certain buildings (note 15), investment properties (note 16), prepaid land lease payments (note 17), properties under development (note 18) and time deposits (note 32).

Notes to Financial Statements

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35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Company

| | 2013 | | | 2012 | | |
|--|---|-----------|-----------|-----------------------------|----------|-----------|
| | Effective interest rate (%) | Maturity | RMB'000 | Effective interest rate (%) | Maturity | RMB'000 |
| Current: | | | | | | |
| Convertible bonds (note 36) | - | - | - | Weighted average of 5.13 | 2013 | 1,645,123 |
| Guaranteed bonds due July 2014 (note 37) | Weighted average of 4.93 | 2014 | 998,374 | - | - | - |
| Non-current: | | | | | | |
| Syndicated loan (a) | LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings | 2015-2016 | 2,174,942 | - | - | - |
| Guaranteed bonds due July 2014 (note 37) | - | - | - | Weighted average of 4.93 | 2014 | 996,764 |

(a) The syndicated loan was guaranteed by certain subsidiaries of the Group.

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36. CONVERTIBLE BONDS

On 27 October 2010, the Company issued 1.75% convertible bonds with a nominal value of HK\$1,941,000,000. The bonds are convertible at an option of the bondholders into ordinary shares on or after 7 December 2010 up to 20 October 2013 at a conversion price of HK\$13.31 per share. The bonds are redeemable at the option of the bondholders at 100% of its principal amount together with interest accrued and unpaid to such date on 20 October 2013. The bonds are redeemable at the option of the Company at any time prior to 20 October 2013 in whole, but not in part, of the convertible bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of notice of such redemption at least 90% in principal amount of the convertible bonds originally issued has already been converted, redeemed or purchased and cancelled. The bonds carry interest at a rate of 1.75% per annum, which is payable half-yearly in arrears on 27 April and 27 October.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split as to the liability and equity components as follows:

| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Nominal value of convertible bonds issued during year 2010 | 1,673,685 | 1,673,685 |
| Equity component | (23,607) | (23,607) |
| Direct transaction costs attributable to the liability component | (25,105) | (25,105) |
| | 1,624,973 | 1,624,973 |
| Liability component at the issuance date | 1,624,973 | 1,624,973 |
| Interest expense | 240,691 | 174,999 |
| Exchange realignment | (126,373) | (99,251) |
| Interest paid | (81,855) | (55,598) |
| Gain on early redemption | (111) | – |
| Redemption (i) | (1,657,325) | – |
| Liability component at 31 December (note 35) | – | 1,645,123 |

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36. CONVERTIBLE BONDS (CONTINUED)

- (i) On 16 July 2013, the Company early redeemed convertible bonds with an aggregate principal amount of HK\$150,000,000 with considerations of HK\$159,750,000. On 24 October 2013, the Company redeemed all of the remaining the outstanding convertible bonds at maturity with an aggregate principal amount of HK\$1,791,000,000 with considerations of HK\$1,918,107,270. The bonds redeemed were cancelled.

37. GUARANTEED BONDS DUE JULY 2014

| | 2013 | 2012 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Guaranteed bonds due July 2014, listed | | |
| Current | 998,374 | – |
| Non-current | – | 996,764 |

On 19 July 2011, the Company issued the guaranteed bonds due July 2014 (“GB2014”) in an aggregate principal amount of RMB1,000,000,000. The guaranteed bonds due July 2014 were admitted to the Official List of the Hong Kong Exchange Securities Trading Limited. The GB2014 are due on 19 July 2014 and bear interest at a rate of 4.65% per annum. Interest is payable semi-annually in arrears on 19 January and 19 July of each year, commencing on 19 January 2012.

The obligations of the Company under the GB2014 are guaranteed by certain subsidiaries of the Group.

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38. SHARE CAPITAL

| | <i>Number of shares</i> | Authorised | |
|--|-------------------------|---------------------------------|----------------|
| | | <i>US\$</i> | <i>RMB</i> |
| At 31 December 2013 and 2012 | 5,000,000,000 | 50,000 | 393,500 |
| | | Issued and fully paid up | |
| | <i>Number of shares</i> | <i>US\$</i> | <i>RMB'000</i> |
| As at 31 December 2012 | 1,993,462,988 | 19,934 | 153 |
| Share options exercised | 9,585,000 | 96 | 1 |
| As at 31 December 2012 and 1 January 2013 | 2,003,047,988 | 20,030 | 154 |
| Share options exercised (i) | 17,084,000 | 171 | 1 |
| Repurchase of shares (ii) | (14,000,000) | (140) | (1) |
| As at 31 December 2013 | 2,006,131,988 | 20,061 | 154 |

During the year, the movements in share capital were as follows:

- (i) The subscription rights attaching to 17,084,000 share options were exercised at subscription prices of HK\$3.56, HK\$5.64, HK\$1.88, HK\$6.63, HK\$5.50, HK\$6.49, HK\$9.00, HK\$7.56, HK\$10.77 per share (note 40), resulting in the issue of 17,084,000 shares of US\$0.00001 each for a total cash consideration, before expenses, of HK\$88,360,405 (RMB70,826,800 equivalent). An amount of RMB21,910,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (ii) The Company repurchased on the Stock Exchange a total of 14,000,000 shares of US\$0.00001 each of the Company for an aggregate consideration of HK\$100,860,000 (RMB80,298,000 equivalent). The repurchased shares were cancelled on 8 July 2013 and 22 July 2013.

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31 December 2013

38. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

| | Number of shares | Issued capital <i>US\$</i> | Share premium <i>RMB'000</i> |
|--|---------------------|----------------------------------|------------------------------------|
| At 1 January 2012 | 1,993,462,988 | 19,934 | 4,243,253 |
| Share options exercised | 9,585,000 | 96 | 48,769 |
| At 31 December 2012 and 1 January 2013 | 2,003,047,988 | 20,030 | 4,292,022 |
| Share options exercised | 17,084,000 | 171 | 92,736 |
| Repurchase of shares | (14,000,000) | (140) | (80,298) |
| Interim 2013 dividend | – | – | (200,261) |
| Proposed final 2013 dividend | – | – | (220,675) |
| At 31 December 2013 | 2,006,131,988 | 20,061 | 3,883,524 |

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 40 to the financial statements.

Notes to Financial Statements

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39. RESERVES

Group

(i) Discretionary reserve fund

Pursuant to the articles of association of certain subsidiaries of the Group established in the PRC, these subsidiaries are required to transfer part of their profit after taxation to the discretionary reserve. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries, in accordance with the Company Law of the People's Republic of China (revised), the discretionary reserve fund can be used to offset previous years' losses, if any, and may be converted into capital in proportion to the equity shareholders' existing equity holdings, provided that the balance after the conversion is not less than 25% of the registered capital.

(ii) Statutory reserves

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 22 to the financial statements are required to transfer no less than 10% of their profit after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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39. RESERVES (CONTINUED)

Company

| | Share premium RMB'000 | Equity component of convertible bonds RMB'000 | Capital redemption reserve RMB'000 | Capital reserve RMB'000 | Contributed surplus RMB'000 | Retained profits/ (accumulated losses) RMB'000 | Exchange fluctuation reserve RMB'000 | Share option reserve RMB'000 | Total RMB'000 |
|--|-----------------------------|---|---|-------------------------------|-----------------------------------|--|---|---------------------------------------|------------------|
| At 31 December 2011 | 4,243,253 | 23,607 | 4 | - | 908,303 | 25,784 | (26,884) | 55,700 | 5,229,767 |
| Total comprehensive income for the year | - | - | - | - | - | 355,090 | 57,957 | - | 413,047 |
| Equity-settled share option arrangements (note 40) | - | - | - | - | - | - | - | 28,366 | 28,366 |
| Transfer of share option reserve upon the forfeiture or expiry of share options | - | - | - | - | - | 6,550 | - | (6,550) | - |
| Dividend on shares issued for employee share options exercised after 31 December 2011 | - | - | - | - | - | (405) | - | - | (405) |
| Exercise of share options | 48,769 | - | - | - | - | - | - | (12,145) | 36,624 |
| Interim 2012 dividend | - | - | - | - | - | (199,749) | - | - | (199,749) |
| Proposed final 2012 dividend | - | - | - | - | - | (180,274) | - | - | (180,274) |
| At 31 December 2012 | 4,292,022 | 23,607 | 4 | - | 908,303 | 6,996 | 31,073 | 65,371 | 5,327,376 |
| Total comprehensive income for the year | - | - | - | - | - | (215,515) | 92,240 | - | (123,275) |
| Equity-settled share option arrangements (note 40) | - | - | - | - | - | - | - | 25,784 | 25,784 |
| Transfer of share option reserve upon the forfeiture or expiry of share options | - | - | - | - | - | 1,336 | - | (1,336) | - |
| Repurchase of shares | (80,298) | - | 1 | - | - | - | - | - | (80,297) |
| Dividend on shares issued for employee share options exercised after 31 December 2012 | - | - | - | - | - | (2,456) | - | - | (2,456) |
| Exercise of share options | 92,736 | - | - | - | - | - | - | (21,910) | 70,826 |
| Convertible bonds redeemed | - | (23,607) | - | 23,607 | - | - | - | - | - |
| Interim 2013 dividend | (200,261) | - | - | - | - | - | - | - | (200,261) |
| Proposed final 2013 dividend | (220,675) | - | - | - | - | - | - | - | (220,675) |
| At 31 December 2013 | 3,883,524 | - | 5 | 23,607 | 908,303 | (209,639) | 123,313 | 67,909 | 4,797,022 |

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Notes to Financial Statements

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40. SHARE OPTION SCHEME

The share option scheme (the “Scheme”) was approved pursuant to a resolution passed by the Company’s shareholders at an extraordinary general meeting held on 24 February 2007. According to this share option scheme, the directors may invite the Group’s employees, senior management, directors and other eligible participants to take up share options of the Company. The amount payable for each share to be subscribed for under an option upon exercise shall be determined and will be determined according to the highest of (i) the average official closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date, (ii) the official closing price of the shares on the Stock Exchange on the relevant offer date and (iii) the nominal value of the shares. Options granted become vested after a certain period. An option may be exercised in accordance with the terms of the share option scheme any time during a period to be notified by the board to each grantee or to be resolved by the board of directors at the time of grant.

The maximum number of shares in respect of which options may be granted under the share option scheme when aggregated with the maximum number of shares in respect of which options over shares or other securities may be granted by the Group under any other scheme shall not exceed 10% of the issued share capital as at the date of listing of the shares of the Company (representing 180,000,000 shares). Options lapsed in accordance with the terms of the option scheme shall not be counted for the purpose of calculating the 10% limit. Any further grant of share options in excess of this limit is subject to the approval of the Company’s shareholders.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Notes to Financial Statements

31 December 2013

40. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

| | 2013 | | 2012 | |
|---------------------------|--|-------------------------------------|--|-------------------------------------|
| | Weighted average exercise price <i>HK\$ per share</i> | Number of options <i>'000</i> | Weighted average exercise price <i>HK\$ per share</i> | Number of options <i>'000</i> |
| At 1 January | 7.23 | 72,308 | 6.84 | 67,284 |
| Granted during the year | 9.27 | 7,698 | 7.56 | 19,420 |
| Forfeited during the year | 8.77 | (1,281) | 8.08 | (4,811) |
| Exercised during the year | 5.17 | (17,084) | 4.71 | (9,585) |
| Expired during the year | – | – | – | – |
| At 31 December | 8.02 | 61,641 | 7.23 | 72,308 |

The weighted average share price at the date of exercise for share options exercised during the year was HK\$9.69 per share (2012: HK\$9.13 per share).

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40. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the reporting date are as follows:

| 2013 | | | |
|-------------------|----------------|--|--|
| Number of options | Exercise price | | Exercise period |
| '000 | HK\$ per share | | |
| 1,200 | 3.56 | | 19 September 2009 to 18 September 2014 |
| 1,215 | 5.64 | | 12 April 2009 to 11 April 2014 |
| 3,245 | 1.88 | | 5 March 2010 to 4 March 2015 |
| 4,500 | 6.63 | | 29 August 2010 to 28 August 2015 |
| 500 | 5.50 | | 21 October 2010 to 20 October 2015 |
| 9,474 | 6.49 | | 27 May 2011 to 26 May 2016 |
| 1,200 | 9.00 | | 27 August 2011 to 26 August 2016 |
| 15,213 | 10.77 | | 2 April 2012 to 1 April 2017 |
| 17,640 | 7.56 | | 23 June 2013 to 22 June 2018 |
| 7,454 | 9.27 | | 11 April 2014 to 10 April 2019 |
| 61,641 | | | |
| 2012 | | | |
| Number of options | Exercise price | | Exercise period |
| '000 | HK\$ per share | | |
| 2,827 | 3.56 | | 19 September 2009 to 18 September 2014 |
| 3,460 | 5.64 | | 12 April 2009 to 11 April 2014 |
| 7,079 | 1.88 | | 5 March 2010 to 4 March 2015 |
| 6,750 | 6.63 | | 29 August 2010 to 28 August 2015 |
| 750 | 5.50 | | 21 October 2010 to 20 October 2015 |
| 15,402 | 6.49 | | 27 May 2011 to 26 May 2016 |
| 1,600 | 9.00 | | 27 August 2011 to 26 August 2016 |
| 15,622 | 10.77 | | 2 April 2012 to 1 April 2017 |
| 18,818 | 7.56 | | 23 June 2013 to 22 June 2018 |
| 72,308 | | | |

Notes to Financial Statements

31 December 2013

40. SHARE OPTION SCHEME (CONTINUED)

The fair value of the options granted during the year was approximately RMB17,017,000 (2012: RMB32,398,000), of which the Group recognised a share option expense of RMB4,889,000 (2012: RMB6,609,000) during the year ended 31 December 2013. The Group recognised a total share option expense of RMB25,784,000 (2012: RMB28,366,000) for the year ended 31 December 2013 (note 6).

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| | 2013 | 2012 |
|--|-----------------|-----------------|
| Dividend yield (%) | 2.54% | 2.91% |
| Expected volatility (%) | 44.51% – 48.20% | 45.59% – 49.45% |
| Risk-free interest rate (%) | 0.201% – 0.535% | 0.252% – 0.572% |
| Expected life of options (year) | 3-6 | 3-6 |
| Weighted average exercise price (HK\$) | 9.27 | 7.56 |

The volatility measured at the standard deviation of expected share price returns is based on statistical analyses of comparable listed companies in the same industry.

In September 2008, the Company cancelled certain options previously granted to certain senior management with an exercise price significantly higher than the current fair market value, and concurrently re-granted the same number of options at the current fair market value. The vesting of the replacement option started from the date of re-grant, and all other terms remain the same as the original option. The cancellation and re-grant are intended to provide incentives for these senior management. In accordance with HKFRS 2 *Share-based Payment*, cancellation of an award accompanied by the concurrent grant of a replacement award shall be accounted for as a modification of the terms of the cancelled award. Therefore, incremental compensation cost shall be measured as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date.

The total compensation cost measured at the date of cancellation and replacement shall be the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at that date plus the incremental cost resulting from the cancellation and replacement. The Company will continue to recognise an expense for the original grant date fair value of the modified award over its original vesting period and recognise an expense for the incremental cost over its modified vesting period.

Notes to Financial Statements

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40. SHARE OPTION SCHEME (CONTINUED)

The 17,084,000 share options exercised during the year resulted in the issue of 17,084,000 ordinary shares of the Company and new share capital of RMB1,000 and share premium of RMB92,736,000 (before issue expenses), as further detailed in note 38 to the financial statements.

At the end of the reporting period, the Company had 61,641,500 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 61,641,500 additional ordinary shares of the Company and additional share capital of approximately RMB3,758 and share premium of approximately RMB383,989,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 60,698,500 share options outstanding under the Scheme, which represented approximately 3.02% of the Company's shares in issue as at that date.

41. DISPOSAL OF SUBSIDIARIES

| | Note | 2013 RMB'000 |
|---|------|-----------------|
| Net assets disposed of: | | |
| Property, plant and equipment | | 50,787 |
| Property under development | | 830,404 |
| Prepaid land lease payments | | 87,711 |
| Loans and receivables – third parties | | 37,900 |
| Deposits, prepayments and other receivables | | 119,529 |
| Cash and cash equivalents | | 45,159 |
| Other payables and accruals | | (1,234,803) |
| Deferred tax liabilities | | (14,312) |
| | | (77,625) |
| Gain on disposal of subsidiaries | 5 | 341,379 |
| Satisfied by cash | | 263,754 |

Notes to Financial Statements

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41. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

| | 2013 |
|--|-----------------|
| | RMB'000 |
| Cash consideration received | 161,754 |
| Cash and cash equivalents disposed of | (45,159) |
| Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries | 116,595 |

42. CONTINGENT LIABILITIES

- (1) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounting to RMB342,541,000 (2012: RMB318,957,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

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42. CONTINGENT LIABILITIES (CONTINUED)

- (2) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

| | Group | |
|---|----------------|----------------|
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Guarantees given to banks in connection with facilities granted to associates | 648,000 | 94,600 |
| Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture | 722,500 | 652,500 |

43. PLEDGE OF ASSETS

Details of the Group's bank loans and facilities, which are secured by the assets of the Group, are included in notes 15, 16, 17, 18 and 32.

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) and subleases its leased assets under operating lease arrangements for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

| | 2013 | 2012 |
|---|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within one year | 277,604 | 258,680 |
| In the second to fifth years, inclusive | 805,550 | 817,394 |
| After five years | 617,957 | 787,600 |
| | 1,701,111 | 1,863,674 |

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44. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(a) As lessor (continued)

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB486,491,000 (2012: RMB859,654,000) as at 31 December 2013.

(b) As lessee

The Group leases certain of its stores and office premises under non-cancellable operating lease agreements.

At 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | 2013 | 2012 |
|---|-------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within one year | 533,636 | 363,667 |
| In the second to fifth years, inclusive | 2,738,850 | 1,819,001 |
| After five years | 8,914,718 | 5,335,090 |
| | 12,187,204 | 7,517,758 |

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45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group had the following capital commitments at the reporting date:

| | 2013 | 2012 |
|-------------------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| <hr/> | | |
| Contracted, but not provided for: | | |
| Land and buildings | 1,324,331 | 1,609,397 |
| Leasehold improvements | 168,738 | 33,832 |
| | <hr/> | <hr/> |
| | 1,493,069 | 1,643,229 |
| <hr/> | | |
| Authorised, but not contracted for: | | |
| Land and buildings | 330,808 | 359,246 |
| Leasehold improvements | 57,618 | 183,665 |
| | <hr/> | <hr/> |
| | 388,426 | 542,911 |
| | <hr/> | <hr/> |
| | 1,881,495 | 2,186,140 |
| <hr/> | | |

In addition, the Group's share of the joint venture's own capital commitments, which are not included in the above, is as follows:

| | 2013 | 2012 |
|------------------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| <hr/> | | |
| Contracted, but not provided for | 88,646 | 57,428 |
| Authorised, but not contracted for | - | 75,000 |
| | <hr/> | <hr/> |
| | 88,646 | 132,428 |
| <hr/> | | |

Notes to Financial Statements

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46. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

| Name | Relationship |
|--|---|
| Mr. Shen Guojun | Shareholder of the Company |
| Intime International | Shareholder of the Company |
| Beijing Yintai Property Co., Ltd. ("Beijing Yintai") | Controlled by Mr. Shen Guojun |
| China Yintai Holdings Co., Ltd. ("China Yintai") | Controlled by Mr. Shen Guojun |
| Beijing Guojun Investment Co., Ltd. ("Beijing Guojun") | Controlled by Mr. Shen Guojun |
| Metro Land | 24.83% of its shares were held by China Yintai |
| Zhongda Shengma | Associate of the Group |
| Anhui Hualun | Associate of the Group |
| Zhejiang Intime Electronic Commerce | Associate of the Group |
| Xi'an Qujiang Intime | Associate of the Group before 30 November 2012 |
| Beijing Youyi Lufthansa | Associate of the Group |
| Bozhou Hualun | Associate of the Group |
| Xin Hubin | Joint venture |
| Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte") | Joint venture of China Yintai |
| Hangzhou Hubin International Commercial Development Co., Ltd. ("Hangzhou Hubin International") | Joint venture of Beijing Guojun |
| Beijing Metro Land Property Co., Ltd. ("Beijing Metro Land Property") | Subsidiary of Metro Land |
| Ningbo Hualian Property Development Co., Ltd. ("Ningbo Hualian Property") | Subsidiary of Metro Land |
| Ningbo Yintai Property Management Co., Ltd. ("Ningbo Yintai Property Management") | Subsidiary of Metro Land |
| Hangzhou Intime | Subsidiary of China Yintai |
| Zhejiang Fuqiang | Subsidiary of China Yintai |
| Beijing New Yansha Holding (Group) Co., Ltd. ("Beijing New Yansha") | Controlling shareholder of an associate |
| Fenghua Yintai Properties Co., Ltd. ("Fenghua Yintai") | 49% of the voting rights are controlled by Mr. Shen Guojun |
| Huzhou Jialefu Mall Co., Ltd. ("Huzhou Jialefu") | 50% of the voting rights are controlled by Mr. Shen Guojun |

Notes to Financial Statements

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46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The following transactions were carried out with related parties:

| | 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Rental expense and management fee expenses: | | |
| Beijing Yintai | – | 3,280 |
| Metro Land | 2,316 | 32,282 |
| Xi'an Qujiang Intime | – | 14,024 |
| Beijing Metro Land Property (note (i)) | 44,508 | – |
| Huzhou Jialefu (note (ii)) | 8,396 | – |
| | 55,220 | 49,586 |
| Advances to related parties: | | |
| Anhui Hualun | – | 86,860 |
| Xin Hubin (note (iii)) | 100,612 | 15,000 |
| Bozhou Hualun (note (iv)) | 72,500 | 116,638 |
| | 173,112 | 218,498 |
| Repayment of advances from related parties: | | |
| Xin Hubin | – | 51,620 |
| Anhui Hualun | 27,477 | – |
| | 27,477 | 51,620 |
| Loans and receivables made to related parties: | | |
| Zhejiang Intime Electronic Commerce | 70,000 | 143,390 |
| Zhongda Shengma | 60,000 | 119,000 |
| | 130,000 | 262,390 |
| Repayment of loans and receivables from related parties: | | |
| China Yintai | – | 106,664 |
| Hangzhou Intime | 80,563 | 139,167 |
| Zhongda Shengma | 49,718 | 86,631 |
| | 130,281 | 332,462 |
| Management fees from related parties: | | |
| Beijing New Yansha | 5,087 | 6,080 |

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46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

| | 2013 RMB'000 | 2012 RMB'000 |
|---|------------------|-----------------|
| Interest income from related parties: | | |
| China Yintai | – | 3,297 |
| Xin Hubin | 18,753 | 18,494 |
| Hangzhou Intime | 30,333 | 38,708 |
| Zhongda Shengma | 50,790 | 46,859 |
| Zhejiang Intime Electronic Commerce | 16,677 | 5,774 |
| Anhui Hualun | 21,955 | 20,612 |
| Bozhou Hualun | 10,849 | 4,960 |
| | 149,357 | 138,704 |
| Customer payments to/(receipts from) related parties by the Group's prepaid cards (netting off the payments made by related parties' prepaid cards used): | | |
| Zhejiang Intime Electronic Commerce | 1,562 | 13,502 |
| Intime Lotte | (1,192) | 23,244 |
| Xin Hubin | (530) | – |
| Hangzhou Hubin International | 61,189 | 7,302 |
| | 61,029 | 44,048 |
| Payments of rental deposits: | | |
| Hangzhou Intime | 5,000 | – |
| Metro Land | 700 | – |
| Fenghua Yintai | 5,000 | – |
| Huzhou Jialefu | 2,500 | – |
| | 13,200 | – |
| Sales of goods to a related party: | | |
| Zhejiang Intime Electronic Commerce (note (v)) | 214,580 | 122,423 |
| Purchase of property and equipment: | | |
| Metro Land | – | 658,000 |
| Guarantees provided by a related party: | | |
| Intime International (note 29 (iii)) | 150,687 | 200,917 |
| Guarantees provided to related parties: | | |
| Zhongda Shengma (note (vi)) | 264,000 | 264,000 |
| Anhui Hualun (note (vii)) | 600,000 | – |
| Xin Hubin (note (viii)) | 722,500 | 652,500 |
| | 1,586,500 | 916,500 |

Notes to Financial Statements

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46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

Notes:

- (i) Pursuant to an agreement between Beijing Metro Land Property and Zhejiang Intime, Zhejiang Intime leased a building for its operation for a period from 18 January 2010 to 31 January 2032.
- (ii) Pursuant to an agreement between Huzhou Jialefu and Zhejiang Intime Investment, Zhejiang Intime Investment leased a building for its operation for a period from 28 June 2013 to 27 June 2033.
- (iii) The Group provided Xin Hubin advances amounting to RMB100,612,000 (2012: RMB15,000,000) at one-year benchmark interest rate with no fixed repayment term.
- (iv) Anhui Huaqiao Hotel provided advances amounting to RMB72,500,000 (2012: RMB116,638,000) to Bozhou Hualun at one-year benchmark interest rate with no fixed repayment term.
- (v) In 2013, the Group sold goods to Zhejiang Intime Electronic Commerce for overseas procurements.
- (vi) Pursuant to a guarantee agreement among Zhejiang Intime, Zhongda Shengma and a bank, Zhejiang Intime provided a guarantee to Zhongda Shengma with the amount of RMB264,000,000 for a period from 17 September 2012 to 17 September 2015. As at 31 December 2013, the banking facilities granted to Zhongda Shengma guaranteed by the Group were utilised to the extent of approximately RMB198,000,000 (2012: RMB94,600,000).
- (vii) Pursuant to a guarantee agreement among Anhui Huaqiao Hotel, Anhui Hualun and a bank, Anhui Huaqiao Hotel provided a guarantee to Anhui Hualun with the amount of RMB600,000,000 for a period from 20 June 2013 to 20 June 2028. As at 31 December 2013, the banking facilities granted to Anhui Hualun guaranteed by the Group were utilised to the extent of approximately RMB450,000,000 (2012: nil).
- (viii) Pursuant to guarantee agreements among Zhejiang Intime, Xin Hubin and certain financial institutions, Zhejiang Intime provided guarantees to Xin Hubin's borrowings with the amount of RMB722,500,000 (2012: RMB652,500,000).

Notes to Financial Statements

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46. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Due from related parties

The Group had the following significant balances due from related parties at the reporting date:

| | 2013 | 2012 |
|-------------------------------------|------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Due from related parties: | | |
| Metro Land | 720 | 20 |
| Xin Hubin | 395,793 | 276,985 |
| Ningbo Hualian Property | 70 | 70 |
| Ningbo Yintai Property Management | – | 3,400 |
| Beijing Metro Land Property | 6,000 | 6,000 |
| Beijing Yintai | – | 1,816 |
| Anhui Hualun | 387,677 | 393,199 |
| Zhejiang Intime Electronic Commerce | 281,646 | 90,074 |
| Beijing New Yansha | 5,087 | 5,431 |
| Bozhou Hualun | 204,947 | 121,598 |
| Hangzhou Intime | 5,000 | – |
| Fenghua Yintai | 5,000 | – |
| Huzhou Jialefu | 2,500 | – |
| | 1,294,440 | 898,593 |

The amounts due from Zhejiang Intime Electronic Commerce are mainly denominated in HK\$, which are unsecured, interest-free and repayable on demand.

The amounts due from Xin Hubin, Anhui Hualun and Bozhou Hualun are denominated in RMB, unsecured, bear interest at the one-year benchmark interest rate and have no fixed repayment term.

The remaining amounts due from related parties are denominated in RMB, unsecured, interest-free and repayable on demand.

Notes to Financial Statements

31 December 2013

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Loans and interest receivable from related parties

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Hangzhou Intime (note 29) | 150,687 | 200,917 |
| Zhejiang Intime Electronic Commerce (note 29) | 287,561 | 200,884 |
| Zhongda Shengma (note 29) | 553,025 | 491,953 |
| | 991,273 | 893,754 |

(e) Due to related parties

The Group had the following significant balances due to related parties:

| | 2013 | 2012 |
|-------------------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Due to related parties: | | |
| Huzhou Jialefu (note (b)(ii)) | 1,446 | – |
| Metro Land | – | 588,000 |
| Zhejiang Intime Electronic Commerce | – | 2,587 |
| Intime Lotte | 679 | 2,920 |
| Hangzhou Hubin International | 12,058 | 6,323 |
| | 14,183 | 599,830 |

All amounts due to related parties are denominated in RMB, which are unsecured, interest-free and payable on demand.

