
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the H Share Offer contained herein. If you are in doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser. If you have sold or transferred all your shares in 北京物美商業集團股份有限公司 (Wumart Stores, Inc.*), you should at once hand this Composite Document together with the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

These materials are not an offer for sale of the Shares in the United States. The Shares have not been registered under the U.S. Securities Act of 1933, as amended, and may not be sold in the United States absent registration or an exemption from registration under the Securities Act.

物美控股集團有限公司
Wumei Holdings, Inc.*
*(a company incorporated in the People's
Republic of China)*

and its subsidiary
Wumart Stores (HK) Limited
(a company incorporated in Hong Kong)



北京物美商業集團股份有限公司
WUMART STORES, INC.*
*(a joint stock limited company incorporated in the
People's Republic of China)*
(Stock code: 01025)

COMPOSITE OFFER AND RESPONSE DOCUMENT

PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF WUMART STORES, INC.

VOLUNTARY CONDITIONAL OFFER

BY SOMERLEY CAPITAL LIMITED ON BEHALF OF

**WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED FOR
ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN THOSE ALREADY
OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFERORS AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE ISSUED
DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE ALREADY
OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFERORS AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

Financial Adviser to the Offerors



**Independent Financial Adviser to the
Independent Board Committee**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A letter from the Offerors is set out on pages 9 to 14 of this Composite Document. A letter from Somerley Capital, containing amongst other things, the terms of the Offers, is set out on pages 15 to 24 of this Composite Document. A letter from the Board is set out on pages 25 to 33 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offers and the Delisting is set out on pages 34 to 35 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers and the Delisting is set out on pages 36 to 64 of this Composite Document.

The procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form of Acceptance of the H Share Offer contained herein should be received by the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders) as soon as possible and in any event not later than 10:30 a.m. (in case of H Share Class Meeting), 10:00 a.m. (in case of Domestic Share Class Meeting) or 11:00 a.m. (in case of the EGM) on Wednesday, 23 December 2015, or not less than 24 hours before the time appointed for any adjournment of the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be) and return of the proxy form will not preclude you from attending and voting in person at the respective meeting or any adjourned meeting should you so wish. Reply slips for the H Share Class Meeting, the Domestic Share Class Meeting and the EGM are also enclosed. You are reminded to complete and sign the reply slip (if you are entitled to attend the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be)) and return the signed reply slip to the Registrar (in case of H Shareholders) and the Company (in case of Domestic Shareholders) on or before Thursday, 3 December 2015 in accordance with the instructions printed thereon.

The H Share Class Meeting, Domestic Share Class Meeting and the EGM convened to approve the voluntary withdrawal of the listing of the H Shares from the Stock Exchange, will be held at 10:30 a.m., 10:00 a.m. and 11:00 a.m., respectively, on Thursday, 24 December 2015. Notices of the H Share Class Meeting, the Domestic Share Class Meeting and the EGM are set out in Appendices VII, VIII and IX respectively. Proxy forms for use at the H Share Class Meeting, the Domestic Share Class Meeting and the EGM are enclosed with this Composite Document. Whether or not you are able to attend the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be), you are strongly urged to complete the accompanying proxy forms in accordance with the instructions printed thereon and return the proxy forms to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders) as soon as possible and in any event not later than 10:30 a.m. (in case of H Share Class Meeting), 10:00 a.m. (in case of Domestic Share Class Meeting) or 11:00 a.m. (in case of the EGM) on Wednesday, 23 December 2015, or not less than 24 hours before the time appointed for any adjournment of the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be) and return of the proxy form will not preclude you from attending and voting in person at the respective meeting or any adjourned meeting should you so wish. Reply slips for the H Share Class Meeting, the Domestic Share Class Meeting and the EGM are also enclosed. You are reminded to complete and sign the reply slip (if you are entitled to attend the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be)) and return the signed reply slip to the Registrar (in case of H Shareholders) and the Company (in case of Domestic Shareholders) on or before Thursday, 3 December 2015 in accordance with the instructions printed thereon.

9 November 2015

* for identification purposes only

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IMPORTANT NOTICE

Notice to the holders of H Shares in the United States

The H Share Offer is subject to Hong Kong disclosure and procedural requirements, including with respect to offer timetable, settlement procedures, timing of payments and withdrawal rights, which are different from those applicable to tender offers carried out in the United States. In the absence of a relevant exemption under the laws of the United States, the H Share Offer may not be available to persons who are in the United States. Even where an exemption is available, persons in the United States are urged, before accepting the H Share Offer, to consult their own professional advisers regarding the tax consequences of acceptance of the H Share Offer, whether in relation to United States federal income tax or taxes under applicable state and local tax laws, or foreign tax laws.

The financial information of the Company has been extracted from the audited financial statements of the Company for the three years ended 31 December 2012, 2013 and 2014, the unaudited financial statements of the six months ended 30 June 2014 and 2015 and the announcement of the Company dated 30 October 2015, which have been prepared in accordance with the Hong Kong Financial Reporting Standards, which may not be wholly comparable to financial information of United States companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States.

The Company is incorporated under the laws of the People's Republic of China. It may be difficult for holders of H Shares in the United States to enforce their rights and claims arising out of United States federal securities laws, since the Company is located in a country other than the United States, some or all of its officers and directors may be residents of a country other than the United States and the assets of the Company may be located outside the United States. Holders of H Shares in the United States may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. It may be difficult for such holders of H Shares to effect service of process within the United States upon the Company or its officers or directors or to enforce against them any judgment of a United States court predicated upon the federal or state securities laws of the United States. In particular holders of H Shares in the United States should note that the Offerors reserve the right themselves or through affiliates or nominees or their brokers acting as agents from time to time making purchases of, or arrangements to purchase H Shares outside of the United States whether in open market or by private transaction during the offer period of the H Share Offer other than pursuant to the H Share Offer to the extent permitted by and in accordance with the requirements of the Takeovers Code. Information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and will be available on the website of the SFC at <http://www.sfc.hk>.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

“Accepting Shareholder(s)”	the Shareholders who accept the H Share Offer by duly completing and returning the Form of Acceptance;
“acting in concert”	has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly;
“associate(s)”	has the meaning given to it in the Takeovers Code;
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for the Company to carry on its business;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	Thursday, 21 January 2016 (or such later date(s) as the Offerors may, subject to the Takeovers Codes, decide), being the 28th day after the date on which the Offers become unconditional;
“Company”	北京物美商業集團股份有限公司 (Wumart Stores, Inc.*), a joint stock company incorporated in the PRC with limited liability whose H Shares are listed on the main board of the Stock Exchange under stock code 1025;
“Composite Document”	this composite offer document jointly issued by or on behalf of the Offerors and the Company in connection with the Proposal and the Offers in accordance with the Takeovers Code;
“Delisting”	the voluntary withdrawal of the listing of the H Shares from the Stock Exchange;
“Directors”	the directors of the Company;
“Domestic Share(s)”	ordinary share(s) of par value of RMB1.00 each in the share capital of the Company;

DEFINITIONS

“Domestic Share Class Meeting”	the special general meeting of the Independent Domestic Shareholders to be convened, and any adjournment thereof for the purpose of approving the Delisting;
“Domestic Share Offer”	the voluntary conditional offer to be made by Wumei Holdings to acquire all of the issued Domestic Shares other than those already owned or controlled or to be acquired by the Offerors and parties acting in concert with any of them;
“Domestic Shareholder(s)”	holders of the Domestic Shares;
"DTZ"	DTZ Debenham Tie Leung Limited, an independent property valuer;
“EGM”	the extraordinary general meeting of Shareholders be held to consider and vote on, among other matters, the Delisting;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Form of Acceptance”	the form of acceptance and transfer in respect of the H Share Offer which accompanies this Composite Document;
“Group”	the Company and its subsidiaries;
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, all of which are listed on the main board of the Stock Exchange and traded in HK\$;
“H Share Class Meeting”	the special general meeting of the Independent H Shareholders to be convened, and any adjournment thereof for the purpose of approving the Delisting;
“H Share Conditions”	the conditions of the H Share Offer, as set out under the section headed “3. Conditions of the H Share Offer” in the “Letter from Somerley Capital” of this Composite Document;
“H Share Offer”	the voluntary conditional offer to be made by Somerley Capital on behalf of the Offerors to acquire all of the issued H Shares other than those already owned or controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them;
“H Shareholder(s)”	holders of the H Shares;
“HKSCC”	Hong Kong Securities Clearing Company Limited;

DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company, comprising the non-executive Director, Dr. Meng Jin-xian, and the independent non-executive Directors, namely, Mr. Li Lu-an, Mr. Lu Jiang and Mr. Wang Jun-yan;
“Independent Domestic Shareholders”	Domestic Shareholders other than the Offerors or parties acting in concert with any of them;
“Independent Financial Adviser” or “China Galaxy”	China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the independent financial adviser appointed to advise the Independent Board Committee in respect of the H Share Offer and the Delisting;
“Independent H Shareholders”	H Shareholders other than the Offerors or parties acting in concert with any of them;
“Independent Shareholders”	Independent Domestic Shareholders and Independent H Shareholders;
“Joint Announcement”	the announcement jointly issued by the Offerors and the Company on 20 October 2015 in connection with the Offers and the Delisting;
“Latest Practicable Date”	6 November 2015, being the latest practicable date prior to the printing of the Composite Document for the purpose of ascertaining certain information contained in this Composite Document;
“Last Trading Date”	5 October 2015, being the last full business day on the Stock Exchange for trading in the H Shares immediately before the suspension of trading in the H Shares before publication of the Joint Announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer Period”	the period commencing from the date of the Joint Announcement until the later of (i) the date of the H Share Offer closes for acceptances, (ii) the date when the H Share Offer lapses and (iii) the date when an announcement is made of the withdrawal of the H Share Offer;

DEFINITIONS

“Offerors”	Wumei Holdings and Wumei Hong Kong;
“Offers”	the H Share Offer and the Domestic Share Offer;
“Registrar”	Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the share registrar of the Company for receiving and processing the acceptances of the H Share Offer from H Shareholders;
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, courts or institutions including but not limited to the SFC and the Stock Exchange;
“Relevant Period”	the period commencing from 20 April 2015, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date;
“Reporting Accountants”	Deloitte Touche Tohmatsu, the reporting accountants of the Group;
“PRC”	the People’s Republic of China other than Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposal”	the proposed Delisting via voluntary conditional offers by the Offerors for all the issued H Shares and Domestic Shares, other than those owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised from time to time);
“Shares”	the Domestic Shares and H Shares;
“Shareholder(s)”	holders of the Shares;
“Somerley Capital”	Somerley Capital Limited, the financial adviser to the Offerors, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers (as revised from time to time);
“Unconditional Date”	the date on which the H Share Offer becomes or is declared unconditional in all respects;
“Wumei Holdings”	物美控股集團有限公司 (Wumei Holdings, Inc.*), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company; and
“Wumei Hong Kong”	Wumart Stores (HK) Limited, a company incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiary of Wumei Holdings.

* *for identification purposes only*

EXPECTED TIMETABLE

Despatch date of this Composite Document	Monday, 9 November 2015
Opening date of the H Share Offer (<i>Note 1</i>)	Monday, 9 November 2015
Latest time for lodging transfers of the Shares in order to be entitled to attend and vote at the H Share Class Meeting, the Domestic Share Class Meeting and the EGM	4:30 p.m. on Monday, 23 November 2015
Closure of the register of the Company for the determination of entitlements of the Independent Shareholders to attend and vote at the H Share Class Meeting, the Domestic Share Class Meeting and the EGM	Tuesday, 24 November 2015 to Thursday, 24 December 2015 (both days inclusive)
Last day for return of reply slips for the H Share Class Meeting, the Domestic Share Class Meeting and the EGM (<i>Note 2</i>)	Thursday, 3 December 2015
Latest time for lodging proxy forms in respect of the Domestic Share Class Meeting (<i>Note 3</i>)	10:00 a.m. on Wednesday, 23 December 2015
Latest time for lodging proxy forms in respect of the H Share Class Meeting (<i>Note 3</i>)	10:30 a.m. on Wednesday, 23 December 2015
Latest time for lodging proxy forms in respect of the EGM (<i>Note 3</i>)	11:00 a.m. on Wednesday, 23 December 2015
Record date for the H Share Class Meeting and the EGM	Thursday, 24 December 2015
Trading halt in the H Shares	9:00 a.m. Thursday, 24 December 2015
Domestic Share Class Meeting	10:00 a.m. on Thursday, 24 December 2015
H Share Class Meeting	10:30 a.m. on Thursday, 24 December 2015 or immediately after the conclusion or adjournment of the Domestic Share Class Meeting

EXPECTED TIMETABLE

EGM	11:00 a.m. on Thursday, 24 December 2015 or immediately after the conclusion or adjournment of the H Share Class Meeting
Announcement of the results of the H Share Class Meeting, the Domestic Share Class Meeting and the EGM on the website of the Stock Exchange	by 7:00 p.m. on Thursday, 24 December 2015
Unconditional Date (<i>Note 4</i>)	Thursday, 24 December 2015
Resumption of trading in the H Shares	9:00 a.m. Monday, 28 December 2015
Re-opening of the register of the Company	9:00 a.m. Monday, 28 December 2015
Last day of trading in the H Shares on the Stock Exchange	Wednesday, 30 December 2015
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the Unconditional Date (<i>Note 5</i>)	Wednesday, 6 January 2016
Withdrawal of the listing of the H Shares from the Stock Exchange (<i>Note 6</i>)	9:00 a.m. on Thursday, 7 January 2016
Announcement made and written notification sent to the H Shareholders in respect of the Closing Date and the implication of not accepting the H Share Offer (<i>Note 7</i>)	by Thursday, 7 January 2016
Latest time and date for the H Share Offer remaining open for acceptance on Closing Date (<i>Note 8</i>)	4:00 p.m. on Thursday, 21 January 2016
Closing Date	Thursday, 21 January 2016
Announcement of the results of the H Share Offer as at the Closing Date on the website of the Stock Exchange	by 7:00 p.m. on Thursday, 21 January 2016
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the Closing Date (<i>Note 5</i>)	Monday, 1 February 2016

EXPECTED TIMETABLE

Notes:

- (1) The H Share Offer is made on Monday, 9 November 2015, the date of posting of this Composite Document, and is capable of being accepted on and from that date.
- (2) Reply slips should be duly completed and returned to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders) no later than Thursday, 3 December 2015 (i.e. 20 clear days prior to the date of convening of the H Share Class Meeting, the Domestic Share Class Meeting and the EGM). Failure to return the reply slips will not affect the Shareholders' right to attend the H Share Class Meeting, the Domestic Share Class Meeting and the EGM.
- (3) Proxy forms should be deposited with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders) as soon as possible and in any event by the time stated above, in order to be valid. Completion and return of a proxy form for the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be) will not preclude an Independent Shareholder from attending the H Share Class Meeting, the Domestic Share Class Meeting or EGM (as the case may be), or from attending the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be) and voting in person if he/she/it so wishes and if such Independent H Shareholder has notified the Company not less than 24 hours in writing before the time appointed for any adjournment of the H Share Class Meeting, the Domestic Share Class Meeting or the EGM (as the case may be). In such event, the returned proxy form will be deemed to have been revoked.
- (4) It is expected that the Unconditional Date will be Thursday, 24 December 2015, subject to the H Share Offer Conditions having been satisfied or waived (as the case may be).
- (5) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Offer will be made within 7 business days of the later of the Unconditional Date and the date on which the H Shares are tendered for acceptance of the H Share Offer. Relevant documents of title must be received by the Registrar to render each acceptance of the H Share Offer complete and valid. For this purpose, business days refers to the days on which the Stock Exchange is open for transaction of business.
- (6) It is currently expected that the withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00 a.m. on Thursday, 7 January 2016, subject to the satisfaction of any conditions for the Delisting and receipt of any regulatory approvals required for the Delisting.
- (7) In accordance with Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the H Share Offer is closed to the Independent H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. The Offerors will extend the 14-day period under Rule 15.3 of the Takeovers Code to 28 calendar days.
- (8) The Offerors reserve the right to extend the H Share Offer until such time and/or date as it may determine and in accordance with the Takeovers Code. The Offerors will issue an announcement, stating whether the H Share Offer has been revised or extended, has expired or has become or been declared unconditional (as to acceptances or in all respects).

Unless otherwise indicated, all time references contained in this Composite Document are to Hong Kong time.

LETTER FROM THE OFFERORS

物美控股集團有限公司

Wumei Holdings, Inc.*

*(a company incorporated in the People's
Republic of China)*

Directors:

Mr. Zhang Bin
Madam Xu Ying
Mr. Zhang Ling
Mr. Zhou Quan

Registered Office:

Room 4159, Shixing Building,
No.1 Shixing Dong Street,
Badachu HighTech Park District,
Shijingshan District,
Beijing, the PRC

Wumart Stores (HK) Limited

(a company incorporated in Hong Kong)

Director:

Mr. Zhang Wenzhong

Registered Office:

Flat 2, 19/F,
Henan Building,
90-92 Jaffe Road,
Wanchai,
Hong Kong

9 November 2015

To the Independent Shareholders

Dear Sir/Madam,

**PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF
WUMART STORES, INC.**

**VOLUNTARY CONDITIONAL OFFER
BY SOMERLEY CAPITAL LIMITED ON BEHALF OF
WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED
FOR ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN
THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY
THE OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE
ISSUED DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE
ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE
OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

* *for identification purposes only*

LETTER FROM THE OFFERORS

1. INTRODUCTION

On 20 October 2015, the Offerors and the Company jointly announced that:

- (a) Somerley Capital will, on behalf of the Offerors, make a voluntary conditional offer for all the issued H Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them); and
- (b) subject to the H Share Offer becoming unconditional in all respects, Wumei Holdings will make a voluntary conditional offer to acquire all of the issued Domestic Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them).

This letter forms part of the Composite Document and sets out certain background information on the Offerors, explains why we are making the Offers and our intention in relation to the Group. Further details of the terms of the Offers are set out under the sections headed “2. The Offers”, “3. Conditions of the H Share Offer”, and “4. Conditions of the Domestic Share Offer” in the “Letter from Somerley Capital” which immediately follows this letter in this Composite Document, and details of the procedures for acceptance of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Terms defined in the Composite Document have the same meaning when used in this letter.

2. INFORMATION ON THE OFFERORS

Wumei Holdings was duly incorporated on 6 October 1994 and is validly existing under the laws of the PRC as a limited liability company. Its principal business activities are investment holding. As at the date of this Composite Document, the directors of Wumei Holdings are Mr. Zhang Bin, Madam Xu Ying, Mr. Zhang Ling and Mr. Zhou Quan. Dr. Zhang Wenzhong, the ultimate controlling shareholder of Wumei Holdings, was also the founder of the Company.

Wumei Hong Kong was duly incorporated on 13 January 2015 and is validly existing under the laws of Hong Kong as a limited liability company. Its principal business activities are investment holding. As at the date of this Composite Document, the sole director of Wumei Hong Kong is Dr. Zhang Wenzhong. Wumei Hong Kong is an indirect wholly-owned subsidiary of Wumei Holdings. Wumei Hong Kong is held as to 100% by Wumart Stores Limited, which is in turn held by Wumei Holdings Limited, which is in turn held 100% by Retail Enterprise Corporation Limited, which is held by Wumei Holdings.