Notes to Financial Statements

31 December 2013

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Commitments with related parties

- (i) Pursuant to an agreement between Zhejiang Intime Investment and Fenghua Yintai signed on 21 September 2012, Zhejiang Intime Investment leased certain floors of a building from Fenghua Yintai for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Fenghua Intime.
- (ii) Pursuant to an agreement between Intime Sanjiang and Hangzhou Intime signed on 15 July 2013, Intime Sanjiang leased certain floors of a building from Hangzhou Intime for its operation for 20 years. Intime Sanjiang was given a rent-free period of two years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Intime Sanjiang.
- (iii) Pursuant to an agreement between Zhejiang Intime Investment and Huzhou Jialefu signed on 25 February 2013, Zhejiang Intime Investment leased certain floors of a building from Huzhou Jialefu for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three months commencing from the delivery of the property. The Group expects total minimum lease payment to be approximately RMB664,179,000 from 1 January 2014 to 27 June 2033.

(g) Key management compensation

| | 2013 | 2012 |
|---|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Salaries, allowances and other benefits | 5,270 | 4,044 |
| Discretionary bonuses | 2,895 | 5,079 |
| Contributions to a retirement plan | 568 | 502 |
| Equity-settled share option expense | 7,727 | 11,974 |
| | 16,460 | 21,599 |

Notes to Financial Statements

31 December 2013

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Key management compensation (continued)

The emoluments of the senior management fell within the following bands:

| | Number of employees | |
|---------------------------------|---------------------|----------|
| | 2013 | 2012 |
| HK\$500,001 to HK\$ 1,000,000 | 3 | 1 |
| HK\$1,000,001 to HK\$ 1,500,000 | 2 | 2 |
| HK\$1,500,001 to HK\$ 2,000,000 | 1 | – |
| HK\$3,000,001 to HK\$ 3,500,000 | 1 | 2 |
| HK\$3,500,001 to HK\$ 4,000,000 | 1 | 1 |
| HK\$4,000,001 to HK\$ 4,500,000 | – | 1 |
| HK\$8,000,001 to HK\$ 8,500,000 | 1 | – |
| HK\$9,000,001 to HK\$ 9,500,000 | – | 1 |
| | 9 | 8 |

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

Notes to Financial Statements

31 December 2013

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the reporting date are as follows:

Group

2013

Financial assets

| | Loans and receivables <i>RMB'000</i> | Held-to- maturity investments <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|-------------------------|
| Held-to-maturity investments | – | 12,000 | 12,000 |
| Financial assets included in prepayments, deposits and other receivables | 931,749 | – | 931,749 |
| Trade receivables | 44,628 | – | 44,628 |
| Loans and receivables | 1,127,217 | – | 1,127,217 |
| Due from related parties | 1,294,440 | – | 1,294,440 |
| Cash in transit | 131,336 | – | 131,336 |
| Pledged deposits | 67,000 | – | 67,000 |
| Restricted bank balances | 195,915 | – | 195,915 |
| Cash and cash equivalents | 1,738,513 | – | 1,738,513 |
| | 5,530,798 | 12,000 | 5,542,798 |

2013

Financial liabilities

| | Financial liabilities at amortised cost <i>RMB'000</i> |
|---|--|
| Trade and bills payables | 1,782,148 |
| Financial liabilities included in other payables and accruals | 1,127,992 |
| Due to related parties | 14,183 |
| Interest-bearing bank and other borrowings | 4,754,142 |
| Guaranteed bonds due July 2014 | 998,374 |
| | 8,676,839 |

Notes to Financial Statements

31 December 2013

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Group (continued)

2012

Financial assets

| | Loans and receivables <i>RMB'000</i> | Available- for-sale investments <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|-------------------------|
| Available-for-sale investments | – | 24,466 | 24,466 |
| Financial assets included in prepayments, deposits and other receivables | 637,744 | – | 637,744 |
| Trade receivables | 51,840 | – | 51,840 |
| Loans and receivables | 1,231,490 | – | 1,231,490 |
| Due from related parties | 898,593 | – | 898,593 |
| Cash in transit | 407,455 | – | 407,455 |
| Pledged deposits | 175,500 | – | 175,500 |
| Restricted bank balances | 28,538 | – | 28,538 |
| Cash and cash equivalents | 2,117,380 | – | 2,117,380 |
| | 5,548,540 | 24,466 | 5,573,006 |

2012

Financial liabilities

| | Financial liabilities at amortised cost <i>RMB'000</i> |
|---|--|
| Trade and bills payables | 2,376,210 |
| Financial liabilities included in other payables and accruals | 1,036,424 |
| Due to related parties | 599,830 |
| Interest-bearing bank and other borrowings | 2,162,551 |
| Convertible bonds | 1,645,123 |
| Guaranteed bonds due July 2014 | 996,764 |
| | 8,816,902 |

Notes to Financial Statements

31 December 2013

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Company

2013

Financial assets

| | Loans and receivables |
|--|------------------------------|
| | <i>RMB'000</i> |
| Financial assets included in prepayments, deposits and other receivables | 1,024 |
| Due from subsidiaries | 6,990,784 |
| Cash and cash equivalents | 48,066 |
| | 7,039,874 |

2013

Financial liabilities

| | Financial liabilities |
|---|------------------------------|
| | at amortised cost |
| | <i>RMB'000</i> |
| Financial liabilities included in other payables and accruals | 26,549 |
| Due to subsidiaries | 117,699 |
| Guaranteed bonds due July 2014 | 998,374 |
| Interest-bearing bank and other borrowings | 2,174,942 |
| | 3,317,564 |

Notes to Financial Statements

31 December 2013

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Company (continued)

2012

Financial assets

| | Loans and receivables |
|--|-----------------------|
| | <i>RMB'000</i> |
| Financial assets included in prepayments, deposits and other receivables | 1,056 |
| Due from subsidiaries | 7,066,107 |
| Cash and cash equivalents | 6,105 |
| | <u>7,073,268</u> |

2012

Financial liabilities

| | Financial liabilities at amortised cost |
|---|--|
| | <i>RMB'000</i> |
| Financial liabilities included in other payables and accruals | 21,512 |
| Due to subsidiaries | 88,023 |
| Convertible bonds | 1,645,123 |
| Guaranteed bonds due July 2014 | 996,764 |
| | <u>2,751,422</u> |

Notes to Financial Statements

31 December 2013

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

| | Carrying amounts | | Fair values | |
|--------------------------------|------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Financial assets | | | | |
| Available-for-sale investments | – | 24,466 | – | 24,466 |

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, cash in transit, due from related parties, loans and receivables, trade receivables, financial assets included in prepayments, deposits and other receivables, interest bearing bank and other borrowings, amounts due to related parties, financial liabilities included in other payables and accruals and trade and bills payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the loans to third parties and related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the guaranteed bonds due July 2014 is estimated using an equivalent market interest rate for a similar bond.

The fair values of listed equity investments are based on quoted market prices.

Notes to Financial Statements

31 December 2013

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

| | As at 31 December 2013 Quoted prices in active markets Level 1 <i>RMB'000</i> | As at 31 December 2012 Quoted prices in active markets Level 1 <i>RMB'000</i> |
|---------------------------------|---|---|
| Available-for-sale investments: | | |
| Equity investments | - | 24,466 |

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group has no significant interest-bearing assets other than cash at banks (note 32) and loans and receivables (note 29).

The Group's interest rate risk arises from its borrowings, details of which are set out in note 35. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the year.

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

| Group | Increase/ (decrease) in basis points | Increase/ (decrease) in profit before tax <i>RMB'000</i> |
|------------------|--|---|
| 31 December 2013 | | |
| RMB | 100 | (9,950) |
| RMB | (100) | 9,950 |
| US\$ | 50 | (8,127) |
| US\$ | (50) | 8,127 |
| HK\$ | 50 | (2,948) |
| HK\$ | (50) | 2,948 |
| 31 December 2012 | | |
| RMB | 100 | (13,400) |
| RMB | (100) | 13,400 |

Foreign currency risk

During the years ended 31 December 2013 and 31 December 2012, the Group had cash at banks denominated in foreign currencies, and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK\$. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Details of the Group's guaranteed bonds due July 2014 and cash and cash equivalents denominated in foreign currencies as at 31 December 2013 and 2012 are disclosed in note 37 and note 32.

The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in HK\$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

| Group | Increase/ (decrease) in foreign exchange rate % | Increase/ (decrease) in profit before tax RMB'000 |
|--|---|---|
| 2013 | | |
| If the Hong Kong dollars weakens against the RMB | 2 | (224) |
| If the Hong Kong dollars strengthens against the RMB | (2) | 224 |
| 2012 | | |
| If the Hong Kong dollars weakens against the RMB | 2 | (10,670) |
| If the Hong Kong dollars strengthens against the RMB | (2) | 10,670 |

Credit risk

The Group has no significant concentrations of credit risk of trade receivables. Sales to retail customers are made in cash or via major debit and credit cards. The Group has policies that limit the amount of credit exposure to any financial institution.

The Group has significant concentrations of credit risk of other receivables and loans and receivables, which are mostly amounts due from related parties and third parties with maximum exposure equal to the carrying amounts. Management of the Group is of the view that the recoverability issue for the rest amounts due from related parties and third parties is small, because the Group believes that the related parties and third parties have the repayment capability and the Group has agreed with the related parties and third parties about future plans of repayment.

The Group has arranged bank financing for certain purchasers of its properties under development and has provided guarantees to secure the obligations of such purchasers for repayments. Detailed disclosures of these guarantees are made in note 42.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 42(2) to the financial statements.

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury function aims to maintain flexibility in funding by keeping committed credit lines available. In addition, the directors believe that the Group has sufficient cash flows from the operations and current available banking facilities to meet its liabilities as and when they fall due.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows:

GROUP

| | 2013 | | | | | Total RMB'000 |
|--|----------------------|----------------------------------|---|-------------------------|-------------------------|------------------|
| | On demand RMB'000 | Less than 6 months RMB'000 | 6 to less than 12 months RMB'000 | 1 to 2 years RMB'000 | Over 2 years RMB'000 | |
| Interest-bearing bank and other borrowings | - | 1,209,829 | 724,906 | 908,804 | 2,226,233 | 5,069,772 |
| Trade and bills payables | - | 1,782,148 | - | - | - | 1,782,148 |
| Other payables and accruals | 123,376 | 354,041 | 650,575 | - | - | 1,127,992 |
| Due to related parties | - | 14,183 | - | - | - | 14,183 |
| Guaranteed bonds due July 2014 | - | 23,250 | 1,023,250 | - | - | 1,046,500 |
| Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development | - | 342,541 | - | - | - | 342,541 |
| Guarantees given to banks in connection with facilities granted to the Group's associates | - | - | - | - | 648,000 | 648,000 |
| Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture | - | - | - | 542,500 | 180,000 | 722,500 |
| | 123,376 | 3,725,992 | 2,398,731 | 1,451,304 | 3,054,233 | 10,753,636 |

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows: (continued)

Group

| | On demand <i>RMB'000</i> | 2012 | | | | Total <i>RMB'000</i> |
|--|-----------------------------|---|--|--------------------------------|--------------------------------|-------------------------|
| | | Less than 6 months <i>RMB'000</i> | 6 to less than 12 months <i>RMB'000</i> | 1 to 2 years <i>RMB'000</i> | Over 2 years <i>RMB'000</i> | |
| Interest-bearing bank and other borrowings | – | 567,788 | 744,742 | 534,070 | 572,101 | 2,418,701 |
| Trade and bills payables | – | 2,376,210 | – | – | – | 2,376,210 |
| Other payables and accruals | 178,004 | 199,449 | 658,971 | – | – | 1,036,424 |
| Due to related parties | – | 511,830 | 88,000 | – | – | 599,830 |
| Convertible bonds | – | 13,770 | 1,694,557 | – | – | 1,708,327 |
| Guaranteed bonds due July 2014 | – | 23,250 | 23,250 | 1,046,500 | – | 1,093,000 |
| Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development | – | 318,957 | – | – | – | 318,957 |
| Guarantees given to banks in connection with facilities granted to the Group's associate | – | – | – | – | 94,600 | 94,600 |
| Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture | – | – | – | – | 652,500 | 652,500 |
| | 178,004 | 4,011,254 | 3,209,520 | 1,580,570 | 1,319,201 | 10,298,549 |

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Company

| | 2013 | | | | | Total <i>RMB'000</i> |
|--|-----------------------------|---|--|--------------------------------|--------------------------------|-------------------------|
| | On demand <i>RMB'000</i> | Less than 6 months <i>RMB'000</i> | 6 to | | Over 2 years <i>RMB'000</i> | |
| | | | less than 12 months <i>RMB'000</i> | 1 to 2 years <i>RMB'000</i> | | |
| Interest-bearing bank and other borrowings | - | 28,000 | 28,000 | 485,311 | 1,785,366 | 2,326,677 |
| Other payables and accruals | - | 26,549 | - | - | - | 26,549 |
| Due to subsidiaries | - | - | - | 117,699 | - | 117,699 |
| Guaranteed bonds due July 2014 | - | 23,250 | 1,023,250 | - | - | 1,046,500 |
| | - | 77,799 | 1,051,250 | 603,010 | 1,785,366 | 3,517,425 |

Company

| | 2012 | | | | | Total <i>RMB'000</i> |
|--------------------------------|-----------------------------|---|--|--------------------------------|--------------------------------|-------------------------|
| | On demand <i>RMB'000</i> | Less than 6 months <i>RMB'000</i> | 6 to | | Over 2 years <i>RMB'000</i> | |
| | | | less than 12 months <i>RMB'000</i> | 1 to 2 years <i>RMB'000</i> | | |
| Other payables and accruals | - | 21,512 | - | - | - | 21,512 |
| Due to subsidiaries | - | - | - | 88,023 | - | 88,023 |
| Convertible bonds | - | 13,770 | 1,694,557 | - | - | 1,708,327 |
| Guaranteed bonds due July 2014 | - | 23,250 | 23,250 | 1,046,500 | - | 1,093,000 |
| | - | 58,532 | 1,717,807 | 1,134,523 | - | 2,910,862 |

Notes to Financial Statements

31 December 2013

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is borrowings divided by the total asset. The borrowings include interest-bearing bank and other borrowings, convertible bonds and guaranteed bonds due July 2014.

As at 31 December 2013, the Group's borrowings amounted to RMB5,752,516,000 (31 December 2012: RMB4,804,438,000). The gearing ratio was 25.5% as at 31 December 2013 (31 December 2012: 22.6%).

50. EVENTS AFTER THE REPORTING PERIOD

On 1 November 2013, Shanghai Intime and Jiaying Intime entered into equity transfer agreements with Jiaying Construction, to dispose of 30% and 30% of their respective equity interests in Jiaying Intime Xintiandi, a subsidiary of the Company, for a total consideration of RMB362,488,800 for the 60% equity interest in aggregate. The disposal was completed in February 2014.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2014.

C. INDEBTEDNESS STATEMENT

As at 31 March, 2014, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group's borrowings, including bank and other borrowings and RMB guaranteed bonds amounted to RMB5,694.8 million.

Apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 March, 2014, the Group did not have any other outstanding bank borrowings, bank overdrafts or loans or other similar indebtedness, mortgage, charge or any other borrowings, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantee or other material contingent liabilities.

The Directors have confirmed that there have been no other material changes in the indebtedness and contingent liabilities of the Group since 31 March, 2014 and up to the Latest Practicable Date. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange ruling at the close of business on the Latest Practicable Date.

D. MATERIAL CHANGE

Save for the completion of the disposal of 60% equity interest in 嘉興銀泰梅灣新天地投資管理有限公司 (Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited), a subsidiary of the Company, in February 2014 and the resultant disposal gain of approximately RMB126 million as disclosed in the Company's 2013 annual report and announcement dated 4 November 2013 respectively, as at the Latest Practicable Date, the Directors confirm that, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

E. OTHER FINANCIAL INFORMATION

There was no item recorded in the financial statements of the Group that was exceptional or extraordinary because of size, nature or incidence for each of the three financial years ended 31 December, 2011, 2012 and 2013. Unqualified opinions were given by the independent auditors for the financial statements of the Group for each of the three financial years ended 31 December, 2011, 2012 and 2013.

The following is a text of letter, summary of values and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 31 March 2014 of the market values of the property interests of the Group.



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The Directors
Intime Retail (Group) Co., Ltd
1063-3 Creative Culture Industrial Park
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The People's Republic of China

9 June 2014

Dear Sirs,

VALUATION OF VARIOUS PROPERTIES LOCATED IN THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the captioned properties (hereinafter referred to the "Properties") held by Intime Retail (Group) Co., Ltd (the "Company") and/or its subsidiaries, associated companies and joint venture companies (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), 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 market values of the Properties as at 31 March 2014 for the purpose of incorporation into the circular issued by the Group.

BASIS OF VALUATION

Our valuation is our opinion of the market value of each of the Properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have valued the properties in Group I and VI which are held by the Group for investment and held by Joint Venture Company of the Group respectively and properties in Group III which are held by the Group for self-use by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

For property in Group IV which is held by the Group for sale, the valuation has been arrived by using Direct Comparison Approach with reference to market comparable transactions as available on the market.

For properties in Group II and Group V which are held by the Group under development and held by Associate Companies of the Group respectively, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties and associated companies of the Group. We have assumed that the properties will be completed in accordance with the Group's latest development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the properties.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided 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. We have relied on the information provided by the Group and its PRC legal advisor, Grandall Law Firm regarding the title to the Properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, completion date of the buildings, particulars of occupancy, tenancy summaries, joint-venture agreements/contracts, development schemes, construction costs and development costs

expended and site and floor areas. Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. 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. We were also advised by the Group that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exteriors and, where possible, the interiors of the properties valued and the inspection was carried out by our Clara Shi, Eddie Lo, Forest Xu, Gary Lau, Ocean Ruan, Peter Liang, Valerie Chan, Vincent Pang and Winnie Wen in May 2014. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. Our valuation is prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report that the Properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interests of Group I, II, III and IV in the PRC are mainly PRC business tax and associated surcharges (approximately 5.6 %), PRC land appreciation tax (approximately 30% – 60% of the appreciation amount) and PRC corporate income tax (25%).

As advised by the Group, for property nos. 1 to 7, 10, 11, 13, 14 and property nos. 20 to 39 which are used for business operation in the PRC, the Group has no intention to dispose of these properties at present. Therefore, the likelihood of such potential tax liability is remote. For property nos. 8, 9, 12 which are held by the Group for investment and nos. 15 to 19 which are held under development by the Group in the PRC, the Group may dispose these properties in the future, therefore, potential tax liability would be incurred on disposal of such property interests and they are mainly PRC business tax and associated surcharges, PRC corporate income tax and PRC land appreciation tax. The estimated total potential tax liability, according to the information prepared by the Group, would be RMB1,563.7 million. For property no. 40 which is held by the Group for sale, potential tax liability would be incurred on disposal of such property interests and they are mainly PRC corporate income tax as the Group disposes the equity interest in the company which owns these properties. The estimated total potential tax liability, according to the information prepared by the Group, would be RMB192.9 million. For property nos. 41 to 43 which are held by associated companies of the Group, potential tax liability would be incurred on disposal of such property interests and they are mainly PRC business tax and associated surcharges, PRC corporate income tax and PRC land appreciation tax. According to the information prepared by the Group, the estimated total potential tax liability of the associateds would be RMB539.9 million, and the influence on the Group's profit or loss would be

RMB222.5 million. For property no. 44 which is held by joint venture of the Group is used for business operation in the PRC, the joint venture has no intention to dispose of this property at present. Therefore, the likelihood of such potential tax liability is remote.

The information concerning potential tax liabilities of the Group is estimated for the purposes of this valuation and should not be misconstrued to imply that it would be the actual amount of taxes that would be paid by the Group upon the sale of such properties. The actual amount of PRC tax liability will need to be recalculated at the time of the actual sale and it should be noted, in particular, that the actual selling price (and hence the taxes involved) will depend on many factors including but not limited to market conditions at that time and may hence be different from the valuation.

CURRENCY

All amount stated are in Renminbi.

Our valuation report and summary of values are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Enc

Remarks: Clement W M Leung, MCIREA, MHKIS, MRICS, RPS (GP), is a qualified valuer and has about 21 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific Region and has 19 years' experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| Group I – Properties held by the Group for investment in the PRC | | | |
| 1. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | RMB660,000,000 | 100% | RMB660,000,000 |
| 2. Portion of the Retail Portion of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | RMB1,032,000,000 | 100% | RMB1,032,000,000 |
| 3. Portion of the Retail Portion of Intime Wulin Department Store No. 530 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | RMB121,000,000 | 100% | RMB121,000,000 |
| 4. Portion of the Retail Portion of Intime Xihu Department Store No. 98 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | RMB724,000,000 | 50% | RMB362,000,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| 5. Portion of the Retail Portion of a composite development located at No. 238 Zhongshan Dong Road Haishu District Ningbo Zhejiang Province The PRC | RMB76,000,000 | 100% | RMB76,000,000 |
| 6. Portion of the Retail Portion of Intime City No. 99 Qingshaoniangong South Road Cixi City Ningbo Zhejiang Province The PRC | RMB264,000,000 | 100% | RMB264,000,000 |
| 7. Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District Jinhua City Zhejiang Province The PRC | RMB229,000,000 | 100% | RMB229,000,000 |
| 8. Suizhou New Century Business Centre located at the Southern Side of Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC | RMB45,000,000 | 85% | RMB38,250,000 |
| 9. A Shopping Centre located at No.70 Fenshui Road Gucheng Country Xiangyang Hubei Province The PRC | RMB141,000,000 | 85% | RMB119,850,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|--|---|--|--|
| 10. Portion of the Retail Portion of Xian Qujiang Intime City No. 410 Yanta South Road Yanta District Xian Shaanxi Province The PRC | RMB595,000,000 | 100% | RMB595,000,000 |
| 11. Portion of the Retail Portion of Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District Xian Shaanxi Province The PRC | RMB340,000,000 | 100% | RMB340,000,000 |
| 12. Portion of a commercial building located at No. 99 Changjiang Street Huanggu District Shenyang Liaoning Province The PRC | RMB746,000,000 | 100% | RMB746,000,000 |
| 13. Portion of the Retail Portion of Phase 1 of Intime City located at the Western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | RMB985,000,000 | 70% | RMB689,500,000 |
| 14. Portion of the Retail Portion of Block 10, No. 101 Yuan Majiapu East Road Fengtai District Beijing The PRC | RMB416,000,000 | 80% | RMB332,800,000 |
| Sub-total: | RMB6,374,000,000 | | RMB5,605,400,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| Group II – Properties under development held by the Group in the PRC | | | |
| 15. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | RMB43,000,000 | 100% | RMB43,000,000 |
| 16. Various Portions of Yintai Linhai Project Dongfang Avenue Linhai Zhejiang Province The PRC | RMB218,000,000 | 100% | RMB218,000,000 |
| 17. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | RMB2,058,000,000 | 100% | RMB2,058,000,000 |
| 18. Office Portion of Intime City No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC | RMB139,000,000 | 51% | RMB70,890,000 |
| 19. SOHO Portion of Phase 1 of Intime City located at the Western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | RMB256,000,000 | 70% | RMB179,200,000 |
| Sub-total: | RMB2,714,000,000 | | RMB2,569,090,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| Group III – Properties held by the Group for self-use in the PRC | | | |
| 20. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | RMB1,259,000,000 | 100% | RMB1,259,000,000 |
| 21. Shopping Street of Yintai Linhai Project Dongfang Avenue Linhai Zhejiang Province The PRC | RMB722,000,000 | 100% | RMB722,000,000 |
| 22. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | RMB469,000,000 | 100% | RMB469,000,000 |
| 23. Portion of the Retail Portion of Intime Wulin Department Store No. 530 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | RMB1,868,000,000 | 100% | RMB1,868,000,000 |
| 24. Unit 801 Biaoqi Building, No. 528 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | RMB30,400,000 | 100% | RMB30,400,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|--|---|--|--|
| 25. Portion of the Retail Portion of Intime Xihu Department Store No. 98 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | RMB2,064,000,000 | 50% | RMB1,032,000,000 |
| 26. Portion of the Retail Portion of a Composite Development located at No. 238 Zhongshan Dong Road Haishu District Ningbo Zhejiang Province The PRC | RMB815,000,000 | 100% | RMB815,000,000 |
| 27. Portion of the Retail Portion of Intime City No. 99 Qingshaoniangong South Road Cixi City Ningbo Zhejiang Province The PRC | RMB297,000,000 | 100% | RMB297,000,000 |
| 28. Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District Jinhua City Zhejiang Province The PRC | RMB461,000,000 | 100% | RMB461,000,000 |
| 29. E'zhou Guomao Department Store No. Te 1 Nanpu Road E'zhou Hubei Province The PRC | RMB153,000,000 | 100% | RMB153,000,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| 30. Portion of Intime Department Store located at No. 233 Yushui Road Xian'an District Xianning Hubei Province The PRC | RMB205,000,000 | 100% | RMB205,000,000 |
| 31. Xiantao Commercial Building No. 43 Mianyang Avenue Xiantao Hubei Province The PRC | RMB1,194,000,000 | 65.8% | RMB785,652,000 |
| 32. Suizhou New Century Shopping Centre No. 65 Jiefang Road Zengdu District Suizhou Hubei Province The PRC | RMB211,000,000 | 85% | RMB179,350,000 |
| 33. Suizhou New Century Shopping Plaza No.45 Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC | RMB141,000,000 | 85% | RMB119,850,000 |
| 34. Portion of the Retail Portion of Xian Qujiang Intime City No. 410 Yanta South Road Yanta District Xian Shaanxi Province The PRC | RMB274,000,000 | 100% | RMB274,000,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|--|---|--|--|
| 35. Portion of the Retail Portion of Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District Xian Shaanxi Province The PRC | RMB125,000,000 | 100% | RMB125,000,000 |
| 36. Various Portions of Intime City, No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC | RMB389,000,000 | 51% | RMB198,390,000 |
| 37. Various Portions of Phase 1 of Intime City located at the Western Side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | RMB201,000,000 | 70% | RMB140,700,000 |
| 38. Wuluo Intime City No. 33 Luoyu Road Hongshan District Wuhan Hubei Province The PRC | RMB855,000,000 | 100% | RMB855,000,000 |
| 39. Portion of the Retail portion of Block 10, No. 101 Yuan Majiapu East Road Fengtai District Beijing The PRC | RMB555,000,000 | 80% | RMB444,000,000 |
| Sub-total: | RMB12,288,400,000 | | RMB10,433,342,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|--|---|--|--|
| Group IV – Property held by the Group for sale in the PRC | | | |
| 40. Phases 2 to 6 of Intime City located at the Western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | RMB1,746,000,000 | 70% | RMB1,222,200,000 |
| Sub-total: | RMB1,746,000,000 | | RMB1,222,200,000 |
| Group V – Properties held by Associated Companies of the Group in the PRC | | | |
| 41. Huafu Feicui Zhuangyuan Yangsheng Avenue Bozhou Anhui Province The PRC | RMB837,000,000 | 29% | RMB242,730,000 |
| 42. Yintai Zhongda Project Shixiang Road Xiacheng District Hangzhou Zhejiang Province The PRC | RMB1,832,000,000 | 40% | RMB732,800,000 |
| 43. World Bay Centre located at the Western Side of Zhongshan South Road Yijiang District Wuhu Anhui Province The PRC | RMB2,143,000,000 | 43% | RMB921,490,000 |
| Sub-total: | RMB4,812,000,000 | | RMB1,897,020,000 |

| Property | Market value in existing state as at 31 March 2014 | Interest attributable to the Group | Market value in existing state attributable to the Group as at 31 March 2014 |
|---|---|--|--|
| Group VI – Property held by Joint Venture of the Group in the PRC | | | |
| 44. Hubin Yintai Phase II No. 258 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | RMB2,691,000,000 | 50% | RMB1,345,500,000 |
| Sub-total: | <u>RMB2,691,000,000</u> | | <u>RMB1,345,500,000</u> |
| Grand-total: | <u><u>RMB30,625,400,000</u></u> | | <u><u>RMB23,072,552,000</u></u> |

VALUATION REPORT

Group I – Investment properties held by the Group in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | |
|--|--|--------------------------|--|--------|-----------|-------|-----------|---------------|------------------|--|--|
| 1. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | <p>Huaqiao Square (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 18,323.77 sq m completed in 2012. The total gross floor area of the building is approximately 182,002.00 sq m.</p> <p>The property comprises portion of the Development with a total lettable floor area of approximately 45,476.70 sq m. The detail breakdown of the approximate lettable floor area are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Lettable Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>23,896.70</td> </tr> <tr> <td>Hotel</td> <td>21,580.00</td> </tr> <tr> <td>Total:</td> <td>45,476.70</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p> | Use | Approximate Lettable Floor Area sq m | Retail | 23,896.70 | Hotel | 21,580.00 | Total: | 45,476.70 | <p>Retail portion of the property with a total lettable floor area of approximately 23,896.70 sq m is subject to various tenancies with the last tenancy expiring on 19 December 2027, yielding a total monthly receivable of approximately RMB3,069,000, exclusive of management fee.</p> <p>Hotel portion of the property is subject to a tenancy expiring on 31 August 2028 yielding a total monthly receivable of approximately RMB647,000, exclusive of management fee.</p> | <p>RMB660,000,000</p> <p>(100% interest attributable to the Group: RMB660,000,000)</p> |
| Use | Approximate Lettable Floor Area sq m | | | | | | | | | | |
| Retail | 23,896.70 | | | | | | | | | | |
| Hotel | 21,580.00 | | | | | | | | | | |
| Total: | 45,476.70 | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 340000000040114 dated 29 August 2011, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People's Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-------------------------------------|-----------------------|---------------------|------------|---------------------|--------------|
| He Guo Yong (2013) Di Lu Yang 03426 | Huaqiao Square, Hefei | 1,754.29 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03425 | Huaqiao Square, Hefei | 101.23 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03423 | Huaqiao Square, Hefei | 89.72 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03424 | Huaqiao Square, Hefei | 7,023.72 | Commercial | 24 May 2013 | January 2049 |

- (3) Pursuant to 4 Building Ownership Certificates issued by Hefei Real Estate Title Administration Bureau, the building ownership of the property with a total gross floor area of 110,331.92 sq m were vested in Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No | Date of Issuance | Gross floor area (sq m) | Use |
|---|---------------------|----------------------------|---------------------|
| Fang Di Quan Zheng He Chan Zi Di 8110069232 | 19 April 2013 | 86,402.53 | Commercial |
| Fang Di Quan Zheng He Chan Zi Di 8110069234 | 19 April 2013 | 21,580.41 | Hotel and Ancillary |
| Fang Di Quan Zheng He Chan Zi Di 8110069235 | 19 April 2013 | 1103.65 | Office |
| Fang Di Quan Zheng He Chan Zi Di 8110069236 | 19 April 2013 | 1245.33 | Office |

- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03426 is subject to a mortgage.
- (5) Portion of the property as stipulated under Building Ownership Certificate No. Fang Di Quan Zheng He Chan Zi Di 8110069232 is subject to a mortgage.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights and the building ownership of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in notes (4) and (5), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|--|--|
| 2. Portion of the Retail Portion of Haining Intime City located at Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | <p>Haining Intime City (the “Development”) is planned to be developed into an office/commercial development with a total site area of approximately 96,698.00 sq m and a total gross floor area of approximately 428,763.68 sq m upon completion.</p> <p>The property comprises Basement 1 to Level 4 of the shopping mall of the Development with a total lettable floor area of approximately 62,708.70 sq m completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial use.</p> | <p>The property with a lettable floor area of approximately 62,230.70 sq m is subject to various tenancies with the last tenancy expiring on 25 December 2028, yielding a total monthly receivable of approximately RMB3,230,000, exclusive of management fee.</p> <p>The remaining portion of the property is vacant.</p> | <p>RMB1,032,000,000</p> <p>(100% interest attributable to the Group: RMB1,032,000,000)</p> |

Notes:

- Pursuant to the Business Licence No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.
- Pursuant to 6 State-owned Land Use Rights Certificates all issued by the People’s Government of Haining, the land use rights of the property with a total site area of 14,233.20 sq m have been granted to Haining Intime Property Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|------------------------------|---------------------------------------|------------------|------------|------------------|------------------|
| Hai Guo Yong (2014) Di 01518 | Room 101, No. 365 Haichang South Road | 3,663.40 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01520 | Room 201, No. 365 Haichang South Road | 3,347.51 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01521 | Room 301, No. 365 Haichang South Road | 3,424.93 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01524 | Room 401, No. 365 Haichang South Road | 3,448.97 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01523 | Room 501, No. 365 Haichang South Road | 136.10 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01525 | Room 502, No. 365 Haichang South Road | 212.29 | Commercial | 14 February 2014 | 8 September 2050 |

- (3) Pursuant to 6 Building Ownership Certificates, the building ownership of the property with a total gross floor area of 83,916.47 sq m were vested in Haining Intime Property Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor | | Use | Address | Date of Issuance | Expiry Date |
|---|-------------|--|------------|--------------------------------------|------------------|-----------------|
| | Area (sq m) | | | | | |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306300 | 21,598.79 | | Commercial | Room 101, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306293 | 19,736.35 | | Commercial | Room 201, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306123 | 20,192.77 | | Commercial | Room 301, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306290 | 20,334.52 | | Commercial | Room 401, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306291 | 802.40 | | Commercial | Room 501, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306292 | 1,251.64 | | Commercial | Room 502, 365 Haichang South Road | 27 January 2014 | 8 November 2050 |

- (4) Portion of Basement 1 of the property is currently subject to a tenancy expiring on 25 December 2018. The remaining portion is vacant. However, as Haining Intime Property Company Limited has not obtained relevant title certificate for such portion of the property, we have not opined any market value to such portion of the property in the course of our valuation.
- (5) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Haining Intime Property Company Limited has legally obtained the land use rights and the building ownership of the property. Haining Intime Property Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|---|--|
| 3. Portion of the Retail Portion of Intime Wulin Department Store No. 530 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | Intime Wulin Department Store is a 9-storey commercial building plus two basement levels erected on a parcel of land with a site area of approximately 5,664.00 sq m. The property comprises portion of the retail area of Intime Wulin Department Store with a total lettable floor area of approximately 1,701.66 sq m completed in 2001. The land use rights of the property have been granted for a term expiring on 12 November 2038 for commercial use. | The property is subject to various tenancies with the last tenancy expiring on 31 March 2018, yielding a total monthly receivable of approximately RMB928,000, exclusive of management fee. | RMB121,000,000 (100% interest attributable to the Group: RMB121,000,000) <i>(please refer to note 4)</i> |

Notes:

- (1) Pursuant to the Business Licence No. 330000400000455 dated 17 July 2013, Zhejiang Intime Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB800,000,000 for a valid period from 7 August 1997 to 29 September 2035.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 issued by the People's Government of Hangzhou dated 14 September 2006, the land use rights of the property with a site area of 5,664.00 sq m has been granted to Zhejiang Intime Department Store Company Limited for a term expiring on 12 November 2038 for commercial use.
- (3) Pursuant to the Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 issued by Hangzhou Real Estate Administration Bureau dated 8 September 2006, the building ownership of portion of the development with a total gross floor area of 41,939.10 sq m was vested in Zhejiang Intime Department Store Company Limited for non-residential use.
- (4) Basement Level 1 of the development is currently occupied as retail area. However, according to the advise from the Company, basement of the development is planned for car parking purposes and as Zhejiang Yintai Department Store Company Limited has not obtained relevant title certificate for such portion of the property, we have not opined any market value to such portion of the property in the course of our valuation.
- (5) Portion of the building as stipulated under State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 is subject to mortgage.
- (6) Portion of the building as stipulated under Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 is subject to mortgage.

- (7) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Zhejiang Intime Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in notes (5) and (6), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 4. Portion of the Retail Portion of Intime Xihu Department Store No. 98 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | <p>Intime Xihu Department Store is a partly 3-storey and partly 5-storey commercial building plus two basement levels erected on two parcels of land with a total site area of approximately 19,682.30 sq m.</p> <p>The property comprises portion of the retail area on Basement 1 to Level 4 with a total retail gross floor area of approximately 14,470.95 sq m completed in 2000s.</p> <p>The land use rights of the property have been granted for terms expiring on 25 January 2040, 22 August 2040 and 20 October 2043 respectively for commercial services use.</p> | <p>Portion of the property with a lettable floor area of approximately 14,125.95 sq m is subject to various tenancies with the last tenancy expiring on 14 August 2025, yielding a total monthly receivable of approximately RMB2,074,000, exclusive of management fee.</p> <p>The remaining portion of the property is currently vacant.</p> | <p>RMB724,000,000</p> <p>(50% interest attributable to the Group: RMB362,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330100000012543 dated 2 July 2013, Hangzhou Yinxi Intime Department Store Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB36,000,000 for a valid period from 19 October 1998.
- (2) Pursuant to the Business Licence No. 330000000001678, Zhejiang Zhelian Investment and Management Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 13 July 2007.

- (3) Pursuant to 3 State-owned Land Use Rights Certificates issued by People's Government of Hangzhou, the land use rights of the property with a total site area of 39,293.44 sq m have been granted to Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|---|--|---------------------|------------------------|------------------|-----------------|
| Hang Shang Guo Yong (2011) Di 100045 | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 7,760.00 | Commercial services | 25 April 2011 | 22 August 2040 |
| Hang Shang Guo Yong (2010) Di 100041 | No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.), No. 1-11 Hongmenju | 11,922.30 | Commercial services | 3 March 2010 | 25 January 2040 |
| Hang Shang Guo Yong (2010) Di 100168 | Basement Level 1 of No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.) | 19,611.14 | Commercial services | 22 December 2010 | 20 October 2043 |

- (4) Pursuant to 4 Building Ownership Certificates issued by Hangzhou Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 76,059.12 sq m were vested in Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|----------------------------|-----------------|--|-----------------|
| Hang Fang Quan Zheng Shang Zi Di 10286526 | 27,345.25 * | Non-Residential | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 22 August 2040 |
| Hang Fang Quan Zheng Shang Zi Di 10286525 | 27,345.25 * | Non-Residential | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 22 August 2040 |
| Hang Fang Quan Zheng Shang Zi Di 11326371 | 19,611.14 | Non-Residential | No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.) Room 01 | 20 October 2043 |
| Hang Fang Quan Zheng Shang Zi Di 10286527 | 29,102.73 | Non-Residential | No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.) | 25 January 2040 |

* As advised by the Company, Building Ownership Certificates Hang Fang Quan Zheng Shang Zi Di 10286525 and 10286526 refer to the same portion of the development.

- (5) Portion of the property as stipulated under State-owned Land Use Rights Certificates Nos. Hang Shang Guo Yong (2011) Di 100045 and Hang Shang Guo Yong (2010) Di 100041 is subject to mortgages.
- (6) Portion of the property as stipulated under Building Ownership Certificates Nos. Hang Fang Quan Zheng Shang Zi Di 10286525 to 10286527 is subject to mortgages.

- (7) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited have legally obtained the land use rights and the building ownership of the property. Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited are the sole owners of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited subject to relevant laws and regulations and prior approval from the mortgagees; and
 - (iii) other than portion of the property as mentioned in notes (5) and (6), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|---|--|
| 5. Portion of the Retail Portion of a composite development located at No. 238 Zhongshan Dong Road Haishu District Ningbo Zhejiang Province The PRC | <p>The property comprises retail portion of the 6-storey commercial podium of a composite development erected on a parcel of land with a total site area of approximately 3,403.42 sq m completed in 2010.</p> <p>The property comprises a total lettable floor area of approximately 2,473.60 sq m.</p> <p>The land use rights of the property have been granted for various terms expiring on 30 June 2043 and 28 December 2034 for commercial use.</p> | <p>The property is subject to various tenancies with the last tenancy expiring on 31 August 2019, yielding a total monthly receivable of approximately RMB478,000, exclusive of management fee.</p> | <p>RMB76,000,000</p> <p>(100% interest attributable to the Group: RMB76,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330200000055561 dated 5 May 2011, Intime Department Store (Ningbo Haishu) Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 16 March 2009 to 15 March 2029.
- (2) Pursuant to 7 State-owned Land Use Rights Certificates issued by Ningbo Land Resources Bureau, the land use rights of the property with a total site area of 3,403.42 sq m have been granted to Intime Department Store (Ningbo Haishu) Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Expiry Date |
|---------------------------------|---------------------------|------------------|---------------------|------------------|
| Yong Guo Yong (2010) Di 0202507 | No. 23 Jiangsha Road | 2,390.61 | Commercial services | 30 June 2043 |
| Yong Guo Yong (2010) Di 0202508 | No. 55 Dongdu Road (1-42) | 161.34 | Commercial services | 28 December 2034 |
| Yong Guo Yong (2010) Di 0202509 | No. 55 Dongdu Road (2-48) | 223.05 | Commercial services | 28 December 2034 |
| Yong Guo Yong (2010) Di 0202510 | No. 55 Dongdu Road (4-45) | 220.22 | Commercial services | 28 December 2034 |
| Yong Guo Yong (2010) Di 0202511 | No. 55 Dongdu Road (5-45) | 220.22 | Commercial services | 28 December 2034 |
| Yong Guo Yong (2010) Di 0202512 | No. 55 Dongdu Road (6-48) | 75.52 | Commercial services | 28 December 2034 |
| Yong Guo Yong (2010) Di 0202513 | No. 55 Dongdu Road (6-49) | 112.46 | Commercial services | 28 December 2034 |

- (3) Pursuant to 7 Building Ownership Certificates issued by Ningbo Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 40,888.01 sq m were vested in Intime Department Store (Ningbo Haishu) Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|-------------------------|------------|----------------------|------------------|
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082778 | 3,036.35 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082776 | 2,039.15 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082773 | 5,945.84 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082771 | 5,945.84 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082768 | 6,022.38 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082767 | 4,356.22 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082766 | 13,542.23 | Commercial | No. 23 Jiangsha Road | 30 June 2043 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Intime Department Store (Ningbo Haishu) Company Limited has legally obtained the land use rights and the building ownership of the property. Intime Department Store (Ningbo Haishu) Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Intime Department Store (Ningbo Haishu) Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|--|
| 6. Portion of the Retail Portion of Intime City No. 99 Qingshaoniangong South Road Cixi City Ningbo Zhejiang Province The PRC | <p>Intime City (the “Development”) is an 8-storey commercial building with 2 basement levels erected on a site with a total site area of approximately 17,163.00 sq m completed in 2011.</p> <p>The property comprises portion of the retail portion of the Development with a total lettable floor area of approximately 17,629.20 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 19 November 2049 for wholesale and retail, residential and restaurant, commercial and finance, and other commercial services uses.</p> | <p>Portion of the property with a total lettable floor area of approximately 17,609.20 sq m is subject to various tenancies with the last tenancy expiring on 14 April 2027, yielding a total monthly receivable of approximately RMB1,370,000 exclusive of management fee.</p> <p>The remaining portion of the property is currently vacant.</p> | <p>RMB264,000,000</p> <p>(100% interest attributable to the Group: RMB264,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330282000122673, Cixi Intime Commercial Management Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB150,600,000 for a valid period from 28 April 2011 to 27 April 2031.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Ci Guo Yong (2014) Di 018026 issued by Cixi State Land Resources Bureau dated 16 April 2012, the land use rights of a parcel of land with a site area of 17,163.00 sq m has been granted to Cixi Intime Commercial Management Company Limited for a term expiring on 19 November 2049 for wholesale and retail, residential and restaurant, commercial and finance, and other commercial services uses.
- (3) Pursuant to 3 Building Ownership Certificates issued by Cixi Housing and Urban Construction Bureau, the building ownership of portion of the development with a total gross floor area of 86,629.78 sq m were vested in Cixi Intime Commercial Management Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|-------------------------|------------------------------------|-------------------------------------|------------------|
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 61,618.25 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 17,326.42 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 7,685.11 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Cixi Intime Commercial Management Company Limited has legally obtained the land use rights and the building ownership of the property. Cixi Intime Commercial Management Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Cixi Intime Commercial Management Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|--|
| 7. Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District Jinhua City Zhejiang Province The PRC | <p data-bbox="512 434 874 725">Intime Jinhua Department Store (the “Development”) comprises 2 blocks of 6-storey commercial building with a 2-level common basement erected on a parcel of land with a site area of approximately 20,000.00 sq m completed in 2009.</p> <p data-bbox="512 772 874 910">The 2 blocks of commercial building (namely Blocks A and B) are connected by footbridges on Level 2 and Level 3.</p> <p data-bbox="512 957 874 1136">The property comprises portion of the retail portion of the Development with a total lettable floor area of approximately 24,410.20 sq m.</p> <p data-bbox="512 1183 874 1319">The land use rights of the property have been granted for a term expiring on 10 January 2047 for commercial services use.</p> | <p data-bbox="924 434 1139 1023">The property with a total lettable floor area of approximately 24,410.20 sq m is subject to various tenancies with the last tenancy expiring on 20 September 2024, yielding a total monthly receivable of approximately RMB1,420,000, exclusive of management fee.</p> | <p data-bbox="1222 434 1407 461">RMB229,000,000</p> <p data-bbox="1222 508 1407 646">(100% interest attributable to the Group: RMB229,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330702000028873 dated 15 July 2013, Jinhua Intime Shopping Center Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB30,000,000 for a valid period from 6 March 2007 to 5 March 2022.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Jin Shi Guo Yong (2012) Di 102-13456 issued by the People's Government of Jinhua dated 28 September 2012, the land use rights of a parcel of land with a site area of 9,597.64 sq m has been granted to Jinhua Intime Shopping Center Company Limited for a term expiring on 10 January 2047 for commercial services use.
- (3) Pursuant to 8 Realty Title Certificates issued by Jinhua Housing and Urban-Rural Development Bureau, the title to portion of the development with a total gross floor area of 58,092.26 sq m were vested in Jinhua Intime Shopping Center Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|---------------------------------------|-------------------------|------------|--|-----------------|
| Jin Fang Quan Zheng Wu Zi Di 00336318 | 3,967.47 | Commercial | Room 101, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00337692 | 4,820.64 | Commercial | Room 102, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336316 | 4,265.03 | Commercial | Room 201, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336315 | 5,154.59 | Commercial | Room 202, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336314 | 10,281.82 | Commercial | Room 301, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336313 | 10,375.89 | Commercial | Room 302, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336312 | 10,628.09 | Commercial | Room 401, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336311 | 8,598.73 | Commercial | Room 601, No. 168 Jiefang East Road | 10 January 2047 |

- (4) The property as stipulated in note (2) and (3) is subject to a mortgage.
- (5) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Jinhua Intime Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Jinhua Intime Shopping Center Company Limited is the sole owner of the property; and
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Jinhua Intime Shopping Center Company Limited subject to relevant laws and regulations and prior approval from the mortgagee.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 8. Suizhou New Century Business Centre located at the Southern side of Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC | <p>The property is a 7-storey commercial building plus a single-level basement erected on a parcel of land with a site area of approximately 1,843.77 sq m completed in 2012.</p> <p>The total gross floor area of the property is approximately 7,269.87 sq m.</p> <p>The land use rights of the property have been granted for terms expiring on 18 November 2048 for commercial use and 30 November 2078 for residential use.</p> | <p>Portion of the property with a gross floor area of 5,200.00 sq m is subject to a tenancy expiring on 30 September 2028, yielding a total monthly receivable of approximately RMB83,000 with an increment of 5% for every three years, exclusive of management fees.</p> <p>Portion of the property with a gross floor area of 80.00 sq m is subject to a tenancy expiring on 31 December 2014, yielding a total monthly receivable of approximately RMB7,000, exclusive of management fees.</p> <p>Portion of the property with a gross floor area of approximately 1,689.00 sq m is owner-occupied and operated as supermarket.</p> <p>The remaining portion of the property is currently vacant.</p> | <p>RMB45,000,000</p> <p>(85% interest attributable to the Group: RMB38,250,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 420000000005713 dated 19 June 2013, Hubei New Century Shopping Center Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2009B) Di 1093 issued by the People's Government of Suizhou dated 26 December 2003, the land use rights of a parcel of land with a site area of 1,843.77 sq m has been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 30 November 2048 for commercial use and 30 November 2078 for residential use.
- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di [2010] 00017 issued by Suizhou Urban-Rural Planning Bureau dated 30 April 2010, the Development with a site area of approximately 2,700.00 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di [2010] 265 issued by Suizhou Urban-Rural Planning Bureau dated 17 August 2010, the property with a total gross floor area of 5,580.82 (aboveground) and 3,211.14 (under ground) sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 429001201006040101 issued by Suizhou Housing and Urban-Rural Development Committee dated 13 September 2010, the construction work of the property with a total gross floor area of 5,580.82 sq m was permitted to be commenced.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Hubei New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei New Century Shopping Center Company Limited according to relevant laws and regulations;
 - (iii) Hubei New Century Shopping Center Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Hubei New Century Shopping Center Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | | | | |
|--|--|--------------------------------------|--|--------------------------------------|----------|------------|----------|-----|------------|-----------|---|-------------|---------------|--------|--|-------------------------|--|---|
| 9. A shopping centre located at No.70 Fenshui Road Gucheng Country Xiangyang Hubei Province The PRC | <p>The property comprises level 1 to level 5 plus a single-level basement of a 17-storey residential building completed in 2011.</p> <p>The total gross floor area of the property is approximately 18,753.81 sq m. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Use</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement</td> <td>Commercial</td> <td>3,474.67</td> </tr> <tr> <td>1-4</td> <td>Commercial</td> <td>14,517.07</td> </tr> <tr> <td>5</td> <td>Residential</td> <td><u>762.07</u></td> </tr> <tr> <td colspan="2">Total:</td> <td><u><u>18,753.81</u></u></td> </tr> </tbody> </table> | Level | Use | Approximate Gross Floor Area sq m | Basement | Commercial | 3,474.67 | 1-4 | Commercial | 14,517.07 | 5 | Residential | <u>762.07</u> | Total: | | <u><u>18,753.81</u></u> | <p>The property with a total lettable floor area of 18,753.81 sq m is subject to various tenancies with the last tenancy expiring on 31 August 2026, yielding a total monthly receivable of approximately RMB420,000, exclusive of management fee.</p> | <p>RMB141,000,000</p> <p>(85% interest attributable to the Group: RMB119,850,000)</p> |
| Level | Use | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | | | |
| Basement | Commercial | 3,474.67 | | | | | | | | | | | | | | | | |
| 1-4 | Commercial | 14,517.07 | | | | | | | | | | | | | | | | |
| 5 | Residential | <u>762.07</u> | | | | | | | | | | | | | | | | |
| Total: | | <u><u>18,753.81</u></u> | | | | | | | | | | | | | | | | |
| <p>The land use rights of the property have been granted for terms expiring on 11 October 2050 for commercial use and 11 October 2080 for residential use.</p> | | | | | | | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 420000000005713 dated 19 June 2013, Hubei New Century Shopping Center Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Gu Cheng Guo Yong (2012) Di 01-047 issued by the People's Government of Gucheng dated 31 May 2012, the land use rights of the property with a site area of approximately 3,663.82 sq m has been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 11 October 2050 for commercial use and 11 October 2080 for residential use.
- (3) Pursuant to the Building Ownership Certificate No. Gu Cheng Xian Fang Quan Zheng Cheng Guan Zhen Zi Di A012626 issued by Gucheng Real Estate Title Registry Administration Office dated 30 December 2011, the title to the property with a total gross floor area of approximately 18,753.81 sq m was vested in Hubei New Century Shopping Center Company Limited for composite use.
- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Hubei New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei New Century Shopping Center Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 10. Portion of the Retail Portion of Xian Qujiang Intime City No. 410 Yanta South Road Yanta District Xian Shaanxi Province The PRC | Xian Qujiang Intime City (the "Development") is a 4-storey commercial building plus a mezzanine floor and 2 basement levels erected on a parcel of land with a site area of approximately 22,839.30 sq m completed in 2011. The property comprises portion of the Development with a total lettable floor area of approximately 33,753.20 sq m. The detail breakdown of the approximate lettable floor area are as follows: | Portion of the property with a total lettable floor area of approximately 33,565.60 sq m is subject to various tenancies with the last tenancy expiring on 17 January 2032, yielding a total monthly receivable of approximately RMB2,349,000, exclusive of management fee. The remaining portion of the property is currently vacant. | RMB595,000,000 (100% interest attributable to the Group: RMB595,000,000) |
| | | Approximate Lettable Floor Area <i>sq m</i> | |
| | Level | Use | |
| | L1 | Retail | 3,580.10 |
| | L2 | Retail | 1,571.20 |
| | L3 | Retail | 6,748.30 |
| | L4 | Retail/Cinema | 6,732.90 |
| | B1 | Retail | 15,037.70 |
| | B2 | Retail | 83.00 |
| | | Total: | <u>33,753.20</u> |

The land use rights of the Development have been granted for a term expiring on 30 September 2049 for commercial use.

Notes:

- (1) Pursuant to the Business Licence No. 610133100006233 dated 2 April 2013, Xi'an Qujiang Intime International Shopping Mall Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of RMB175,000,000 for a long-term valid period.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Shi Qu Jiang Guo Yong (2010 Chu) Di 016 issued by the People's Government of Xian dated 7 April 2010, the land use rights of a parcel of land with a total site area of 22,839.3 sq m has been granted to Xi'an Qujiang Intime International Shopping Mall Company Limited for a term expiring on 30 September 2049 for commercial use.
- (3) Pursuant to the Construction Land Use Planning Permit No. Xi Gui Qu Di Zi Di 010 issued by Xian Qujiang New District Administration Committee dated 6 August 2010, the Development with a site area of approximately 43,802 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Xi Gui Gu Jian Zi Di 005 issued by Xian Qujiang New District Administration Committee dated 21 January 2011, the Development with a total gross floor area of 75,691 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. Xi Gu Jian Shi [2011] 012 issued by Xian Urban-Rural Development Committee dated 18 April 2011, the construction work of the Development with a total gross floor area of 75,691 sq m was permitted to be commenced.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Xi'an Qujiang Intime International Shopping Mall Company Limited has legally obtained the land use rights of the property. Xi'an Qujiang Intime International Shopping Mall Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Qujiang Intime International Shopping Mall Company Limited according to relevant laws and regulations;
 - (iii) Xi'an Qujiang Intime International Shopping Mall Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Xi'an Qujiang Intime International Shopping Mall Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|--|---|
| 11. Portion of the Retail Portion of Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District Xian Shaanxi Province The PRC | Xian Xiaozhai Intime City (the "Development") is a 9-storey commercial building plus 2 basement levels erected on a parcel of land with a site area of approximately 11,253.60 sq m completed in 2008. The property comprises Level 1 to Level 6 plus a mezzanine floor and two levels of basement of the Development with a total lettable floor area of approximately 27,487.14 sq m. The detail breakdown of the approximate lettable floor area are as follows: | Portion of the property with a total lettable floor area of approximately 26,926.14 sq m is subject to various tenancies with the last tenancy expiring on 27 February 2031, yielding a total monthly receivable of approximately RMB956,000, exclusive of management fee. The remaining portion of the property is currently vacant. | RMB340,000,000 (100% interest attributable to the Group: RMB340,000,000) |
| | | Approximate Lattable Floor Area sq m | |
| | Level | Use | |
| | L1 | Retail | 1,239.00 |
| | L2 | Retail | 1,105.10 |
| | L3 | Retail | 536.90 |
| | L4 | Retail | 6,791.00 |
| | L5 | Retail | 6,450.00 |
| | L6 & Mezzanine | Cinema | 8,183.36 |
| | B1 | Retail | 3,113.78 |
| | B2 | Retail | <u>68.00</u> |
| | | Total: | <u><u>27,487.14</u></u> |

The land use rights of the Development have been granted for a term expiring on 19 November 2041 for commercial use.

Notes:

- (1) Pursuant to the Business Licence No. 610100400009848 dated 2 April 2013, Xi'an Southline Department Store Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of HK\$91,000,000 for a valid period from 27 January 2005 to 26 January 2017.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Xi Yan Guo Yong (2005 Chu) Di 565 issued by the People's Government of Xian dated 10 June 2005, the land use rights of a parcel of land with a total site area of 11,253.6 sq m has been granted to Xi'an Southline Zhuque Investment Company (as advised by the Group, the business

licence of Xi'an Southline Zhuque Investment Company has been renamed to Xi'an Southline Department Store Company Limited and the change of name of this certificate is in the process) for a term expiring on 19 November 2041 for commercial use.