LETTER FROM THE OFFERORS

As at the date of this Composite Document, the Offerors and their concert parties other than those with exempt principal trader or exempt fund manager status are interested in approximately 55.03% of the Shares, held as follows:

	Domestic Shares		H Shares	
Wumei Holdings ^{(1) (2)}	497,932,928	66.30%	46,425	0.00%
Beijing Wangshang Shijie Information Technology Co., Ltd. ^{(3) (4)}	160,457,744	21.37%	—	—
Zhang Bin ⁽⁵⁾	24,482,300	3.26%	—	—
Beijing Toma Wangluo Technology Co., Ltd. ⁽⁶⁾	23,269,228	3.10%	—	—
Xu Ying ⁽⁷⁾	1,000,000	0.13%	—	—
Retail Enterprise Corporation Limited ⁽⁸⁾	—	—	1,375,000	0.26%
TOTAL	707,142,200	94.16%	1,421,425	0.26%

Notes:

- (1) Held as to 97.02% by Beijing CAST Technology Investment Company, which is in turn held as to 80.00% by Beijing Jingxi Guigu Technology Company Limited, which is held as to 100.00% by Dr. Zhang Wenzhong. The other 2.98% of Wumei Holdings is held by Tibet Aiqi Hongsheng Investment Management Co., Ltd, a company owned by Lin Dongliang and Wu Guangze, being third parties unrelated to Dr. Zhang Wenzhong. The other 20.00% of Beijing CAST Technology Investment Company is held by Beijing Zhongsheng Huate Technology Co., Ltd., which is held as to 99.00% by Dr. Zhang Wenzhong and 1.00% by Beijing Jingxi Guigu Technology Company Limited.
- (2) Wumei Holdings holds 66.30% of the Domestic Shares and 0.00% of the H Shares.
- (3) The name of Beijing Wangshang Shijie E-Business Co., Ltd. was changed to Beijing Wangshang Shijie Information Technology Co., Ltd. on 24 August 2015. It is held as to 57.65% by two wholly-owned subsidiaries of Wumei Holdings, Beijing Green Safe Agricultural Products Logistics and Information Center Co. Ltd and Lhasa Wisdom Network Excellent Investment Management Co. Ltd. The other 42.35% of Beijing Wangshang Shijie Information Technology Co., Ltd. is held by Harvest Line Limited and Lin Dongliang, being third parties unrelated to Dr. Zhang Wenzhong.
- (4) Beijing Wangshang Shijie Information Technology Co., Ltd. holds 21.37% of the Domestic Shares.
- (5) Zhang Bin is the younger brother of Dr. Zhang Wenzhong. He holds 3.26% of the Domestic Shares.
- (6) Held as to 55.00% by Zhang Ling, a director of Wumei Holdings. The other 45.00% is held by Lu Jianping, being a third party unrelated to Dr. Zhang Wenzhong.
- (7) Xu Ying is a director of both Wumei Holdings and the Company.
- (8) Held as to 100.00% by Wumei Holdings.

LETTER FROM THE OFFERORS

Save as aforesaid, as at the Latest Practicable Date:

- (a) there is no existing holding of voting rights and rights over Shares which the Offerors own or over which any of them has control or direction;
- (b) there is no existing holding of voting rights and rights over Shares which is owned or controlled or directed by any of the Offerors' concert parties;
- (c) there is no existing holding of voting rights and rights over Shares in respect of which any of the Offerors or any of their concert parties has received an irrevocable commitment to accept the H Share Offer or to vote for or against the Delisting;
- (d) there is no existing holding of voting rights and rights over Shares in respect of which any of the Offerors or any of their concert parties holds convertible securities, warrants or options;
- (e) there is no outstanding derivative in respect of securities in the Company entered into by any of the Offerors or any of their concert parties;
- (f) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Offers and/or the Delisting;
- (g) there is no agreement or arrangement to which any of the Offerors is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the pre-condition, a condition to the Offers and the consequences of its doing so; and
- (h) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any of the Offerors or any of their concert parties has borrowed or lent.

The Offerors and the persons who are parties acting in concert with any of them have not dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares during the Relevant Period.

3. H SHARE OFFER

For further details of the H Share Offer, please refer to the "Letter from Somerley Capital" which immediately follows this letter in this Composite Document.

4. DOMESTIC SHARE OFFER

For further details of the Domestic Share Offer, please refer to the "Letter from Somerley Capital" which immediately follows this letter in this Composite Document.

LETTER FROM THE OFFERORS

5. REASONS FOR AND BENEFITS OF THE OFFERS

The Group's principal activity is the operation of superstores and minimarts in the PRC. In recent years, the Group's profitability has been adversely affected by increasing labour and rental costs and competition from both online and offline operators. In the first half of 2015, despite the Group's turnover having increased by approximately 11.4%, profit attributable to Shareholders decreased by approximately 19.5%, by comparison with the first half of 2014. The Offerors believe that the Group's profitability will continue to face downward pressure from the prevailing weak operating environment, which is expected to remain challenging due in part to the slowing economic growth and the declining trend of retail sales in the PRC. The industry as a whole is undergoing consolidation and the Group needs to take determined measures, which include cost control and operation process optimization measures, new stores openings and potential mergers and acquisitions if proper opportunities arise, to continue to consolidate its market position so as to be able to promptly and effectively react to and overcome such challenges on a sustainable basis. New store expansion and mergers and acquisitions will result in increase in costs and dilution of profits, and a longer period may be required for investments to be recovered when market growth slows down as a whole. As a publicly listed company, investors would have different requirements with regard to their return on investment, and may urge the Company to consider expansion opportunities more cautiously. For instance, potential acquisition opportunities with weaker profitability may result in earnings per share dilution and a sizeable acquisition and merger may be of strategic importance, but it may also significantly dilute profitability, on a per Share basis, for a relatively long period of time, especially when equity financing is being employed. Nevertheless, business expansion would still be necessary to generate synergy for the long-term growth and development of the Group. As at the Latest Practicable Date, the Company has not identified any acquisition target. The Proposal, if successful, will not only enable the Company to have greater flexibility to make timely investment decisions, but also minimize the adverse effects on Shareholders' return on investment.

For H Shareholders, the Offerors believe that the H Share Offer provides a compelling opportunity to dispose of their H Shares, for the following reasons:

- **Satisfactory return;** the offer price under the H Share Offer represents four times the offer price of the H Shares at the initial public offering given the Shares underwent a 1-into-4 share split in 2006;
- **Premium valuation;** H Shareholders receive cash at a price significantly above the prevailing market price as set out in the section headed "2. The Offers" – "2.2 Comparisons of Value" in the "Letter from Somerley Capital"; and
- **Certain and immediate value;** considering the limited trading volume in the H Shares, the H Share Offer represents an opportunity for H Shareholders to exit their investment for cash proceeds.

LETTER FROM THE OFFERORS

6. OUR INTENTION WITH RESPECT TO THE COMPANY

The Offerors intend to continue the existing business of the Group upon successful completion of the Proposal and that the Offerors have no intention to (i) make any material changes to the existing operations, personnel and management structure of the Group, or (ii) redeploy any of the fixed assets of the Group after completion of the Proposal. Notwithstanding this, the Offerors and the Company will continue to assess business opportunities as they arise.

7. NO RIGHT OF COMPULSORY ACQUISITION

The Offerors have no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange or any other exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the Company no longer subject to the requirements under the Listing Rules. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the Offers depending on whether it remains as a public company thereafter.

Application has been made to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution to approve a delisting to be made subject to the relevant offeror(s) being entitled to exercise, and exercising, its rights of compulsory acquisition.

For further information, please refer to the “Letter from Somerley Capital” which forms part of this Composite Document.

8. WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.

9. OTHER INFORMATION

Your attention is drawn to the “Letter from Somerley Capital” which immediately follows this letter in this Composite Document, as well as the other information set out in the rest of this Composite Document.

Yours faithfully,
For and on behalf of
物美控股集團有限公司
Wumei Holdings, Inc. *
Zhang Ling
Director

Yours faithfully,
For and on behalf of
Wumart Stores (HK) Limited
Zhang Wenzhong
Director

* for identification purposes only

LETTER FROM SOMERLEY CAPITAL



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

9 November 2015

To the Independent Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL OFFER
BY SOMERLEY CAPITAL LIMITED ON BEHALF OF
WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED
FOR ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN
THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY
THE OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE
ISSUED DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE
ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE
OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

1. INTRODUCTION

On 20 October 2015, the Offerors and the Company jointly announced that voluntary conditional offers are being contemplated by Wumei Holdings and its wholly-owned indirect subsidiary Wumei Hong Kong, for the H Shares and the Domestic Shares other than those owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them in accordance with the Takeovers Code which, if implemented, will result in the Delisting.

This letter forms part of the Composite Document and sets out, among other things, principal terms of the Offers and conditions of the Offers. Further details of the terms of the Offers and details of the procedures for acceptance of the H Share Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Offerors" and the "Letter from the Board" as well as the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" in this Composite Document.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meaning when used in this letter.

LETTER FROM SOMERLEY CAPITAL

2. THE OFFERS

2.1 Consideration for the Offers

Under the Proposal, Offers will be made by the Offerors or on their behalf in accordance with the provisions of the Takeovers Code on the following basis:

For each H Share HK\$6.22 in cash

For each Domestic Share RMB5.07 in cash*

** equivalent of the H Share offer price in RMB.*

The Offerors will not increase the consideration for the Offers as set out above.

2.2 Comparisons of value

The cash offer price offered under the Offers represents:

- (a) a premium of approximately 90.21% over HK\$3.27 which is the closing price per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 10.28% over HK\$5.64 which is the closing price per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a premium of approximately 94.98% over HK\$3.19 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the one week up to and including the Last Trading Date;
- (d) a premium of approximately 78.74% over HK\$3.48 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the one month up to and including the Last Trading Date;
- (e) a premium of approximately 52.08% over HK\$4.09 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the three months up to and including the Last Trading Date;
- (f) a premium of approximately 21.48% over HK\$5.12 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Date;
- (g) a premium of approximately 95.60% over HK\$3.18 which is the average closing price per H Share as quoted on the Stock Exchange for the one week up to and including the Last Trading Date;

LETTER FROM SOMERLEY CAPITAL

- (h) a premium of approximately 77.71% over HK\$3.50 which is the average closing price per H Share as quoted on the Stock Exchange for the one month up to and including the Last Trading Date;
- (i) a premium of approximately 48.10% over HK\$4.20 which is the average closing price per H Share as quoted on the Stock Exchange for the three months up to and including the Last Trading Date;
- (j) a premium of approximately 18.03% over HK\$5.27 which is the average closing price per H Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Date;
- (k) a premium of approximately 72.45% over RMB2.94 which is the audited consolidated net asset value of each Share as at 31 December 2014;
- (l) a premium of approximately 61.98% over RMB3.13 which is the unaudited consolidated net asset value of each Share as at 30 June 2015; and
- (m) a premium of approximately 37.77% over RMB3.68 which is the unaudited consolidated net asset value of each Share as at 30 June 2015 after having adjusted for the valuation of the property interests held by the Group as set out in Appendix V to this Composite Document.

2.3 Highest and lowest prices

During the Relevant Period, the highest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$7.0 which was recorded on 22 April 2015, and the lowest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$3.1 which was recorded on 29 September 2015.

2.4 Consideration

Based on the cash offer price of HK\$6.22 per H Share and the total number of H Shares subject to the H Share Offer of 535,146,575 H Shares (representing the H Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them) as at the Latest Practicable Date, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately HK\$3,328.61 million.

Based on the offer price of RMB5.07 per Domestic Share and the total number of Domestic Shares subject to the Domestic Share Offer of 43,833,916 Domestic Shares (representing the Domestic Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them) as at the Latest Practicable Date, the maximum value of the Domestic Share Offer (assuming the Domestic Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately RMB222.24 million.

LETTER FROM SOMERLEY CAPITAL

The consideration payable under the Offers was determined on the basis of the most recent published financial information of the Company, the Offerors' assessment of the Company's business and its prospects and its market position, and the trend of the market price of its shares. The consideration will be paid in cash.

2.5 Settlement of consideration

Settlement of the consideration payable in respect of acceptances received under the H Share Offer will be made as soon as possible but in any event within seven business days of the date of receipt of a complete and valid acceptance or of the Unconditional Date, whichever is the later. For this purpose, business days refers to the days on which the Stock Exchange is open for transaction of business.

2.6 Confirmation of financial resources in respect of the Offers

The Offerors will finance the consideration payable in respect of the acceptances received under the Offers using their own cash resources. Somerley Capital has been appointed as the financial adviser to the Offerors in respect of the Offers and is satisfied that sufficient financial resources are available to the Offerors to satisfy full acceptance of the Offers.

3. CONDITIONS OF THE H SHARE OFFER

The H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing by the Independent H Shareholders at the H Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing by the Independent Domestic Shareholders at the Domestic Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Domestic Shares held by the Independent Domestic Shareholders;

LETTER FROM SOMERLEY CAPITAL

- (c) the passing by the Independent Shareholders at the EGM to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent Shareholders;
- (d) all necessary authorizations, consents and approvals (including approval in-principle) of any government or governmental or regulatory body or court or institution in relation to the Proposal including the H Share Offer and the implementation thereof having been obtained pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) all necessary third party consents in relation to the Proposal including the H Share Offer, pursuant to any agreement to which any of the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Company and its subsidiaries taken as a whole, having been obtained or waived by the relevant party(ies);
- (f) all of the authorizations, consents and approvals obtained pursuant to paragraphs (d) and (e) above remaining in full force and effect and not having been revoked or rescinded;
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Proposal or the H Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Proposal or the H Share Offer or otherwise having a material adverse effect on the legal ability of the Offerors to proceed with or consummate the Proposal or the H Share Offer; and
- (h) there having occurred no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the business, financial position, operations or prospects of the Company and its subsidiaries taken as a whole.

The conditions set out in paragraphs (a) to (g) are incapable of being waived. The Offerors may waive the condition set out in paragraph (h). If H Share Offer Conditions are satisfied (or as the case may be waived), the Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

LETTER FROM SOMERLEY CAPITAL

As advised by the PRC legal adviser to Wumei Holdings, no PRC regulatory approval is required for the making of the H Share Offer by the Offerors. However, the implementation of the H Share Offer, in particular with respect to the payment of consideration using onshore funds, requires filing with the PRC authorities. The Offerors intend to elect one of the following two options to implement the H Share Offer:

- (1) all the valid acceptances to be received under the H Share Offer will be allocated to Wumei Hong Kong. Under this arrangement, required PRC filings are in the process of being made with the relevant PRC authorities. In the event that filings cannot be completed before the date of convening the H Share Class Meeting, the Domestic Share Class Meeting and the EGM, the Offerors will opt for option (2) below.
- (2) the valid acceptances to be received under the H Share Offer will be allocated between the Offerors. Under this arrangement, all required PRC filings having been duly made.

Therefore, based on the above arrangement, as advised by Wumei Holdings and its PRC legal adviser, the aforementioned condition (d) has been satisfied.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive. In accordance with Note 2 to Rule 30.1 of the Takeovers Code, the Offerors will not invoke any of the above conditions to the H Share Offer unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offerors in the context of the H Share Offer.

As of the Latest Practicable Date, none of the Offerors or parties acting in concert with any of them has received any irrevocable voting commitment in respect of the H Share Class Meeting, and/or the Domestic Share Class Meeting and/or EGM and/or any irrevocable commitment to tender their H Shares in the H Share Offer from any Independent H Shareholder.

4. CONDITIONS OF THE DOMESTIC SHARE OFFER

The Domestic Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the H Share Offer becoming unconditional in all respects;
- (b) all necessary authorizations, consents and approvals (including approval in-principle) of any governmental or regulatory body or court or institution in relation to the Domestic Share Offer (including the implementation thereof) having been obtained pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (c) all necessary third party consents in relation to the Domestic Share Offer, pursuant to any agreement to which any of the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Company and its subsidiaries taken as a whole, having been obtained or waived by the relevant party(ies);

LETTER FROM SOMERLEY CAPITAL

- (d) all of the authorizations, consents and approvals obtained pursuant to paragraphs (b) and (c) above remaining in full force and effect and not having been revoked or rescinded;
- (e) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Domestic Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Domestic Share Offer or otherwise having a material adverse effect on the legal ability of Wumei Holdings to proceed with or consummate the Domestic Share Offer; and
- (f) there having occurred no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the business, financial position, operations or prospects of the Company and its subsidiaries taken as a whole.

The conditions set out in paragraphs (a) to (e) are incapable of being waived. Wumei Holdings may waive the condition set out in paragraph (f). As advised by the PRC legal adviser to Wumei Holdings, no PRC regulatory approval is required for the making and implementation of the Domestic Share Offer by Wumei Holdings.

Given that the Domestic Share Offer and the H Share Offer are not inter-conditional, application has been made to the Executive for a waiver from the requirements under Note 3 to Rule 14 of the Takeovers Code.

5. FURTHER TERMS OF THE H SHARE OFFER

All rights attaching to H Shares acquired and free and clear of encumbrance

Under the terms of the H Share Offers, the H Shares will be acquired with all rights attached thereto as at the date of the Joint Announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of the Joint Announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Hong Kong stamp duty

Seller's ad valorem stamp duty for the H Shares registered with the Hong Kong branch register arising in connection with acceptance of the H Share Offer will be payable by each H Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of (i) the market value of the H Shares; or (ii) the consideration payable by the Offerors for such person's H Shares, whichever is higher, and will be deducted from the cash amount due to such H Shareholder under the H Share Offer. The Offerors will pay the buyer's ad valorem stamp duty on their own behalf.

LETTER FROM SOMERLEY CAPITAL

Closing Date of the H Share Offer

The H Share Offer will initially be open for acceptances for at least 21 days from the date that the Composite Document is posted. Once all of the H Share Offer Conditions have been either fulfilled, or, if permitted, waived by the Offerors, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent period of at least 28 calendar days with at least 14 days' notice in writing given before the H Share Offer is closed by the Offerors in order to allow sufficient time for those H Shareholders who have not accepted the H Share Offer to process the transfer of their Shares.

6. NO RIGHT OF COMPULSORY ACQUISITION

The Offerors have no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange or any other exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the Company no longer subject to the requirements under the Listing Rules. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the Offers depending on whether it remains as a public company thereafter.

Application has been made to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution to approve a delisting to be made subject to the relevant offeror(s) being entitled to exercise, and exercising, its rights of compulsory acquisition.

7. GENERAL MATTERS RELATING TO THE H SHARE OFFER

Availability of the H Share Offer

The Offerors intend to make available the H Share Offer to all H Shareholders, including those who are resident outside Hong Kong, to the extent practicable.

The making of the H Share Offer to the overseas H Shareholders and/or their ability to participate in the H Share Offer may be subject to the laws of the relevant jurisdictions in which they are resident or domiciled. Overseas H Shareholders should observe any applicable legal or regulatory requirements to which they may be subject including obtaining any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes. It is the responsibility of the overseas Independent H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

LETTER FROM SOMERLEY CAPITAL

Any acceptance of the H Share Offer by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to the Offerors and the Company that all applicable legal and regulatory requirements to which they may be subject have been complied with and that the H Share Offer can be extended to and/or accepted by such H Shareholder lawfully under such requirements. H Shareholders should consult their professional advisers if in doubt.

In the event that the despatch of the Composite Document to overseas H Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that are unduly burdensome, subject to the Executive's consent, the Composite Document will not be despatched to such overseas Independent Shareholders. The Offerors will apply for such waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

8. WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.

9. ADDITIONAL INFORMATION

In considering what action to take in connection with the H Share Offer, Independent H Shareholders should consider their own tax position, and if they are in doubt, they should consult their own professional advisers. We emphasize that none of the Offerors, the Company, Somerley Capital or any of their respective directors or any person involved in the H Share Offer, accepts responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of their acceptance of the H Share Offer.