- (3) Pursuant to 10 Building Ownership Certificates, the building ownership of Basement 2 to Level 7 of the Development with a total gross floor area of 57,259.79 sq m were vested in Xi'an Southline Zhuque Investment Company (as advised by the Group, the business licence of Xi'an Southline Zhuque Investment Company has been renamed to Xi'an Southline Department Store Company Limited and the change of name of these certificates is in the process). Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|-------------------------|------------|---|------------------|
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F101 | 6,928.62 | Commercial | Room 1F101, Unit 3, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F102 | 207.77 | Other uses | Room 1F102, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F202 | 5,366.02 | Other uses | Room 1F202, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10101 | 5,789.92 | Commercial | Room 10101, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10102 | 269.38 | Commercial | Room 10102, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10201 | 8,454.49 | Commercial | Room 10201, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10301 | 8,491.34 | Commercial | Room 10301, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10401 | 7,215.33 | Commercial | Room 10401, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10501 | 6,586.67 | Commercial | Room 10501, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10601 | 7,950.25 | Commercial | Room 10601, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Xi'an Southline Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Xi'an Southline Department Store Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Southline Department Store Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | | | | | | | |
|--|--|--------------------------|--|------------------|----------|---------|-----------|---------|-----------|---------|-----------|---------|--------|---------|--------|---------|--------|--------|------------------|---|---|
| 12. Portion of a commercial building located at No. 99 Changjiang Street Huanggu District Shenyang Liaoning Province The PRC | <p>The property comprises portion of basement and Level 1 to Level 6 of a 6-storey commercial building plus a single-storey basement erected on a parcel of land with a site area of approximately 17,289.20 sq m completed in 2004.</p> <p>The total gross floor area of the property is approximately 47,565.25 sq m. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement Level 1</td> <td style="text-align: right;">9,713.15</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">11,438.54</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">11,739.34</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">11,791.10</td> </tr> <tr> <td>Level 4</td> <td style="text-align: right;">961.04</td> </tr> <tr> <td>Level 5</td> <td style="text-align: right;">961.04</td> </tr> <tr> <td>Level 6</td> <td style="text-align: right;">961.04</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>47,565.25</u></td> </tr> </tbody> </table> | Level | Approximate Gross Floor Area sq m | Basement Level 1 | 9,713.15 | Level 1 | 11,438.54 | Level 2 | 11,739.34 | Level 3 | 11,791.10 | Level 4 | 961.04 | Level 5 | 961.04 | Level 6 | 961.04 | Total: | <u>47,565.25</u> | <p>Portion of the property with a total lettable floor area of approximately 47,365.94 sq m is subject to various tenancies with the last tenancy expiring on 31 December 2022, yielding a total monthly receivable of approximately RMB3,032,000, exclusive of management fee.</p> <p>The remaining portion of the property is owner-occupied.</p> | <p>RMB746,000,000</p> <p>(100% interest attributable to the Group: RMB746,000,000)</p> <p><i>(please refer to note 4)</i></p> |
| Level | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | | | | | | | |
| Basement Level 1 | 9,713.15 | | | | | | | | | | | | | | | | | | | | |
| Level 1 | 11,438.54 | | | | | | | | | | | | | | | | | | | | |
| Level 2 | 11,739.34 | | | | | | | | | | | | | | | | | | | | |
| Level 3 | 11,791.10 | | | | | | | | | | | | | | | | | | | | |
| Level 4 | 961.04 | | | | | | | | | | | | | | | | | | | | |
| Level 5 | 961.04 | | | | | | | | | | | | | | | | | | | | |
| Level 6 | 961.04 | | | | | | | | | | | | | | | | | | | | |
| Total: | <u>47,565.25</u> | | | | | | | | | | | | | | | | | | | | |

The land use rights of the property have been granted for a term expiring on 16 February 2034 for commercial use.

Notes:

- (1) Pursuant to the Business Licence No. 210100000019407 dated 2 April 2013, Shenyang North Intime Real Estate Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of RMB6,800,000 for a valid period from 7 August 1996 to 7 August 2028.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Shen Yang Guo Yong (2004) Di 0239 issued by the People's Government of Shenyang dated 15 April 2004, the land use rights of a parcel of land with a total site area of 17,289.2 sq m has been granted to Shenyang North Intime Real Estate Company Limited for a term expiring on 16 February 2034 for commercial use.
- (3) Pursuant to the Building Ownership Certificate No. Shen Fang Quan Zheng Huang Gu Zi Di 7352 issued by Shenyang Real Estate Administration Bureau dated 9 September 2004, the title to the property with a total gross floor area of approximately 47,215.25 sq m was vested in Shenyang North Intime Real Estate Company Limited for commercial use.
- (4) Portion of the property located at level Basement 1 with a gross floor area of 350 sq m is currently occupied as portion of the department store. However, as Shenyang North Intime Real Estate Company Limited has not obtained relevant title certificate for such portion of the property, we have not opined any market value to such portion of the property in the course of our valuation.
- (5) Portion of Level 1 and Level 3 of the commercial building with gross floor area of approximately 65.74 sq m and 53.00 sq m respectively (the "Sub-leased Portion") was leased from Zhang Taijie, an independent third party, to Shenyang North Intime Real Estate Company Limited for a lease term of 45 years at a yearly rent of RMB715 per sq m for the first 20 years and RMB615 per sq m for the remaining 25 years. Shenyang North Intime Real Estate Company Limited has the right to sub-lease this portion. In the course of our valuation, we have value the market value of profit rent, if any, of the Sub-leased Portion.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Shenyang North Intime Real Estate Company Limited has legally obtained the land use rights and the building ownership of the property. Shenyang North Intime Real Estate Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Shenyang North Intime Real Estate Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|--|---|
| 13. Portion of the Retail Portion of Phase 1 of Intime City located at the western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | <p>Intime City (the “Development”) is a proposed composite development which will include residential, office, retail and hotel portions. The Development comprises eight parcels of land with a total site area of approximately 134,567.00 sq m and a total gross floor area of approximately 674,755.10 sq m. The Development is scheduled to be completed in six phases from 2014 to 2017.</p> <p>The Property comprises portion of shopping mall of Phase 1 of the Development with a total gross floor area of approximately 41,635.54 sq m.</p> <p>The land use rights of the Property have been granted for terms expiring on 12 October 2061 for office use and expiring on 12 October 2051 for commercial use.</p> | <p>The whole property is currently leased under various tenancies with the last tenancy expiring on 29 April 2024, yielding a total monthly rental of approximately RMB12,120,000, exclusive of management fees.</p> | <p>RMB985,000,000</p> <p>(70% interest attributable to the Group: RMB689,500,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 331000400006074 dated 23 March 2011, Wenling Intime Shopping Mall Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Business Licence No. 3310000400007497 dated 10 May 2013, Wenling Intime Hotel Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB295,000,000 for a valid period from 4 May 2012 to 3 May 2033.
- (3) Pursuant to the Business Licence No. 331000400007341 dated 13 December 2011, Wenling Taiyue Real Estate Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB270,000,000 for a valid period from 13 December 2011 to 12 December 2031.
- (4) Pursuant to the Business Licence No. 331000400007350 dated 12 December 2012, Wenling Intime Properties Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB205,000,000 for a valid period from 13 December 2011 to 12 December 2031.

- (5) Pursuant to 8 State-owned Land Use Rights Certificates issued by the People's Government of Wenling, the land use rights of the Development with a total site area of 134,567.00 sq m have been granted to Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited. Details are listed as follows:

| Certificate No. | Grantee | Site Area (sq m) | Use | Date of Issuance | Expiry Date |
|---------------------------------|---|------------------------|----------------------------|------------------|---|
| Wen Guo Yong (2011) Di 28087 | Wenling Intime Shopping Mall Development Company Limited | 32,216.00 (Phase 1) | Commercial/ Office | 20 October 2011 | 12 October 2051 (Commercial) 12 October 2061 (Office) |
| Wen Guo Yong (2011) Di 29711 | Wenling Intime Properties Company Limited | 12,527.00 (Phase 2) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29710 | Wenling Intime Properties Company Limited | 13,285.00 (Phase 3) | Commercial/ Office | 4 January 2012 | 20 December 2051 (Commercial) 20 December 2061 (Office) |
| Wen Guo Yong (2011) Di 29696 | Wenling Taiyue Real Estate Development Company Limited | 6,444.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29698 | Wenling Taiyue Real Estate Development Company Limited | 5,114.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 28839 | Wenling Taiyue Real Estate Development Company Limited | 20,205.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29704 | Wenling Taiyue Real Estate Development Company Limited | 6,333.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2012) Di 25623 | Wenling Intime Hotel Development Company Limited | 38,443.00 (Phase 6) | Residential/ Commercial | 2 August 2012 | 27 May 2082 (Residential) 27 May 2052 (Commercial) |

- (6) Pursuant to 7 Construction Land Use Planning Permits issued by Wenling Construction Planning Bureau/Wenling City Housing and Urban-Rural Construction Planning Bureau, parcel of land with a total site area of 121,282 sq m was permitted to be developed. Details are listed as follows:

| Permit No. | Use | Site Area (sq m) | Date of Issuance |
|--|----------------------------|---------------------|---------------------|
| Di Zi Di (2011) Nian 1150028 (Yong Di) | Commercial and Office | 32,216.00 | 27 October 2011 |
| Di Zi Di (2013) Nian 1150014 (Yong Di) | Commercial and Residential | 20,205.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150015 (Yong Di) | Commercial and Residential | 6,333.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150016 (Yong Di) | Commercial and Residential | 6,444.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150020 (Yong Di) | Commercial and Residential | 5,114.00 | 8 August 2013 |
| Di Zi Di (2013) Nian 1150017 (Yong Di) | Commercial and Residential | 12,527.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150018 (Yong Di) | Commercial and Residential | 38,443.00 | 29 July 2013 |

- (7) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) issued by Wenling Construction Planning Bureau dated 23 February 2012, the portion of the Development with a total gross floor area of 165,753.91 sq m was permitted to be constructed.
- (8) Pursuant to the Construction Work Commencement Permit No. 332623201203011001 issued by Wenling Construction Works Administration Bureau dated 1 March 2012, the construction work of the portion of the Development with a total gross floor area of 164,819.88 sq m was permitted to be commenced.
- (9) Portion of the Development as stipulated under State-owned Land Use Rights Certificate No. Wen Guo Yong (2011) Di 28087 is subject to a mortgage.
- (10) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited have legally obtained the land use rights of the Development. Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited are the sole owners of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
 - (iii) for portion of the property as stipulated under Construction Land Use Planning Permit No. Di Zi Di (2011) Nian 1150028 (Yong Di), Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) and Construction Work Commencement Permit No. 332623201203011001, Wenling Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Wenling Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property;
 - (iv) for the remaining portion of the property, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited has obtained the necessary Construction Land Use Planning Permits; and
 - (v) other than portion of the property as mentioned in note (9), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|--|----|----------|----|----------|----|----------|----|----------|----|----------|----|----------|----|--------|--------|--|--|-----------|--|---|
| 14. Portion of the Retail portion of Block 10, No. 101 Yuan Majiapu East Road Fengtai District Beijing The PRC | <p>The building namely Block 10 (the "Development") is a 6-storey commercial building plus a basement level erected on a parcel of land with a site area of approximately 15,646.38 sq m completed in 2011.</p> <p>The property comprises portion of Basement Level 1 to Level 6 plus two levels of basement of the Development with a total lettable floor area of approximately 11,565.50 sq m. The detail breakdown of the approximate lettable floor area are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Level</th> <th style="text-align: center;">Approximate Lettable Floor Area <i>sq m</i></th> </tr> </thead> <tbody> <tr><td>B1</td><td style="text-align: right;">2,715.50</td></tr> <tr><td>L1</td><td style="text-align: right;">1,416.00</td></tr> <tr><td>L2</td><td style="text-align: right;">1,575.00</td></tr> <tr><td>L3</td><td style="text-align: right;">1,308.00</td></tr> <tr><td>L4</td><td style="text-align: right;">1,625.00</td></tr> <tr><td>L5</td><td style="text-align: right;">2,690.00</td></tr> <tr><td>L6</td><td style="text-align: right;">236.00</td></tr> <tr><td colspan="2" style="border-top: 1px solid black;">Total:</td></tr> <tr><td></td><td style="text-align: right; border-bottom: 3px double black;">11,565.50</td></tr> </tbody> </table> | Level | Approximate Lettable Floor Area <i>sq m</i> | B1 | 2,715.50 | L1 | 1,416.00 | L2 | 1,575.00 | L3 | 1,308.00 | L4 | 1,625.00 | L5 | 2,690.00 | L6 | 236.00 | Total: | | | 11,565.50 | <p>The whole of the property is subject to various tenancies with the last tenancy expiring on 09 February 2027, yielding a total monthly receivable of approximately RMB2,094,000, exclusive of management fee.</p> | <p>RMB416,000,000</p> <p>(80% interest attributable to the Group: RMB332,800,000)</p> |
| Level | Approximate Lettable Floor Area <i>sq m</i> | | | | | | | | | | | | | | | | | | | | | | |
| B1 | 2,715.50 | | | | | | | | | | | | | | | | | | | | | | |
| L1 | 1,416.00 | | | | | | | | | | | | | | | | | | | | | | |
| L2 | 1,575.00 | | | | | | | | | | | | | | | | | | | | | | |
| L3 | 1,308.00 | | | | | | | | | | | | | | | | | | | | | | |
| L4 | 1,625.00 | | | | | | | | | | | | | | | | | | | | | | |
| L5 | 2,690.00 | | | | | | | | | | | | | | | | | | | | | | |
| L6 | 236.00 | | | | | | | | | | | | | | | | | | | | | | |
| Total: | | | | | | | | | | | | | | | | | | | | | | | |
| | 11,565.50 | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The land use rights of the property have been granted for a term expiring on 18 January 2047 for commercial use and 18 January 2057 for underground car parking use.</p> | | | | | | | | | | | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 110112016123566 dated 8 April 2014, Beijing Jingtai Peace Asset Management Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 23 July 2013 to 22 July 2063.
- (2) Pursuant to the Share Transfer and Cooperation Agreement entered into between Metro Land Corporation Limited (“Party A”) and Hangzhou Intime Outlets Commercial Development Company Limited (“Party B”) dated 11 December 2013, Party A agreed to transfer 80% of the shares of Beijing Jingtai Peace Asset Management Company Limited to Party B. As advised by the Group, the transfer of the aforesaid shares was completed in April 2014. Therefore, the Group does not obtain any interest of the property as at the date of valuation.
- (3) Pursuant to the State-owned Land Use Rights Certificate No. Jing Feng Guo Yong (2014 Chu) Di 00031 issued by the People’s Government of Beijing dated 17 February 2014, the land use rights of a parcel of land with a total site area of 15,646.38 sq m has been granted to Beijing Jingtai Peace Asset Management Company Limited for a term expiring on 18 January 2047 for commercial use and 18 January 2057 for underground car parking use.
- (4) Pursuant to the Building Ownership Certificate No. X Jing Fang Quan Zheng Feng Zi Di 418747 issued by Beijing Fengtai District Housing Authority dated 20 December 2013, the title to the property with a total gross floor area of approximately 68,951.84 sq m was vested in Beijing Jingtai Peace Asset Management Company Limited for underground car parking, underground commercial, commercial and servicing uses.
- (5) The property as stipulated in notes (3) and (4) is subject to a mortgage.
- (6) We have been provided with a legal opinion on the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following:–
 - (i) Beijing Jingtai Peace Asset Management Company Limited has legally obtained the land use rights and the building ownership of the property. Beijing Jingtai Peace Asset Management Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Beijing Jingtai Peace Asset Management Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in note (5), the property is free from mortgages and other encumbrances.

GROUP II – PROPERTIES UNDER DEVELOPMENT HELD BY THE GROUP IN THE PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | |
|---|---|--------------------------|--|--------|----------|-------------|-----------------|--------|------------------------|-----------------------------------|--|
| 15. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | <p>Huaqiao Square (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 18,323.77 sq m completed in 2012, the total gross floor area of the building is approximately 182,002.00 sq m.</p> <p>The property comprises unsold completed portion of the Development with a total gross floor area of approximately 3,299.74 sq m. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area <i>sq m</i></th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">1,809.94</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;"><u>1,489.80</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>3,299.74</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p> | Use | Approximate Gross Floor Area <i>sq m</i> | Office | 1,809.94 | Residential | <u>1,489.80</u> | Total: | <u><u>3,299.74</u></u> | The property is currently vacant. | <p>RMB43,000,000</p> <p>(100% interest attributable to the Group: RMB43,000,000)</p> |
| Use | Approximate Gross Floor Area <i>sq m</i> | | | | | | | | | | |
| Office | 1,809.94 | | | | | | | | | | |
| Residential | <u>1,489.80</u> | | | | | | | | | | |
| Total: | <u><u>3,299.74</u></u> | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 340000000040114 dated 29 August 2011, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People's Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-------------------------------------|-----------------------|---------------------|------------|---------------------|--------------|
| He Guo Yong (2013) Di Lu Yang 03426 | Huaqiao Square, Hefei | 1,754.29 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03425 | Huaqiao Square, Hefei | 101.23 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03423 | Huaqiao Square, Hefei | 89.72 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03424 | Huaqiao Square, Hefei | 7,023.72 | Commercial | 24 May 2013 | January 2049 |

- (3) Pursuant to 32 Housing Ownership Registration Certificates issued by Hefei Real Estate Title Administration Bureau, the building ownership of the property with a total gross floor area of 3,170.99 sq m were registered with Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No. | Date of Issuance | Gross Floor Area (sq m) |
|-----------------|-------------------|----------------------------|
| 00049850 | 13 September 2012 | 97.48 |
| 00049851 | 13 September 2012 | 89.74 |
| 00049855 | 13 September 2012 | 97.48 |
| 00049856 | 13 September 2012 | 89.74 |
| 00049859 | 13 September 2012 | 137.69 |
| 00049897 | 13 September 2012 | 133.90 |
| 00049912 | 13 September 2012 | 71.36 |
| 00049917 | 13 September 2012 | 133.90 |
| 00038510 | 13 September 2012 | 71.36 |
| 00049936 | 13 September 2012 | 133.90 |
| 00038675 | 13 September 2012 | 99.24 |
| 00038677 | 13 September 2012 | 71.36 |
| 00038682 | 13 September 2012 | 133.90 |
| 00049947 | 13 September 2012 | 109.08 |
| 00049948 | 13 September 2012 | 107.28 |
| 00038686 | 13 September 2012 | 99.06 |
| 00038687 | 13 September 2012 | 106.48 |
| 00038688 | 13 September 2012 | 91.06 |
| 00038689 | 13 September 2012 | 60.40 |
| 00038690 | 13 September 2012 | 101.73 |

| Certificate No. | Date of Issuance | Gross Floor Area (sq m) |
|-----------------|--|----------------------------|
| 00038691 | 13 September 2012 | 117.79 |
| 00038692 | 13 September 2012 | 101.26 |
| 00038693 | 13 September 2012 | 84.39 |
| 00038694 | 13 September 2012 | 100.59 |
| 00038695 | 13 September 2012 | 101.75 |
| 00038696 | 13 September 2012 | 111.15 |
| 00038697 | 13 September 2012 | 109.30 |
| 00038698 | 13 September 2012 | 89.18 |
| 00038699 | 13 September 2012 | 9.81 |
| 00038546 | 13 September 2012 | 111.15 |
| 00038547 | 13 September 2012 | 109.30 |
| 00038548 | 13 September 2012 | 89.18 |
| (4) | Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 340103200800033 issued by Hefei Planning Bureau dated 4 December 2008, the Development with a site area of approximately 20,558.00 sq m was permitted to be developed. | |
| (5) | Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 340103201210040 issued by Hefei Planning Bureau dated 17 July 2012, the property with a total gross floor area of 182,002.00 sq m was permitted to be constructed. | |
| (6) | Pursuant to the Construction Work Commencement Permit No. 010009110004 issued by Hefei Development Committee dated 4 November 2009, the construction work of the property with a total gross floor area of 182,002.00 sq m was permitted to be commenced. | |
| (7) | Pursuant to the Construction Work Completion Certificate No. 0157634 issued by Hefei Construction Administration Bureau dated 19 June 2012, the buildings with a gross floor area of 182,002.00 sq m were certificated to be completed. | |
| (8) | Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03426 is subject to a mortgage. | |
| (9) | We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:– | |
| (i) | Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property; | |
| (ii) | the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; | |
| (iii) | Anhui Province Huaqiao Hotel Company Limited has not obtained real estate title proof for the property for sale (gross floor area of 3,299.74 sq m). However, Anhui Province Huaqiao Hotel Company Limited has obtained permits for the construction work and relevant Construction Work Completion Certificate of the property. Also, Anhui Province Huaqiao Hotel Company Limited has completed the initial registration of building ownership. Therefore, there is no practical legal impediment for Anhui Province Huaqiao Hotel Company Limited to transfer the property; and | |

- (iv) other than portion of the property as mentioned in note (8), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|---|
| 16. Various Portions of Yintai Linhai Project Dongfang Avenue Linhai Zhejiang Province The PRC | Yintai Linhai Project (the "Development") comprises two parcels of land with a total site area of approximately 51,894.00 sq m and is planned to be developed into a commercial, office and residential development. | The property is currently under construction. | RMB218,000,000 (100% interest attributable to the Group: RMB218,000,000) |

The Property comprises SOHO/ office, resettlement residential and commercial spaces and is scheduled to be complete in October 2014. Details of the approximate gross floor area are as follow:

| Use | Approximate Gross Floor Area <i>sq m</i> |
|--------------------------|---|
| SOHO/Office | 15,848.46 |
| Resettlement Residential | 3,907.69 |
| Commercial | 21,158.14 |
| Car Park and ancillary | <u>53,643.48</u> |
| Total: | <u><u>94,557.77</u></u> |

The land use rights of the property have been granted for terms expiring on 5 January 2052 and 5 January 2082 for commercial services and residential uses.

Notes:

- (1) Pursuant to the Business Licence No. 331082000078400 dated 20 May 2013, Linhai Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB100,000,000 for a valid period from 10 February 2012 to 9 February 2032.
- (2) Pursuant to 2 State-owned Land Use Rights Certificates issued by the People's Government of Linhai, the title to the land use rights of the property with a total site area of 51,894.00 sq m have been granted to Linhai Intime Shopping Mall Development Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Expiry Date |
|---|-----------------|-----------------------------|-------------------------------------|--------------------|
| Lin Cheng Guo Yong (2012) Zi Di 2555 | Dongfangda Road | 32,038 | Commercial services | 5 January 2052 |
| Lin Cheng Guo Yong (2012) Zi Di 2554 | Dongfangda Road | 19,856 | Commercial services/ Residential | 5 January 2082 |

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 331082201200016 issued by Linhai Housing and Urban-Rural Development Bureau dated 22 May 2012, the Development with a site area of approximately 51,894 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 331082201300008 issued by Linhai Housing and Urban-Rural Development Bureau dated 5 March 2013, the property with a total gross floor area of 168,894.80 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 331082201303310101 issued by Linhai Housing and Urban-Rural Development Bureau dated 31 March 2013, the construction work of the property with a total gross floor area of 168,894.80 sq m was permitted to be commenced.
- (6) Pursuant to the Commodity Housing Pre-sale Permit No. Shou Xu Zi (2013) Di 008 issued by Linhai Housing and Urban-Rural Development Bureau dated 18 July 2013, the portion of the property with a gross floor area of 45,233.20 sq m was permitted to pre-sell.
- (7) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB82,000,000 and RMB371,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB733,000,000.
- (8) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Linhai Intime Shopping Mall Development Company Limited has legally obtained the land use rights of the property. Linhai Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Linhai Intime Shopping Mall Development Company Limited according to relevant laws and regulations;
 - (iii) Linhai Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Linhai Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and

(iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | |
|---|--|--------------------------|--|--------|------------|--------|------------------|--------|--------------------------|---|---|
| 17. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | <p>Haining Intime City (the “Development”) is planned to be developed into an office/ commercial development with a total site area of approximately 96,698.00 sq m. The Development will comprise a total gross floor area of approximately 428,763.68 sq m upon completion.</p> <p>The Property comprises office portion and portion of the retail portion of the Development scheduled to be complete in 2014. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area <i>sq m</i></th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">101,531.67</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>52,343.31</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>153,874.98</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial and office uses.</p> | Use | Approximate Gross Floor Area <i>sq m</i> | Office | 101,531.67 | Retail | <u>52,343.31</u> | Total: | <u><u>153,874.98</u></u> | The property is currently under construction. | RMB2,058,000,000 (100% interest attributable to the Group: RMB2,058,000,000) |
| Use | Approximate Gross Floor Area <i>sq m</i> | | | | | | | | | | |
| Office | 101,531.67 | | | | | | | | | | |
| Retail | <u>52,343.31</u> | | | | | | | | | | |
| Total: | <u><u>153,874.98</u></u> | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.

- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hai Guo Yong (2011) Di 08045 issued by the People's Government of Haining dated 25 August 2011, the land use right of a parcel of land with a site area of 96,698.00 sq m has been granted to Haining Intime Property Company Limited for a term expiring on 8 November 2050 for commercial and office use.
- (3) Pursuant to the Construction Land Use Planning Permit No. 330481201100069 issued by Haining Planning Bureau, dated 19 August 2011, the Development with a site area of approximately 96,698 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 330481201200004 issued by Haining Planning Bureau dated 16 January 2012, the property with a total gross floor area of 270,639.68 sq m was permitted to be constructed.
- (5) Pursuant to 2 Construction Work Commencement Permits Nos. 330481201202210101 Hai Jian Shi [2012] Di 072 and 330481201202210101 Hai Jian Shi [2012] Di 073 issued by Haining Housing and Urban-Rural Development Bureau dated 29 May 2012 and 31 May 2012 respectively, the construction work of the property with a total gross floor area of 487,300 sq m was permitted to be commenced.
- (6) Pursuant to 3 Commodity Housing Pre-sale Permits issued by Haining Housing and Urban Rural Planning and Construction Bureau, the pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

| Certificate No. | Date of Issuance | Area (sq m) |
|-----------------------------|------------------|-------------|
| Hai Shou Xu Zi (2012) Di 51 | 20 December 2012 | 39,238.23 |
| Hai Shou Xu Zi (2012) Di 14 | 16 April 2013 | 57,850.32 |
| Hai Shou Xu Zi (2012) Di 26 | 31 July 2013 | 56,586.10 |

- (7) As advised by the Group, portion of the property with a total gross floor area of 51,574.13 sq m has been pre-sold at total consideration of approximately RMB 1,225,000,000. We have taken this into consideration in the course of our valuation.
- (8) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB408,000,000 and RMB204,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB2,385,000,000.
- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Haining Intime Property Company Limited has legally obtained the land use rights and the building ownership of the property. Haining Intime Property Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations;
 - (iii) Haining Intime Property Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Haining Intime Property Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|---|---|
| 18. Office Portion of Intime City No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC | Intime City (the "Development") will be developed into a 33-storey commercial building with 3 basement levels erected on two parcels of land with a total site area of approximately 9,589.20 sq m and a total planned gross floor area of approximately 90,451.47 sq m. The Development is scheduled to be complete August 2014. | The property is currently under construction. | RMB139,000,000 (51% interest attributable to the Group: RMB70,890,000) |
| | The Property comprises the office and commercial portion of the Development with a total gross floor area of approximately 25,579.92 sq m. | | |
| | The land use rights of the property have been granted for commercial services use for terms expiring on 30 August 2049 and 10 December 2057 respectively. | | |

Notes:

- Pursuant to the Business Licence No. 450200400000199 dated 21 March 2013, Liuzhou New Yindu Property Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of USD24,500,000 for a valid period from 19 March 2008 to 18 March 2038.
- Pursuant to 3 State-owned Land Use Rights Certificates issued by the People's Government of Liuzhou, the land use rights of the property with a total site area of 13,571.10 sq m (inclusive of an underground area of 3,981.9 sq m) have been granted to Liuzhou New Yindu Property Development Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-------------------------------|-----------------------------------|------------------|--|------------------|------------------|
| Liu Guo Yong (2010) Di 102488 | No. 17, Yufeng Road | 2,200 | Commercial services (Commercial, office, Podium) | 11 February 2010 | 30 August 2049 |
| Liu Guo Yong (2010) Di 102490 | No. 17, Yufeng Road (Underground) | 3,981.9 | Commercial services (Car parking) | 11 February 2010 | 30 August 2049 |
| Liu Guo Yong (2008) Di 120817 | No. 17, Yufeng Road | 7,389.2 | Commercial services (Commercial, office) | 9 September 2008 | 10 December 2057 |

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 450201201000041 issued by Liuzhou Planning Bureau, dated 10 February 2010, the Development with a site area of approximately 3,981.92 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Di Zi Di 450201201200083 (Jian Zhu Gong Cheng Lei) issued by Liuzhou Planning Bureau dated 1 April 2012, the property with a total gross floor area of 91,099 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 450202200812260101 issued by Liuzhou Construction Planning Administration Committee dated 26 December 2008, the construction work of the property with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (6) Pursuant to the Construction Work Commencement Permit No. 450202201307240101 issued by Liuzhou Housing and Urban-Rural Development Committee dated 24 July 2013, the construction work of the property with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (7) Pursuant to the Commodity Housing Pre-sale Permit No. Shou Fang Liu Zi Di (2009) 014 issued by Liuzhou Development Committee dated 27 February 2009, the portion of the property with a gross floor area of 38,000.00 sq m was permitted to pre-sell.
- (8) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB26,000,000 and RMB85,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB266,000,000.
- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Liuzhou New Yindu Property Development Company Limited has legally obtained the land use rights of the property. Liuzhou New Yindu Property Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Liuzhou New Yindu Property Development Company Limited according to relevant laws and regulations;
 - (iii) Liuzhou New Yindu Property Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Liuzhou New Yindu Property Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|--|
| 19. SOHO Portion of Phase 1 of Intime City located at the western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | <p>Intime City (the “Development”) is a proposed composite development which will include residential, office, retail and hotel portions. The Development comprises eight parcels of land with a total site area of approximately 134,567.00 sq m and a total gross floor area of approximately 674,755.10 sq m. The Development is scheduled to be complete in six phases from 2014 to 2017.</p> <p>The Property comprises SOHO portion of Phase 1 of the Development with a total gross floor area of approximately 22,746 sq m. The property is scheduled to be complete in May 2015.</p> <p>The land use rights of the Property have been granted for terms expiring on 12 October 2061 for office use and expiring on 12 October 2051 for commercial use.</p> | The Property is currently under construction. | RMB256,000,000 (70% interest attributable to the Group: RMB179,200,000) |

Notes:

- (1) Pursuant to the Business Licence No. 331000400006074 dated 10 May 2013, Wenling Intime Shopping Mall Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Business Licence No. 3310000400007497 dated 4 May 2012, Wenling Intime Hotel Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB295,000,000 for a valid period from 4 May 2012 to 3 May 2033.
- (3) Pursuant to the Business Licence No. 331000400007341 dated 12 December 2012, Wenling Taiyue Real Estate Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB270,000,000 for a valid period from 13 December 2011 to 12 December 2031.
- (4) Pursuant to the Business Licence No. 331000400007350 dated 13 December 2011, Wenling Intime Properties Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB205,000,000 for a valid period from 13 December 2011 to 12 December 2031.

- (5) Pursuant to 8 State-owned Land Use Rights Certificates issued by the People's Government of Wenling, the land use rights of the Development with a total site area of 134,567.00 sq m have been granted to Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited. Details are listed as follows:

| Certificate No. | Grantee | Site Area (sq m) | Use | Date of Issuance | Expiry Date |
|---------------------------------|---|------------------------|----------------------------|------------------|---|
| Wen Guo Yong (2011) Di 28087 | Wenling Intime Shopping Mall Development Company Limited | 32,216.00 (Phase 1) | Commercial/Office | 20 October 2011 | 12 October 2051 (Commercial) 12 October 2061 (Office) |
| Wen Guo Yong (2011) Di 29711 | Wenling Intime Properties Company Limited | 12,527.00 (Phase 2) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29710 | Wenling Intime Properties Company Limited | 13,285.00 (Phase 3) | Commercial/Office | 4 January 2012 | 20 December 2051 (Commercial) 20 December 2061 (Office) |
| Wen Guo Yong (2011) Di 29696 | Wenling Taiyue Real Estate Development Company Limited | 6,444.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29698 | Wenling Taiyue Real Estate Development Company Limited | 5,114.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 28839 | Wenling Taiyue Real Estate Development Company Limited | 20,205.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29704 | Wenling Taiyue Real Estate Development Company Limited | 6,333.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2012) Di 25623 | Wenling Intime Hotel Development Company Limited | 38,443.00 (Phase 6) | Residential/ Commercial | 2 August 2012 | 27 May 2082 (Residential) 27 May 2052 (Commercial) |

- (6) Pursuant to 7 Construction Land Use Planning Permits issued by Wenling Construction Planning Bureau/Wenling Housing and Urban-Rural Construction Planning Bureau, parcel of land with a total site area of 121,282 sq m was permitted to be developed. Details are listed as follows:

| Permit No. | Use | Site Area (sq m) | Date of Issuance |
|--|----------------------------|---------------------|------------------|
| Di Zi Di (2011) Nian 1150028 (Yong Di) | Commercial and Office | 32,216.00 | 27 October 2011 |
| Di Zi Di (2013) Nian 1150014 (Yong Di) | Commercial and Residential | 20,205.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150015 (Yong Di) | Commercial and Residential | 6,333.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150016 (Yong Di) | Commercial and Residential | 6,444.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150020 (Yong Di) | Commercial and Residential | 5,114 | 8 August 2013 |
| Di Zi Di (2013) Nian 1150017 (Yong Di) | Commercial and Residential | 12,527.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150018 (Yong Di) | Commercial and Residential | 38,443 | 29 July 2013 |

- (7) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) issued by Wenling Construction Planning Bureau dated 23 February 2012, the portion of the Development with a total gross floor area of 165,753.91 sq m was permitted to be constructed.

- (8) Pursuant to the Construction Work Commencement Permit No. 332623201203011001 issued by Wenling Construction Work Administration Bureau dated 1 March 2012, the construction work of the portion of the Development with a total gross floor area of 164,819.88 sq m was permitted to be commenced.

- (9) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB77,000,000 and RMB20,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB341,000,000.

- (10) Portion of the Development as stipulated under State-owned Land Use Rights Certificate No. Wen Guo Yong (2011) Di 28087 is subject to a mortgage.

- (11) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited have legally obtained the land use rights of the Development. Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited are the sole owners of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
- (iii) for portion of the property as stipulated under Construction Land Use Planning Permit No. Di Zi Di (2011) Nian 1150028 (Yong Di), Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) and Construction Work Commencement Permit No. 332623201203011001, Wenling Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Wenling Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property;

- (iv) for the remaining portion of the property, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited has obtained the necessary Construction Land Use Planning Permits; and

- (v) other than portion of the property as mentioned in note (10), the property is free from mortgages and other encumbrances.

Group III – Properties held by the Group for self-use in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 20. Various Portions of Huaqiao Square No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC | <p>Huaqiao Square (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 18,323.77 sq m completed in 2012, the total gross floor area of the building is approximately 182,002.00 sq m.</p> <p>The property comprises portion of the retail, office and car park portion of the property. The office and car park portion comprises a total gross floor area of approximately 29,946.00 sq m. The retail portion of the property comprises a total lettable floor area of approximately 20,167.00 sq m.</p> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p> | <p>Retail portion of the property is occupied by Anhui Intime Commercial Company Limited.</p> <p>Office and car parking portions of the property is occupied by Anhui Province Huaqiao Hotel Company Limited.</p> | <p>RMB1,259,000,000 (100% interest attributable to the Group: RMB1,259,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 340000000040114 dated 29 August 2011, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People’s Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-------------------------------------|-----------------------|---------------------|------------|------------------|--------------|
| He Guo Yong (2013) Di Lu Yang 03426 | Huaqiao Square, Hefei | 1,754.29 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03425 | Huaqiao Square, Hefei | 101.23 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03423 | Huaqiao Square, Hefei | 89.72 | Commercial | 24 May 2013 | January 2049 |
| He Guo Yong (2013) Di Lu Yang 03424 | Huaqiao Square, Hefei | 7,023.72 | Commercial | 24 May 2013 | January 2049 |

- (3) Pursuant to 4 Building Ownership Certificates issued by Hefei Real Estate Title Administration Bureau, the building ownership of the property with a total gross floor area of 110,331.92 sq m were vested in Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

| Certificate No | Date of Issuance | Gross floor area (sq m) | Use |
|---|------------------|----------------------------|---------------------|
| Fang Di Quan Zheng He Chan Zi Di 8110069232 | 19 April 2013 | 86,402.53 | Commercial |
| Fang Di Quan Zheng He Chan Zi Di 8110069234 | 19 April 2013 | 21,580.41 | Hotel and Ancillary |
| Fang Di Quan Zheng He Chan Zi Di 8110069235 | 19 April 2013 | 1,103.65 | Office |
| Fang Di Quan Zheng He Chan Zi Di 8110069236 | 19 April 2013 | 1,245.33 | Office |

- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03426 is subject to mortgage.
- (5) Portion of the property as stipulated under Building Ownership Certificate No. Fang Di Quan Zheng He Chan Zi Di 8110069232 is subject to mortgage.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights and the building ownership of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in notes (4) and (5), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 21. Shopping Street of Yintai Linhai Project Dongfang Avenue Linhai Zhejiang Province The PRC | Yintai Linhai Project (the "Development") comprises two parcels of land with a total site area of approximately 51,894.00 sq m and is planned to be developed into a commercial, office and residential development. | The property is currently under construction. | RMB722,000,000 (100% interest attributable to the Group: RMB722,000,000) |
| | <p>The Property comprises shopping street of the Development with a gross floor area of approximately 73,205.46 sq m. The property also comprises ancillary facilities and a car park basement which will provide about 758 car parking spaces with a total planned gross floor area of approximately 53,643.48 sq m. The property is scheduled to be complete in October 2014.</p> <p>The land use rights of the property have been granted for a term expiring on 5 January 2052 and 5 January 2082 for commercial services and residential uses respectively.</p> | | |

Notes:

- (1) Pursuant to the Business Licence No. 331082000078400 dated 20 May 2013, Linhai Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB100,000,000 for a valid period from 10 February 2012 to 9 February 2032.

- (2) Pursuant to 2 State-owned Land Use Rights Certificates issued by the People's Government of Linhai, the land use rights of the property with a total site area of 51,894.00 sq m have been granted to Linhai Intime Shopping Mall Development Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Expiry Date |
|---|-----------------|---------------------|-------------------------------------|----------------|
| Lin Cheng Guo Yong (2012) Zi Di 2555 | Dongfangda Road | 32,038 | Commercial services | 5 January 2052 |
| Lin Cheng Guo Yong (2012) Zi Di 2554 | Dongfangda Road | 19,856 | Commercial services/ Residential | 5 January 2082 |

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 331082201200016 issued by Linhai Housing and Urban-Rural Development Bureau, dated 22 May 2012, the Development with a site area of approximately 51,894 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 331082201300008 issued by Linhai Housing and Urban-Rural Development Bureau dated 5 March 2013, the property with a total gross floor area of 168,894.80 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 331082201303310101 issued by Linhai Housing and Urban-Rural Development Bureau dated 31 March 2013, the construction work of the property with a total gross floor area of 168,894.80 sq m was permitted to be commenced.
- (6) Pursuant to Commodity Housing Pre-sale Permit No. Shou Xu Zi (2013) Di 008 issued by Linhai Housing and Urban-Rural Development Bureau dated 18 July 2013, the portion of the property with a total gross floor area of 45,233.20 was permitted to pre-sell.
- (7) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB63,000,000 and RMB287,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB1,254,000,000.
- (8) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Linhai Intime Shopping Mall Development Company Limited has legally obtained the land use rights of the property. Linhai Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Linhai Intime Shopping Mall Development Company Limited according to relevant laws and regulations;
 - (iii) Linhai Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Linhai Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | |
|---|--|--|---|--------------------|-----------|----------|--------------------|--------|--------------------------|--|--|
| 22. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing City Zhejiang Province The PRC | Haining Intime City (the “Development”) is planned to be developed into an office/commercial development with a total site area of approximately 96,698.00 sq m. The Development will comprise a total gross floor area of approximately 428,763.68 sq m upon completion. | The property is operated by the Group as department store. | RMB469,000,000 (100% interest attributable to the Group: RMB469,000,000) | | | | | | | | |
| | <p>The Property comprises portion of Level 1 to Level 5 and 2,664 car parking spaces of the Development. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" data-bbox="512 1070 884 1455"> <thead> <tr> <th data-bbox="512 1144 555 1172">Use</th> <th data-bbox="751 1070 884 1208">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1257 687 1285">Level 1 to Level 5</td> <td data-bbox="788 1293 884 1321">30,120.88</td> </tr> <tr> <td data-bbox="512 1336 608 1364">Car park</td> <td data-bbox="762 1336 884 1364"><u>160,700.000</u></td> </tr> <tr> <td data-bbox="512 1421 576 1449">Total:</td> <td data-bbox="778 1421 884 1449"><u><u>190,820.88</u></u></td> </tr> </tbody> </table> | Use | Approximate Gross Floor Area sq m | Level 1 to Level 5 | 30,120.88 | Car park | <u>160,700.000</u> | Total: | <u><u>190,820.88</u></u> | | |
| Use | Approximate Gross Floor Area sq m | | | | | | | | | | |
| Level 1 to Level 5 | 30,120.88 | | | | | | | | | | |
| Car park | <u>160,700.000</u> | | | | | | | | | | |
| Total: | <u><u>190,820.88</u></u> | | | | | | | | | | |
| | <p>The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial use.</p> | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.
- (2) Pursuant to 20 State-owned Land Use Rights Certificates issued by the People's Government of Haining, the land use rights of the property with a total site area of 6,154.72 sq m have been granted to Haining Intime Property Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|------------------------------|--|---------------------|------------|------------------|------------------|
| Hai Guo Yong (2014) Di 01527 | Room 101, No. 363 Haichang South Road | 1,175.33 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01528 | Room 102, No. 363 Haichang South Road | 11.06 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01529 | Room 103, No. 363 Haichang South Road | 12.84 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01531 | Room 104, No. 363 Haichang South Road | 14.24 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01532 | Room 105, No. 363 Haichang South Road | 14.73 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01533 | Room 106, No. 363 Haichang South Road | 17.19 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01534 | Room 107, No. 363 Haichang South Road | 17.19 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01535 | Room 108, No. 363 Haichang South Road | 17.19 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01536 | Room 109, No. 363 Haichang South Road | 47.04 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01537 | Room 201, No. 363 Haichang South Road | 1,128.11 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01538 | Room 202, No. 363 Haichang South Road | 13.45 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01540 | Room 203, No. 363 Haichang South Road | 10.78 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01541 | Room 204, No. 363 Haichang South Road | 12.52 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01542 | Room 205, No. 363 Haichang South Road | 14.74 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01544 | Room 206, No. 363 Haichang South Road | 18.31 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01545 | Room 207, No. 363 Haichang South Road | 18.31 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01546 | Room 208, No. 363 Haichang South Road | 18.31 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01547 | Room 301, No. 363 Haichang South Road | 1,219.87 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01548 | Room 401, No. 363 Haichang South Road | 1,207.42 | Commercial | 14 February 2014 | 8 September 2050 |
| Hai Guo Yong (2014) Di 01549 | Room 501, No. 363 Haichang South Road | 1,166.09 | Commercial | 14 February 2014 | 8 September 2050 |

- (3) Pursuant to 20 Building Ownership Certificates, the building ownership of portion of the development with a total gross floor area of 30,120.88 sq m were vested in Haining Intime Property Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Date of Issuance | Expiry Date |
|---|-------------------------|------------|--------------------------------------|------------------|-----------------|
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306288 | 5,752.00 | Commercial | Room 101, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306130 | 11.06 | Commercial | Room 102, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306129 | 12.84 | Commercial | Room 103, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306128 | 14.24 | Commercial | Room 104, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306127 | 14.73 | Commercial | Room 105, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306126 | 17.19 | Commercial | Room 106, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306122 | 17.19 | Commercial | Room 107, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306121 | 17.19 | Commercial | Room 108, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306120 | 47.04 | Commercial | Room 109, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306299 | 1,128.11 | Commercial | Room 201, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306298 | 13.45 | Commercial | Room 202, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306297 | 10.78 | Commercial | Room 203, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306296 | 12.52 | Commercial | Room 204, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306295 | 14.74 | Commercial | Room 205, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306294 | 18.31 | Commercial | Room 206, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306132 | 18.31 | Commercial | Room 207, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306131 | 18.31 | Commercial | Room 208, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306125 | 1,219.87 | Commercial | Room 301, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306124 | 1,207.42 | Commercial | Room 401, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |
| Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306289 | 1,166.09 | Commercial | Room 501, 363 Haichang South Road | 27 January 2014 | 8 November 2050 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Haining Intime Property Company Limited has legally obtained the land use rights and the building ownership of the property. Haining Intime Property Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|--|
| 23. Portion of the Retail Portion of Intime Wulin Department Store No. 530 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | <p>Intime Wulin Department Store is a 9-storey commercial building plus two basement levels erected on a parcel of land with a site area of approximately 5,664.00 sq m.</p> <p>The property comprises portion of Basement 1 and Level 1 to Level 9 of Intime Wulin Department with a total lettable floor area of approximately 22,771.90 sq m completed in 2001. The two basement levels were planned for bicycle parking and car parking spaces.</p> <p>The land use rights of the property have been granted for a term expiring on 12 November 2038 for commercial use.</p> | The property is operated as a department store. | <p>RMB1,868,000,000</p> <p>(100% interest attributable to the Group: RMB1,868,000,000)</p> <p>(please refer to note 4)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330000400000455 dated 17 July 2013, Zhejiang Intime Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB800,000,000 for a valid period from 7 August 1997 to 29 September 2035.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 issued by People's Government of Hangzhou dated 14 September 2006, the title to the land use rights of the property with a total site area of 5,664.00 sq m has been granted to Zhejiang Intime Department Store Company Limited for a term expiring on 12 November 2038 for commercial use.
- (3) Pursuant to the Building Ownership Certificates No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 issued by Hangzhou Real Estate Administration Bureau dated 8 September 2006, the building ownership of portion of the development with a total gross floor area of 41,939.10 sq m was vested in Zhejiang Intime Department Store Company Limited for non-residential use.
- (4) Basement Level 1 of the development is currently occupied as retail area. However, according to the advise from the Company, basement of the development is planned for car parking purposes and as Zhejiang Yintai Department Store Company Limited has not obtained relevant title certificate for such portion of the property, we have not opined any market value to such portion of the property in the course of our valuation.
- (5) Portion of the building as stipulated under State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 is subject to a mortgage.

- (6) Portion of the building as stipulated under Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 is subject to a mortgage.
- (7) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Zhejiang Intime Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited subject to relevant laws and regulations and prior approval from the mortgagees; and
 - (iii) other than portion of the property as mentioned in notes (5) and (6), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|--|---|
| 24. Unit 801 Biaoli Building No. 528 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC | Biaoli Building is a 28-storey office building plus two basement level completed in 2001. The property comprises an office unit on Level 8 of the building with a gross floor area of approximately 1,358.29 sq m. The land use rights of the property have been granted for a term expiring on 12 November 2038 for commercial use. | The property is occupied by the Company for office uses. | RMB30,400,000 (100% interest attributable to the Group: RMB30,400,000) |

Notes:

- (1) Pursuant to the Business Licence No. 330000400000455 dated 17 July 2013, Zhejiang Intime Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB800,000,000 for a valid period from 7 August 1997 to 29 September 2035.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2011) Di 004031 issued by People's Government of Hangzhou, the title to the land use rights of the property with a total site area of 144.50 sq m has been granted to Zhejiang Intime Department Store Company Limited for a term expiring on 12 November 2048 for commercial (office) use.
- (3) Pursuant to the Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 11956486 issued by Hangzhou Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 1,358.29 sq m was vested in Zhejiang Intime Department Store Company Limited for non-residential use.
- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–
 - (i) Zhejiang Intime Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited subject to relevant laws and regulations and prior approval from the mortgagees; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 25. Portion of the Retail Portion of Intime Xihu Department Store No. 98 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | <p data-bbox="512 434 879 683">Intime Xihu Department Store is a partly 3-storey and partly 5-storey commercial building plus two basement levels erected on two parcels of land with a total site area of approximately 19,682.30 sq m.</p> <p data-bbox="512 736 879 985">The property comprises portion of the retail area on Basement 1 to Level 5 with a total lettable floor area of approximately 34,064.50 sq m and car park Basement Level 2. The property was completed in 2000s.</p> <p data-bbox="512 1038 879 1242">The land use rights of the property have been granted for terms expiring on 25 January 2040, 22 August 2040 and 20 October 2043 respectively for commercial services use.</p> | The property is operated as a department store. | <p data-bbox="1238 434 1407 497">RMB 2,064,000,000</p> <p data-bbox="1238 544 1407 683">(50% interest attributable to the Group: RMB 1,032,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330100000012543 dated 2 July 2013, Hangzhou Yinxi Intime Department Store Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB36,000,000 for a valid period from 19 October 1998.
- (2) Pursuant to the Business Licence No. 330000000001678, Zhejiang Zhelien Investment and Management Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 13 July 2007.

- (3) Pursuant to 3 State-owned Land Use Rights Certificates issued by People's Government of Hangzhou, the title to the land use rights of the property with a total site area of 39,293.44 sq m have been granted to Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|--------------------------------------|--|------------------|---------------------|------------------|-----------------|
| Hang Shang Guo Yong (2011) Di 100045 | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 7,760.00 | Commercial services | 25 April 2011 | 22 August 2040 |
| Hang Shang Guo Yong (2010) Di 100041 | No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.), No. 1-11 Hongmenju | 11,922.30 | Commercial services | 3 March 2010 | 25 January 2040 |
| Hang Shang Guo Yong (2010) Di 100168 | Basement Level 1 of No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.) | 19,611.14 | Commercial services | 22 December 2010 | 20 October 2043 |

- (4) Pursuant to 4 Building Ownership Certificates issued by Hangzhou Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 76,059.12 sq m were vested in Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|---|-------------------------|-----------------|--|-----------------|
| Hang Fang Quan Zheng Shang Zi Di 10286526 | 27,345.25* | Non-Residential | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 22 August 2040 |
| Hang Fang Quan Zheng Shang Zi Di 10286525 | 27,345.25* | Non-Residential | No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.) | 22 August 2040 |
| Hang Fang Quan Zheng Shang Zi Di 11326371 | 19,611.14 | Non-Residential | No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.) Room 01 | 20 October 2043 |
| Hang Fang Quan Zheng Shang Zi Di 10286527 | 29,102.73 | Non-Residential | No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.) | 25 January 2040 |

* As advised by the Company, Building Ownership Certificates Hang Fang Quan Zheng Shang Zi Di 10286525 and 10286526 refer to the same portion of the development.

- (5) Portion of the property as stipulated under State-owned Land Use Rights Certificates Nos. Hang Shang Guo Yong (2011) Di 100045 and Hang Shang Guo Yong (2010) Di 100041 is subject to mortgages.
- (6) Portion of the property as stipulated under Building Ownership Certificate Nos. Hang Fang Quan Zheng Shang Zi Di 10286525 to 10286527 are subject to mortgages.

- (7) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited have legally obtained the land use rights and the building ownership of the property. Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited are the sole owners of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited subject to relevant laws and regulations and prior approval from the mortgagees; and
 - (iii) other than portion of the property as mentioned in notes (5) and (6), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|---|
| 26. Portion of the Retail Portion of a composite development located at No. 238 Zhongshan Dong Road Haishu District Ningbo Zhejiang Province The PRC | <p>The property comprises retail portion of 6-storey commercial podium erected on a parcel of land with a total site area of approximately 3,403.42 sq m completed in 2010.</p> <p>The property comprises a total lettable floor area of approximately 35,068.40 sq m.</p> <p>The land use rights of the property have been granted for various terms expiring on 30 June 2043 and 28 December 2034 for commercial services use.</p> | The property is currently operated as a department store. | RMB815,000,000 (100% interest attributable to the Group: RMB815,000,000) |

Notes:

- (1) Pursuant to the Business Licence No. 330200000055561 dated 5 May 2011, Intime Department Store (Ningbo Haishui) Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 16 March 2009 to 15 March 2029.
- (2) Pursuant to 7 State-owned Land Use Rights Certificates issued by Ningbo Land Resources Bureau, the land use rights of the property with a total site area of 3,403.42 sq m have been granted to Intime Department Store (Ningbo Haishui) Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Expiry Date |
|--------------------------------|---------------------------|------------------|---------------------|------------------|
| Yong Guo Yong(2010) Di 0202507 | No. 23 Jiangsha Road | 2,390.61 | Commercial services | 30 June 2043 |
| Yong Guo Yong(2010) Di 0202508 | No. 55 Dongdu Road (1-42) | 161.34 | Commercial services | 28 December 2034 |
| Yong Guo Yong(2010) Di 0202509 | No. 55 Dongdu Road (2-48) | 223.05 | Commercial services | 28 December 2034 |
| Yong Guo Yong(2010) Di 0202510 | No. 55 Dongdu Road (4-45) | 220.22 | Commercial services | 28 December 2034 |
| Yong Guo Yong(2010) Di 0202511 | No. 55 Dongdu Road (5-45) | 220.22 | Commercial services | 28 December 2034 |
| Yong Guo Yong(2010) Di 0202512 | No. 55 Dongdu Road (6-48) | 75.52 | Commercial services | 28 December 2034 |
| Yong Guo Yong(2010) Di 0202513 | No. 55 Dongdu Road (6-49) | 112.46 | Commercial services | 28 December 2034 |

- (3) Pursuant to 7 Building Ownership Certificates issued by Ningbo Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 40,888.01 sq m were vested in Intime Department Store (Ningbo Haishui) Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|-------------------------|------------|----------------------|------------------|
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082778 | 3,036.35 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082776 | 2,039.15 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082773 | 5,945.84 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082771 | 5,945.84 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082768 | 6,022.38 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082767 | 4,356.22 | Commercial | No. 55 Dongdu Road | 28 December 2034 |
| Yong Fang Quan Zheng Hai Shu Zi Di 20130082766 | 13,542.23 | Commercial | No. 23 Jiangsha Road | 30 June 2043 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Intime Department Store (Ningbo Haishui) Company Limited has legally obtained the land use rights and the building ownership of the property. Intime Department Store (Ningbo Haishui) Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Intime Department Store (Ningbo Haishui) Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|--|--|
| 27. Portion of the Retail Portion of Intime City No. 99 Qingshaoniangong South Road Cixi City Ningbo Zhejiang Province The PRC | <p>Intime City (the “Development”) is an 8-storey commercial building with 2 basement levels erected on a site with a total site area of approximately 17,163.00 sq m completed in 2011.</p> <p>The property comprises portion of the retail portion of the Development with a total gross floor area of approximately 18,641.90 sq m.</p> | <p>The property is operated as a department store.</p> | <p>RMB297,000,000</p> <p>(100% interest attributable to the Group: RMB297,000,000)</p> |
| | <p>The land use rights of the property have been granted for a term expiring on 19 November 2049 for wholesale and retail, residential and restaurant, commercial and finance, and other commercial services uses.</p> | | |

Notes:

- (1) Pursuant to the Business Licence No. 330282000122673 dated 1 June 2012, Cixi Intime Commercial Management Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB150,060,000 for a valid period from 28 April 2011 to 27 April 2031.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Ci Guo Yong (2012) Di 018026 issued by Cixi State Land Resources Bureau dated 16 April 2012, the land use rights of a parcel of land with a site area of 17,163.00 sq m has been granted to Cixi Intime Commercial Management Company Limited for a term expiring on 19 November 2049 for wholesale and retail, residential and restaurant, commercial and finance, and other commercial services uses.
- (3) Pursuant to 3 Building Ownership Certificates issued by Cixi Housing and Urban Construction Bureau, the building ownership of portion of the development with a total gross floor area of 86,629.78 sq m were vested in Cixi Intime Commercial Management Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address | Expiry Date |
|--|-------------------------|------------------------------------|-------------------------------------|------------------|
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 61,618.25 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 17,326.42 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |
| Ci Fang Quan Zheng (2014) Zi Di 005226 | 7,685.11 | Commercial services and other uses | No. 99 Qingshaonian Gong South Road | 19 November 2049 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Cixi Intime Commercial Management Company Limited has legally obtained the land use rights and the building ownership of the property. Cixi Intime Commercial Management Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Cixi Intime Commercial Management Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|--|---|
| 28. Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District Jinhua City Zhejiang Province The PRC | <p data-bbox="512 434 863 725">Intime Jinhua Department Store (the “Development”) comprises 2 blocks of 6-storey commercial building with a 2-level common basement erected on a parcel of land with a site area of approximately 20,000.00 sq m completed in 2009.</p> <p data-bbox="512 768 863 910">The 2 blocks of commercial building (namely Blocks A and B) are connected by footbridges on Level 2 and Level 3.</p> <p data-bbox="512 959 863 1136">The property comprises portion of the retail portion of the Development with a total lettable floor area of approximately 22,704.10 sq m.</p> <p data-bbox="512 1183 863 1319">The land use rights of the property have been granted for a term expiring on 10 January 2047 for commercial services use.</p> | The property with a total lettable floor area of approximately 22,704.10 sq m is operated as a department store. | RMB461,000,000 (100% interest attributable to the Group: RMB461,000,000) |

Notes:

- (1) Pursuant to the Business Licence No. 330702000028873 dated 15 July 2013, Jinhua Intime Shopping Center Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB30,000,000 for a valid period from 6 March 2007 to 5 March 2022.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Jin Shi Guo Yong (2012) Di 102-13456 issued by the People’s Government of Jinhua dated 28 September 2012, the land use rights of a parcel of land with a site area of 9,597.64 sq m has been granted to Jinhua Intime Shopping Center Company Limited for a term expiring on 10 January 2047 for commercial services use.