In making their decision, the Independent H Shareholders must rely on their own examination of the terms of the H Share Offer, including the merits and risks involved. The contents of this letter shall not be construed as any legal or business advice on the part of the Offerors, the Company, Somerley Capital or any of their respective professional advisers. Independent H Shareholders should consult their own professional advisers for professional advice.

Your attention is drawn to the information set out in:

- (a) the "Letter from the Offerors";
- (b) the "Letter from the Board";
- (c) the "Letter from the Independent Board Committee";
- (d) the "Letter from the Independent Financial Adviser"; and

LETTER FROM SOMERLEY CAPITAL

- (e) the accompanying Form of Acceptance and the additional information set out in the appendices to this Composite Document which form part of this Composite Document.

Yours faithfully,
For and on behalf of
Somerley Capital Limited
M. N. Sabine
Chairman

LETTER FROM THE BOARD



物美
WUMART

北京物美商業集團股份有限公司
WUMART STORES, INC.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01025)

Executive Directors:

Madam Xu Ying
Mr. Xu Shao-chuan
Dr. Yu Jian-bo

Head Office:

Wumart Commercial Building
158-1 West 4th Ring North Road
Haidian District
Beijing, the PRC

Non-executive Director:

Dr. Meng Jin-xian (*Chairman*)

Principal Place of Business in Hong Kong:

18th Floor, Edinburgh Tower

Independent Non-executive Directors:

Mr. Li Lu-an
Mr. Lu Jiang
Mr. Wang Jun-yan

The Landmark

15 Queen's Road Central

Hong Kong

9 November 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF
WUMART STORES, INC.**

**VOLUNTARY CONDITIONAL OFFER
BY SOMERLEY CAPITAL LIMITED ON BEHALF OF
WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED
FOR ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN
THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY
THE OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE
ISSUED DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE
ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE
OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

* *for identification purposes only*

LETTER FROM THE BOARD

1. INTRODUCTION

On 20 October 2015, the Offerors and the Company jointly announced that:

- (a) Somerley Capital will, on behalf of the Offerors, make a voluntary conditional offer for all the issued H Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them); and
- (b) subject to the H Share Offer becoming unconditional in all respects, Wumei Holdings will make a voluntary conditional offer to acquire all of the issued Domestic Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them).

Pursuant to Rule 2.1 of the Takeovers Code, an independent committee of the board of the Company has been established to make recommendations to the Independent Shareholders as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting. The Independent Board Committee comprises the non-executive Director, Dr. Meng Jin-xian, the independent non-executive Directors, namely, Mr. Li Lu-an, Mr. Lu Jiang and Mr. Wang Jun-yan, each of whom has no direct or indirect interest in the Offers and the Delisting.

China Galaxy has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Group, the Offerors and the Offers as well as setting out the “Letter from the Independent Board Committee” containing its recommendations to the Independent Shareholders in respect of the Offers and Delisting and the “Letter from Independent Financial Adviser” containing its advice to the Independent Board Committee in respect of the Offers and the Delisting.

Terms defined in the Composite Document have the same meaning when used in this letter.

2. THE OFFERS

2.1 Consideration for the Offers

Under the Proposal, Offers will be made by the Offerors or on their behalf in accordance with the provisions of the Takeovers Code on the following basis:

For each H Share HK\$6.22 in cash

For each Domestic Share RMB5.07 in cash*

* *equivalent of the H Share offer price in RMB.*

LETTER FROM THE BOARD

The Offerors will not increase the consideration for the Offers as set out above.

Further details of the H Share Offer, including the comparisons of value, the acceptance and settlement procedures, are set out in the “Letter from Somerley Capital” on pages 15 to 24 of this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

2.2 Comparisons of value

The cash offer price offered under the Offers represents:

- (a) a premium of approximately 90.21% over HK\$3.27 which is the closing price per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 10.28% over HK\$5.64 which is the closing price per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a premium of approximately 94.98% over HK\$3.19 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the one week up to and including the Last Trading Date;
- (d) a premium of approximately 78.74% over HK\$3.48 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the one month up to and including the Last Trading Date;
- (e) a premium of approximately 52.08% over HK\$4.09 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the three months up to and including the Last Trading Date;
- (f) a premium of approximately 21.48% over HK\$5.12 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Date;
- (g) a premium of approximately 95.60% over HK\$3.18 which is the average closing price per H Share as quoted on the Stock Exchange for the one week up to and including the Last Trading Date;
- (h) a premium of approximately 77.71% over HK\$3.50 which is the average closing price per H Share as quoted on the Stock Exchange for the one month up to and including the Last Trading Date;
- (i) a premium of approximately 48.10% over HK\$4.20 which is the average closing price per H Share as quoted on the Stock Exchange for the three months up to and including the Last Trading Date;

LETTER FROM THE BOARD

- (j) a premium of approximately 18.03% over HK\$5.27 which is the average closing price per H Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Date;
- (k) a premium of approximately 72.45% over RMB2.94 which is the audited consolidated net asset value of each Share as at 31 December 2014;
- (l) a premium of approximately 61.98% over RMB3.13 which is the unaudited consolidated net asset value of each Share as at 30 June 2015; and
- (m) a premium of approximately 37.77% over RMB3.68 which is the unaudited consolidated net asset value of each Share as at 30 June 2015 after having adjusted for the valuation of the property interests held by the Group as set out in Appendix V to this Composite Document.

2.3 Highest and lowest prices

During the Relevant Period, the highest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$7.0 which was recorded on 22 April 2015, and the lowest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$3.1 which was recorded on 29 September 2015.

2.4 Consideration

Based on the cash offer price of HK\$6.22 per H Share and the total number of H Shares subject to the H Share Offer of 535,146,575 H Shares (representing the H Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them) as at the Latest Practicable Date, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately HK\$3,328.61 million.

Based on the offer price of RMB5.07 per Domestic Share and the total number of Domestic Shares subject to the Domestic Share Offer of 43,833,916 Domestic Shares (representing the Domestic Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them) as at the Latest Practicable Date, the maximum value of the Domestic Share Offer (assuming the Domestic Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately RMB222.24 million.

2.5 Settlement of consideration

Settlement of the consideration payable in respect of acceptances received under the H Share Offer will be made as soon as possible but in any event within seven business days of the date of receipt of a complete and valid acceptance or of the Unconditional Date, whichever is the later. For this purpose, business days refers to the days on which the Stock Exchange is open for transaction of business. Your attention is drawn to the additional information set out in "Further terms of the H Share Offer" in Appendix I of this Composite Document.

LETTER FROM THE BOARD

3. CONDITIONS OF THE H SHARE OFFER

The conditions of the Offers are set out in the sections headed “3. Conditions of the H Share Offer” and “4. Conditions of the Domestic Share Offer” in the “Letter from Somerley Capital” of this Composite Document.

In addition, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to the Offerors that the H Shares acquired under the H Share Offer are sold by such person or persons with all rights attached thereto as at the date of the Joint Announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of the Joint Announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

4. GENERAL INFORMATION ON THE COMPANY

4.1 Information on the Company

The Company is a joint stock limited company incorporated in the PRC with limited liability and whose H Shares were listed on the Growth Enterprise Market Board (“**GEM Board**”) of the Stock Exchange from 21 November 2003, and which have since 30 June 2011 been listed on the main board of the Stock Exchange by way of transfer from the GEM Board.

The Group is principally engaged in the operation of superstores and minimarts in the PRC.

LETTER FROM THE BOARD

4.2 Shareholding structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Offers (assuming the Offers are fully accepted by the Independent Shareholders and total issued share capital of the Company remains unchanged) is as follows:

	As at the Latest Practicable Date		Immediately after completion of the Offers (assuming the Offers are fully accepted by the Independent Shareholders and total issued share capital of the Company remains unchanged)	
Domestic Shares				
Offerors and their concert parties	707,142,200	54.92%	750,976,116	58.33%
Other Shareholders	43,833,916	3.41%	–	–
Total Domestic Shares	750,976,116	58.33%	750,976,116	58.33%
H Shares				
Offerors and their concert parties	1,421,425	0.11%	536,568,000	41.67%
Public Shareholders	535,146,575	41.56%	–	–
Total H Shares	536,568,000	41.67%	536,568,000	41.67%
Total share capital of the Company	1,287,544,116	100.00%	1,287,544,116	100%

As at the Latest Practicable Date, the Company does not have in issue any other outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Domestic Shares or H Shares and/or rights over the Domestic Shares or H Shares in issue.

4.3 Offerors' intention with respect to the Company

Your attention is drawn to the section headed “6. Our intention with respect to the Company” in the “Letter from the Offerors” contained in this Composite Document. Independent H Shareholders should also note that upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The Board notes and welcomes the intentions of the Offerors with regard to the Company and the employees of the Company as stated above.

LETTER FROM THE BOARD

WARNING:

The Offerors have no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange or any other exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the Company no longer subject to the requirements under the Listing Rules. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the Offers depending on whether it remains as a public company thereafter.

5. WITHDRAWAL OF LISTING OF THE H SHARES

As set out in the section headed “8. Withdrawal of listing of the H Shares” in the “Letter from Somerley Capital” of this Composite Document, upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.

6. UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

On 30 October 2015, Wumei Holdings has announced its unaudited third quarterly results for the nine months ended 30 September 2015 (the “**Financial Information**”) prepared in accordance with the generally accepted accounting principles in the PRC through China Money (中國貨幣網, www.chinamoney.com.cn) pursuant to the Rules for Information Disclosure on Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具信息披露規則》) and the terms of the medium term notes issued by Wumei Holdings. The Financial Information has been prepared based on, amongst others, the unaudited financial information of the Group for the nine months period ended 30 September 2015. In order to ensure that all the Shareholders have equal and timely access to the information of the Company, the Company also announced on 30 October 2015 that (i) the Group recorded a revenue of approximately RMB17,513,235,481.07, costs of sales of approximately RMB13,912,924,078.32 and total profits and other comprehensive income attributable to the owners of the Company of approximately RMB314,060,381.72 for the nine months ended 30 September 2015 (“**Profit Estimate**”); and (ii) as at 30 September 2015, the Group recorded total assets of approximately RMB12,902,943,569.34, which was prepared by the management of the Company based on the internal unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015, in accordance with the Hong Kong Financial Reporting Standards (the same as the accounting policies adopted by the Company) and have not been audited or reviewed by the Company’s auditor and the audit committee of the Company. The Profit Estimate therefore constitutes a profit forecast under Rule 10 of the Takeovers Code. Shareholders should note that the Profit Estimate has been reported on by the Reporting Accountants and the Independent Financial Adviser in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from the Reporting Accountants and the Independent Financial Advisers in this regard are set out in Appendices III and IV respectively to this Composite Document.

LETTER FROM THE BOARD

7. RECOMMENDATION

Your attention is drawn to the recommendation of the Independent Financial Adviser to the Independent Board Committee, in respect of the Offers and the Delisting as set out in the “Letter from the Independent Financial Adviser” of this Composite Document and the recommendation of the Independent Board Committee in respect of the Offers and the Delisting as set out in the “Letter from the Independent Board Committee” of this Composite Document.

The Board (excluding the members of the Independent Board Committee and Madam Xu Ying who is acting in concert with Wumei Holdings) unanimously recommend the Shareholders to accept the Offers. The Directors (excluding Madam Xu Ying, who is a director of and therefore a person acting in concert with Wumei Holdings as well as a holder of 1,000,000 Domestic Shares) who hold Shares have irrevocably agreed to accept (or procure the acceptance of) the Offers in respect of their own beneficial shareholdings of the Shares^(Note).

8. H SHARE CLASS MEETING, DOMESTIC SHARE CLASS MEETING AND EGM

The H Share Class Meeting, Domestic Share Class Meeting and the EGM will be convened to approve, among others, the Delisting at 10:30 a.m., 10:00 a.m. and 11:00 a.m., respectively, on Thursday, 24 December 2015. Notices of the H Share Class Meeting, Domestic Share Class Meeting and the EGM are set out in Appendix VII, VIII and IX to this Composite Document. The Offerors and the parties acting in concert with any of them will abstain from voting in each of the H Share Class Meeting, Domestic Share Class Meeting and the EGM.

Whether or not you are able to attend the H Share Class Meeting, Domestic Share Class Meeting or the EGM (as the case may be), you are strongly urged to complete the accompanying proxy forms in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders) as soon as possible and in any event not later than 10:30 a.m. (in case of H Share Class Meeting), 10:00 a.m. (in case of Domestic Share Class Meeting) or 11:00 a.m. (in

Note: As at the Latest Practicable Date, 3 Directors, namely Madam Xu Ying, Mr. Xu Shao-chuan and Dr. Yu Jian-bo, are also Shareholders. Mr. Xu Shao-chuan and Dr. Yu Jian-bo hold 1,000,000 Domestic Shares, respectively, which were granted by the Company on 14 March 2014 according to the “2013 Share Incentive Scheme Regarding Non-tradable and Nonlisted Domestic Shares of Wumart Stores, Inc.” (the “**Share Incentive Scheme**”) adopted by the Company on 20 May 2013, and do not have any other shareholdings in the Company. Pursuant to the Share Incentive Scheme, 100,000 Domestic Shares held by Mr. Xu Shao-chuan and Dr. Yu Jian-bo, respectively, have been unlocked and are therefore disposable, whereas 900,000 Domestic Shares held by each of them remain subject to lock-up (According to the Share Incentive Scheme, such 900,000 Domestic Shares held by each of Mr. Xu Shao-chuan and Dr. Yu Jian-bo shall be automatically unlocked as to 150,000 Domestic Shares, 200,000 Domestic Shares, 250,000 Domestic Shares and 300,000 Domestic Shares on the date which is 24 months, 36 months, 48 months and 60 months from 14 March 2014, respectively. For details, please refer to the announcements of the Company dated 22 March 2013, 20 December 2013 and 14 March 2014), which shall not be disposed of and hence are incapable of being tendered for any acceptance. Thus, Mr. Xu Shao-chuan and Dr. Yu Jian-bo have irrevocably agreed to accept (or procure the acceptance of) the Offers in respect of the aforesaid unlocked 100,000 Domestic Shares held, respectively.

LETTER FROM THE BOARD

case of the EGM) on Wednesday, 23 December 2015, or 24 hours before the time appointed for any adjournment of the H Share Class Meeting, Domestic Share Class Meeting or the EGM (as the case may be).

Completion and return of the proxy form shall not preclude you from attending and voting in person at the H Share Class Meeting, Domestic Share Class Meeting or the EGM (as the case may be) or any adjourned meeting should you so wish if you have notified the Company not less than 24 hours in writing before the time scheduled for holding the H Share Class Meeting, Domestic Share Class Meeting or the EGM (as the case may be). In such event, the returned form of proxy shall be deemed to have been revoked.

You are requested to complete the accompanying reply slip in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of H Shareholders) or the head office of the Company at 11th Floor, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC (in case of Domestic Shareholders). Voting at the H Share Class Meeting, Domestic Share Class Meeting and the EGM will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

9. ADDITIONAL INFORMATION

You are advised to read the "Letter from the Offerors", "Letter from Somerley Capital" of this Composite Document and the accompanying Form of Acceptance in respect of inter alia, further details of the H Share Offer and the acceptance and settlement procedures of the H Share Offer, as well as the additional information contained in the Appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
北京物美商業集團股份有限公司
Wumart Stores, Inc.*
Meng Jin-xian
Chairman



物美
WUMART

北京物美商業集團股份有限公司
WUMART STORES, INC.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01025)

9 November 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF
WUMART STORES, INC.**

**VOLUNTARY CONDITIONAL OFFER
BY SOMERLEY CAPITAL LIMITED ON BEHALF OF
WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED
FOR ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN
THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY
THE OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE
ISSUED DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE
ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE
OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

We refer to the Composite Document of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in the Composite Document.

On 20 October 2015, the Offerors and the Company jointly announced that:

- (a) Somerley Capital will, on behalf of the Offerors, make a voluntary conditional offer for all the issued H Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them); and

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- (b) subject to the H Share Offer becoming unconditional in all respects, Wumei Holdings will make a voluntary conditional offer to acquire all of the issued Domestic Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them).

Details of the Offers are set out in the “Letter from the Offerors”, “Letter from Somerley Capital” and the “Letter from the Board” and Appendix I to the Composite Document.

We have been appointed as members of the Independent Board Committee to make a recommendation to the Independent Shareholders in respect of the Offers and the Delisting. China Galaxy has been appointed as the Independent Financial Adviser to advise us as to whether the terms of the Offers and the Delisting are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the H Share Offer and approve the Delisting.

Having considered the terms of the Offers and the Delisting and taken into account the advice of China Galaxy, in particular, the factors, reasons and recommendation set out in the “Letter from the Independent Financial Adviser” of the Composite Document, we consider that the terms of the Offers and the Delisting are fair and reasonable so far as the Independent Shareholders are concerned.

On this basis, we recommend the Independent Shareholders to accept the Offers and to vote in favour of the resolution in approving the Delisting at the H Share Class Meeting, the Domestic Share Class Meeting and the EGM (as the case may be). It should be noted that in arriving at this view, we have taken into account “Letter from the Independent Financial Adviser” based on the latest reviewed financial results of the Company for the six months ended 30 June 2015 and the unaudited financial information for the nine months ended 30 September 2015 which has been examined, repeated and reported on by the Reporting Accountants and the Independent Financial Adviser as well as the independent property valuation report by DTZ Debenham Tie Leung Limited as set out in Appendices II, III, IV and V to the Composite Document, respectively.

Yours faithfully,
For and on behalf of
Independent Board Committee

Dr. Meng Jin-xian
Non-executive Director

Mr. Li Lu-an
Independent
Non-executive Director

Mr. Lu Jiang
Independent
Non-executive Director

Mr. Wang Jun-yan
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter from China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser, to the Independent Board Committee prepared for the purpose of inclusion in this Composite Document.



Room 3501-3507, 35/F
Cosco Tower
183 Queen's Road Central
Hong Kong

9 November 2015

To: The Independent Board Committee of Wumart Stores, Inc.

Dear Sirs,

PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF WUMART STORES, INC.

**VOLUNTARY CONDITIONAL OFFER
BY SOMERLEY CAPITAL LIMITED ON BEHALF OF
WUMEI HOLDINGS, INC. AND ITS SUBSIDIARY WUMART STORES (HK) LIMITED
FOR ALL THE ISSUED H SHARES IN WUMART STORES, INC. (OTHER THAN
THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY
THE OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**VOLUNTARY CONDITIONAL OFFER BY WUMEI HOLDINGS, INC. FOR ALL THE
ISSUED DOMESTIC SHARES IN WUMART STORES, INC. (OTHER THAN THOSE
ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE
OFFERORS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the proposed Delisting via voluntary conditional offers by the Offerors for all the issued H Shares and Domestic Shares, other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them (the “**Proposal**”). Details of the Proposal are contained in the composite offer document to the Shareholders dated 9 November 2015 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

On 20 October 2015, the Offerors and the Company jointly announced that:

- (a) Somerley Capital will, on behalf of the Offerors, make a voluntary conditional offer for all the issued H Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them); and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) subject to the H Share Offer becoming unconditional in all respects, Wumei Holdings will make a voluntary conditional offer to acquire all of the issued Domestic Shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them).

Pursuant to Rule 2.1 of the Takeovers Code, an Independent Board Committee has been established to make recommendations to the Independent Shareholders as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting. The Independent Board Committee comprises the non-executive Director, Dr. Meng Jin-xian, the independent non-executive Directors, namely, Mr. Li Lu-an, Mr. Lu Jiang and Mr. Wang Jun-yan, each of whom has no direct or indirect interest in the Offers and the Delisting.