- (3) Pursuant to 8 Realty Title Certificates issued by Jinhua Housing and Urban-Rural Development Bureau, the title to portion of the development with a total gross floor area of 58,092.26 sq m were vested in Jinhua Intime Shopping Center Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor | | Use | Address | Expiry Date |
|---------------------------------------|-------------|--|------------|-------------------------------------|-----------------|
| | Area (sq m) | | | | |
| Jin Fang Quan Zheng Wu Zi Di 00336318 | 3,967.47 | | Commercial | Room 101, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00337692 | 4,820.64 | | Commercial | Room 102, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336316 | 4,265.03 | | Commercial | Room 201, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336315 | 5,154.59 | | Commercial | Room 202, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336314 | 10,281.82 | | Commercial | Room 301, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336313 | 10,375.89 | | Commercial | Room 302, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336312 | 10,628.09 | | Commercial | Room 401, No. 168 Jiefang East Road | 10 January 2047 |
| Jin Fang Quan Zheng Wu Zi Di 00336311 | 8,598.73 | | Commercial | Room 601, No. 168 Jiefang East Road | 10 January 2047 |

- (4) The property as stipulated in note (2) and (3) is subject to a mortgage.
- (5) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Jinhua Intime Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Jinhua Intime Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Jinhua Intime Shopping Center Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in note (4), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | | | | | |
|--|---|--------------------------|--|------------|----------|---------|----------|---------|----------|---------|----------|---------|----------|---------|---------------|---------------|--------------------------------|--|--|
| 29. E'zhou Guomao Department Store No. Te 1 Nanpu Road E'zhou Hubei Province The PRC | <p>The property comprises a 5-storey commercial building plus a single-level basement erected on a parcel of land with a site area of approximately 4,003.30 sq m completed in 1,999.</p> <p>The total gross floor area of the property is approximately 19,511.64 sq m. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement 1</td> <td style="text-align: right;">2,560.00</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">4,181.64</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">4,289.00</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">4,305.00</td> </tr> <tr> <td>Level 4</td> <td style="text-align: right;">3,560.00</td> </tr> <tr> <td>Level 5</td> <td style="text-align: right;"><u>616.00</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>19,511.64</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 12 January 2046 for commercial use.</p> | Level | Approximate Gross Floor Area sq m | Basement 1 | 2,560.00 | Level 1 | 4,181.64 | Level 2 | 4,289.00 | Level 3 | 4,305.00 | Level 4 | 3,560.00 | Level 5 | <u>616.00</u> | Total: | <u><u>19,511.64</u></u> | <p>Portion of the property with a total lettable floor area of approximately 966.76 sq m is subject to various tenancies with the last tenancy expiring on 20 April 2026, yielding a total monthly receivable of approximately RMB135,000, exclusive of management fees.</p> <p>The remaining portion of the property with a total lettable floor area of approximately 9,491.00 sq m is operated as a department store.</p> | <p>RMB153,000,000</p> <p>(100% interest attributable to the Group: RMB153,000,000)</p> |
| Level | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | | | | | |
| Basement 1 | 2,560.00 | | | | | | | | | | | | | | | | | | |
| Level 1 | 4,181.64 | | | | | | | | | | | | | | | | | | |
| Level 2 | 4,289.00 | | | | | | | | | | | | | | | | | | |
| Level 3 | 4,305.00 | | | | | | | | | | | | | | | | | | |
| Level 4 | 3,560.00 | | | | | | | | | | | | | | | | | | |
| Level 5 | <u>616.00</u> | | | | | | | | | | | | | | | | | | |
| Total: | <u><u>19,511.64</u></u> | | | | | | | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 420700000003526 dated 2 April 2013, E'zhou Intime Department Store & Trade Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of RMB23,000,000 for a valid period from 27 November 2007 to 26 November 2027.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. E'zhou Guo Yong (2008) Di 1-30 issued by the People's Government of E'zhou dated 25 April 2008, the land use rights of a parcel of land with a total site area of 4,003.3 sq m has been granted to E'zhou Intime Department Store & Trade Company Limited for a term expiring on 12 January 2046 for commercial use.
- (3) Pursuant to the Building Ownership Certificate No. E'zhou Shi Fang Quan Zheng Shi Zhi Zi Di 110806464 issued by E'zhou Real Estate Title Registration and Issuance Office dated 21 March 2011, the building ownership of the property with a total gross floor area of approximately 19,511.64 sq m was vested in E'zhou Intime Department Store & Trade Company Limited for composite use.
- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) E'zhou Intime Department Store & Trade Company Limited has legally obtained the land use rights and the building ownership of the property. E'zhou Intime Department Store & Trade Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by E'zhou Intime Department Store & Trade Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | |
|--|--|--------------------------|--|------------|--------|-----------|-----------|---------|----------|---------|---------------|---------------|--------------------------------|--|--|
| 30. Portion of Intime Department Store located at No. 233 Yushui Road Xian'an District Xianning Hubei Province The PRC | <p>Intime Department Store (the "Development") is a 6-storey commercial building with a single-level basement erected on a parcel of land with a total site area of approximately 5,945.01 sq m.</p> <p>The property comprises portion of the Development with a total gross floor area of approximately 16,791.18 sq m completed in 2008. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement 1</td> <td style="text-align: right;">825.18</td> </tr> <tr> <td>Level 1-4</td> <td style="text-align: right;">10,037.02</td> </tr> <tr> <td>Level 5</td> <td style="text-align: right;">5,145.56</td> </tr> <tr> <td>Level 6</td> <td style="text-align: right;"><u>783.42</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>16,791.18</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 29 September 2045 for commercial use.</p> | Level | Approximate Gross Floor Area sq m | Basement 1 | 825.18 | Level 1-4 | 10,037.02 | Level 5 | 5,145.56 | Level 6 | <u>783.42</u> | Total: | <u><u>16,791.18</u></u> | <p>Portion of the property with a total lettable floor area of approximately 1,072.60 sq m is subject to various tenancies with the last tenancy expiring on 31 December 2015, yielding a total monthly receivable of approximately RMB225,000, exclusive of management fee.</p> <p>The remaining portion of the property is owner-occupied by Zhejiang Intime Department Store Company Xianning Branch.</p> | <p>RMB205,000,000</p> <p>(100% interest attributable to the Group: RMB205,000,000)</p> |
| Level | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | |
| Basement 1 | 825.18 | | | | | | | | | | | | | | |
| Level 1-4 | 10,037.02 | | | | | | | | | | | | | | |
| Level 5 | 5,145.56 | | | | | | | | | | | | | | |
| Level 6 | <u>783.42</u> | | | | | | | | | | | | | | |
| Total: | <u><u>16,791.18</u></u> | | | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 422300500001483 dated 5 November 2012, Zhejiang Intime Department Store Company Limited Xianning Branch, a wholly owned subsidiary of the Group, was incorporated for a valid period from 10 December 2010 to 29 September 2035.

- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People's Government of Xian'an, the land use rights of the property with a total site area of 3,564.28 sq m have been granted to Zhejiang Intime Department Store Company Limited Xianning Branch. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|------------------------------------|----------------------|---------------------|------------|-------------------|-------------------|
| Xian'an Guo Yong (2010) Di 2815 | No. 233, Yushui Road | 185.97 | Commercial | 29 September 2010 | 29 September 2045 |
| Xian'an Guo Yong (2010) Di 2816 | No. 233, Yushui Road | 1,104.03 | Commercial | 29 September 2010 | 29 September 2045 |
| Xian'an Guo Yong (2010) Di 2817 | No. 233, Yushui Road | 2,098.57 | Commercial | 29 September 2010 | 29 September 2045 |
| Xian'an Guo Yong (2010) Di 2818 | No. 233, Yushui Road | 175.71 | Commercial | 29 September 2010 | 29 September 2045 |

- (3) Pursuant to 4 Realty Title Certificates issued by Xian'ning Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 16,791.18 sq m were vested in Zhejiang Intime Department Store Company Limited Xianning Branch. Details are listed as follows:

| Certificate No | Date of Issuance | Gross floor area (sq m) | Use |
|---|------------------|----------------------------|------------|
| Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016186 | 6 September 2010 | 825.18 | Commercial |
| Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016187 | 6 September 2010 | 10,037.02 | Commercial |
| Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016188 | 6 September 2010 | 5,145.56 | Commercial |
| Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016189 | 6 September 2010 | 783.42 | Commercial |

- (4) Portion of Level 1 and Level 5 of the Development with gross floor area of approximately 8,524.33 sq m (the "Sub-leased Portion") was leased from Xian'ning Chu Tian Li Jing Shang Mao Limited Company, an independent third party, to Zhejiang Intime Department Store Company Limited Xianning Branch. Zhejiang Intime Department Store Company Limited Xianning Branch has the right to sub-lease this portion. In the course of our valuation, we have value the market value of profit rent, if any, of the Sub-leased Portion. According to the information provided by the Company, portion of the property with a total gross floor area of 8,343.18 sq m was sub-leased to various tenants with the last term expiring on 18 April 2018, yielding a total monthly rental at approximately RMB370,000.

- (5) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Zhejiang Intime Department Store Company Limited Xianning Branch has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited Xianning Branch is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited Xianning Branch according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | |
|---|---|--|---|-------------|-----------|-------------|-----------|------------|--------|--------|------------------|--|--|
| 31. Xiantao Commercial Building No. 43 Mianyang Avenue Xiantao Hubei Province The PRC | The property is a department store including two 7 to 11-storey commercial buildings plus a single-level basement erected on five parcels of land with a total site area of approximately 15,534.73 sq m. | Portion of the property with a total lettable floor area of 7,538.00 sq m is subject to various tenancies with the last tenancy expiring on 30 September 2025, yielding a total monthly receivable of approximately RMB262,000, exclusive of management fee. | RMB 1,194,000,000 (65.8% interest attributable to the Group: RMB785,652,000) | | | | | | | | | | |
| | The property comprises two buildings connected by a footbridge, namely the North tower and South tower, with a total gross floor area of approximately 67,459.55 sq m completed in 1993 and 2010 respectively. The detail breakdown of the approximate gross floor area are as follows: | Another portion of the property with a total lettable floor area of approximately 32,367.90 sq m is owner-occupied and operated as department store. | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th data-bbox="512 1183 608 1210">Building</th> <th data-bbox="751 1108 882 1247">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1293 647 1321">North Tower</td> <td data-bbox="788 1293 882 1321">25,508.19</td> </tr> <tr> <td data-bbox="512 1332 647 1359">South Tower</td> <td data-bbox="788 1332 882 1359">41,629.36</td> </tr> <tr> <td data-bbox="512 1370 624 1398">Footbridge</td> <td data-bbox="820 1370 882 1398">322.00</td> </tr> <tr> <td data-bbox="512 1455 576 1483">Total:</td> <td data-bbox="788 1455 882 1483"><u>67,459.55</u></td> </tr> </tbody> </table> | Building | Approximate Gross Floor Area sq m | North Tower | 25,508.19 | South Tower | 41,629.36 | Footbridge | 322.00 | Total: | <u>67,459.55</u> | The remaining portion of the property is owner-occupied for storage use. | |
| Building | Approximate Gross Floor Area sq m | | | | | | | | | | | | |
| North Tower | 25,508.19 | | | | | | | | | | | | |
| South Tower | 41,629.36 | | | | | | | | | | | | |
| Footbridge | 322.00 | | | | | | | | | | | | |
| Total: | <u>67,459.55</u> | | | | | | | | | | | | |
| | The land use rights of the property have been granted for various terms for commercial and commercial services uses. (please refer to Note 2 for details) | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 429004000022732 dated 2 April 2013, Hubei Intime Xiantao Shangcheng Building Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB36,925,000 for a valid period from 28 July 2000 to 28 July 2015.
- (2) Pursuant to 5 State-owned Land Use Rights Certificates issued by the People's Government of Xiantao, the title to the land use rights of the property with a total site area of 15,534.73 sq m have been granted to Hubei Intime Xiantao Shangcheng Building Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-----------------------------|-----------------|---------------------|------------------------|------------------|------------------|
| Xian Guo Yong(2010) Di 3305 | Mianyangda Road | 1,760.66 | Commercial | 1 December 2010 | 26 June 2040 |
| Xian Guo Yong(2010) Di 3304 | Mianyangda Road | 4,000.09 | Commercial | 1 December 2010 | 26 June 2040 |
| Xian Guo Yong(2010) Di 3301 | Mianyangda Road | 5,023.98 | Commercial | 1 December 2010 | 13 March 2047 |
| Xian Guo Yong(2010) Di 3303 | Mianyangda Road | 2,719.88 | Commercial | 1 December 2010 | 8 February 2047 |
| Xian Guo Yong(2012) Di 0616 | Mianyangda Road | 2,030.12 | Commercial services | 1 December 2010 | 30 December 2036 |

- (3) Pursuant to 3 Realty Title Certificates issued by People's Government of Xiantao, the building ownership of the property with a total gross floor area of 35,053.55 sq m were vested in Hubei Intime Xiantao Shangcheng Building Company Limited. Details are listed as follows:

| Certificate No | Date of Issuance | Gross floor area (sq m) | Use |
|--|-------------------|----------------------------|------------|
| Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005920 | 21 September 2010 | 16,336.54 | Commercial |
| Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005921 | 21 September 2010 | 9,171.65 | Commercial |
| Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201107116 | 25 November 2011 | 9,545.36 | Composite |

- (4) Pursuant to the Construction Land Use Planning Permit No. Gui Di Zi [2007] Di 034 issued by Xiantao Planning Bureau dated 29 December 2007, the Development with a site area of approximately 5,503.72 sq m was permitted to be developed.
- (5) Pursuant to the Construction Engineering Planning Permit No. Gui Jian Zi [2007] Di 104 issued by Xiantao Planning Bureau dated 30 December 2007, the property with a total gross floor area of 28,585.42 sq m was permitted to be constructed.
- (6) Pursuant to the Construction Work Commencement Permit No. 422427200904080101 issued by Xiantao Development Committee dated 8 April 2009, the construction work of the property with a total gross floor area of 27,227.00 sq m was permitted to be commenced.
- (7) Portion of the property as stipulated under State-owned Land Use Rights Certificates Nos. Xian Guo Yong (2010) Di 3304 and Xian Guo Yong(2010) Di 3305 are subject to a mortgage.
- (8) Portion of the property as stipulated under Realty Title Certificates Nos. Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005920 and Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005921 are subject to a mortgage.

- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Hubei Intime Xiantao Shangcheng Building Company Limited has legally obtained the land use rights and portion of the building ownership of the property. Hubei Intime Xiantao Shangcheng Building Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Intime Xiantao Shangcheng Building Company Limited subject to relevant laws and regulations and prior approval from the mortgagees;
 - (iii) Hubei Intime Xiantao Shangcheng Building Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Hubei Intime Xiantao Shangcheng Building Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) other than portion of the property as mentioned in notes (7) and (8), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|--|---|
| 32. Suizhou New Century Shopping Centre No. 65 Jiefang Road Zengdu District Suizhou Hubei Province The PRC | <p>The property is a 5-storey department store and a single-level basement erected on a parcel of land with a site area of approximately 3,064.54 sq m completed in 1995.</p> <p>The total gross floor area of the property is approximately 14,566.72 sq m.</p> <p>The land use rights of the property have been granted for a terms expiring on 28 April 2044 for commercial use.</p> | <p>Portion of the property with a total lettable floor area of 465.00 sq m is subject to various tenancies with the last tenancy expiring on 30 April 2029, yielding a total monthly receivable of approximately RMB58,000, exclusive of management fee.</p> <p>The remaining portion of the property with a total lettable floor area of approximately 8,617.00 sq m is owner-occupied and operated as department store</p> | <p>RMB211,000,000</p> <p>(85% interest attributable to the Group: RMB179,350,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 420000000005713 dated 19 June 2013, Hubei New Century Shopping Center Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2005B) Di 1085 issued by the People's Government of Suizhou dated 17 August 2005, the land use rights of a parcel of land with a total site area of 3,064.54 sq m has been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 28 April 2044 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Sui Zhou Shi Fang Quan Zheng Dong Cheng Zi Di 8-01058 dated 9 February 2007 issued by Suizhou Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 14,566.72 sq m was vested in Hubei New Century Shopping Center Company Limited for operation use.
- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. Sui Guo Yong (2005B) Di 1085 is subject to a mortgage.

- (5) Portion of the property as stipulated under Building Ownership Certificate No. Sui Zhou Shi Fang Quan Zheng Dong Cheng Zi Di 8 – 01058 is subject to a mortgage.
- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–
- (i) Hubei New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei New Century Shopping Center Company Limited subject to relevant laws and regulations and prior approval from the mortgagees; and
 - (iii) other than portion of the property as mentioned in notes (4) and (5), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|---|---|
| 33. Suizhou New Century Shopping Plaza No.45 Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC | <p>The property is a 4-storey supermarket erected on a parcel of land with a site area of approximately 4,603.94 sq m completed in 2002.</p> <p>The total gross floor area of the property is approximately 13,072.17 sq m.</p> <p>The land use right of the property have been granted for a term expiring on 18 February 2041 for commercial use.</p> | <p>Portion of the property with a total lettable floor area of 332.70 sq m is subject to various tenancies with the last tenancy expiring on 31 December 2014, yielding a total monthly receivable of approximately RMB51,000, exclusive of management fee.</p> <p>Another portion of the property with a total lettable floor area of approximately 5,950.00 sq m is owner-occupied and operated as department store</p> <p>The remaining portion of the property is currently vacant.</p> | <p>RMB141,000,000</p> <p>(85% interest attributable to the Group: RMB119,850,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 420000000005713 dated 19 June 2013, Hubei New Century Shopping Center Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2003B) Di 2277 issued by the People's Government of Suizhou dated 26 December 2003, the land use rights of a parcel of land with a total site area of 4,603.94 sq m has been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 18 February 2041 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Sui Zhou Shi Fang Quan Zheng Dong Cheng Zi Di 8-0625 dated 13 March 2013 issued by Suizhou Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 13,072.17 sq m was vested in Hubei New Century Shopping Center Company Limited for operation use.
- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Hubei New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei New Century Shopping Center Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|--|--|
| 34. Portion of the Retail Portion of Xian Qujiang Intime City No. 410 Yanta South Road Yanta District Xian Shaanxi Province The PRC | <p>Xian Qujiang Intime City (the "Development") is a 4-storey commercial building plus a mezzanine floor and 2 basement levels erected on a parcel of land with a site area of approximately 22,839.30 sq m completed in 2011.</p> <p>The property comprises portion of Levels 1 and 2 of the Development with a total lettable floor area of approximately 7,745 sq m together with 346 basement car parking spaces.</p> <p>The land use rights of the Development have been granted for a term expiring on 30 September 2049 for commercial use.</p> | <p>The property with a total lettable floor area of approximately 7,745.00 sq m is operated as a department store.</p> | <p>RMB274,000,000</p> <p>(100% interest attributable to the Group: RMB274,000,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 610133100006233 dated 2 April 2013, Xi'an Qujiang Intime International Shopping Mall Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of RMB175,000,000 for a long-term valid period.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Shi Qu Jiang Guo Yong (2010 Chu) Di 016 issued by the People's Government of Xian dated 7 April 2010, the land use rights of a parcel of land with a total site area of 22,839.30 sq m has been granted to Xi'an Qujiang Intime International Shopping Mall Company Limited for a term expiring on 30 September 2049 for commercial use.
- (3) Pursuant to the Construction Land Use Planning Permit No. Xi Gui Qu Di Zi Di 010 issued by Xian Qujiang New District Administration Committee dated 6 August 2010, the Development with a site area of approximately 43,802 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Xi Gui Qu Jian Zi Di 005 issued by Xian Qujiang New District Administration Committee dated 21 January 2011, the Development with a total gross floor area of 75,691 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. Xi Qu Jian Shi [2011] 012 issued by Xian Urban-Rural Development Committee dated 18 April 2011, the construction work of the Development with a total gross floor area of 75,691 sq m was permitted to be commenced.

- (6) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Xi'an Qujiang Intime International Shopping Mall Company Limited has legally obtained the land use rights of the property. Xi'an Qujiang Intime International Shopping Mall Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Qujiang Intime International Shopping Mall Company Limited according to relevant laws and regulations;
 - (iii) Xi'an Qujiang Intime International Shopping Mall Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Xi'an Qujiang Intime International Shopping Mall Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|--|--|
| 35. Portion of the Retail Portion of Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District Xian Shaanxi Province The PRC | <p>Xian Xiaozhai Intime City (the “Development”) is a 9-storey commercial building plus 2 basement levels erected on a parcel of land with a site area of approximately 11,253.60 sq m completed in 2008.</p> <p>The property comprises portion of Levels 1 to 3 of the Development with a total lettable floor area of approximately 8,049.80 sq m together with 176 basement car parking spaces.</p> | <p>The property with a total lettable floor area of approximately 8,049.80 sq m is operated as a department store.</p> | <p>RMB125,000,000</p> <p>(100% interest attributable to the Group: RMB125,000,000)</p> |
| | <p>The land use rights of the Development have been granted for a term expiring on 19 November 2041 for commercial use.</p> | | |

Notes:

- (1) Pursuant to the Business Licence No. 610100400009848 dated 2 April 2013, Xi’an Southline Department Store Company Limited, a wholly-owned subsidiary of the Group, was incorporated with a registered capital of HK\$91,000,000 for a valid period from 27 January 2005 to 26 January 2017.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Xi Yan Guo Yong (2005 Chu) Di 565 issued by the People’s Government of Xian dated 10 June 2005, the land use rights of a parcel of land with a total site area of 11,253.60 sq m has been granted to Xi’an Southline Zhuque Investment Company (as advised by the Group, the business licence of Xi’an Southline Zhuque Investment Company has been renamed to Xi’an Southline Department Store Company Limited and the change of name of this certificate is in the process) for a term expiring on 19 November 2041 for commercial use.

- (3) Pursuant to 4 Building Ownership Certificates, the building ownership of Levels 1 to 3 of the Development with a total gross floor area of 23,005.13 sq m were vested in Xi'an Southline Zhuque Investment Company (as advised by the Group, the business licence of Xi'an Southline Zhuque Investment Company has been renamed to Xi'an Southline Department Store Company Limited and the change of name of these certificates is in the process). Details are listed as follows:

| Certificate No. | Gross Floor | | Use | Address | Expiry Date |
|--|-------------|--|------------|---|------------------|
| | Area (sq m) | | | | |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10101 | 5,789.92 | | Commercial | Room 10101, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10102 | 269.38 | | Commercial | Room 10102, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10201 | 8,454.49 | | Commercial | Room 10201, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |
| Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10301 | 8,491.34 | | Commercial | Room 10301, Unit 1, Block 1, No. 26 Xiaozhai West Road | 19 November 2041 |

- (4) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Xi'an Southline Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Xi'an Southline Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Southline Department Store Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|--|---|---|
| 36. Various Portions of Intime City No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC | Intime City (the "Development") will be developed into a 33-storey commercial building with 3 basement levels erected on two parcels of land with a total site area of approximately 9,589.20 sq m and a total planned gross floor area of approximately 90,451.47 sq m. The Development is scheduled to be complete in August 2014. | The property is currently under construction. | RMB389,000,000 (51% interest attributable to the Group: RMB198,390,000) |

The Property comprises retail portion, ancillary facilities and car parking portion of the Development with a total gross floor area of approximately 67,010.02 sq m. Details of the approximate gross floor are as follows:

| Use | Approximate Gross Floor Area <i>sq m</i> |
|----------------------|---|
| Retail | 44,430.66 |
| Ancillary Facilities | 4,397.50 |
| Car park | <u>18,181.86</u> |
| Total: | <u><u>67,010.02</u></u> |

The land use rights of the property have been granted for commercial services use for terms expiring on 30 August 2049 and 10 December 2057 respectively.

Notes:

- (1) Pursuant to the Business Licence No. 450200400000199 dated 21 March 2013, Liuzhou New Yindu Property Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of USD24,500,000 for a valid period from 19 March 2008 to 18 March 2038.
- (2) Pursuant to 3 State-owned Land Use Rights Certificates issued by the People's Government of Liuzhou, the title to the land use rights of the property with a total site area of 13,571.10 sq m (inclusive of an underground area of 3,981.9 sq m) have been granted to Liuzhou New Yindu Property Development Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|-------------------------------|--------------------------------------|---------------------|--|------------------|------------------|
| Liu Guo Yong (2010) Di 102488 | No. 17, Yufeng Road | 2,200 | Commercial services (Commercial, office, Podium) | 11 February 2010 | 30 August 2049 |
| Liu Guo Yong (2010) Di 102490 | No. 17, Yufeng Road (Underground) | 3,981.9 | Commercial services (Car parking) | 11 February 2010 | 30 August 2049 |
| Liu Guo Yong (2008) Di 120817 | No. 17, Yufeng Road | 7,389.2 | Commercial services (Commercial, office) | 9 September 2008 | 10 December 2057 |

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 450201201000041 issued by Liuzhou Planning Bureau, dated 10 February 2010, the Development with a site area of approximately 3,981.92 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Di Zi Di 450201201200083 (Jian Zhu Gong Cheng Lei) issued by Liuzhou Planning Bureau dated 1 April 2012, the property with a total gross floor area of 91,099 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 450202200812260101 issued by Liuzhou Construction Planning Administration Committee dated 26 December 2008, the construction work of the property with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (6) Pursuant to the Construction Work Commencement Permit No. 450202201307240101 issued by Liuzhou Housing and Urban-Rural Development Committee dated 24 July 2013, the construction work of the property with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (7) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB68,000,000 and RMB222,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB738,000,000.

- (8) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Liuzhou New Yindu Property Development Company Limited has legally obtained the land use rights of the property. Liuzhou New Yindu Property Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Liuzhou New Yindu Property Development Company Limited according to relevant laws and regulations;
 - (iii) Liuzhou New Yindu Property Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Liuzhou New Yindu Property Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|---|--|--|
| 37. Various Portions of Phase 1 of Intime City located at the western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | Intime City (the "Development") is a proposed composite development which will include residential, office, retail and hotel portions. The Development comprises eight parcels of land with a total site area of approximately 134,567.00 sq m and a total gross floor area of approximately 674,755.10 sq m. The Development is scheduled to be completed in six phases from 2014 to 2017. | The Property is currently operating as a department store. | RMB201,000,000 (70% interest attributable to the Group: RMB140,700,000) |

The Property comprises the department store, ancillary facilities and car parking portion of Phase 1 of the Development with a total gross floor area of approximately 77,485 sq m. Details of the approximate gross floor area are as follows:

| Use | Approximate Gross Floor Area <i>sq m</i> |
|----------------------|---|
| Retail | 34,045 |
| Ancillary Facilities | 8,233 |
| Car park | <u>35,207</u> |
| Total: | <u><u>77,485</u></u> |

The land use rights of the Property have been granted for terms expiring on 12 October 2061 for office use and expiring on 12 October 2051 for commercial use.

Notes:

- (1) Pursuant to the Business Licence No. 331000400006074 dated 10 May 2013, Wenling Intime Shopping Mall Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Business Licence No. 3310000400007497 dated 4 May 2012, Wenling Intime Hotel Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB295,000,000 for a valid period from 4 May 2012 to 3 May 2033.
- (3) Pursuant to the Business Licence No. 331000400007341 dated 12 December 2012, Wenling Taiyue Real Estate Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB270,000,000 for a valid period from 13 December 2011 to 12 December 2031.
- (4) Pursuant to the Business Licence No. 331000400007350 dated 13 December 2011, Wenling Intime Properties Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB205,000,000 for a valid period from 13 December 2011 to 12 December 2031.
- (5) Pursuant to 8 State-owned Land Use Rights Certificates issued by the People's Government of Wenling, the land use rights of the Development with a total site area of 134,567.00 sq m have been granted to Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited. Details are listed as follows:

| Certificate No. | Grantee | Site Area (sq m) | Use | Date of Issuance | Expiry Date |
|---------------------------------|---|------------------------|----------------------------|------------------|---|
| Wen Guo Yong (2011) Di 28087 | Wenling Intime Shopping Mall Development Company Limited | 32,216.00 (Phase 1) | Commercial/Office | 20 October 2011 | 12 October 2051 (Commercial) 12 October 2061 (Office) |
| Wen Guo Yong (2011) Di 29711 | Wenling Intime Properties Company Limited | 12,527.00 (Phase 2) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29710 | Wenling Intime Properties Company Limited | 13,285.00 (Phase 3) | Commercial/Office | 4 January 2012 | 20 December 2051 (Commercial) 20 December 2061 (Office) |
| Wen Guo Yong (2011) Di 29696 | Wenling Taiyue Real Estate Development Company Limited | 6,444.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |

| Certificate No. | Grantee | Site Area (sq m) | Use | Date of Issuance | Expiry Date |
|---------------------------------|---|------------------------|----------------------------|------------------|---|
| Wen Guo Yong (2011) Di 29698 | Wenling Taiyue Real Estate Development Company Limited | 5,114.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 28839 | Wenling Taiyue Real Estate Development Company Limited | 20,205.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29704 | Wenling Taiyue Real Estate Development Company Limited | 6,333.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2012) Di 25623 | Wenling Intime Hotel Development Company Limited | 38,443.00 (Phase 6) | Residential/ Commercial | 2 August 2012 | 27 May 2082 (Residential) 27 May 2052 (Commercial) |

- (6) Pursuant to 7 Construction Land Use Planning Permits issued by Wenling Construction Planning Bureau/Wenling Housing and Urban-Rural Construction Planning Bureau, parcel of land with a total site area of 121,282 sq m was permitted to be developed. Details are listed as follows:

| Permit No. | Use | Site Area (sq m) | Date of Issuance |
|--|----------------------------|---------------------|---------------------|
| Di Zi Di (2011) Nian 1150028 (Yong Di) | Commercial and Office | 32,216.00 | 27 October 2011 |
| Di Zi Di (2013) Nian 1150014 (Yong Di) | Commercial and Residential | 20,205.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150015 (Yong Di) | Commercial and Residential | 6,333.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150016 (Yong Di) | Commercial and Residential | 6,444.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150020 (Yong Di) | Commercial and Residential | 5,114 | 8 August 2013 |
| Di Zi Di (2013) Nian 1150017 (Yong Di) | Commercial and Residential | 12,527.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150018 (Yong Di) | Commercial and Residential | 38,443 | 29 July 2013 |

- (7) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) issued by Wenling Construction Planning Bureau dated 23 February 2012, the portion of the Development with a total gross floor area of 165,753.91 sq m was permitted to be constructed.
- (8) Pursuant to the Construction Work Commencement Permit No. 332623201203011001 issued by Wenling Construction Works Administration Bureau dated 1 March 2012, the construction work of the portion of the Development with a total gross floor area of 164,819.88 sq m was permitted to be commenced.
- (9) Portion of the Development as stipulated under State-owned Land Use Rights Certificate No. Wen Guo Yong (2011) Di 28087 is subject to a mortgage.