In this regard, we, China Galaxy International Securities (Hong Kong) Co., Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting. We are not associated or connected with the Company, the Offerors, or 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 Proposal. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company, the Offerors, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the statement, information and facts supplied, and the opinions expressed and representations made, by the directors and management of the Company, which we have assumed to be true, accurate and complete. We have also assumed that all representations contained or referred to in the Composite Document, for which the Company, the Offerors and their respective directors are solely and wholly responsible, were true, accurate and complete and not misleading at the time they were made and remained so in all material respects up to and as at the date of the Composite Document. The Shareholders will be informed as soon as possible if we become aware of any material change to such information.

We have reviewed, among others, (i) the Joint Announcement; (ii) the Composite Document; (iii) the annual report of the Company for the year ended 31 December 2013 (the “**2013 Annual Report**”); (iv) the annual report of the Company for the year ended 31 December 2014 (the “**2014 Annual Report**”); and (v) the interim report of the Company for the six months ended 30 June 2015 (the “**2015 Interim Report**”). 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. We consider that the information which we have received is sufficient for us to reach our opinion and advice as set out in this letter and to justify our reliance on such information. 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, the Offerors or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Where information in this letter has been extracted from published or otherwise publicly available sources which are the latest information publicly available to the best of our knowledge, our sole responsibility is to ensure that such information has been correctly extracted from the relevant sources.

We have not considered any tax implications for the Independent Shareholders of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The Offers will be made by the Offerors or on their behalf on the following basis:

For each H Share HK\$6.22 in cash

For each Domestic Share RMB5.07 in cash*

* *equivalent of the H Share offer price in RMB.*

The Offerors will not increase the consideration for the Offers as set out above.

As stated in the letter from the board in the Composite Document (“**Letter from the Board**”), based on the offer price of HK\$6.22 per H Share and the total number of H Shares subject to the H Share Offer of 535,146,575 H Shares (representing the H Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them), the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately HK\$3,328.61 million. Based on the offer price of RMB5.07 per Domestic Share and the total number of Domestic Shares subject to the Domestic Share Offer of 43,833,916 Domestic Shares (representing the Domestic Shares not already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them), the maximum value of the Domestic Share Offer (assuming the Domestic Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately RMB222.24 million. The consideration payable under the Offers was determined on the basis of the most recent published financial information of the Company, the Offerors’ assessment of the Company’s business and its prospects and its market position, and the trend of the market price of its shares. The consideration will be paid in cash. The Offerors will finance the consideration payable in respect of the acceptances received under the Offers using their own cash resources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the letter from Somerley Capital in the Composite Document (“**Letter from Somerley**”), the H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing by the Independent H Shareholders at the H Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing by the Independent Domestic Shareholders at the Domestic Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Domestic Shares held by the Independent Domestic Shareholders;
- (c) the passing by the Independent Shareholders at the EGM to be convened for this purpose of a resolution approving the Delisting, provided that:
 - (i) such approval is given by at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent Shareholders;
- (d) all necessary authorizations, consents and approvals (including approval in-principle) of any government or governmental or regulatory body or court or institution in relation to the Proposal including the H Share Offer and the implementation thereof having been obtained pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) all necessary third party consents in relation to the Proposal including the H Share Offer, pursuant to any agreement to which any of the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Company and its subsidiaries taken as a whole, having been obtained or waived by the relevant party(ies);

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- (f) all of the authorizations, consents and approvals obtained pursuant to paragraphs (d) and (e) above remaining in full force and effect and not having been revoked or rescinded;
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Proposal or the H Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Proposal or the H Share Offer or otherwise having a material adverse effect on the legal ability of the Offerors to proceed with or consummate the Proposal or the H Share Offer; and
- (h) there having occurred no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the business, financial position, operations or prospects of the Company and its subsidiaries taken as a whole.

The Domestic Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the H Share Offer becoming unconditional in all respects;
- (b) all necessary authorizations, consents and approvals (including approval in-principle) of any governmental or regulatory body or court or institution in relation to the Domestic Share Offer (including the implementation thereof) having been obtained pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (c) all necessary third party consents in relation to the Domestic Share Offer, pursuant to any agreement to which any of the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Company and its subsidiaries taken as a whole, having been obtained or waived by the relevant party(ies);
- (d) all of the authorizations, consents and approvals obtained pursuant to paragraphs (b) and (c) above remaining in full force and effect and not having been revoked or rescinded;
- (e) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Domestic Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Domestic Share Offer or otherwise having a material adverse effect on the legal ability of Wumei Holdings to proceed with or consummate the Domestic Share Offer; and
- (f) there having occurred no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the business, financial position, operations or prospects of the Company and its subsidiaries taken as a whole.

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As disclosed in the Letter from Somerley, the Offerors have no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange or any other exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the Company no longer subject to the requirements under the Listing Rules. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the Offers depending on whether it remains as a public company thereafter.

Details of the terms and conditions of the Offers are contained in the Letter from Somerley. Independent Shareholders are encouraged to read these sections in the Composite Document in detail.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, we have taken into account the principal factors and reasons set out below.

1. Background and Information of the Group

(1) Business information of the Group

The Company is a joint stock limited company incorporated in the PRC with limited liability and whose H Shares were listed on the Growth Enterprise Market (“GEM”) Board of the Stock Exchange from 21 November 2003, and which have since 30 June 2011 been listed on the Main Board by way of transfer from the GEM Board.

The Group is principally engaged in the operation of superstores and minimarts in the PRC. According to the 2015 Interim Report, the Group carried on with its business expansion in Beijing, Tianjin, Hebei and Zhejiang markets under its persistent implementation of national expansion strategy with regional prioritization. As at 30 June 2015, the Group had a retail network of 586 stores comprising 180 superstores and 406 minimarts, which were either directly operated or operated and managed through franchise agreements and management agreements entered into by the Group, its associates and a joint venture. The Group’s retail network occupied an aggregate saleable area of approximately 940,098 square metres as at 30 June 2015, excluding saleable area of stores operated by associates and under franchise.

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(2) *Financial information of the Group*

A. *Financial performance*

Set out below are the summarised audited consolidated statements of profit or loss and other comprehensive income of the Group for the years ended 31 December 2012, 2013 and 2014, the unaudited condensed interim consolidated statements of comprehensive income of the Group for the six months ended 30 June 2014 and 2015, and the unaudited financial information of the Group for the nine months ended 30 September 2015.

	For the year ended 31 December			For the six months ended 30 June		For the nine months ended 30 September
	2012	2013	2014	2014	2015	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	15,362,984	16,988,172	18,902,300	9,211,930	10,265,654	17,513,235
Gross profit	1,415,031	1,898,841	1,853,764	900,770	851,284	N/A
<i>Gross profit margin</i>	9.21%	11.18%	9.81%	9.78%	8.29%	N/A
Profit before tax	865,405	716,347	556,670	421,425	361,526	N/A
Net profit	638,717	494,011	416,801	320,854	259,291	N/A
<i>Net profit margin</i>	4.16%	2.91%	2.21%	3.48%	2.53%	N/A
Net profit attributable to:						
Owners of the Company	601,706	459,031	394,783	306,661	246,984	314,060
Non-controlling interests	37,011	34,980	22,018	14,193	12,307	N/A

N/A – Not available

(a) **Revenue**

For the year ended 31 December 2013, the Group recorded a revenue of approximately RMB16,988.2 million, representing a growth of approximately 10.58% from approximately RMB15,363.0 million in 2012. According to the 2013 Annual Report, the growth in revenue was attributable to: (i) newly opened stores; and (ii) comparable store sales growth of 3.0% during 2013.

For the year ended 31 December 2014, the Group recorded a revenue of approximately RMB18,902.3 million, representing a growth of approximately 11.27% compared to 2013. According to the 2014 Annual Report, the growth in revenue was

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attributable to: (i) newly opened stores; (ii) enhancement of the brand image of good quality and low price by offering general discount incentives and selecting quality merchandises; and (iii) comparable store sales growth of 4.36% during 2014.

For the six months ended 30 June 2015, the Group recorded a revenue of approximately RMB10,265.7 million, representing a growth of approximately 11.44% from approximately RMB9,211.9 million in the same period of 2014. According to the 2015 Interim Report, the growth in revenue was attributable to: (i) newly opened stores; and (ii) comparable store sales growth of 4.2% during the period.

(b) Gross profit

For the year ended 31 December 2013, the Group's gross profit amounted to approximately RMB1,898.8 million, representing a growth of approximately 34.19% compared to approximately RMB1,415.0 million in 2012. The Group's gross profit margin was approximately 11.18%, growing by 1.97 percentage points from approximately 9.21% in 2012. According to the 2013 Annual Report, the increase in gross profit margin was mainly attributable to the increase in gross profit margin of fresh food business, which mainly consists of fruits and vegetables, meat, seafood, processed food, etc.

For the year ended 31 December 2014, the Group's gross profit was approximately RMB1,853.8 million, representing a decrease of approximately 2.37% compared to 2013. The Group's gross profit margin was approximately 9.81%, declining by 1.37 percentage points from approximately 11.18% in 2013. According to the 2014 Annual Report, the decrease in gross profit margin as compared to 2013 was mainly attributable to the discounting campaigns covering all the product categories.

For the six months ended 30 June 2015, the Group's gross profit was approximately RMB851.3 million, representing a decrease of approximately 5.49% from approximately RMB900.8 million in the same period of 2014. The Group's gross profit margin was approximately 8.29%, declining by 1.49 percentage points from approximately 9.78% in the same period of 2014. According to the 2015 Interim Report and discussion with the management of the Company, the decrease in gross profit margin was mainly due to reduction of prices of merchandises by the Company in 2015 due to fierce market competition.

(c) Net profit

For the year ended 31 December 2013, the Group's net profit was approximately RMB494.0 million, representing a decrease of approximately 22.66% compared to approximately RMB638.7 million in 2012. The Group's net profit margin was approximately 2.91%, decreased by 1.25 percentage points from approximately 4.16% in 2012. According to the 2013 Annual Report and discussion with the management of the Company, despite increase in gross profit, the decrease in net profit was attributable to the decrease in other revenue (comprised rental income from leasing of shop premises

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and income from suppliers, including store display income and promotion income) by approximately 3.70% and increase in total distribution and selling expenses and administrative expenses by approximately 21.02% resulting from the following major factors: (i) the extended initial incubation period for new stores; (ii) the loss on one-off disposal of assets resulting from closure of certain stores; (iii) the pace of rising staff cost exceeded the sales growth; (iv) the expedited increase in rental rates under the adjustments on straight-line basis due to the increase in both the number of new stores and the higher rental rates for new stores; and (v) the decrease in income from suppliers, including store display income and promotion income, as the Group terminated business relationship with certain suppliers to retain the most valuable suppliers.

For the year ended 31 December 2014, the Group's net profit was approximately RMB416.8 million, representing a decrease of approximately 15.63% compared to 2013. The Group's net profit margin was approximately 2.21%, declining by 0.70 percentage point from approximately 2.91% in 2013. The decrease in net profit was partially due to the decrease in gross profit, as well as increase in distribution and selling expenses. According to the 2014 Annual Report, the Group recorded an aggregate distribution and selling expenses (which primarily comprised staff costs and operating expenses) of approximately RMB3,449.8 million in 2014, representing a growth of approximately 20.7% as compared to 2013, and accounting for approximately 15.9% of the total revenue, which was 0.9 percentage point above approximately 15.0% recorded for the same period in 2013. The proportional increase in distribution and selling expenses was mainly caused by: (i) the fast increase in rental expenses of the Group as a result of the increase in rental rates of stores in respect of new openings of stores and rental renewals; and (ii) the significant increase in overall staff costs of the Group as a result of the increase in staff number due to new store openings and the increase in unit human resources costs.

For the six months ended 30 June 2015, the Group's net profit was approximately RMB259.3 million, representing a decrease of approximately 19.19% from approximately RMB320.9 million in the same period of 2014. The Group's net profit margin was approximately 2.53%, declining by 0.95 percentage point from approximately 3.48% in the same period of 2014. The decrease in net profit was partially due to the decrease in gross profit, as well as increase in distribution and selling expenses and administrative expenses. According to the 2015 Interim Report and discussion with the management of the Company, the increase in distribution and selling expenses was mainly due to the increase in labour expenses and rental expenses of newly opened stores; the increase in administrative expenses was attributable to the increase in staff number prepared for stores to be open and discounting fees of RMB26,507,000 for the new bank promissory bills of RMB1,500,000,000 in issue during the year, which was due to the advanced withdrawal of the bills receivables by the Group's subsidiaries.

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In view of the continuing increase in the distribution and selling expenses since 2013 which had a negative impact on the profit of the Group, the Group has taken various cost control and operation process optimization measures. According to the 2015 Interim Report, leveraging on the efficient logistics system, and by co-operating with more and more manufacturers, the Group aims to cut down the intermediate procedures and reduce purchase costs, so as to maintain its market competitiveness in price. Efforts will be stepped up to develop the fresh food business, expand the operation of “farm-supermarket matching” and “direct purchases from production bases”, improve operation standard, increase onsite processing services and improve shopping experience. The Group will reinforce the merchandise-oriented concept, innovate traditional commodity allocation model and select items elaborately through more sophisticated data analysis to best meet customer needs. The information system will be constantly upgraded to provide timely and accurate data for frontline operation, technical support for promotion innovation and best solution for accurate, efficient and timely delivery of the logistics system. Meanwhile, the Group will optimize operation process, improve and implement standardization of data and process, enhance productivity, reduce headcount and labor costs.

(d) Financial information for the nine months ended 30 September 2015

We have reviewed the unaudited financial information of the Group for the nine months ended 30 September 2015. We noted that there were increases in revenue and net profits for the nine months ended 30 September 2015 as compared with those for the six months ended 30 June 2015. Based on our discussion with the management of the Company, we understand that such increases were mainly attributable to the normal business operation of the Group during the period. Furthermore, the management of the Company confirmed that there had been no material change in the operating environment or outlook of the Group during the three months ended 30 September 2015 as compared with the six months ended 30 June 2015.

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B. Financial position

Set out below are the summarised audited consolidated statements of financial position of the Group as at 31 December 2012, 2013 and 2014, the unaudited condensed interim consolidated statements of financial position of the Group as at 30 June 2015, and the unaudited financial information of the Group as at 30 September 2015.

	As at 31 December			As at 30	As at 30
	2012	2013	2014	June	September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Non-current assets	5,084,078	5,598,415	5,656,505	6,026,288	N/A
Current assets	4,983,239	5,821,309	6,708,140	7,324,527	N/A
Total assets	10,067,317	11,419,724	12,364,645	13,350,815	12,902,944
Current liabilities	6,341,980	7,453,965	8,310,875	9,049,354	N/A
Non-current liabilities	13,447	72,788	73,026	73,026	N/A
Total liabilities	6,355,427	7,526,753	8,383,901	9,122,380	N/A
Equity attributable to owners					
of the Company	3,531,611	3,707,164	3,781,489	4,028,473	N/A
Non-controlling interests	180,279	185,807	199,255	199,962	N/A
Total equity	3,711,890	3,892,971	3,980,744	4,228,435	N/A

N/A – Not available

(a) Assets

As at 30 June 2015, the Group's total assets amounted to approximately RMB13,350.8 million, representing a growth of approximately 7.98% as compared to 31 December 2014. The increase in total assets was mainly attributable to the increase of restricted bank balances.

As at 30 June 2015, the Group's non-current assets amounted to approximately RMB6,026.3 million, representing approximately 45.14% of the total assets. Non-current assets mainly comprised: (i) property, plant and equipment of approximately RMB3,852.5 million, which mainly comprised leasehold land and buildings, leasehold improvements, furniture, fixture and equipment, etc.; (ii) goodwill of approximately RMB793.9 million; (iii) deposit paid of approximately RMB255.4 million; and (iv) rental deposits of approximately RMB252.8 million; etc.

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As at 30 June 2015, the Group's current assets amounted to approximately RMB7,324.5 million, representing approximately 54.86% of the total assets. Current assets mainly comprised: (i) bank balances and cash of approximately RMB2,219.2 million; (ii) restricted bank balances of approximately RMB1,506.2 million; (iii) inventories of approximately RMB1,306.5 million; and (iv) trade and other receivables of approximately RMB1,177.0 million; etc.

The Group's total assets amounted to approximately RMB12,902.9 million as at 30 September 2015.

(b) Liabilities

As at 30 June 2015, the Group's total liabilities amounted to approximately RMB9,122.4 million, representing a growth of approximately 8.81% as compared to 31 December 2014.

As at 30 June 2015, the Group's current liabilities amounted to approximately RMB9,049.4 million, representing approximately 99.20% of the total liabilities. Current liabilities mainly comprised: (i) trade and other payables of approximately RMB7,382.6 million; and (ii) loans of approximately RMB1,506.3 million; etc.

As at 30 June 2015, the Group's non-current liabilities amounted to approximately RMB73.0 million, representing approximately 0.80% of the total liabilities. Non-current liabilities comprised: (i) loans in associates of RMB60.0 million; and (ii) deferred tax liabilities of approximately RMB13.0 million.

(c) Equity

The Group's total equity grew gradually and amounted to approximately RMB3,980.7 million and RMB4,228.4 million as at 31 December 2014 and 30 June 2015, respectively. As confirmed with the Company, the Company had not conducted any fund raising exercise since 31 December 2012 up to the Latest Practicable Date. Save for final dividend of approximately RMB112.7 million and RMB134.1 million (before tax) for the year ended 31 December 2012 and 2013 respectively, the Company has not paid any other dividend since 2012. As such, we consider that the growth in the total equity of the Group is mainly contributed by the profits generated by the Group in recent years.

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(3) *Shareholding structure of the Group*

As stated in the Letter from the Board, the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Offers (assuming the Offers are fully accepted by the Independent Shareholders and there are no changes in the share capital of the Company) is as follows:

	As at the Latest Practicable Date		Immediately after completion of the Offers (assuming the Offers are fully accepted by the Independent Shareholders and total issued share capital of the Company remains unchanged)	
Domestic Shares				
Offerors and their concert parties	707,142,200	54.92%	750,976,116	58.33%
Other Shareholders	43,833,916	3.41%	–	–
Total Domestic Shares	750,976,116	58.33%	750,976,116	58.33%
H Shares				
Offerors and their concert parties	1,421,425	0.11%	536,568,000	41.67%
Public Shareholders	535,146,575	41.56%	–	–
Total H Shares	536,568,000	41.67%	536,568,000	41.67%
Total share capital of the Company	1,287,544,116	100.00%	1,287,544,116	100%

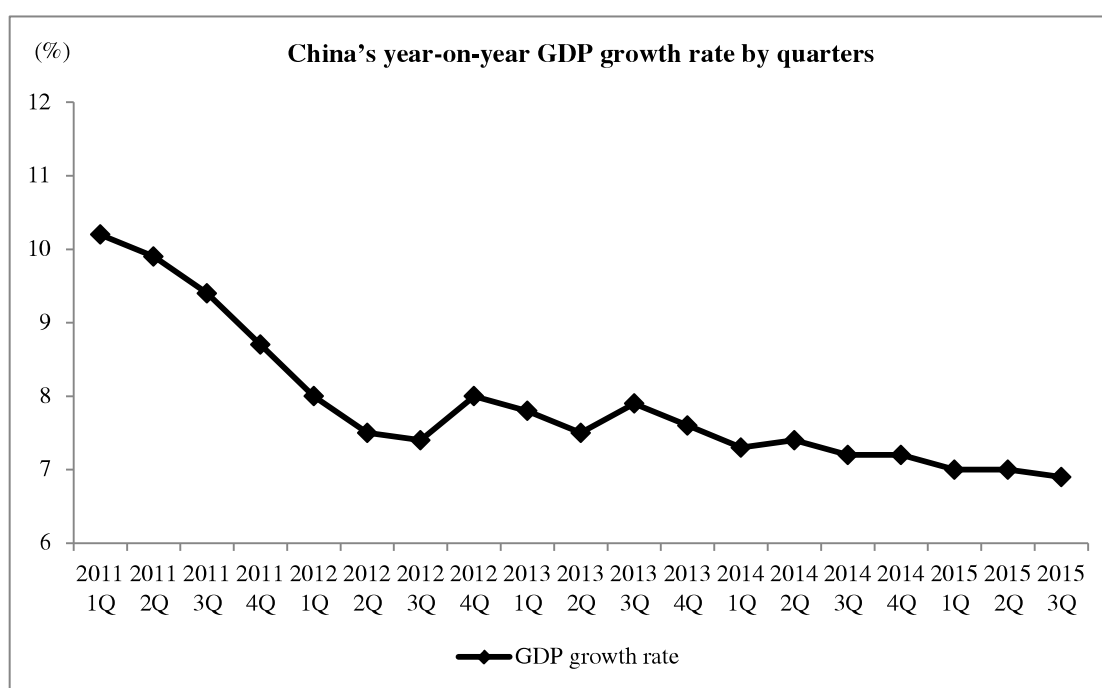
As at the Latest Practicable Date, the Company does not have in issue any other outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Domestic Shares or H Shares and/or rights over the Domestic Shares or H Shares in issue.

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2. Overview of the PRC Economy and Retail Market

In 2014, China's Gross Domestic Product ("GDP") growth rate stood at 7.4%, which has been the lowest since 1990, averting a risk of economy hard landing. The GDP growth rate experienced a slowdown from 2013, mainly because of slower fixed asset investment growth and a challenging environment in the manufacturing sector. Most institutions are forecasting China's GDP growth rate to continue to decrease in 2015 and 2016 to below 7%. For example, the Organization for Economic Co-operation and Development ("OECD") forecasts China's GDP growth rate to be 6.7% in 2016, and the International Monetary Fund ("IMF") forecasts China's GDP growth rate to be 6.8% in 2015 and 6.3% in 2016. According to the website of National Bureau of Statistics of the PRC ("NBSC"), the year-on-year GDP growth rate for the third quarter of 2015 was 6.9%, which was the first time hitting below 7% since 2011.

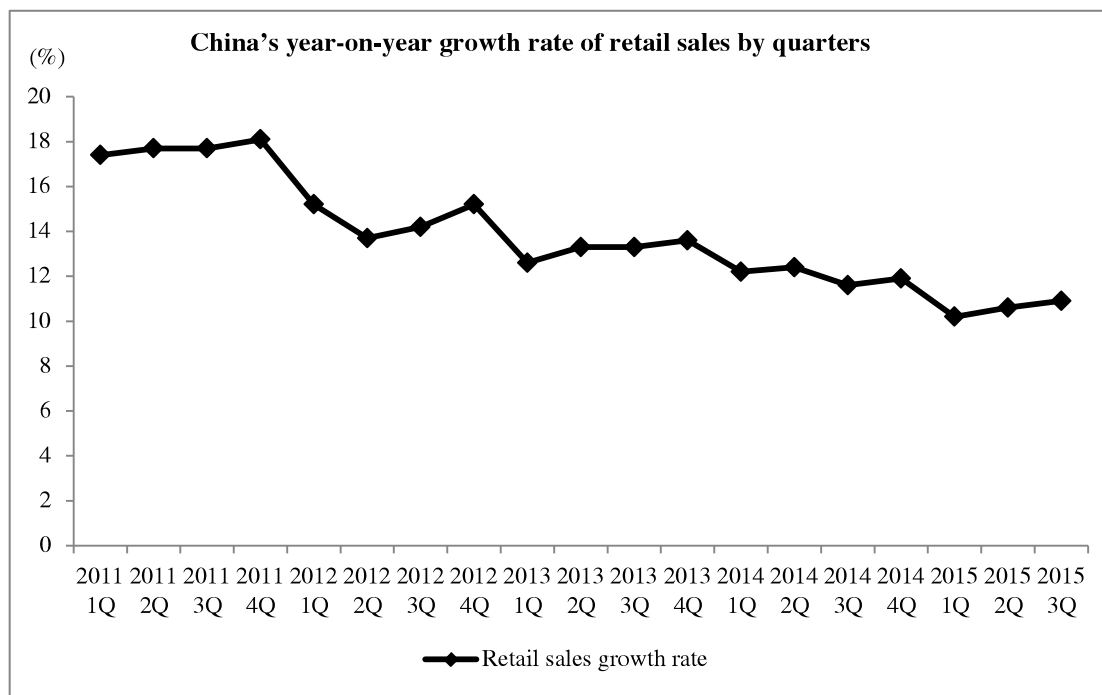
The following chart illustrates the downward trend of China's year-on-year GDP growth rate by quarters since 2011 up to the Latest Practicable Date.



Source: Bloomberg and NBSC

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Similar to GDP growth rate, retail sales in the PRC have also been consistently trending down in recent years. The chart below illustrates China's year-on-year growth rate of retail sales by quarters since 2011 up to the Latest Practicable Date.



Source: Bloomberg and NBSC

We have made reference to a report headed “China Power of Retailing 2015” issued by Deloitte Touche Tohmatsu China jointly with China Chain Store & Franchise Association (“CCFA”) on 18 September 2015 (the “**Deloitte Report**”). According to the website of CCFA, it is an industry association of retailing & franchise industry in the PRC. There are currently more than 1,000 enterprise members with over 300,000 outlets, including domestic & foreign-invested retailers, franchisers, suppliers and relevant organizations. It participates in policy making and provides a series of professional trainings and industry information and data for the members. It has published various research reports on the PRC retailing & franchise industry since 2007. Based on the above, we are of the view that the Deloitte Report, which is jointly issued by CCFA and Deloitte Touche Tohmatsu China, an international accounting firm, is a reliable source of findings and analysis.

According to the Deloitte Report, brick-and-mortar retailers are facing operation challenges, including economic slow-down, upgrade in consumption, new industry norm and the rise of on-line and mobile shopping. Retail companies are suffering from profit margin squeeze brought by the continuous increase in operating costs such as rental expenses, labour costs, and electricity and water costs. On the other hand, internet and network terminals have become increasingly popular and e-commerce is developing rapidly helped by incessant innovation in payment technology and elevated efficiency in logistics and distribution. The traditional retail industry is facing severe competition from e-commerce retailers. According to NBSC, for the nine months ended 30 September 2015, retail sales reached RMB21,608 billion, representing a year-on-year growth rate of 10.5%; while online retail sales of merchandises reached RMB2,151 billion, representing a year-on-year growth rate of 34.7%. The traditional retailers are forced to adjust its business

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model to explore online business, develop online-to-offline (“O2O”) business model, and accelerate the development of mobile e-commerce and cross-border e-commerce in order to tap into this rapidly growing market.

The Deloitte Report concludes that the PRC retail industry is confronted with a lot of unfavorable factors, including weak macro economy in China, decreasing profit margins dragged by increasing operating expenses as well as rising competition from e-commerce. All these unfavorable factors have resulted in the continuous decrease in year-on-year growth rate of retail sales by quarters in recent years.

The unfavorable business environment has led to increasing market consolidation. According to the Deloitte Report, mergers and acquisitions in the PRC retail industry have speeded up in 2014, and a lot of retailers are looking for appropriate opportunities to merge with or acquire appropriate companies. For example, in May 2014, Tesco, a London-listed company, set up a joint venture with China Resources Vanguard Shop, a supermarket operator in the PRC and Hong Kong; in August 2014, Dairy Farm International Holdings Ltd., a Singapore-listed company, announced the acquisition of 19.99% issued share capital of Yonghui Superstores, a major supermarket operator in the PRC. According to the statistics provided by Merger Market, an international database for mergers and acquisitions, the market size for mergers and acquisitions in the PRC retail industry in 2014 increased by 4.5 times as compared to 2013.

3. Reasons for and Benefits of the Proposal

As set out in the letter from the Offerors in the Composite Document (“**Letter from the Offerors**”), the Group’s principal activity is the operation of superstores and minimarts in the PRC. In recent years, the Group’s profitability has been adversely affected by increasing labour and rental costs and competition from both online and offline operators. In the first half of 2015, despite the Group’s turnover having increased by approximately 11.4%, profit attributable to Shareholders decreased by approximately 19.5%, by comparison with the first half of 2014. The Offerors believe that the Group’s profitability will continue to face downward pressure from the prevailing weak operating environment, which is expected to remain challenging due in part to the slowing economic growth and the declining trend of retail sales in the PRC. The industry as a whole is undergoing consolidation and the Group needs to take determined measures, which include the cost control and operation process optimization measures, new stores openings and potential mergers and acquisitions if proper opportunities arise, to continue to consolidate its market position so as to be able to promptly and effectively react to and overcome such challenges on a sustainable basis. New store expansion and mergers and acquisitions will result in increase in costs and dilution of profits, and a longer period may be required for investments to be recovered when market growth slows down as a whole. As a publicly listed company, investors would have different requirements with regard to their return on investment, and may urge the Company to consider expansion opportunities more cautiously. For instance, potential acquisition opportunities with weaker profitability may result in earnings per share dilution and a sizeable acquisition and merger may be of strategic importance, but it may also significantly dilute profitability, on a per Share basis, for a relatively long period of time, especially when equity financing is being employed. Nevertheless, business expansion would still be necessary to generate synergy for the long-term growth and development of the Group. As at the Latest Practicable Date, the Company has not identified any acquisition target. In view of the above, the Proposal, if successful, will not only enable the Company to have greater flexibility to make timely investment decisions, but also minimize the adverse effects on Shareholders’ return on investment.

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Having considered the recent business and financial performance of the Group as discussed in the paragraph headed “Background and Information of the Group” above and the development of the PRC retail market as discussed in the paragraph headed “Overview of the PRC Economy and Retail Market” above, we concur that the slowdown of the PRC economic growth and the declining trend of retail sales is likely to continue providing challenges for the Group’s business and operation. Despite a growth in revenue as a result of the continued expansion of its retail networks, the Group had been suffering from a squeeze in profit margin and a declining profit, as a result of the discount offered to customers and the rising operating costs in the past two financial years and the first half of 2015. According to the management of the Company, given the prevailing macroeconomic condition, it is expected that such trend is unlikely to see any dramatic turnaround in the foreseeable future. Meanwhile, the emergence of e-commerce continued creating further competition for the traditional retail operators like the Group. According to the management of the Company, we understand that the on-line competitors were able to obtain funding via capital markets easier than the traditional retailers. This, coupled with a leaner business model that does not require to bear hefty expenses of operating a nation-wide network of physical retail outlets but utilizing their on-line platform to conduct marketing and sales, enables the on-line retailers to adopt a more competitive pricing strategy and a more aggressive marketing to gradually cannibalize the market share of “brick-and-mortar” retailers like the Group. We therefore concur that it is necessary for the Group to take measures, including but not limited to cost control and operation process optimization measures, new stores openings for business expansion in the PRC and mergers and acquisitions, to continue to consolidate its market position under the current severe operating environment of the PRC retail market. By adopting such measures, the Group may suffer from a worse than expected financial performance due to the initial investment made to expand its business and in the case of mergers and acquisitions, to consolidate newly merged or acquired business into its own business. Such may not be in line with the expectation of typical investors as they may need to suffer from a period of lower than expected return on investment. The Proposal hence represents a good opportunity to provide the Group with greater flexibility to make timely investment decisions when appropriate, while at the same time, is beneficial to the Shareholders in term of minimized potential adverse effects on return on investment.

4. Analysis of the Price Performance and Trading Liquidity of the H Shares

(1) Price performance

As set out in the Letter from the Board, the cash offer price offered under the Offers represents:

- (i) a premium of approximately 90.21% over HK\$3.27 which is the closing price per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 10.28% over HK\$5.64 which is the closing price per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a premium of approximately 94.98% over HK\$3.19 which is the volume weighted average closing price per H Share as quoted on the Stock Exchange for the one week up to and including the Last Trading Date;

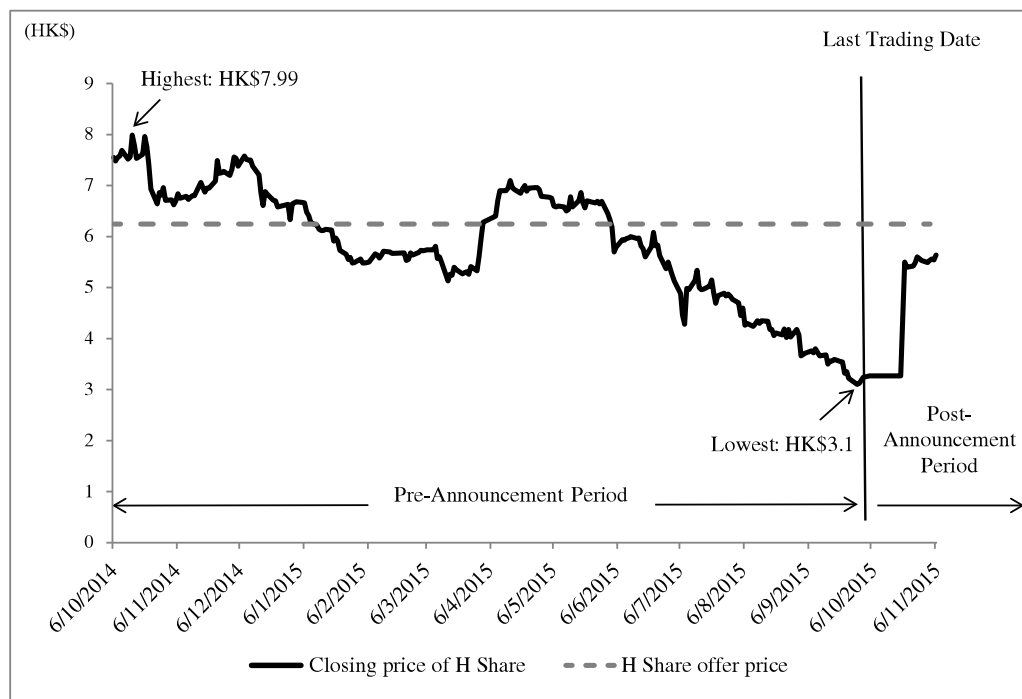
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- (iv) a premium of approximately 78.74% over HK\$3.48 which is the volume weighted average closing price per H Share as quoted for the one month up to and including the Last Trading Date;
- (v) a premium of approximately 52.08% over HK\$4.09 which is the volume weighted average closing price per H Share as quoted for the three months up to and including the Last Trading Date;
- (vi) a premium of approximately 21.48% over HK\$5.12 which is the volume weighted average closing price per H Share as quoted for the six months up to and including the Last Trading Date;
- (vii) a premium of approximately 95.60% over HK\$3.18 which is the average closing price per H Share as quoted for the one week up to and including the Last Trading Date;
- (viii) a premium of approximately 77.71% over HK\$3.50 which is the average closing price per H Share as quoted for the one month up to and including the Last Trading Date;
- (ix) a premium of approximately 48.10% over HK\$4.20 which is the average closing price per H Share as quoted for the three months up to and including the Last Trading Date;
- (x) a premium of approximately 18.03% over HK\$5.27 which is the average closing price per H Share as quoted for the six months up to and including the Last Trading Date;
- (xi) a premium of approximately 72.45% over RMB2.94 which is the audited consolidated net asset value of each Share as at 31 December 2014;
- (xii) a premium of approximately 61.98% over RMB3.13 which is the unaudited consolidated net asset value of each Share as at 30 June 2015; and
- (xiii) a premium of approximately 37.77% over RMB3.68 which is the unaudited consolidated net asset value of each Share as at 30 June 2015 after having adjusted for the valuation of the property interests held by the Group as set out in Appendix V to the Composite Document.

We have reviewed the daily closing price of the H Shares as quoted on the Stock Exchange during the period commencing from 6 October 2014, being 12-month period leading up to 5 October 2015, being the Last Trading Date (both days inclusive) (the “**Pre-Announcement Period**”) and from

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5 October 2015 to the Latest Practicable Date (both days inclusive) (the “**Post-Announcement Period**”, collectively known as the “**Review Period**”). The following chart sets out the closing price of the H Shares as quoted on the Stock Exchange during the Review Period:



Source: Bloomberg

As illustrated by the above chart, during the Pre-Announcement Period, closing prices of the H Shares fluctuated with a downward trend. The H Share offer price represents a discount of approximately 22.15% to the highest closing price of the H Shares of HK\$7.99 on 15 October 2014 and a premium of approximately 100.65% over the lowest closing price of the H Shares of HK\$3.1 on 29 September 2015. It is noted that the closing price of the H Shares has been below the H Share offer price for most of the time during the 12-month period and in particular it has not been above the H Share offer price since 3 June 2015 and up to the Latest Practicable Date. Moreover, as shown in the chart above, from 3 June 2015 up to the Last Trading Date, the closing price of the H Shares had been falling relatively persistently by approximately 47.09% from HK\$6.18 to HK\$3.27.

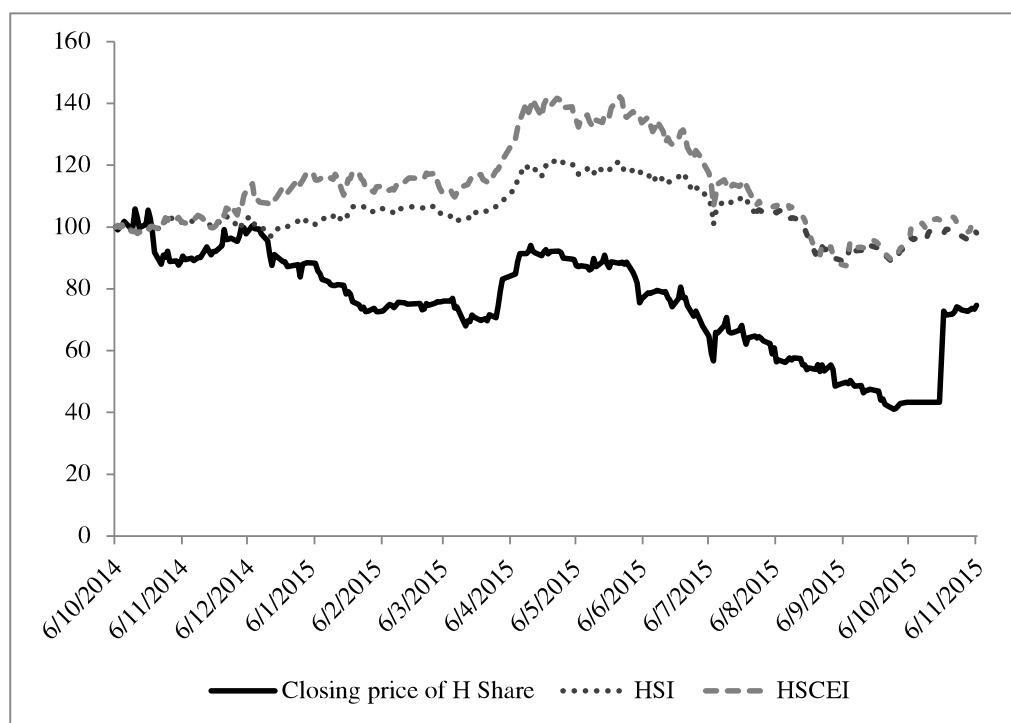
During the Post-Announcement Period, closing prices of the H Shares materially increased by approximately 68.20% from HK\$3.27 on 5 October 2015 (the Last Trading Date) to HK\$5.5 on 22 October 2015 (the first trading day immediately after the Joint Announcement) and maintained at a relatively high level but still below the H Share offer price since then. As at the Latest Practicable Date, closing price of the H Shares was HK\$5.64. Upon our enquiry, the Directors confirmed that save for the Joint Announcement and the positive market reaction towards the Proposal, they are not aware of any specific reasons which may lead to the aforesaid surges of the H Share prices.