- (10) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited have legally obtained the land use rights of the Development. Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited are the sole owners of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
 - (iii) for portion of the property as stipulated under Construction Land Use Planning Permit No. Di Zi Di (2011) Nian 1150028 (Yong Di), Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) and Construction Work Commencement Permit No. 332623201203011001, Wenling Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Wenling Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property;
 - (iv) for the remaining portion of the property, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited has obtained the necessary Construction Land Use Planning Permits; and
 - (v) other than portion of the property as mentioned in note (9), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|---|---|---|---|
| 38. Wuluo Intime City No. 33 Luoyu Road Hongshan District Wuhan Hubei Province The PRC | The property is a proposed 24-storey office building and 11-storey commercial podium with 3 basement levels to be erected on a parcel of land with a total site area of approximately 24,923.00 sq m. | The property is currently under construction. | RMB855,000,000 (100% interest attributable to the Group: RMB855,000,000) |

The property comprises a total planned gross floor area of approximately 167,782.95 sq m and is scheduled to be complete in September 2014. The detail breakdown of the approximate gross floor area are as follows:

| Use | Approximate Gross Floor Area <i>sq m</i> |
|------------|---|
| Office | 17,386.86 |
| Commercial | 113,193.25 |
| Car park | <u>37,202.84</u> |
| Total: | <u><u>167,782.95</u></u> |

Notes:

- (1) Pursuant to the Business Licence No. 420111000102355 dated 3 June 2013, Hubei Wuluo Creative Park Development Company Limited, an indirectly owned subsidiary of the Group, was incorporated with a registered capital of RMB60,000,000 for a valid period from 17 September 2009 to 17 September 2019.
- (2) Pursuant to the Construction Land Use Planning Permit No. Wu Gui Di (2009) 346 issued by Wuhan Land Resources and Planning Bureau dated 15 December 2009, a parcel of land with a site area of 24,923.00 sq m was permitted to be developed.
- (3) Pursuant to the Cooperative Agreement of Luoja Creative Park Phase One entered into between Wuhan WD Education Development Company Limited ("Party A") and China Yintai Holdings Company Limited ("Party B") dated 9 July 2009, the title to the property is vested in Party A. Apart from the portion of the property which will be used by Party A (including office portion of 15,000 sq m and commercial podium portion of 10,000 sq m), Party A agreed to permit Party B to use, manage and operate the remaining portion of the property at no consideration upon completion of the property. Meanwhile, Party A agreed to leased the aforesaid commercial podium portion of 10,000 sq m to Party B with a term of 20 years at a monthly unit rental of RMB38 per sq m for the first to fifth years, RMB40 per sq m for the sixth to twentieth years and Party B can sub-lease this portion to third party.
- (4) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB531,000,000 and RMB322,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB1,300,000,000.
- (5) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
 - (i) Hubei Wuluo Creative Park Development Company Limited can occupy and used the land of the property; and
 - (ii) Upon the completion of the property, Hubei Wuluo Creative Park Development Company Limited, enjoys the rights to use and operate for the portion of the property which are not self-used by Wuhan University and can be sub-lease to third party.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | |
|--|---|--|--|----|----------|----|----------|----|----------|----|-----------------|--------|-------------------------|--|--|
| 39. Portion of the Retail portion of Block 10, No. 101 Yuan Majiapu East Road Fengtai District Beijing The PRC | <p>The building namely Block 10 (the “Development”) is a 6-storey commercial building plus a basement level erected on a parcel of land with a site area of approximately 15,646.38 sq m completed in 2011.</p> <p>The property comprises portion of Level 1 to Level 4 of the Development with a total lettable floor area of approximately 12,294.00 sq m. The detail breakdown of the approximate lettable floor area are as follows:</p> | The property with a total lettable floor area of approximately 12,294.00 sq m is operated as a department store. | RMB555,000,000 (80% interest attributable to the Group: RMB444,000,000) | | | | | | | | | | | | |
| | <table border="0"> <thead> <tr> <th data-bbox="512 1108 576 1136">Level</th> <th data-bbox="751 1034 879 1172">Approximate Lettable Floor Area <i>sq m</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1221 544 1249">L1</td> <td data-bbox="799 1221 879 1249">3,130.00</td> </tr> <tr> <td data-bbox="512 1257 544 1285">L2</td> <td data-bbox="799 1257 879 1285">3,596.00</td> </tr> <tr> <td data-bbox="512 1293 544 1321">L3</td> <td data-bbox="799 1293 879 1321">3,426.00</td> </tr> <tr> <td data-bbox="512 1330 544 1357">L4</td> <td data-bbox="799 1330 879 1357"><u>2,142.00</u></td> </tr> <tr> <td data-bbox="512 1417 576 1444">Total:</td> <td data-bbox="783 1417 879 1455"><u><u>12,294.00</u></u></td> </tr> </tbody> </table> | Level | Approximate Lettable Floor Area <i>sq m</i> | L1 | 3,130.00 | L2 | 3,596.00 | L3 | 3,426.00 | L4 | <u>2,142.00</u> | Total: | <u><u>12,294.00</u></u> | | |
| Level | Approximate Lettable Floor Area <i>sq m</i> | | | | | | | | | | | | | | |
| L1 | 3,130.00 | | | | | | | | | | | | | | |
| L2 | 3,596.00 | | | | | | | | | | | | | | |
| L3 | 3,426.00 | | | | | | | | | | | | | | |
| L4 | <u>2,142.00</u> | | | | | | | | | | | | | | |
| Total: | <u><u>12,294.00</u></u> | | | | | | | | | | | | | | |
| | <p>The land use rights of the property have been granted for a term expiring on 18 January 2047 for commercial use and 18 January 2057 for underground car parking use.</p> | | | | | | | | | | | | | | |

Notes:

- (1) Pursuant to the Business Licence No. 110112016123566 dated 8 April 2014, Beijing Jingtai Peace Asset Management Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 23 July 2013 to 22 July 2063.
- (2) Pursuant to the Share Transfer and Corporation Agreement entered into between Metro Land Corporation Limited (“Party A”) and Hangzhou Intime Outlets Commercial Development Company Limited (“Party B”) dated 11 December 2013, Party A agreed to transfer 80% of the shares of Beijing Jingtai Peace Asset Management Company Limited to Party B. As advised by the Group, the transfer of the aforesaid shares was completed in April 2014. Therefore, the Group does not obtain any interest of the property as at the date of valuation.
- (3) Pursuant to the State-owned Land Use Rights Certificate No. Jin Feng Guo Yong (2014 Chu) Di 00031 issued by the People’s Government of Beijing dated 17 February 2014, the land use rights of a parcel of land with a total site area of 15,646.38 sq m has been granted to Beijing Jingtai Peace Asset Management Company Limited for a term expiring on 18 January 2047 for commercial use and 18 January 2057 for underground car parking use.
- (4) Pursuant to the Building Ownership Certificate No. X Jing Fang Quan Zheng Feng Zi Di 418747 issued by Beijing Fengtai District Housing Authority dated 20 December 2013, the building ownership of the property with a total gross floor area of approximately 68,951.84 sq m was vested in Beijing Jingtai Peace Asset Management Company Limited for underground car parking, underground commercial, commercial and servicing uses.
- (5) The property as stipulated in notes (2) and (3) is subject to a mortgage.
- (6) We have been provided with a legal opinion on the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following:–
 - (i) Beijing Jingtai Peace Asset Management Company Limited has legally obtained the land use rights and the building ownership of the property. Beijing Jingtai Peace Asset Management Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Beijing Jingtai Peace Asset Management Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in note (5), the property is free from mortgages and other encumbrances.

Group IV – Property held by the Group for sale in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|--|---|--|
| 40. Phases 2 to 6 of Intime City located at the western side of Zhonghua North Road Wenling Taizhou City Zhejiang Province The PRC | Intime City (the “Development”) is a proposed composite development which will include residential, office, retail and hotel portions. The Development comprises eight parcels of land with a total site area of approximately 134,567.00 sq m and a total gross floor area of approximately 674,755.10 sq m. The Development is scheduled to be complete in six phases from 2014 to 2017. | Phases 2 and 4 of the Property is currently under construction and is scheduled to be completed in May 2016 whilst the remaining phases of the Property are currently vacant. | RMB 1,746,000,000 (70% interest attributable to the Group: RMB 1,222,200,000) |

The Property comprises Phases 2 to 6 of the Development. Details of the approximate gross floor area are as follows:

Phase 2

| Use | Approximate Gross Floor Area sq m |
|-------------------|--------------------------------------|
| Residential | 37,244.00 |
| Retail | 6,252.00 |
| Ancillary | 348.00 |
| Basement Car park | <u>15,160.30</u> |
| Sub-total | <u>59,004.30</u> |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|------------------------|--|--|
| | Phase 3 | | |
| | | Approximate Gross Floor Area sq m | |
| | Use | | |
| | Office | 47,149.80 | |
| | Retail | 20,123.00 | |
| | Basement Car park | <u>14,945.00</u> | |
| | Sub-total | <u>82,217.80</u> | |
| | Phase 4 | | |
| | | Approximate Gross Floor Area sq m | |
| | Use | | |
| | Residential | 23,349.00 | |
| | Retail | 8,498.00 | |
| | Ancillary | 515.00 | |
| | Basement Car park | <u>10,320.00</u> | |
| | Sub-total | <u>42,682.00</u> | |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|------------------------|--|--|
| | Phase 5 | | |
| | | Approximate Gross Floor Area sq m | |
| | Use | | |
| | Residential | 67,236.00 | |
| | Retail | 27,990.00 | |
| | Ancillary | 824.00 | |
| | Basement Car park | <u>44,841.00</u> | |
| | Sub-total | <u>140,891.00</u> | |
| | Phase 6 | | |
| | | Approximate Gross Floor Area sq m | |
| | Use | | |
| | Serviced Apartment | 70,000.00 | |
| | Hotel | 52,444.00 | |
| | Retail | 4,725.00 | |
| | Basement Car park | <u>52,790.00</u> | |
| | Sub-total | <u>179,959.00</u> | |
| | Total: | <u><u>666,961.10</u></u> | |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|--|--------------------------|--|
| | The land use rights of Phases 2, 4 and 5 of the Property have been granted for terms expiring on 20 December 2081 for residential use and expiring on 20 December 2051 for commercial use. | | |
| | The land use rights of Phase 3 of the Property have been granted for terms expiring on 20 December 2061 for office use and expiring on 20 December 2051 for commercial use. | | |
| | The land use rights of Phase 6 of the property have been granted for terms expiring on 27 May 2082 for residential use and expiring on 27 May 2052 for commercial use. | | |

Notes:

- (1) Pursuant to the Business Licence No. 331000400006074 dated 10 May 2013, Wenling Intime Shopping Mall Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Business Licence No. 3310000400007497 dated 4 May 2012, Wenling Intime Hotel Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB295,000,000 for a valid period from 4 May 2012 to 3 May 2033.
- (3) Pursuant to the Business Licence No. 331000400007341 dated 12 December 2012, Wenling Taiyue Real Estate Development Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB270,000,000 for a valid period from 13 December 2011 to 12 December 2031.
- (4) Pursuant to the Business Licence No. 331000400007350 dated 13 December 2011, Wenling Intime Properties Company Limited, a subsidiary of the Group, was incorporated with a registered capital of RMB205,000,000 for a valid period from 13 December 2011 to 12 December 2031.

- (5) Pursuant to 8 State-owned Land Use Rights Certificates issued by the People's Government of Wenling, the land use rights of the Development with a total site area of 134,567.00 sq m have been granted to Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited. Details are listed as follows:

| Certificate No. | Grantee | Site Area (sq m) | Use | Date of Issuance | Expiry Date |
|---------------------------------|---|------------------------|----------------------------|------------------|---|
| Wen Guo Yong (2011) Di 28087 | Wenling Intime Shopping Mall Development Company Limited | 32,216.00 (Phase 1) | Commercial/Office | 20 October 2011 | 12 October 2051 (Commercial) 12 October 2061 (Office) |
| Wen Guo Yong (2011) Di 29711 | Wenling Intime Properties Company Limited | 12,527.00 (Phase 2) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29710 | Wenling Intime Properties Company Limited | 13,285.00 (Phase 3) | Commercial/Office | 4 January 2012 | 20 December 2051 (Commercial) 20 December 2061 (Office) |
| Wen Guo Yong (2011) Di 29696 | Wenling Taiyue Real Estate Development Company Limited | 6,444.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29698 | Wenling Taiyue Real Estate Development Company Limited | 5,114.00 (Phase 4) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 28839 | Wenling Taiyue Real Estate Development Company Limited | 20,205.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2011) Di 29704 | Wenling Taiyue Real Estate Development Company Limited | 6,333.00 (Phase 5) | Residential/ Commercial | 4 January 2012 | 20 December 2081 (Residential) 20 December 2051 (Commercial) |
| Wen Guo Yong (2012) Di 25623 | Wenling Intime Hotel Development Company Limited | 38,443.00 (Phase 6) | Residential/ Commercial | 2 August 2012 | 27 May 2082 (Residential) 27 May 2052 (Commercial) |

- (6) Pursuant to 7 Construction Land Use Planning Permits issued by Wenling Construction Planning Bureau/Wenling Housing and Urban-Rural Construction Planning Bureau, parcel of land with a total site area of 121,282 sq m was permitted to be developed. Details are listed as follows:

| Permit No. | Use | Site Area (sq m) | Date of Issuance |
|--|----------------------------|---------------------|---------------------|
| Di Zi Di (2011) Nian 1150028 (Yong Di) | Commercial and Office | 32,216.00 | 27 October 2011 |
| Di Zi Di (2013) Nian 1150014 (Yong Di) | Commercial and Residential | 20,205.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150015 (Yong Di) | Commercial and Residential | 6,333.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150016 (Yong Di) | Commercial and Residential | 6,444.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150020 (Yong Di) | Commercial and Residential | 5,114 | 8 August 2013 |
| Di Zi Di (2013) Nian 1150017 (Yong Di) | Commercial and Residential | 12,527.00 | 29 July 2013 |
| Di Zi Di (2013) Nian 1150018 (Yong Di) | Commercial and Residential | 38,443 | 29 July 2013 |

- (7) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) issued by Wenling Construction Planning Bureau dated 23 February 2012, the portion of the Development with a total gross floor area of 165,753.91 sq m was permitted to be constructed.
- (8) Pursuant to the Construction Work Commencement Permit No. 332623201203011001 issued by Wenling Construction Works Administration Bureau dated 1 March 2012, the construction work of the portion of the Development with a total gross floor area of 164,819.88 sq m was permitted to be commenced.
- (9) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB0 and RMB2,431,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB7,122,000,000.
- (10) Portion of the Development as stipulated under State-owned Land Use Rights Certificate No. Wen Guo Yong (2011) Di 28087 is subject to a mortgage.
- (11) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited have legally obtained the land use rights of the Development. Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited are the sole owners of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
 - (iii) for portion of the property as stipulated under Construction Land Use Planning Permit No. Di Zi Di (2011) Nian 1150028 (Yong Di), Construction Engineering Planning Permit No. Jian Zi Di (2012) Nian 1150008 (Gong Cheng) and Construction Work Commencement Permit No. 332623201203011001, Wenling Intime Shopping Mall Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Wenling Intime Shopping Mall Development Company Limited to obtain the relevant Building Ownership Certificate of the property;

- (iv) for the remaining portion of the property, Wenling Intime Hotel Development Company Limited, Wenling Taiyue Real Estate Development Company Limited and Wenling Intime Properties Company Limited has obtained the necessary Construction Land Use Planning Permits; and

- (v) other than portion of the property as mentioned in note (10), the property is free from mortgages and other encumbrances.

Group V – Properties held by Associated Companies of the Group in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | |
|---|--|--------------------------|--|-------------|------------|--------|-----------|--------|-----------|------------------------|-------------------|------------|-------------------|--|---|
| 41. Huafu Feicui Zhuangyuan located at Yangsheng Avenue Bozhou Anhui Province The PRC | <p>Huafu Feicui Zhuangyuan comprises two parcels of land with a total site area of approximately 377,003.10 sq m, namely southern lot and northern lot. The property is planned to be developed into a residential/commercial development.</p> <p>Upon completion, the property will comprise a total gross floor area of approximately 650,211.00 sq m. Detail breakdown of the approximate floor area are listed as follows:</p> <p>Southern Lot</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>443,126.78</td> </tr> <tr> <td>Retail</td> <td>59,215.28</td> </tr> <tr> <td>School</td> <td>13,955.00</td> </tr> <tr> <td>Ancillary and Car park</td> <td><u>133,913.94</u></td> </tr> <tr> <td>Sub-Total:</td> <td><u>650,211.00</u></td> </tr> </tbody> </table> | Use | Approximate Gross Floor Area sq m | Residential | 443,126.78 | Retail | 59,215.28 | School | 13,955.00 | Ancillary and Car park | <u>133,913.94</u> | Sub-Total: | <u>650,211.00</u> | <p>Southern lot of the property is currently under construction and is scheduled to be completed between March 2014 and April 2017.</p> <p>Northern lot of the property is currently vacant.</p> | <p>RMB837,000,000</p> <p>(29% interest attributable to the Group: RMB242,730,000)</p> <p>(please refer to note 8)</p> |
| Use | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | |
| Residential | 443,126.78 | | | | | | | | | | | | | | |
| Retail | 59,215.28 | | | | | | | | | | | | | | |
| School | 13,955.00 | | | | | | | | | | | | | | |
| Ancillary and Car park | <u>133,913.94</u> | | | | | | | | | | | | | | |
| Sub-Total: | <u>650,211.00</u> | | | | | | | | | | | | | | |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|------------------------|--------------------------------------|--|
| | Use | Approximate Gross Floor Area sq m | |
| | Northern Lot | 329,317.30 | |
| | Grand Total: | 979,528.30 | |

The land use rights of the southern lot of the property have been granted for terms expiring on 8 August 2052 and 8 August 2082 for commercial and residential uses respectively whilst the land use rights of the northern lot of the property have been granted for 70 years for residential use and 40 years for commercial use.

Notes:

- (1) Pursuant to the Business Licence No. 341600000058492 (1-1) dated 9 May 2013, Bozhou Hualun International Cultural Investment Company Limited, an associated company of the Group, was incorporated with a registered capital of RMB150,000,000 for a valid period from 8 March 2012 to 7 March 2032.
- (2) Pursuant to 4 State-owned Land Use Rights Grant Contracts entered into between Land Resources Bureau of Bozhou and Bozhou Hualun International Cultural Investment Company Limited, the land use rights of a land with a total site area of 377,003.11 sq m have been granted from the former party to the latter party and the salient conditions as stipulated in the said contract are, inter alia, cited as follows:

| No. | Site Area (sq m) | Land Use | Land Use Rights Term | Plot Ratio | Total Gross Floor Area (sq m) | Land Grant Fee |
|-----------------|------------------|----------------------------|---|------------|-------------------------------|----------------|
| 3416002012GK009 | 81,107.21 | Residential and Commercial | 70 years for residential, 40 years for commercial | 1.0 to 2.0 | 162,214.42 | RMB165,000,000 |
| 3416002012GK010 | 88,443.40 | Residential and Commercial | 70 years for residential, 40 years for commercial | 1.0 to 2.6 | 229,952.84 | RMB225,000,000 |
| 3416002012GK008 | 80,792.00 | Residential and Commercial | 70 years for residential, 40 years for commercial | 1.0 to 2.5 | 201,980.00 | RMB205,000,000 |
| 3416002014GK004 | 126,660.50 | Residential and Commercial | 70 years for residential, 40 years for commercial | 2.6 | 329,317.00 | RMB152,000,000 |

- (3) Pursuant to 3 State-owned Land Use Rights Certificates issued by the People's Government of Bozhou, the title to the land use rights of the property with a total site area of 250,342.60 sq m have been granted to Bozhou Hualun International Cultural Investment Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|------------------------------|--|---------------------|----------------------------|------------------|---|
| Bo Guo Yong (2013) Di 015 | Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road | 81,107.20 | Commercial/ Residential | 19 March 2013 | 8 August 2052 (Commercial) 8 August 2082 (Residential) |
| Bo Guo Yong (2013) Di 013 | Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road | 88,443.40 | Commercial/ Residential | 29 March 2013 | 8 August 2052 (Commercial) 8 August 2082 (Residential) |
| Bo Guo Yong (2013) Di 014 | Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road | 80,792.00 | Commercial/ Residential | 29 March 2013 | 8 August 2052 (Commercial) 8 August 2082 (Residential) |

- (4) Pursuant to 8 Construction Engineering Planning Permits issued by Bozhou Housing and Urban-Rural Development Committee, the property was permitted to be constructed. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|----------------------------|------------------|-------------------------|
| Jian Zi Di 34160120120105Y | 10 April 2012 | 38,220.34 |
| Jian Zi Di 34160120130053 | 3 July 2013 | 130,771.16 |
| Jian Zi Di 34160120130044 | 14 June 2013 | 125,442.17 |
| Jian Zi Di 34160120130038 | 21 May 2013 | 22,304.46 |
| Jian Zi Di 34160120130032 | 3 May 2013 | 13,945.49 |
| Jian Zi Di 34160120120056 | 11 December 2012 | 121.188 mu |
| Jian Zi Di 34160120120055 | 11 December 2013 | 132.665 mu |
| Jian Zi Di 34160120120054 | 11 December 2012 | 121.661 mu |

- (5) Pursuant to 5 Construction Work Commencement Permits issued by Bozhou Housing and Urban-Rural Development Committee, the construction work of the property with a total gross floor area of 330,931.87 sq m was permitted to be commenced. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|--------------------|------------------|-------------------------|
| 341600201305300101 | 30 May 2013 | 38,220.34 |
| 341600201309020101 | 2 September 2013 | 131,019.41 |
| 341600201310100101 | 10 October 2013 | 125,442.17 |
| 341600201307190101 | 19 July 2013 | 22,304.46 |
| 341600201307220101 | 22 July 2013 | 13,945.49 |

- (6) Pursuant to 6 Commodity Housing Pre-sale Permits issued by Bozhou Real Estate Management Bureau, the pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

| Certificate No. | Date of Issuance | Area (sq m) | Use | Expiry Date |
|------------------------------------|-------------------------|--------------------|-------------|--------------------|
| (Bo) Fang Yu Shou Zheng Di 2013071 | 31 May 2013 | 1,528.66 | Residential | 30 May 2014 |
| (Bo) Fang Yu Shou Zheng Di 2013070 | 31 May 2013 | 1,528.66 | Residential | 30 May 2014 |
| (Bo) Fang Yu Shou Zheng Di 2013063 | 31 May 2013 | 1,473.10 | Residential | 30 May 2014 |
| (Bo) Fang Yu Shou Zheng Di 2013065 | 31 May 2013 | 1,512.14 | Residential | 30 May 2014 |
| (Bo) Fang Yu Shou Zheng Di 2013053 | 31 May 2013 | 942.82 | Residential | 30 May 2014 |
| (Bo) Fang Yu Shou Zheng Di 2013197 | 24 July 2013 | 24,714.38 | Residential | 31 October 2014 |

- (7) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB290,000,000 and RMB1,172,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB2,682,000,000.
- (8) According to the Group's information, the State-owned Land Use Rights Certificate of the northern lot has not been obtained and its associated land premium has not been settled as at the date of valuation. In the course of our valuation, we have opined no commercial value to the northern lot.
- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Bozhou Hualun International Cultural Investment Company Limited has legally obtained the land use rights of the property. Bozhou Hualun International Cultural Investment Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Bozhou Hualun International Cultural Investment Company Limited according to relevant laws and regulations;
 - (iii) Bozhou Hualun International Cultural Investment Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Bozhou Hualun International Cultural Investment Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|---|---|--|
| 42. Yintai Zhongda Project Shixiang Road Xiacheng District Hangzhou Zhejiang Province The PRC | <p>The property comprises a parcel of land with a total site area of approximately 37,860.00 sq m and is planned to be developed into a commercial, office and residential development.</p> <p>Upon completion, the property will comprise office, serviced apartment and commercial portions with gross floor areas of approximately 52,418.10 sq m, 55,005.80 sq m and 97,974.60 sq m respectively. The property will also comprise ancillary facilities and a car park basement which will provide about 1,644 car parking spaces with a total gross floor area of approximately 121,019.00 sq m. The property is scheduled to be complete in August 2015.</p> | The property is currently under construction. | <p>RMB 1,832,000,000</p> <p>(40% interest attributable to the Group: RMB732,800,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330103000110476 dated 16 December 2009, Hangzhou Zhongda Shengma Property Company Limited, an associated company of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 20 September 2010 to 19 September 2030.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2011) Di 100057 issued by the People's Government of Hangzhou, the land use rights of a parcel of land with a site area of 37,860.00 sq m has been granted to Hangzhou Zhongda Shengma Property Company Limited for a term expiring on 19 March 2051 for commercial services use.
- (3) Pursuant to the Construction Land Permit No. Hang Guo Tu Zi (2010) 45 issued by the People's Government of Hangzhou dated 24 August 2011, a parcel of land with a site area of approximately 37,860.00 sq m was permitted to be developed.
- (4) Pursuant to the Construction Land Use Planning Permit No. 330100201000640 issued by Hangzhou Planning Bureau dated 21 October 2010, the Development with a site area of approximately 37,860.00 sq m was permitted to be developed.
- (5) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 330100201200130 issued by Hangzhou Planning Bureau dated 27 April 2012, the property with a total gross floor area of 326,418.00 sq m was permitted to be constructed.

- (6) Pursuant to the Construction Work Commencement Permit No. 330100201208230201 issued by Hangzhou Urban-Rural Development Committee dated 23 August 2012, the construction work of the property with a total gross floor area of 326,418.00 sq m was permitted to be commenced.
- (7) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2011) Di 100057 is subject to a mortgage.
- (8) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB471,000,000 and RMB1,302,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB3,921,000,000.
- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Hangzhou Zhongda Shengma Property Company Limited has legally obtained the land use rights of the property. Hangzhou Zhongda Shengma Property Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Zhongda Shengma Property Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
 - (iii) Hangzhou Zhongda Shengma Property Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Hangzhou Zhongda Shengma Property Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) other than portion of the property as mentioned in note (7), the property is free from mortgages and other encumbrances.

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 | | | | | | | | | | | | |
|---|--|---|--|-------------|------------|------------|----------|--------------|----------|-----------|--------|--------|-------------------|--|--|
| 43. World Bay Centre located at the western side of Zhongshan South Road Yijiang District Wuhu Anhui Province The PRC | <p>World Bay Centre (The “Development”) is planned to be developed into a residential, commercial, office and hotel development in four phases with a total site area of approximately 250,343.00 sq m.</p> <p>Phases I to III of the Development is planned to be developed into 15 blocks of residential buildings with club house and kindergarten with a total gross floor area of approximately 356,862.69 sq m. The detail breakdown of the approximate gross floor area are as follows:</p> | The property is currently under construction. | <p>RMB 2,143,000,000</p> <p>(43% interest attributable to the Group: RMB921,490,000)</p> | | | | | | | | | | | | |
| | Phase I | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th data-bbox="512 1257 555 1285">Use</th> <th data-bbox="748 1183 890 1325">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1370 628 1398">Residential</td> <td data-bbox="775 1370 890 1398">123,115.76</td> </tr> <tr> <td data-bbox="512 1406 639 1434">Club House</td> <td data-bbox="796 1406 890 1434">4,114.52</td> </tr> <tr> <td data-bbox="512 1442 647 1470">Kindergarten</td> <td data-bbox="796 1442 890 1470">2,695.00</td> </tr> <tr> <td data-bbox="512 1478 608 1506">Ancillary</td> <td data-bbox="817 1478 890 1506">833.90</td> </tr> <tr> <td data-bbox="512 1566 576 1593">Total:</td> <td data-bbox="775 1566 890 1593"><u>130,699.49</u></td> </tr> </tbody> </table> | Use | Approximate Gross Floor Area sq m | Residential | 123,115.76 | Club House | 4,114.52 | Kindergarten | 2,695.00 | Ancillary | 833.90 | Total: | <u>130,699.49</u> | | |
| Use | Approximate Gross Floor Area sq m | | | | | | | | | | | | | | |
| Residential | 123,115.76 | | | | | | | | | | | | | | |
| Club House | 4,114.52 | | | | | | | | | | | | | | |
| Kindergarten | 2,695.00 | | | | | | | | | | | | | | |
| Ancillary | 833.90 | | | | | | | | | | | | | | |
| Total: | <u>130,699.49</u> | | | | | | | | | | | | | | |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|------------------------|---|--|
| | Phase II | | |
| | Use | Approximate Gross Floor Area <i>sq m</i> | |
| | Residential | 109,027.00 | |
| | Ancillary | <u>857.00</u> | |
| | Total: | <u><u>109,884.00</u></u> | |
| | Phase III | | |
| | Use | Approximate Gross Floor Area <i>sq m</i> | |
| | Residential | 115,553.30 | |
| | Ancillary | <u>725.90</u> | |
| | Total: | <u><u>116,279.20</u></u> | |

Phase IV of the Development is planned to be developed into shopping mall, office and hotel with a total gross floor area of approximately 167,745.16 sq m. The area breakdown of Phase IV of the Development are listed as below:

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|----------|------------------------|--|--|
| | Phase IV | | |
| | Use | Approximate Gross Floor Area <i>sq m</i> | |
| | Shopping mall | 95,833.50 | |
| | Office | 29,417.80 | |
| | Hotel | 39,848.81 | |
| | Ancillary Facilities | <u>2,645.05</u> | |
| | Total: | <u><u>167,745.16</u></u> | |

In addition, the property will also comprise 4,034 basement car parking spaces with a total gross floor area of approximately 162,519.42 sq m.