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As such, we believe the recent rise in the H Share price has been supported by the Proposal and is unlikely to be sustained if the Proposal lapses. As illustrated in the abovementioned price comparison table, the H Share offer price represents a premium range of approximately 18.03% to 95.60% over the average closing prices per H Share for one-week, one-month, three-month and six month period up to and including the Last Trading Date, and represents a premium of as high as approximately 90.21% over the closing price per H Share on the Last Trading Date. From the Independent Shareholders' perspective, the H Share offer price represents an immediate uplift in shareholder's value as compared to general share performance of the H Share immediately before the Joint Announcement. **Nonetheless, the Independent Shareholders must also closely monitor the prevailing market price of the H Shares, which may be traded above the H Share offer price, and exercise due care and caution when deciding whether or not to accept the Offers.**

(2) Comparison with the stock market

Set out below is the comparison between the movement of the closing price of the H Shares, Hang Seng Index ("HSI") and Hang Seng China Enterprises Index ("HSCEI") during the Review Period (all adjusted to 100 as at 6 Oct 2014).



Source: Bloomberg

As shown in the chart above, the H Share price has been in a declining trend and generally underperformed compared to the HSI and HSCEI. We noted that the closing price of the H Shares has decreased by approximately 56.69% during the Pre-Announcement Period; whereas the HSI and HSCEI only recorded a slight decrease of approximately 6.26% and 5.05%, respectively during the Pre-Announcement Period.

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The general under-performance of the H Shares against the HSI and HSCEI shows that there has been a lack of significant retail and/or institutional investors' interest in the Company relative to the overall market performance. Besides, during the Review Period, the Group has not raised any capital from the capital market. Therefore, it is considered that the Company will unlikely be able to take advantage of its listing status on the Stock Exchange to raise funds from the capital markets on terms acceptable to the Group in the foreseeable future.

(3) *Trading liquidity*

The following table sets out the monthly average daily trading volume of the H Shares and the comparison of such trading volume to total H Shares and total issued share capital of the Company at the end of each relevant month during the Review Period:

	Number of trading days per month	Average daily trading volume of the H Shares	Percentage of the average daily trading volume of the H Shares to total number of issued H Shares at the end of each month	Percentage of the average daily trading volume of the H Shares to total issued share capital of the Company at the end of each month
2014				
October	21	2,027,738	0.38%	0.16%
November	20	812,019	0.15%	0.06%
December	21	1,121,051	0.21%	0.09%
2015				
January	21	703,651	0.13%	0.05%
February	18	1,961,954	0.37%	0.15%
March	22	2,540,267	0.47%	0.20%
April	19	1,946,955	0.36%	0.15%
May	19	1,154,910	0.22%	0.09%
June	22	900,466	0.17%	0.07%
July	22	1,295,428	0.24%	0.10%
August	21	1,500,000	0.28%	0.12%
September	20	1,695,240	0.32%	0.13%
October (<i>Note</i>)	9	11,347,075	2.11%	0.88%

Source: Bloomberg

Note: the trading of the H Shares was suspended from 6 October 2015 to 20 October 2015 pending the release of the Joint Announcement.

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As noted from the above table, trading in the H Shares had been extremely thin during the Pre-Announcement Period with the average daily trading volume being below 0.5% of the total issued H Shares from October 2014 to September 2015. On this basis, we do not consider the trading of the H Shares to be active.

Given that the H Shares are highly illiquid, there is currently limited opportunity for the Independent Shareholders to divest their investments in the Company, not to mention that the disposal of large blocks of H Shares held by them in the open market would likely trigger price slump of the H Shares. Accordingly, the Proposal provides a valuable opportunity for the Independent Shareholders, especially those holding a large block of the H Shares, to realise their investments in the Company. **Independent Shareholders should note that the future liquidity of the H Shares is uncertain.**

5. Comparable Companies

The Group is principally engaged in the operation of superstores and minimarts in the PRC. For the purpose of assessing the H Share offer price, we have identified a list of companies (the “**Comparable Companies**”), which is exhaustive and fair, based on our selection criteria that such companies are currently listed on the Stock Exchange and principally engaged in similar businesses of the Company in the operation of superstores, minimarts, department stores and retail stores in the PRC. Despite the market capitalization of the Comparable Companies varies, we are of the view that the list provides a meaningful idea on the general investors’ perception on the listed PRC retail players engaging in similar businesses of the Company.

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Company name	Stock code	Principal activities	Market capitalisation as at the Latest Practicable Date (HK\$ million)	2014 price-to-earnings ("P/E") ratio (times) (Note 1)	2014 price-to-book ("P/B") ratio (times) (Note 2)
Supermarkets/hypermarkets					
Sun Art Retail Group Limited	SEHK: 6808	Operation of hypermarket in China	60,767.92	16.71	2.37
Lianhua Supermarket Holdings Co. Ltd.	SEHK: 980	Operation of hypermarkets, supermarkets and convenience stores in the PRC	4,052.95	104.46	0.88
Beijing Jingkelong Co. Ltd.	SEHK: 814	Distribute daily consumer products by retailing and wholesaling	845.05	16.35	0.32
Retails/department stores					
Jiahua Stores Holdings Limited	SEHK: 602	Operation and management of retail stores	465.50	6.22	0.68
Parkson Retail Group Limited	SEHK: 3368	Operation and management of department stores in the PRC	3,118.69	10.61	0.44
Golden Eagle Retail Group Ltd.	SEHK: 3308	Development and operation of stylish department store chain	17,163.14	12.68	2.53
Intime Retail (Group) Company Limited	SEHK: 1833	Operation and management of department stores and shopping malls in the PRC	19,466.21	13.88	1.32
Springland International Holdings Limited	SEHK: 1700	Operation of department stores and supermarkets in the PRC	4,735.90	6.00	0.73
Lifestyle International Holdings Ltd.	SEHK: 1212	Operation of department stores and other retailing format and property holding	18,450.74	8.61	1.42
New World Department Store China Ltd.	SEHK: 825	Operation of department stores	2,259.43	4.34	0.35
The Comparable Companies					
			Max	104.46	2.53
			Min	4.34	0.32
			Average (Note 3)	10.60	1.11
The Company (Note 4)			4,210.27	8.53	0.85
The H Share offer price (Note 5)			8,008.52	16.23	1.61

Source: Capital IQ

Updated on: 6 November 2015

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Notes:

1. 2014 P/E ratio is calculated on the market capitalisation as at the Latest Practicable Date divided by the net profit attributable to equity shareholders for the year ended 31 December 2014.
2. 2014 P/B ratio is calculated on the market capitalisation as at the Latest Practicable Date divided by the net assets attributable to equity shareholders for the year ended 31 December 2014.
3. When calculating the average of 2014 P/E ratio for the Comparable Companies, the 2014 P/E ratio for Lianhua Supermarket Holdings Co. Ltd. (SEHK: 980) of 104.46 times is treated as an outlier and is excluded from the average.
4. The analysis for the Company is based on its market capitalization as at the Last Trading Date.
5. The analysis for the H Share offer price is based on the market capitalisation implied by the H Share offer price, which is calculated by multiplying the H Share offer price by total issued share capital of the Company as at the Last Trading Date.

(1) Comparison of 2014 P/E ratio

As shown in the table above, the 2014 P/E ratio of the Comparable Companies are in the range of approximately 4.34 times to approximately 104.46 times, with an average of approximately 10.60 times (excluding Lianhua Supermarket Holdings Co. Ltd. as an outlier). The 2014 P/E ratio of the Company as at the Last Trading Date was approximately 8.53 times, which is lower than the average 2014 P/E ratio of the Comparable Companies. The P/E ratio implied by the H Share offer price is approximately 16.23 times, which is higher than the average 2014 P/E ratio of the Comparable Companies.

(2) Comparison of 2014 P/B ratio

As shown in the table above, the 2014 P/B ratio of the Comparable Companies are in the range of approximately 0.32 times to 2.53 times, with an average of approximately 1.11 times. The 2014 P/B ratio of the Company as at the Last Trading Date was approximately 0.85 times, which is lower than the average 2014 P/B ratio of the Comparable Companies. The P/B ratio implied by the H Share offer price is approximately 1.61 times, which is higher than the average 2014 P/B ratio of the Comparable Companies.

6. Precedent Privatizations

For the purpose of assessing the H Share offer price, we have also identified a list of privatisation proposals (the “**Comparable Transactions**”), which to our best knowledge is exhaustive and fair, based on our selection criteria that (i) the privatisation proposals were first announced during the period from 1 January 2011 up to the Latest Practicable Date; and (ii) such companies were primarily listed on and have been successfully delisted from the Stock Exchange. In order to minimize the possible distortion due to different market sentiment for each Comparable Transaction, a five-year period has been adopted for the selection criteria. However, as the business, financial condition and market capitalization of the Comparable Transactions vary, analysis of the premium of the offer/cancellation price over the share prices prior to the privatisation proposals and the consolidated net assets value (“**NAV**”) per share is for Shareholders’ information only and is not a principal factor to assess whether the terms of the Offers are fair and reasonable. Set out in the following table are the pricing details of the Comparable Transactions relative to the H Share offer price.

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Date of initial announcement	Company name	Stock Code	Premium of the offer/cancellation price over the closing price on last trading date	Premium of the offer/cancellation price over the volume weighted average closing price prior to the privatisation proposal		Premium of the offer/cancellation price over the average closing price prior to the privatisation proposal		Premium/(discount) of the offer/cancellation price over/(to) the consolidated NAV per share	Premium/(discount) of the offer/cancellation price over/(to) the consolidated adjusted NAV per share
				1-month	3-month	1-month	3-month		
19 January 2011	Fubon Bank (Hong Kong) Ltd	SEHK: 636	37.6%	41.2%	39.8%	43.6%	40.6%	41.4%	N/A
20 January 2011	Shanghai Forte Land Co Ltd*	SEHK: 2337	25.4%	30.4%	38.0%	31.0%	40.6%	46.0%	(26.2%)
13 May 2011	Little Sheep Group Limited	SEHK: 968	30.0%	28.4%	32.4%	28.1%	33.0%	30.7%	N/A
14 July 2011	International Mining Machinery Holdings Ltd	SEHK: 1683	29.8%	21.5%	9.7%	21.4%	10.3%	21.4%	N/A
18 July 2011	China Resources	SEHK: 597	43.3%	34.0%	19.9%	34.2%	24.4%	22.8%	N/A
8 August 2011	Microelectronics Ltd								
	HannStar Board International Holdings Ltd	SEHK: 667	47.1%	44.3%	58.6%	46.4%	56.6%	36.6%	(43.9%)
19 October 2011	Zhengzhou China Resources Gas Co Ltd* (Note 2)	SEHK: 3928	45.8%	45.4%	31.0%	44.8%	27.5%	17.3%	N/A
10 November 2011	ERA Mining Machinery Ltd (Note 3)	SEHK: 8043	33.3%	48.9%	101.7%	51.5%	85.4%	60.3%	N/A
19 December 2011	Hang Ten Group Holdings Ltd	SEHK: 448	58.8%	52.4%	58.5%	52.8%	64.7%	46.6%	N/A
20 December 2011	Cosway Corporation Ltd	SEHK: 288	34.1%	46.0%	33.0%	46.9%	35.8%	28.1%	81.6%
21 February 2012	Alibaba.com Limited	SEHK: 1688	45.9%	54.2%	60.4%	54.6%	60.4%	61.1%	N/A
23 March 2012	Samling Global Limited	SEHK: 3938	102.7%	103.7%	86.6%	103.2%	93.0%	51.6%	N/A
17 January 2013	Trauson Holdings Company Limited	SEHK: 325	66.7%	189.7%	84.0%	83.1%	84.3%	105.0%	N/A
31 January 2013	PCD Stores (Group) Limited	SEHK: 331	10.1%	13.0%	31.7%	15.8%	31.3%	59.1%	N/A
15 August 2013	Magic Holdings International Ltd	SEHK: 1633	24.8%	27.5%	31.2%	24.6%	29.9%	51.9%	N/A
16 December 2013	Great Wall Technology Company Limited*	SEHK: 74	42.9%	61.8%	73.2%	69.3%	93.5%	102.6%	(32.2%)
1 April 2014	OCBC Wing Hang Bank Ltd.	SEHK: 302	1.6%	8.2%	10.5%	8.9%	11.6%	11.9%	N/A
8 May 2014	Regent Manner International Holdings Ltd.	SEHK: 1997	32.4%	35.6%	38.3%	35.7%	39.0%	37.3%	N/A
11 December 2014	Human Nonferrous Metals Corporation Limited*	SEHK: 2626	68.7%	58.0%	48.7%	58.1%	50.2%	65.1%	N/A
2 January 2015	Melco Crown Entertainment Limited (Note 4)	SEHK: 6883	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26 February 2015	econtext Asia Limited	SEHK: 1390	41.0%	57.8%	60.0%	61.6%	60.1%	49.9%	N/A
27 May 2015	Dorsett Hospitality International Limited (Note 5)	SEHK: 2266	32.4%	40.1%	41.6%	40.3%	43.5%	39.7%	(74.6%)
		Max	102.7%	189.7%	101.7%	103.2%	93.5%	105.0%	816.7%
		Min	1.6%	8.2%	9.7%	8.9%	10.3%	11.9%	(74.6%)
		Average	40.7%	49.6%	47.1%	45.5%	48.4%	47.0%	128.3%
20 October 2015	The H Share offer price		90.2%	78.7%	52.1%	77.7%	48.1%	18.0%	37.8%

Source: the Stock Exchange's website

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Notes:

** H share offer*

1. The consideration of the Comparable Transactions was in cash unless stated otherwise.
2. Zhengzhou China Resources Gas Co Ltd offered cash alternative of HK\$14.73 per H share or share alternative of 1.5 new share of China Resources Gas Group Limited (SEHK: 1193) for every H share. As the H Share Offer will be settled in cash, cash alternative of HK\$14.73 per H share has been used for the analysis.
3. ERA Mining Machinery Ltd offered cash alternative of HK\$0.88 per share or loan note alternative of HK\$1.00 loan note per share. As the H Share Offer will be settled in cash, cash alternative of HK\$0.88 per share has been used for the analysis.
4. Melco Crown Entertainment Limited delisted from the Stock Exchange by way of voluntary withdrawal of listing. Its shareholders could either hold its unlisted shares or exchange their shares for its American depositary shares. So there was no offer/cancellation price.
5. The cancellation consideration of Dorsett Hospitality International Limited consisted of a cash payment of HK\$0.72 and 0.28125 share of Far East Consortium International Limited (SEHK: 35) with closing price of HK\$3.84 on the last trading date before the announcement. Therefore, cancellation consideration of HK\$1.80 per share has been used for the analysis.

(1) *Premium over the closing price on last trading date*

The premium of the offer/cancellation price over the closing price on last trading date of the Comparable Transactions ranged from approximately 1.6% to 102.7%, with an average of approximately 40.7%.

The premium offered by the H Share offer price over closing price on the Last Trading Date was approximately 90.2%, which was higher than the average of the Comparable Transactions.

(2) *Premium over the prevailing volume weighted average closing price of the share*

The premium of the offer/cancellation price over the prevailing 1-month, 3-month and 6-month volume weighted average closing price of the share of the Comparable Transactions ranged from approximately 8.2% to 189.7%, 9.7% to 101.7% and 11.0% to 109.7% with average of approximately 49.6%, 47.1% and 46.1% respectively.

The premium offered by the H Share offer price over 1-month and 3-month volume weighted average closing price was approximately 78.7% and 52.1% respectively, which was higher than the respective average of the Comparable Transactions. The premium offered by the H Share offer price over 6-month volume weighted average closing price was approximately 21.5%, which was within the range of the premium range of the Comparable Transactions.

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(3) *Premium over the prevailing closing price of the share*

The premium of the offer/cancellation price over the prevailing 1-month, 3-month and 6-month average closing price of the share of the Comparable Transactions ranged from approximately 8.9% to 103.2%, 10.3% to 93.5% and 11.9% to 105.0% with average of approximately 45.5%, 48.4% and 47.0% respectively.

The premium offered by the H Share offer price over 1-month average closing price was approximately 77.7%, which was higher than the average of the Comparable Transactions. The premium offered by the H Share offer price over 3-month and 6-month average closing price was approximately 48.1% and 18.0% respectively, which was within the range of the respective premium range of the Comparable Transactions.

(4) *Premium over the consolidated NAV per share*

The premium of the offer/cancellation price over the consolidated NAV per share of Comparable Transactions widely ranged from approximately -47.8% to 618.8%, with an average premium of approximately 160.8%. The H Share offer price represented a premium of approximately 62.0% over the consolidated NAV per Share as at 30 June 2015, which was within the range of the premium range of the Comparable Transactions.

(5) *Premium over the consolidated adjusted NAV per share*

The premium of the offer/cancellation price over the consolidated adjusted NAV per share of Comparable Transactions widely ranged from approximately -74.6% to 816.7%, with an average premium of approximately 128.3%. The H Share offer price represented a premium of approximately 37.8% over the consolidated adjusted NAV per Share as at 30 June 2015, whereas most of the premium of Comparable Transactions is negative.

7. Intentions of the Offerors Regarding the Group

As set out in the Letter from the Offerors, the Offerors intend to continue the existing business of the Group upon successful completion of the Proposal and that the Offerors have no intention to (i) make any material changes to the existing operations, personnel and management structure of the Group, or (ii) redeploy any of the fixed assets of the Group after completion of the Proposal. Notwithstanding this, the Offerors and the Company will continue to assess business opportunities as they arise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

DISCUSSION AND ANALYSIS

The Group is principally engaged in the operation of superstores and minimarts in the PRC. The Group is facing a persisting deteriorating business environment as reflected by its declining net profits, narrowing gross profit margin and net profit margin in recent years, due to its continuing discounting campaigns, increase of rental expenses and labour costs as well as competition from both online and offline operators.

The PRC economy is growing at a decelerated rate and the PRC retail industry has been adversely affected. Increasing operating expenses and rising competition from e-commerce gave further pressure on the PRC retail industry. As depicted in the Deloitte Report, to respond to the unfavorable business environment of the PRC retail industry, the industry is undergoing consolidation and a significant increase in mergers and acquisitions within the industry arose in 2014.

In view of the above, the Group needs to take determined measures, including but not limited to cost control and operation process optimization measures, new store openings for business expansion in the PRC and mergers and acquisitions, to continue to consolidate its market position so as to be able to promptly and effectively react to and overcome such challenges on a sustainable basis. We consider the Proposal with an overall objective to offer greater flexibility to the Company to make timely investment decisions when appropriate, as a private company will have more efficient decision making process, while at the same time, minimize the adverse effects on Shareholders' return due to potential relatively long investment recovery period.

We noted that the performance of the H Shares, both in term of price and liquidity, was not encouraging during the Pre-Announcement Period. Hence, from the Independent Shareholders' perspective, the H Share Offer represents a substantial uplift in Shareholders' value as the offer price represents considerable premiums over the prevailing Share prices. Although the price of the H Shares has been increased following the release of the Joint Announcement, we are of the view that the surge in share price during the Post-Announcement Period was supported by the Proposal and is unlikely to be sustained if the Proposal lapses.