The property is scheduled to be complete between the first quarter of 2014 to the second quarter of 2016.

The land use rights of the property with a site area of approximately 183,745.00 sq m have been granted for various terms for commercial and residential uses. *(please refer to note 2 for details)*

Notes:

- (1) Pursuant to the Business Licence No. 340200000080870 (1-1) dated 8 August 2011, Anhui Hualun Gangwan Culture Investment Company Limited, an associated company of the Group, was incorporated with a registered capital of RMB200,000,000 for a valid period from 15 October 2009 to 12 December 2023.
- (2) Pursuant to 3 State-owned Land Use Rights Certificates issued by People's Government of Wuhu, the land use rights of the property with a total site area of 250,343.00 sq m have been granted to Anhui Hualun Gangwan Culture Investment Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Date of Issuance | Expiry Date |
|---------------------------|------------------------------------|---------------------|----------------------------|------------------|---|
| Wu Guo Yong (2011) Di 247 | Weier Road | 73,596.00 | Commercial/ Residential | 19 October 2011 | 24 June 2061 (Residential) 24 June 2051 (Commercial) |
| Wu Guo Yong (2013) Di 251 | Zhongshan South Road Land Lot A | 51,444.00 | Commercial/ Residential | 15 May 2013 | 22 June 2061 (Residential) 22 June 2051 (Commercial) |
| Wu Guo Yong (2013) Di 252 | Zhongshan South Road Land Lot B | 39,481.00 | Commercial/ Residential | 15 May 2013 | 22 June 2061 (Residential) 22 June 2051 (Commercial) |

- (3) Pursuant to 9 Construction Engineering Planning Permits issued by Wuhu Urban-Rural Planning Bureau, the property with a total gross floor area of the property of 781,440.00 sq m was permitted to be constructed. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|----------------------------|------------------|-------------------------|
| Jian Zi Di 340201201100391 | 14 October 2011 | 31,852.00 |
| Jian Zi Di 340201201100423 | 28 October 2011 | 61,678.70 |
| Jian Zi Di 340201201100424 | 28 October 2011 | 62,270.96 |
| Jian Zi Di 340201201200347 | 12 October 2012 | 83,308.00 |
| Jian Zi Di 340201201200369 | 12 October 2012 | 58,834.00 |
| Jian Zi Di 340201201300066 | 12 March 2013 | 163,125.30 |
| Jian Zi Di 340201201300184 | 24 May 2013 | 132,558.04 |
| Jian Zi Di 340201201200090 | 22 February 2012 | 4,068.00 |
| Jian Zi Di 340201201100086 | 14 June 2011 | 183,745 |

- (4) Pursuant to 5 Construction Work Commencement Permits issued by Wuhu Housing and Urban-Rural Development Committee, the construction work of the property with a total gross floor area of 597,695.00 sq m was permitted to be commenced. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|--------------------|------------------|-------------------------|
| 340200201206110401 | 18 June 2012 | 155,801.66 |
| 340200201303150101 | 22 April 2013 | 142,142.00 |
| 340200201306170201 | 28 June 2013 | 163,125.30 |
| 340200201305280101 | 29 May 2013 | 132,558.04 |
| 340200201206110301 | 18 June 2012 | 4,068.00 |

- (5) Pursuant to 6 Commodity Housing Pre-sale Permits issued by Wuhu Urban-Rural Development Committee, the pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

| Certificate No. | Date of Issuance | Area (sq m) | Use |
|---------------------------------------|-------------------|-------------|-------------|
| (Wu) Fang Yu Shou Zheng Di (2012) 023 | 22 December 2012 | 21,181.10 | Residential |
| (Wu) Fang Yu Shou Zheng Di (2012) 022 | 22 December 2012 | 21,181.10 | Residential |
| (Wu) Fang Yu Shou Zheng Di (2012) 024 | 22 December 2012 | 21,107.56 | Residential |
| (Wu) Fang Yu Shou Zheng Di (2012) 021 | 22 December 2012 | 21,930.70 | Residential |
| (Wu) Fang Yu Shou Zheng Di 2012098239 | 18 September 2012 | 16,824.50 | Residential |
| (Wu) Fang Yu Shou Zheng Di 2012098240 | 18 September 2012 | 18,890.80 | Residential |

- (6) Portion of the property as stipulated under State-owned Land Use Rights Certificates Nos. Wu Guo Yong (2013) Di 251 and Wu Guo Yong (2013) Di 252 is subject to two mortgages.
- (7) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB798,000,000 and RMB1,394,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB4,351,000,000.
- (8) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-
- (i) Anhui Hualun Gangwan Culture Investment Company Limited has legally obtained the land use rights of the property. Anhui Hualun Gangwan Cultutre Investment Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Hualun Gangwan Cultutre Investment Company Limited subject to relevant laws and regulations and prior approval from the mortgagees;
 - (iii) Anhui Hualun Gangwan Cultutre Investment Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Anhui Hualun Gangwan Cultutre Investment Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) other than portion of the property as mentioned in note (6), the property is free from mortgages and other encumbrances.

Group VI – Property held by Joint Venture of the Group in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 March 2014 |
|--|---|---|---|
| 44. Hubin Yintai Phase II No. 258 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC | <p>Hubin Yintai Phase II is a large scale shopping centre comprising 3 blocks of 4-storey commercial building with a 2-level common basement erected on five parcels of land with a total site area of approximately 17,751.00 sq m.</p> <p>The 3 blocks of commercial building (namely Block A, B and C) are connect by footbridges on Level 2 and Level 3. The property comprises whole of Blocks A and B and portion of Block C with a total gross floor area of approximately 61,845.74 sq m for floors above ground and 34,129.00 sq m for basement levels. Block A and B of the property were completed in 2013 whilst Block C is pending for internal finishing works.</p> <p>The land use rights of the property have been granted for various terms for commercial and composite (office) uses. <i>(Please refer to note 2 for details.)</i></p> | <p>Portion of Blocks A and B of the Property with a total lettable floor area of approximately 32,499.75 sq m is subject to various tenancies with the last tenancy expiring on 27 June 2023, yielding a total monthly receivable of approximately RMB9,275,000, exclusive of management fee. The remaining portion of Blocks A and B is currently vacant.</p> <p>Block C of the property is currently vacant and pending for internal finishing works.</p> | <p>RMB 2,691,000,000</p> <p>(50% interest attributable to the Group: RMB 1,345,500,000)</p> |

Notes:

- (1) Pursuant to the Business Licence No. 330100000069332 dated 12 April 2010, Hangzhou Xinhubin Commercial Development Company Limited, a joint venture of the Group, was incorporated with a registered capital of RMB80,000,000 for a valid period from 16 November 2005 to 15 November 2025.
- (2) Pursuant to 5 State-owned Land Use Rights Certificates issued by the People's Government of Hangzhou, the land use rights of the property with a total site area of 17,751.00 sq m have been granted to Hangzhou Xinhubin Commercial Development Company Limited. Details are listed as follows:

| Certificate No. | Address | Site Area (sq m) | Land Use | Expiry Date |
|---|---|------------------|--------------------|------------------|
| Hang Shang Guo Yong (2007) Di 000088 | Junction of Yanan Road and Renhe Road | 202.00 | Composite (Office) | 3 December 2056 |
| Hang Shang Guo Yong (2007) Di 000089 | Junction of Yanan Road and Renhe Road | 6,497.00 | Commercial | 3 December 2046 |
| Hang Shang Guo Yong (2006) Zi Di 000070 | Junction of Yanan Road and Jiefang Road | 4,608.00 | Commercial | 27 November 2045 |
| Hang Shang Guo Yong (2006) Zi Di 000071 | Junction of Yanan Road and Jiefang Road | 176.00 | Composite (Office) | 27 November 2055 |
| Hang Shang Guo Yong (2006) Zi Di 000138 | Junction of Yanan Road and Pinghai Road | 6,268.00 | Commercial | 13 April 2047 |

- (3) Pursuant to 2 Building Ownership Certificates issued by Hangzhou Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 19,370.26 sq m were vested in Zhejiang Intime Department Store Company Limited. Details are listed as follows:

| Certificate No. | Gross Floor Area (sq m) | Use | Address |
|---|-------------------------|-----------------|---|
| Hang Fang Quan Zheng Shang Zi Di 14724250 | 13,494.33 | Non-Residential | 1, 2 and 4/F, No. 258 Yanan Road |
| Hang Fang Quan Zheng Shang Zi Di 13613116 | 5,875.93 | Non-Residential | Unit. 101-103, 102-108, 114, 201, 203, 204, 207, 209, 211, 213, 214, 218, 220, 222, 401 and 402, No. 238 Jiefang Road |

- (4) Pursuant to 3 Construction Land Permits issued by the People's Government of Hangzhou, three parcels of land with a total site area of 17,751.00 sq m were permitted to be developed. Details are listed as follows:

| Permit No. | Date of Issuance | Site Area (sq m) |
|---|------------------|------------------|
| Hangzhou Shi [2006] Hang Guo Tu Zi Di 361 | 26 June 2007 | 6,268.00 |
| Hang Guo Tu Zi (2006) 22 | 6 March 2006 | 4,784.00 |
| Hang Guo Tu Zi Di 97 | 19 April 2009 | 6,699.00 |

- (5) Pursuant to 3 Construction Land Use Planning Permits issued by Hangzhou Planning Bureau, the property with a total site area of 17,760.00 sq m was permitted to be developed. Details are listed as follows:

| Permit No. | Date of Issuance | Site Area (sq m) |
|---|------------------|------------------|
| (2007) Nian Zhe Gui Yong Zheng 01000192 | 14 June 2007 | 6,271.00 |
| (2005) Nian Zhe Gui Yong Zheng 01000600 | 30 December 2005 | 4,790.00 |
| (2007) Nian Zhe Gui Yong Zheng 01000121 | 17 April 2007 | 6,690.00 |

- (6) Pursuant to 3 Construction Engineering Planning Permits issued by Hangzhou Planning Bureau, the property with a total gross floor area of the property of 100,435.00 sq m was permitted to be constructed. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|--|------------------|-------------------------|
| Jian Zi Di (2007) Nian Zhe Gui Jian Zheng 01000442 | 8 July 2011 | 36,401.00 |
| Jian Zi Di (2006) Nian Zhe Gui Jian Zheng 01000169 | 12 July 2010 | 22,483.00 |
| Jian Zi Di (2007) Nian Zhe Gui Jian Zheng 01000289 | 10 August 2010 | 41,551.00 |

- (7) Pursuant to 3 Construction Work Commencement Permits issued by Hangzhou Development Committee, the construction work of the property with a total gross floor area of 81,068.00 sq m was permitted to be commenced. Details are listed as follows:

| Permit No. | Date of Issuance | Gross Floor Area (sq m) |
|--------------------|------------------|-------------------------|
| 330100200804170601 | 17 April 2008 | 28,372.00 |
| 330100200606120201 | 12 June 2006 | 17,226.00 |
| 330100200707130101 | 11 July 2007 | 35,470.00 |

- (8) Portion of the property as stipulated note (2) will be subject to a mortgage once Hangzhou Xinhubin Commercial Development Company Limited fulfils its promise with the mortgagee.

- (9) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:-

- (i) Hangzhou Xinhubin Commercial Development Company Limited has legally obtained the land use rights and the building ownership of the property. Hangzhou Xinhubin Commercial Development Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Xinhubin Commercial Development Company Limited subject to relevant laws and regulations and prior approval from the mortgagee;
- (iii) Hangzhou Xinhubin Commercial Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Hangzhou Xinhubin Commercial Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
- (iv) other than portion of the property as mentioned in note (8), the property is free from mortgages and other encumbrances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

(i) Share capital

The following are the authorized and issued share capital of the Company as (i) at the Latest Practicable Date; (ii) immediately after the issue of the Subscription Shares; (iii) immediately after the issue of Conversion Shares (assuming the full exercise of Conversion Rights at the initial Conversion Price with maximum of interest accrued and that the Subscription Shares have been issued):

(i) As at the Latest Practical Date

| | |
|--|---------------------|
| <i>Authorised</i> | <i>US\$</i> |
| <u>5,000,000,000</u> | <u>50,000</u> |
| <i>Issued and fully paid or credited as fully paid</i> | |
| <u>2,009,916,488</u> | <u>20,099.16488</u> |

(ii) Immediately after the issue of the Subscription Shares

| | | |
|--|---|-------------------------|
| <i>Authorised</i> | | <i>US\$</i> |
| 5,000,000,000 | | 50,000 |
| <i>Issued and fully paid or credited as fully paid</i> | | |
| 2,009,916,488 | Shares in issue as at the Latest Practical Date | 20,099.16488 |
| <u>220,541,892</u> | Allotment and issue of the Subscription Shares | <u>2,205.41892</u> |
| <u>2,230,458,380</u> | | <u>22,304.58380</u> |

(iii) Immediately after the issue of Conversion Shares (assuming the full exercise of Conversion Rights with maximum of interest accrued and that the Subscription Shares have been issued)

| | | |
|--------------------------|---|-------------------------|
| 2,009,916,488 | Shares in issue as at the Latest Practical Date | 20,099.16488 |
| 220,541,892 | Allotment and issue of the Subscription Shares | 2,205.41892 |
| 489,600,722 | Allotment and issue of the Conversion Shares at the initial Conversion Price with maximum of interest accrued | 4,896.00722 |
| <u>2,720,059,102</u> | | <u>27,200.59102</u> |

All the Shares in issue rank pari passu in all respects, including the rights in particular as to dividend, voting rights and capital. The Shares in issue are listed on the Stock Exchange.

Except for the issue of 3,784,500 Shares pursuant to the exercise of share options granted under the Share Option Scheme, no Share has been issued or repurchased since 31 December 2013, the date to which the latest audited financial statements of the Group were made up.

(ii) Share options, warrants and convertible securities

The table below sets forth the details of the outstanding share options of the Company as at the Latest Practicable Date:

| Holders | Date of grant | Exercise price HK\$ | Exercise period | Number of share options as of the Latest Practicable Date |
|-----------|--------------------|------------------------|---|--|
| Mr. Chen | 11 April, 2008 | 5.64 | 12 April, 2009 to 11 April, 2014 ⁽¹⁾ | 300,000 |
| | 18 September, 2008 | 3.56 | 19 September, 2009 to 18 September, 2014 | 300,000 |
| | 4 March, 2009 | 1.88 | 5 March, 2010 to 4 March, 2015 | 450,000 |
| | 28 August, 2009 | 6.63 | 29 August, 2010 to 28 August, 2015 | 4,500,000 |
| | 26 May, 2010 | 6.49 | 27 May, 2011 to 26 May, 2016 ⁽¹⁾ | 2,250,000 |
| | 1 April, 2011 | 10.77 | 2 April, 2012 to 1 April, 2017 | 1,500,000 |
| | 22 June, 2012 | 7.56 | 23 June, 2013 to 22 June, 2018 | 1,800,000 |
| | 10 April, 2013 | 9.27 | 11 April, 2014 to 10 April, 2019 | 1,800,000 |
| | | | <i>Sub-total (Mr. Chen)</i> | <u>12,900,000</u> |
| Employees | 18 September, 2008 | 3.56 | 19 September, 2009 to 18 September, 2014 | 729,500 |
| | 4 March, 2009 | 1.88 | 5 March, 2010 to 4 March, 2015 | 1,843,000 |
| | 20 October, 2009 | 5.50 | 21 October, 2010 to 20 October, 2015 | 500,000 |
| | 26 May, 2010 | 6.49 | 27 May, 2011 to 26 May, 2016 | 5,459,000 |
| | 26 August, 2010 | 9.00 | 27 August, 2011 to 26 August, 2016 | 1,200,000 |
| | 1 April, 2011 | 10.77 | 2 April, 2012 to 1 April, 2017 | 9,663,000 |
| | 22 June, 2012 | 7.56 | 23 June, 2013 to 22 June, 2018 | 15,118,000 |
| | 10 April, 2013 | 9.27 | 11 April, 2014 to 10 April, 2019 | 5,212,000 |
| | | | <i>Sub-total (employees)</i> | <u>39,725,000</u> |
| | | | Total | <u><u>52,625,000</u></u> |

⁽¹⁾ Extension of the relevant exercise period is subject to approval at the EGM.

3. DISCLOSURE OF INTERESTS**(i) Directors' interests in the Shares**

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the

SFO (including interests and short positions which the Directors and chief executive are deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO (including interests and short positions which the Directors and chief executive are deemed or taken to have under such provisions of the SFO), to be recorded in the register therein, or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules are as follows:

| Name of Director | Nature of interest | Number of Shares interested | Approximate percentage in total issued share capital of the Company |
|-------------------------|---|------------------------------------|--|
| Mr. Shen Guojun | Interest of controlled corporation ⁽¹⁾ | 721,014,015 | 35.87% |
| Mr. Chen Xiaodong | Beneficial owner ⁽²⁾ | 13,650,000 | 0.68% |

Notes:

- (1) Mr. Shen, an executive Director and the Chairman of the Board, is the beneficial owner of the entire share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 716,814,015 Shares. Mr. Shen is a director of each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Shen is also the beneficial owner of the entire share capital of East Jump Management Limited which holds 4,200,000 Shares.
- (2) Mr. Chen Xiaodong, an executive Director and the chief executive officer of the Company, held 750,000 Shares and options in respect of a total of 12,900,000 shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had registered an interest or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or (iv) as required to be disclosed under the Takeovers Code.

During the Six-Month Period, Mr. Chen, an executive Director of the Company, has had the following dealings in Shares:

| Date | Transaction nature | Number of Shares | Aggregate gross consideration (HK\$) |
|---------------|--|---------------------|--|
| 8 April, 2014 | Ceasing to have an interest in shares of the listed corporation due to expiration of unexercised options | 500,000 | N/A |

Other than as set out above, none of the Directors have dealt in any Shares, options, warrants or any securities that are convertible into Shares or derivatives in respect of the securities of the Company during the Six-Month Period.

(ii) Others

As at the Latest Practicable Date:

- (a) none of the subsidiaries of the Company, nor any pension funds of the Company or of any of its subsidiaries, nor Somerley Capital Limited nor any other advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of clauses (1), (2), (3) and (4) of the definition of associate under the Takeovers Code, and with the Investor, its ultimate beneficial owners or any party acting in concert with any of them;
- (c) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company; and
- (d) none of the Company or the Directors has borrowed or lent any Shares.

As of the Latest Practicable Date, none of the Directors or the Company had any interest in the shares, convertible securities, options, warrants or derivatives of the Investor and none of them had dealt for value in any shares, convertible securities, options, warrants or derivatives of the Investor during the Six-Month Period.

4. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date,

- (a) none of the Director has an unexpired service contract with the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation; and
- (b) none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed terms contracts) were entered into or amended within six months before the date of the Announcement, (b) were continuous contracts with a notice period of 12 months or more, or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2013, the date to which the latest audited consolidated financial statements of the Group were made up.

6. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

| Name | Qualifications |
|----------------------------|--|
| Somerley Capital Limited | a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities |
| Knight Frank Petty Limited | independent property valuer |

As at the Latest Practicable Date, each of Somerley Capital Limited and Knight Frank Petty Limited:

- (a) did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December, 2013, being the date to which the latest published audited accounts of the Group were made up; and

- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter or report (as the case may be) in the form and context in which they respectively appear.

7. MATERIAL CONTRACTS

Other than the Subscription Agreement and the strategic cooperation framework agreement, the Company or its subsidiaries had not entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or its subsidiaries) after the date two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date.

8. LITIGATION AND CLAIMS

Other than disclosed in an announcement of the Company on 26 March, 2013 relating to a writ of summons issued by Continental Century Investment Management Group Limited (as plaintiff) against, among others, the Company (as a defendant) in connection with certain disputes relating to a lease for certain units at 北京銀泰中心 (Beijing Yintai Centre*) in Beijing, China, between Continental Century Investment Management Group Limited and 北京銀泰置業有限公司 (Beijing Yintai Properties Co., Ltd.*) in which the plaintiff claims damage of RMB 300 million from the defendants, neither the Company nor any other members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatening by or against any member of the Group. There has been no substantive development in this case as of the Latest Practicable Date.

9. MARKET PRICES OF SHARES

The closing prices of the Shares quoted on the Stock Exchange (i) at the end of each of the calendar months during the period commencing the six months immediately preceding 31 March, 2014, being the date of the Announcement and ending on the Latest Practicable Date, (ii) on the Last Trading Day, and (iii) on the Latest Practicable Date were as follows:

| Date | Closing Price of the Share (HK\$) |
|---|--|
| 30 September, 2013 | 8.480 |
| 31 October, 2013 | 9.230 |
| 29 November, 2013 | 8.860 |
| 31 December, 2013 | 8.070 |
| 30 January, 2014 | 7.800 |
| 28 February, 2014 | 7.920 |
| 26 March, 2014 (being the Last Trading Day) | 8.730 |
| 31 March, 2014 | 8.350 |
| 30 April, 2014 | 7.610 |
| 30 May, 2014 | 7.530 |
| Latest Practicable Date | 7.400 |

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Six-Month Period were HK\$9.37 on 1 November, 2013 and HK\$7.30 on 5 June, 2014, respectively.

10. MISCELLANEOUS

- a) The auditors of the Company is Ernst & Young.
- b) The secretary of the Company is CHOW Hok Lim FCCA, CPA.
- c) The registered office of the Company is P.O. Box 309GT, Ugland House, South Church Street, George Town Grand Cayman, Cayman Islands.
- d) The registered office of the Investor is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.
- e) The registered office of Alibaba Group Holding Limited is Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands.
- f) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- g) The correspondence address of the independent financial adviser is 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- h) As at the Latest Practicable Date, the Directors comprise of Mr. Shen Guojun and Mr. Chen Xiaodong who are executive Directors; Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung Andrew who are the non-executive Directors; Mr. Yu Ning, Mr. Chow Joseph and Mr. Shi Chungui who are the independent non-executive Directors.
- i) As at the Latest Practicable Date, the directors of the Investor are Ms. Wei Wu, Mr. Timothy Alexander Steinert and Mr. Samuel Yen Ping Ching and the directors of Alibaba Group Holding Limited (the direct holding company of the Investor) are Mr. Yun Ma, Mr. Joseph Chung Tsai, Mr. Masayoshi Son and Ms. Jacqueline D. Reses.
- j) As at the Latest Practicable Date, no one has irrevocably committed themselves to vote for or against the Whitewash Waiver.
- k) Other than the Deed of Undertaking to be entered into on Closing, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Investor or any person acting in concert with it and any of the Directors, recent Directors, Shareholders and recent Shareholders having any connection with or dependence upon the outcome of the Subscription and/or the Whitewash Waiver.

- l) There are no benefits to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription and the Whitewash Waiver.
- m) Other than the Deed of Undertaking to be entered into on Closing, there is no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Subscription and the Whitewash Waiver or otherwise connected therewith.
- n) Other than the Deed of Undertaking to be entered into on Closing, there is no material contract entered into by the Investor in which any Director has a material personal interest.
- o) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text for the purpose of interpretation.
- p) As at the Latest Practicable Date, no Share acquired by the Investor in pursuance of the Subscription would be transferred, charged or pledged to any other persons.
- q) As at the Latest Practicable Date and during the Six-Month Period, the directors of the Investor (namely Ms. Wei Wu, Mr. Timothy Alexander Steinert and Mr. Samuel Yen Ping Ching) are not interested in any shares of the Investor.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:30 a.m. to 5:30 p.m. (other than Saturday, Sunday and public holidays) at the principal place of business of the Company in Hong Kong, at Room 1703, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong, (ii) the website of the Company at www.intime.com.cn, and (iii) on the website of the Securities and Futures Commission at www.sfc.hk from the date of this circular up to and including the date of EGM:

- (a) memorandum and articles of association of the Company;
- (b) memorandum and articles of association of the Investor;
- (c) the annual reports of the Company for financial years ended 31 December 2012 and 31 December 2013;
- (d) the letter from the Board;
- (e) the letter of recommendation from the Independent Board Committee;
- (f) the letter of advice from Somerley Capital Limited;
- (g) the property valuation report prepared by Knight Frank Petty Limited, the text of which is set out in Appendix II to this circular;

- (h) the written consent from Somerley Capital Limited referred to in paragraph 6 of this appendix;
- (i) the written consent from Knight Frank Petty Limited referred to in paragraph 6 of this appendix;
- (j) a copy of this circular; and
- (k) the material contracts referred to in the section headed “Material Contracts” in this appendix.

* *denotes English translation of the name of a Chinese Company or entity or vice versa and is provided for identification purposes only.*

NOTICE OF EXTRAORDINARY GENERAL MEETING



銀泰商業

Intime Retail (Group) Company Limited 銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Intime Retail (Group) Company Limited (the “Company”) will be held on 24 June, 2014 at 10:00 a.m. at Conference Room, 1063-3 Creative Culture Industrial Park, Sihui East Road, Chaoyang District, Beijing 100124, the People’s Republic of China to consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions of the Company.

ORDINARY RESOLUTIONS

1. **“THAT:**
 - (a) The subscription agreement dated 30 March, 2014 (the “**Subscription Agreement**”) regarding the issue of 220,541,892 new ordinary shares of the Company to be subscribed for by Alibaba Investment Limited (“**Subscription Shares**”) and the convertible bonds in the principal amount of HK\$3,706,066,630.16 of the Company to be subscribed for by Alibaba Investment Limited (“**Convertible Bonds**”) (a copy of which are tabled at the EGM, marked “A” and initialed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
 - (b) The grant of a specific mandate for the allotment and issue of the Subscription Shares and the ordinary shares to be issued and allotted upon the conversion of the Convertible Bonds (“**Conversion Shares**”) to Alibaba Investment Limited in accordance with the Subscription Agreement and the bond instrument setting out the terms and conditions of the Convertible Bonds (“**Bond Instrument**”) be and is hereby approved, confirmed and ratified.”
2. **“THAT,** the whitewash waiver (the “**Whitewash Waiver**”) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers to waive the obligation of Alibaba Investment Limited and parties acting or presumed to be acting in concert with it to make a mandatory

NOTICE OF EXTRAORDINARY GENERAL MEETING

general offer for all the shares and securities issued by the Company not already owned or agreed to be acquired by them as a result of the issue of the Subscription Shares and/or the Conversion Shares be and is hereby approved.”

3. “**THAT**, any one Director and/or company secretary of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and do all such acts or things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to or in connection with the transactions contemplated in the Subscription Agreement and the Bond Instrument.”
4. “**THAT**, the amendment of granted options held by Mr. Chen Xiaodong as further described under the section entitled Amendment of Terms of Share Options Granted in the Shareholders’ circular of the Company dated 9 June, 2014 be and is hereby approved, confirmed and ratified.”

By Order of the Board
Intime Retail (Group) Company Limited
Shen Guojun
Chairman

Beijing, 9 June, 2014

Notes:

1. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person (who must be an individual) as his proxy to attend and, on poll, vote on his behalf. A proxy need not be a Shareholder of the Company.
2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish. In the event that you attend the EGM after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong Branch Share Registrar and Transfer Office, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, at least 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint registered holders be present at the EGM, either in person or by proxy, the vote of that one of them so present, either in person or by proxy, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
5. For the purposes of EGM, the register of members of the Company will be closed from 20 June, 2014 to 24 June, 2014 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the EGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with Computershare Hong Kong Investors Services Limited, the Company’s Hong Kong Branch Share Registrar and Transfer Office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m., 19 June, 2014.
6. Unless otherwise specified herein, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 9 June, 2014.