The Proposal also provides a valuable opportunity for the Independent Shareholders, especially those holding a large block of the H Shares, to realize their investment in the Company which would not normally be available through the market given the trading liquidity of the H Shares is thin. We are of the view that the Proposal provides a good opportunity for the Independent Shareholders to redeploy capital invested in the Company into other investments that they consider more attractive.

Having considered the above, we consider the Proposal can provide a valuable opportunity for the Independent Shareholders to realise their investments in the Company, and are fair and reasonable and in the interests of the Independent Shareholders.

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OPINION AND RECOMMENDATION

In arriving at our opinion, we have taken into account the following factors and reasons:

- (i) despite the Company is profitable, it is experiencing continuous decline in profit due to narrowing in gross profit margin as a result of downward trend of the selling prices of the Group's merchandises, and narrowing in net profit margin as a result of continuing discounting campaigns and increase in the Group's rental expenses and staff costs;
- (ii) the overall slowdown of the PRC economy, uncertain and generally unfavorable prospect of traditional retail market due to increasing operating expenses and rising competition from e-commerce, and the increasing consolidation in the PRC retail market;
- (iii) the falling trend of the H Share price since June 2015 to the Last Trading Date whereas the significant increase in the H Share price since the publishing of the Joint Announcement, reflecting strong positive market reaction to the Proposal;
- (iv) the offer price represents considerable premiums over the prevailing Share price;
- (v) the general underperformance of the H Share price compared to the HSI and HSCEI during the Review Period, suggesting a lack of significant retail and/or institutional investors' interest in the Company relative to the overall Market performance;
- (vi) the thin trading volume in the H Shares during the Pre-Announcement Period, indicating that the Proposal provides a valuable opportunity for the Independent Shareholders to realise their investments in the Company, which would not normally be available through the market given the thin trading liquidity; and
- (vii) the 2014 P/E ratio and P/B ratio implied by the H Share offer price were both higher than the respective average ratios as at the Latest Practicable Date of the Comparable Companies,

Based on the above analysis, we consider the terms of the Offers and the Delisting to be fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend (i) the Independent H Shareholders to vote in favour of the resolutions to approve the Delisting at the H Share Class Meeting; and (ii) the Independent Shareholders to vote in favour of the resolutions to approve the Delisting at the EGM.

Yours faithfully,
For and on behalf of

China Galaxy International Securities (Hong Kong) Co., Limited
Steven Chiu
Managing Director
Investment Banking

Note: Mr. Steven Chiu is a licensed person registered with the SFC and is a responsible officer of China Galaxy International Securities (Hong Kong) Co., Limited to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Steven Chiu has over 15 years of experience in investment banking industry.

1. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT FOR H SHAREHOLDERS

- 1.1** If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer in respect of your H Shares, you must send the duly completed Form of Acceptance together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event so as to reach the Registrar at the aforesaid address no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offerors may determine and announce in accordance with the Takeovers Code to the Registrar.
- 1.2** If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer in respect of your H Shares, you must either:
- (a) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
 - (b) arrange for the H Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed Form of Acceptance together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
 - (c) if your H Shares have been lodged with your licensed securities dealer or registered institution in securities or custodian bank through CCASS, instruct your licensed securities dealer or registered institution in securities or custodian bank to authorise HKSCC to accept the H Share Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer or registered institution in securities or custodian bank for the timing on the processing of your instruction, and submit your instructions to your licensed securities dealer or registered institution in the securities or custodian bank as required by them; or
 - (d) if your H Shares have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System no later than the deadline set out by HKSCC.

- 1.3** If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s), and you wish to accept the H Share Offer in respect of your H Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to Somerley Capital and/or the Offerors or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such H Share certificate(s), subject to the terms and conditions of the H Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- 1.4** If the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your H Shares is/are not readily available and/or is/are lost and you wish to accept the H Share Offer in respect of your H Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- 1.5** Acceptance of the H Share Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offerors may determine and announce as permitted under the Takeovers Code, and is:
- (i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those H Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant H Share; or
 - (ii) from a registered H Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Shares which are not taken into account under another sub-paragraph of this paragraph 1.5); or
 - (iii) certified by the Registrar or the Stock Exchange.
- 1.6** If the Form of Acceptance is executed by a person other than the registered H Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- 1.7** No acknowledgement of receipt of any Form(s) of Acceptance, H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) will be given.
- 1.8** Provided that a valid Form of Acceptance and the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance (or such later time and/or date as the Offerors may announce with the consent of the Executive) and the H Share Offer has become or is declared unconditional in all respects, a cheque for the amount due to each Accepting Shareholder less seller's ad valorem stamp duty in respect of the Accepting Shareholders' H Shares tendered by him/her/it under the H Share Offer will be despatched to the Accepting Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 business days of the later of the date on which the H Share Offer becomes or is declared unconditional in all respects and the date of receipt of the completed Form of Acceptance and all the relevant documents by the Registrar (which should be received no later than 4:00 p.m. on the Closing Date or such later time and date as determined and announced by the Offerors with the consent of the Executive) from the H Shareholder accepting the H Share Offer. For this purpose, business days refers to the days on which the Stock Exchange is open for transaction of business.

2. ACCEPTANCE PERIOD AND REVISIONS

- 2.1** The H Share Offer is made on 9 November 2015, the date of posting of this Composite Document, and is capable of acceptance on and from this date.
- 2.2** The Offerors have the right, subject to the Takeovers Code, to extend the H Share Offer after the despatch of this Composite Document or to revise the terms of the H Share Offer (other than the offer price of the H Share Offer), and may introduce new conditions to be attached to any revision to any of the H Share Offer or any subsequent revision thereof to the extent necessary to implement the revised H Share Offer and subject to the consent of the Executive.
- 2.3** Unless the Executive consents to the extension of the H Share Offer, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance and the H Share Offer will be closed at 4:00 p.m. on the Closing Date. In accordance with Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional, it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the H Share Offer is closed to the Independent H Shareholders who have not accepted the H Share Offer and an announcement will be published. The Offerors will extend the 14-day period under Rule 15.3 of the Takeovers Code to 28 calendar days.

- 2.4** If in the course of the H Share Offer, the Offerors revise its terms (other than the offer price of the H Share Offer), all H Shareholders, whether or not they have already accepted the H Share Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.
- 2.5** If the H Share Offer is extended (with the consent of the Executive) or revised, the announcement of such extension or revision will state the next closing date or, if the H Share Offer becomes or is declared unconditional as to acceptances, a statement may be made that the H Share Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the H Share Offer is closed to those H Shareholders, who have not accepted the H Share Offer and an announcement will be published.
- 2.6** If the closing date of the H Share Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the H Share Offer so extended.
- 2.7** The acceptance by or on behalf of the H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant H Share Offer as so revised.
- 2.8** Any acceptance of the relevant revised H Share Offer and/or any election pursuant thereof shall be irrevocable unless and until the Accepting Shareholder of the H Share Offer becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

3. ANNOUNCEMENTS

- 3.1** By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may agree), the Offerors must inform the Executive and the Stock Exchange of their decision in relation to the revision, extension, expiry or unconditionality of the H Share Offer. The Offerors must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, among other information required under Rule 19.1 of the Takeovers Code, whether the H Share Offer has been revised or extended, has expired or has become or been declared unconditional (and, in such cases, whether as to acceptances or in all respects).
- 3.2** In computing the total number of H Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in paragraph 1 of this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the H Share Offer, shall be included.
- 3.3** As required under the Takeovers Code and the Listing Rules, any announcement in relation to the H Share Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

4. RIGHT OF WITHDRAWAL

- 4.1** Acceptance of the H Share Offer tendered by the H Shareholders shall be irrevocable and cannot be withdrawn, except in circumstances set out in 4.2 below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the Closing Date if the H Share Offer has not by then become unconditional as to acceptances.
- 4.2** If the Offerors are unable to comply with the requirements set out in the paragraph headed “3. Announcements” in this Appendix, the Executive may require that Accepting Shareholders who have tendered acceptances to the H Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.
- 4.3** If the H Share Offer is withdrawn or lapses, the Offerors shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Accepting Shareholder(s). For this purpose, business days refers to the days on which the Stock Exchange is open for transaction of business.

5. GENERAL

- 5.1** All communications, notices, Form of Acceptance, certificates of the H Shares, transfer receipts, other documents of title or indemnities, and remittances to settle the consideration payable under the H Share Offer to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offerors, Somerley Capital, the Company, the Registrar, or any of their respective directors, or any other person involved in the H Share Offer, shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- 5.2** Subject to the terms of the Takeovers Code, acceptance(s) of the H Share Offer may, at the discretion of the Offerors, be treated as valid even if it is not entirely in order or is not accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof), but the cheque(s) for the consideration due will not be despatched or (as the case may be) made available for collection until the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof), has/have been received by the Registrar. However, such acceptances to the H Share Offer will not be counted towards fulfilling the acceptance condition unless Rule 30.2 of the Takeovers Code had been fully complied with.
- 5.3** Acceptance of the H Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offerors and Somerley Capital that the number of H Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of H Shares held by such nominee for such beneficial owners who are accepting the H Share Offer.

- 5.4** The provisions set out in the Form of Acceptance form part of the terms of the H Share Offer.
- 5.5** The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the H Share Offer is made will not invalidate the H Share Offer in any way.
- 5.6** The H Share Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- 5.7** Due execution of a Form of Acceptance will constitute an irrevocable authority to the Offerors or Somerley Capital or such person or persons as the Offerors or Somerley Capital may direct to complete, amend and execute any document on behalf of the person/persons accepting the H Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offerors or such person or persons as it may direct the H Shares in respect of which such person/persons has/have accepted the H Share Offer.
- 5.8** Acceptance of the H Share Offer by any person or persons will constitute a warranty by such person or persons to the Offerors that the H Shares acquired under the H Share Offer are sold by any such person or persons free from all liens, charges, equities, adverse interests, options, claims, and encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of the Joint Announcement or subsequently becoming attached to them, including without limitation the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.
- 5.9** References to the H Share Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof and references to the H Share Offer becoming unconditional shall include a reference to the H Share Offer being declared unconditional.
- 5.10** Seller's ad valorem stamp duty for transfers of the H Shares registered with the Registrar arising in connection with acceptance of the H Share Offer will be payable by each Accepting Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the greater of (i) the consideration payable by the Offerors for such person's H Shares; and (ii) the value of the H Shares and will be deducted from the cash amount due to such H Shareholder under the H Share Offer. The Offerors will pay the buyer's ad valorem stamp duty in respect of the H Shares accepted under the H Share Offer.
- 5.11** Settlement of the consideration to which any Accepting Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offerors may otherwise be, or claim to be, entitled against such Accepting Shareholder.
- 5.12** The making of the H Share Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. The H Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong

should inform themselves about or obtain appropriate legal advice regarding the implications of the H Share Offer in the relevant jurisdiction and observe any applicable regulatory or legal requirements. It is the responsibility of any such person who wishes to accept the H Share Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control, regulation or other consents which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Any such overseas H Shareholders shall be fully responsible for payment of any transfer or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. The Offerors, Somerley Capital and any other person involved in the H Share Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

- 5.13** Acceptance of the H Share Offer by any person or persons will constitute a warranty by such person to the Offerors and Somerley Capital and that such person is permitted under all applicable laws to receive and accept the H Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.
- 5.14** H Shares sold to the Offerors by way of the H Share Offer will be registered under the name of the Offerors or its nominee.
- 5.15** The English text of this Composite Document and of the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION

The following summary of the financial information has been extracted from the audited consolidated financial statements of the Company for each of the three years ended 31 December 2012, 2013 and 2014 in the respect annual reports of the Company and the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 and 2015 as extracted from the interim report of the Company for the six months ended 30 June 2015.

The auditor of the Company for each of the three years ended 31 December 2012, 2013 and 2014, Deloitte Touche Tohmatsu, has expressed an unqualified audit opinion on the financial statements of the Group for each of the three years ended 31 December 2012, 2013 and 2014.

The Group had no exceptional or extraordinary items which were exceptional because of its size, nature or incidence for each of the three years ended 31 December 2012, 2013 and 2014, as well as for the six months ended 30 June 2014 and 2015 respectively.

(i) Consolidated results

	For the six months ended 30 June		For the year ended 31 December		
	2015 RMB\$'000 (unaudited)	2014 RMB'000 (unaudited)	2014 RMB'000 (audited)	2013 RMB'000 (audited)	2012 RMB'000 (audited)
RESULTS					
Revenue	<u>10,265,654</u>	<u>9,211,930</u>	<u>18,902,300</u>	<u>16,988,172</u>	<u>15,362,984</u>
Profit before tax	361,526	421,425	556,670	716,347	865,405
Income tax expense	<u>(102,235)</u>	<u>(100,571)</u>	<u>(139,869)</u>	<u>(222,336)</u>	<u>(226,688)</u>
Profit for the period/year	<u>259,291</u>	<u>320,854</u>	<u>416,801</u>	<u>494,011</u>	<u>638,717</u>
Attributable to:					
Owners of the Company	246,984	306,661	394,783	459,031	601,706
Non-controlling interests	<u>12,307</u>	<u>14,193</u>	<u>22,018</u>	<u>34,980</u>	<u>37,011</u>
	<u>259,291</u>	<u>320,854</u>	<u>416,801</u>	<u>494,011</u>	<u>638,717</u>
Earnings per Share					
– Basic and diluted (RMB)	<u>0.19</u>	<u>0.24</u>	<u>0.31</u>	<u>0.36</u>	<u>0.47</u>
Dividend per share (RMB)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.25</u>	<u>0.21</u>
Dividend	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>321,886</u>	<u>269,068</u>

(ii) Consolidated assets and liabilities

	For the year ended 31 December		
	2014	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
ASSETS AND LIABILITIES			
Total assets	12,364,645	11,419,724	10,067,317
Total liabilities	<u>(8,383,901)</u>	<u>(7,526,753)</u>	<u>(6,355,427)</u>
	<u>3,980,744</u>	<u>3,892,971</u>	<u>3,711,890</u>
Equity attributable to owners of the Company	3,781,489	3,707,164	3,531,611
Non-controlling interests	<u>199,255</u>	<u>185,807</u>	<u>180,279</u>
	<u>3,980,744</u>	<u>3,892,971</u>	<u>3,711,890</u>

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2014

The following is the full text of the audited consolidated financial statements of the Group as extracted from the annual report of the Company for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	5	18,902,300	16,988,172
Cost of sales		(17,048,536)	(15,089,331)
Gross profit		1,853,764	1,898,841
Other revenues	5	2,735,263	2,066,474
Investment and other income and other gains	7	171,423	189,542
Impairment and other losses	8	(151,423)	(56,287)
Distribution and selling expenses		(3,449,810)	(2,858,417)
Administrative expenses		(593,622)	(508,901)
Share of profit of associates	20	7,277	8,342
Share of profit of a joint venture	21	3,174	5,541
Finance costs	9	(19,376)	(28,788)
Profit before tax		556,670	716,347
Income tax expense	10	(139,869)	(222,336)
Total profit and other comprehensive income for the year	11	416,801	494,011
Total profit and other comprehensive income for the year attributable to:			
Owners of the Company		394,783	459,031
Non-controlling interests		22,018	34,980
		416,801	494,011
Earnings per share			
Basic (RMB yuan per share)	15	0.31	0.36
Diluted (RMB yuan per share)	15	0.31	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current Assets			
Property, plant and equipment	16	3,632,527	3,621,250
Rental deposits		205,405	164,073
Prepaid lease payments	17	96,459	107,252
Goodwill	18	793,879	844,964
Other intangible assets	19	77,910	82,046
Interests in associates	20	152,699	149,587
Interest in a joint venture	21	98,596	100,330
Deferred tax assets	31	153,985	106,968
Deposit paid	32	255,445	255,445
Loan receivables	23	189,600	166,500
		5,656,505	5,598,415
Current Assets			
Inventories	22	1,484,974	1,460,422
Loan receivables	23	46,500	84,720
Trade and other receivables	24	1,436,791	1,271,742
Amounts due from related parties	25	140,255	179,675
Prepaid lease payments	17	42,457	66,594
Short-term investments	26	92,000	110,000
Restricted bank balances	27	1,277,402	378,244
Bank balances and cash	27	2,187,761	2,269,912
		6,708,140	5,821,309
Current Liabilities			
Trade and other payables	28	7,132,567	6,724,461
Amounts due to related parties	25	17,897	17,373
Tax liabilities		160,411	190,268
Borrowings	29	1,000,000	521,863
		8,310,875	7,453,965
Net Current Liabilities		(1,602,735)	(1,632,656)
Total Assets less Current Liabilities		4,053,770	3,965,759

	Notes	2014 RMB'000	2013 RMB'000
Capital and Reserves			
Share capital	30	1,287,544	1,281,274
Share premium and reserves		2,493,945	2,425,890
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Equity attributable to owners of the Company		3,781,489	3,707,164
Non-controlling interests		199,255	185,807
<hr/>			
Total Equity		3,980,744	3,892,971
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Non-current Liabilities			
Deferred tax liabilities	31	13,026	12,788
Borrowings	29	60,000	60,000
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		73,026	72,788
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		4,053,770	3,965,759
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Incentive share reserve (Note i) RMB'000	Statutory common reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2013	1,281,274	745,018	(733,253)	-	362,309	1,876,263	3,531,611	180,279	3,711,890
Profit and total comprehensive income for the year	-	-	-	-	-	459,031	459,031	34,980	494,011
Dividends declared by the Company (note 14)	-	-	-	-	-	(269,068)	(269,068)	-	(269,068)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(11,102)	(11,102)
Profit appropriations (note i)	-	-	-	-	35,819	(35,819)	-	-	-
Acquisition of the non-controlling interests (note ii)	-	-	(14,410)	-	-	-	(14,410)	(18,350)	(32,760)
Balance at 31 December 2013	1,281,274	745,018	(747,663)	-	398,128	2,030,407	3,707,164	185,807	3,892,971
Profit and total comprehensive income for the year	-	-	-	-	-	394,783	394,783	22,018	416,801
Issuance of incentive shares (note iii)	6,270	-	-	(6,270)	-	-	-	-	-
Expenses recognised as the equity-settled share-base payment	-	-	-	1,428	-	-	1,428	-	1,428
Dividends declared by the Company (note 14)	-	-	-	-	-	(321,886)	(321,886)	-	(321,886)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(8,570)	(8,570)
Profit appropriations (note i)	-	-	-	-	25,336	(25,336)	-	-	-
Balance at 31 December 2014	1,287,544	745,018	(747,663)	(4,842)	423,464	2,077,968	3,781,489	199,255	3,980,744

Note:

- (i) Pursuant to the relevant the People's Republic of China ("the PRC") regulations and the Articles of Association of the companies within the Group, each of them is required to transfer 10% of its profit, as determined under the PRC accounting regulations, to the statutory common reserve fund until the fund aggregates to 50% of its registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders.

The statutory common reserve fund shall only be used to make good previous year's losses or to increase its capital. Upon approval by a resolution of shareholders' general meeting, the company may convert its statutory common reserve fund into share capital/registered capital and issue bonus shares to existing shareholders in proportion to their original shareholdings or to increase the nominal value of each share currently held by them, provided the balance of the reserve fund after such issue is not less than 25% of the registered capital.

- (ii) In December 2013, the Group acquired 15% the non-controlling interests of Shaoxing Commercial Supermarket Company Limited at a cash consideration of RMB32,760,000. After the acquisition, the Group obtained 100% equity interest of Shaoxing Commercial Supermarket Investment Co., Ltd. The difference between the carrying amount of the net assets acquired and the fair value of consideration paid was recognised directly in equity and attributed to owners of the Company.
- (iii) As at 31 December 2014, the incentive share reserve includes i) the par value of 6,270,000 shares granted under the incentive shares scheme which are considered as treasury shares prior to fulfillment of vesting conditions; and ii) the amount recognised as share-based payment expenses over the vesting period.

CONSOLIDATED STATEMENT OF CASH FLOWS*For the year ended 31 December 2014*

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	556,670	716,347
Adjustments for:		
Finance costs	19,376	28,788
Interest income	(38,239)	(61,998)
Share of profit of associates	(7,277)	(8,342)
Share of profit of a joint venture	(3,174)	(5,541)
Depreciation for property, plant and equipment	372,946	341,878
Release of prepaid lease payments	66,594	90,026
Amortisation for intangible assets	4,136	4,553
Loss on disposal/write-off of property, plant and equipment	8,323	55,042
Impairment loss of property, plant and equipment	91,982	-
Impairment loss of goodwill	51,085	-
Expenses recognised in respect of the Incentive Share Scheme	1,428	-
Operating cash flows before movements in working capital	1,123,850	1,160,753
Increase in inventories	(24,552)	(348,911)
Increase in trade and other receivables	(135,991)	(227,765)
Decrease (increase) in amounts due from related parties	39,420	(10,608)
(Increase) decrease in rental deposits	(64,065)	85,435
Increase in prepaid rental payments	(31,664)	(55,905)
Increase in trade and other payables	255,866	1,209,033
Increase (decrease) in amounts due to related parties	524	(22,101)
Cash generated from operations	1,163,388	1,789,931
Interest received on bank deposit	11,361	10,316
Income tax paid	(216,505)	(241,278)
NET CASH GENERATED BY OPERATING ACTIVITIES	958,244	1,558,969

	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(404,053)	(707,964)
Purchase of short-term investments	(72,795,341)	(22,311,526)
Redemption of short-term investments	72,813,341	22,234,015
Withdrawal of restricted bank balances	378,244	53,355
Placement of restricted bank balances	(1,277,402)	(378,244)
Proceeds from disposal of property, plant and equipment	9,620	2,885
Proceeds from disposal of interest in an associate	-	125
Deposit paid	-	(230,000)
Repayment of loan receivables	30,000	309,000
Advance of loan receivables	(69,600)	(196,500)
Interest received on loan receivables/restricted bank balances	68,273	18,935
Dividend received from associates	4,165	3,871
Dividend received from a joint venture	4,908	4,809
NET CASH USED IN INVESTING ACTIVITIES	(1,237,845)	(1,197,239)
FINANCING ACTIVITIES		
New bank loans raised	1,000,000	60,000
Issue of short-term debenture	-	500,000
Acquisition of the non-controlling interests	-	(32,760)
Repayment of short-term debenture	(500,000)	(500,000)
Interest paid	(41,239)	(31,425)
Dividends paid to owners of the company	(281,771)	(235,372)
Dividends paid to non-controlling interests of subsidiaries	(8,570)	(11,102)
Issue of incentive shares	29,030	-
NET CASH USED IN FINANCING ACTIVITIES	197,450	(250,659)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(82,151)	111,071
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,269,912	2,158,841
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	2,187,761	2,269,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL

The Company is established in the PRC as a joint stock company with limited liability. Its H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the SEHK”).

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the operation of superstores and mini-marts.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the amendments to standards and the interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

Except as described below, the Directors do not anticipate that the application of the above mentioned revised standards and amendments issued but not yet effective will have a material effect on the Group’s consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described below:

All recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments (Continued)

The directors of the Company is of the view that the expected credit loss model may result in early and additional provision of credit losses which are not yet incurred. However, it is not practicable to provide a reasonable estimate of the effect from using an expected credit loss model in respect of its financial assets until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has 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.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sale of goods (Continued)

Rental income from leasing of retail booths is recognised on a straight-line basis over the relevant lease term.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment other than construction in progress as described below are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the supply of goods or services. If these portions could be sold separately (or leased out separately under a finance lease), these portions shall be accounted for separately by the Group, if the portions could not be sold separately, the property is classified as property, plant and equipment except when only an insignificant portion is held for use in for supply of goods and services or for administrative purposes.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business are reported at costs less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Operating lease contracts

(i) Land use right

Land use right represents the excess of the fair value over the carrying amount of the prepaid lease payments of leasehold interest in land in the PRC at the acquisition date of business combination. Such land use right is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for land use right is provided on a straight-line basis over the remaining lease term.

(ii) Others

Other operating lease contracts represent the fair value of rental saving amount of operating lease contracts which are held under favorable terms relative to market terms at the acquisition date of business combination. Such rental saving on operating lease contracts is carried at cost, represented by its fair value at the acquisition date of business combinations, less accumulated amortisation and any accumulated impairment losses. Amortisation for operating lease contract is provided on a straight-line basis over the remaining lease term.

Gain or loss arising from derecognition of the intangible assets is measured at the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land for own use (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants (Continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

Retirement benefit costs

The employees of the Group are members of state-managed retirement benefit schemes, the obligations of the Group under which are equivalent to those arising in a defined contribution retirement benefit plan. Contributions to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment arrangements

For incentive shares granted that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of incentive shares granted at the date of grant, net of any initial grant price received, without taking into account any service and non-market performance vesting conditions. The fair value of services is expensed on a straight-line basis over the vesting period, based on the Group's estimate of incentive shares that will eventually vest with a corresponding increase in equity.

At the end of the reporting period, the Group revises its estimates of the number of incentive shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

The Group recognised the obligation to repurchase the outstanding unvested incentive shares under the incentive share scheme at the amount determined at the earliest period in which the Group can be required to pay.

Upon vesting of the incentive shares, the obligation to repurchase and the amount previously recognised in the incentive share reserve, net of the par value of the relevant shares, will be transferred to share premium.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including loan receivables, trade and other receivables, amounts due from related parties, restricted bank balances and bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

Trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 days to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

An impairment loss of loans and receivables is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, trade and other receivables and amounts due from related parties, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the loan receivables, trade and other receivables and amounts due from related parties is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

The Group's accounting policy for financial liabilities are set out as below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other Financial liabilities

Other financial liabilities (including borrowings, trade and other payables and amounts due to related parties) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of property, plant and equipment

The property, plant and equipment are reviewed for impairment when events or circumstances indicate the carrying amount may not be recoverable. Factors that would indicate impairment may include, but are not limited to, operating losses of individual store, any significant change in economic environment, operating cash flows associated with the cash-generating unit. The recoverable amount is determined by the calculation of the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. During the year ended 31 December 2014, an impairment loss of RMB91,982,000 (2013: Nil) has been recognised in respect of property, plant and equipment (see note 16). Where the actual future cash flows are less or more than expected, or changes in events and circumstances which result in revisions of the estimated future cash flows for the purpose of determining the value in use, further impairment loss or reversal of impairment loss may arise.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units or groups of cash-generating units to which goodwill has been allocated, which is the higher of fair value less costs of disposal and value in use. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit (or group of units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or changes in events and circumstances which result in revision of the estimated future cash flows for the purpose of determining value in use, further impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is RMB793,879,000 (2013: RMB844,964,000) and an impairment loss of RMB 51,085,000 (2013: Nil) has been recognised. Details of the recoverable amount calculation are disclosed in note 18.

Deferred tax assets

As at 31 December 2014, deferred tax assets of RMB153,985,000 (2013: RMB106,968,000) in relation to temporary differences and unused tax losses have been recognised in the consolidated statement of financial position. The recognition of the deferred tax assets mainly depends on whether sufficient taxable temporary differences or future assessable profits will be available in the future. In cases where the actual future assessable profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be reversed or recognised in profit or loss in the period such a reversal takes place.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives of its 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Useful lives of property, plant and equipment (Continued)

The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2014, the carrying amount of property, plant and equipment is RMB3,632,527,000 (31 December 2013: RMB3,621,250,000). Details of the useful lives of property, plant and equipment are disclosed in note 16.

Estimated impairment of loan receivables, trade receivables and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of loan receivables, trade receivables and other receivables is RMB565,149,000 (31 December 2013: RMB615,549,000), net of allowance for doubtful debts of RMB18,328,000 (31 December 2013: RMB18,328,000).

5. REVENUE AND OTHER REVENUES

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2014 RMB'000	2013 RMB'000
Revenue		
Sales of goods	18,902,300	16,988,172
Other revenues		
Rental income from leasing of retail booths	771,429	608,621
Income from suppliers, including store display, promotion and delivery service income	1,963,834	1,457,853
	2,735,263	2,066,474
Total revenue	21,637,563	19,054,646

6. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers in order to allocate resources to segments and to assess their performance. The information reported to the executive directors of the Company, who are the Group's chief operating decision makers for resource allocation and performance assessment, is based on revenue analysis by superstores and mini-marts and the profit for the year of the Group. As no other discrete financial information is available for each store or group of stores, no operating segment information is presented other than entity-wide disclosures.

The Group is principally engaged in the operations of superstores and mini-marts in the PRC and all non-current assets of the Group are located in the PRC. Accordingly, no geographical information has been presented.

No revenue from a single external customer amounts to 10 percent or more of the Group's revenue. Accordingly, no geographical information has been presented.

7. INVESTMENT AND OTHER INCOME AND OTHER GAINS

	2014 RMB'000	2013 RMB'000
Government subsidies (note)	22,330	26,954
Sales of scrapped materials	19,932	17,555
Compensation received from lessees for cancellation of lease contract	1,481	5,950
Compensation received from suppliers for delaying goods delivery	11,885	3,904
Interest on bank deposits	24,686	10,316
Interest on loan receivables	13,553	51,682
Others	33,896	25,988
	127,763	142,349
Other gains:		
Fair value changes of short-term investments	43,660	47,193
	171,423	189,542

Note: The Group was awarded government subsidies totalled RMB22,330,000 during the year ended 31 December 2014 (2013:RMB26,954,000), for the recognition of the Group's contribution to local community and fulfilling other conditions which the local government considered necessary.

8. IMPAIRMENT AND OTHER LOSSES

	2014 RMB'000	2013 RMB'000
Net foreign exchange loss	33	1,245
Loss on disposal/write-off of property, plant and equipment	8,323	55,042
Impairment loss recognised in respect of property, plant and equipment (note 16)	91,982	–
Impairment loss recognised in respect of goodwill (note 18)	51,085	–
	151,423	56,287

The Group closed down a few non-performing stores during the current year and disposed/write-off the related property, plant and equipment which resulted in a loss of RMB8,323,000 (2013: RMB55,042,000).

9. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interests on:		
– Bank loans wholly repayable within five years	17,388	2,025
– Short term debenture	1,988	26,763
	19,376	28,788

10. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
The charge (credit) comprises:		
PRC income tax	186,648	225,057
Deferred tax (note 31)	(46,779)	(2,721)
	139,869	222,336

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25%.

10. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 RMB'000	2013 RMB'000
Profit before tax	556,670	716,347
Tax at PRC Enterprise Income Tax rate of 25% (2013: 25%)	139,168	179,087
Tax effect of share of profit of associates and a joint venture	(2,613)	(3,471)
Tax effect of expenses not deductible for tax purpose	14,822	3,500
Tax effect of tax losses not recognised	11,233	61,190
Utilisation of tax losses previously not recognised	(22,741)	(17,970)
Income tax expense for the year	139,869	222,336

11. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	372,946	341,878
Amortisation of intangible assets (included in distribution and selling expenses)	4,136	4,553
Total depreciation and amortisation	377,082	346,431
Operating lease rentals in respect of rented premises (included in distribution and selling expenses)	1,139,882	927,221
Release of prepaid lease payments	66,594	90,026
Auditor's remuneration	4,920	4,850
Employee benefits expense:		
Directors' and supervisors' emoluments	5,784	4,027
Other staff costs		
– Salaries and other benefit	1,302,140	1,058,347
– Contributions to retirement benefits schemes	123,002	105,578
– Incentive share expense	318	–
	1,431,244	1,167,952
Cost of inventories recognised as an expense	17,048,536	15,089,331

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

(a) Executive directors, chief executive and independent non-executive directors

The emoluments paid or payable to each of the seven (2013: seven) directors and the chief executive were as follows:

	Xu Ying(ii) RMB'000	Yu Jian-bo RMB'000	Xu Shao-chuan RMB'000	Wang Jun-yan RMB'000	Li Lu-an RMB'000	Lv Jiang RMB'000	Han Ying(iii) RMB'000	Total RMB'000
2014								
Fees	-	-	-	78	78	78	-	234
Other emoluments								
Salaries and other benefits	1,020	1,026	1,040	-	-	-	-	3,086
Contributions to retirement benefits schemes	86	86	86	-	-	-	-	258
Incentive share expense	317	317	317	-	-	-	-	951
Total emoluments	1,423	1,429	1,443	78	78	78	-	4,529
2013								
Fees	-	-	-	78	78	78	78	312
Other emoluments								
Salaries and other benefits	739	967	739	-	-	-	-	2,445
Contributions to retirement benefits schemes	88	88	88	-	-	-	-	264
Total emoluments	827	1,055	827	78	78	78	78	3,021

Notes:

- (i) The amounts disclosed above included directors' fees of RMB234,000 (2013: RMB312,000) payable to independent non-executive directors. No other emoluments were paid to the independent non-executive directors during the year.
- (ii) Ms. Xu Ying is also the chief executive of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive.
- (iii) Mr. Han Ying retired as the director of the Company in June 2014.

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (Continued)

(b) Supervisors

The emoluments paid or payable to each of the three (2013: three) supervisors were as follows:

	Zhang Zheng-yang RMB'000	Fan Kui-jie RMB'000	Xu Ning-chun RMB'000	Total RMB'000
2014				
Fees	–	48	48	96
Other emoluments				
Salaries and other benefits	914	–	–	914
Contributions to retirement benefits schemes	86	–	–	86
Incentive share expense	159	–	–	159
Total emoluments	1,159	48	48	1,255
2013				
Fees	–	48	48	96
Other emoluments				
Salaries and other benefits	822	–	–	822
Contributions to retirement benefits schemes	88	–	–	88
Total emoluments	910	48	48	1,006

None of the directors and supervisors waived any emoluments during the current and prior year.

13. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals included four (2013: four) directors/supervisor for the year ended 31 December 2014 (details of whose emoluments are set out in note 12 above), the emoluments of the remaining one (2013: one) highest paid individual for the year was as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other benefits	992	742
Retirement benefits scheme contributions	86	88
	1,078	830

14. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year:		
2013 – RMB0.25 (2013: 2012 final paid RMB0.21) per share	321,886	269,068

Subsequent to the end of the reporting period, final dividend of Nil (2013: RMB0.25) per share with the total amount of Nil (2013: RMB321,886,000) in respect of the year ended 31 December 2014 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2014 RMB'000	2013 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (2013: Basic earnings per share), representing profit for the year attributable to owners of the Company	394,783	459,031
	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (2013: Basic earnings per share)	1,281,274	1,281,274

The potential dilutive effect in relation to Incentive Share Scheme (as defined in note 39) is not considered in the calculation of the diluted earnings per share as the effect is negligible.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2013	2,184,694	1,610,994	659,628	202,264	43,890	26,753	4,728,223
Additions	-	267,099	95,782	27,110	4,289	223,899	618,179
Transfer	-	140,193	-	-	-	(140,193)	-
Disposals/write-off	-	(77,397)	(26,561)	(10,804)	(12,780)	-	(127,542)
At 31 December 2013	2,184,694	1,940,889	728,849	218,570	35,399	110,459	5,218,860
Additions	-	189,413	90,671	51,254	8,179	147,631	487,148
Transfer	-	106,083	-	-	-	(106,083)	-
Disposals/write-off	-	(31,963)	(17,787)	(9,036)	(3,568)	-	(62,354)
At 31 December 2014	2,184,694	2,204,422	801,733	260,788	40,010	152,007	5,643,654
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	(281,036)	(603,392)	(340,656)	(84,767)	(8,496)	-	(1,318,347)
Depreciation expense	(56,380)	(185,273)	(73,372)	(22,025)	(4,828)	-	(341,878)
Eliminated on disposals/ write-off of assets	-	24,160	20,549	10,537	7,369	-	62,615
At 31 December 2013	(337,416)	(764,505)	(393,479)	(96,255)	(5,955)	-	(1,597,610)
Depreciation expense	(59,636)	(207,346)	(76,296)	(26,096)	(3,572)	-	(372,946)
Eliminated on disposals/ write-off of assets	-	26,067	15,583	8,852	909	-	51,411
Impairment losses recognised in profit or loss	-	(91,982)	-	-	-	-	(91,982)
At 31 December 2014	(397,052)	(1,037,766)	(454,192)	(113,499)	(8,618)	-	(2,011,127)
CARRYING AMOUNTS							
At 31 December 2014	1,787,642	1,166,656	347,541	147,289	31,392	152,007	3,632,527
At 31 December 2013	1,847,278	1,176,384	335,370	122,315	29,444	110,459	3,621,250

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease, and 25 – 40 years
Leasehold improvements	Over the shorter of the term of the lease, and 10 – 20 years
Furniture, fixtures and equipment	6.44% – 19%
Electronic equipment	19%
Motor vehicles	9.5% – 19%

The leasehold land and buildings are held under medium-term lease in the PRC.

Leasehold land and buildings with a carrying amount of approximately RMB205,463,000 (2013: RMB211,655,000) have been pledged to secure general banking facilities granted to the Group.

At 31 December 2014, included in the leasehold land and buildings is a building acquired upon the acquisition of a subsidiary in 2008 with carrying amount of approximately RMB7,288,000 (2013: RMB7,490,000) whereby the Group is still in the progress of obtaining the Housing Ownership Certificate.

Impairment losses recognised in the current year

The management reviewed the impairment of leasehold improvements on individual store basis when events or circumstances indicate the carrying amount may not be recoverable. Impairment assessment is performed on stores with operating losses which is considered as an impairment indicator for the year ended 31 December 2014 and 2013. The review led to the recognition of an impairment loss of RMB91,982,000 for the year ended 31 December 2014 (2013: Nil), which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 11.36% per annum. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance of each CGUs and management's expectations for the market development.

17. PREPAID LEASE PAYMENTS

	2014 RMB'000	2013 RMB'000
The Group's prepaid lease payments comprise:		
Medium-term leasehold land in the PRC	23,574	25,618
Prepaid lease rentals	115,342	148,228
	138,916	173,846
Analysed for reporting purposes as:		
Current assets	42,457	66,594
Non-current assets	96,459	107,252
	138,916	173,846

Prepaid lease rentals represent the prepayment of rentals for stores situated in the PRC under operating lease with unexpired lease periods between 1 to 19 years.

18. GOODWILL

	2014 RMB'000	2013 RMB'000
COST		
Balance at beginning and end of year	844,964	844,964
ACCUMULATED IMPAIRMENT LOSSES		
Balance at beginning of year	–	–
Impairment losses recognised in the year	(51,085)	–
Balance at end of year	(51,085)	–
CARRYING AMOUNTS		
Balance at end of year	793,879	844,964

The carrying amounts of goodwill allocated to groups of cash-generating units (“CGUs”) of the relevant companies, represent the lowest level within the Group at which goodwill is monitored for internal management purpose, as are set out below:

	2014 RMB'000	2013 RMB'000
Hangzhou Tiantian Wumart Commerce Company, Ltd.		
– Superstores	350,386	350,386
Beijing MerryMart Chain stores Development Company, Ltd.		
– Superstores	260,148	260,148
Beijing Huixin Hypermarket – Superstores (“Huixin Hypermarket”)	92,475	143,560
Zhejiang Gongxiao Supermarket Company, Ltd.		
– Superstores and Minimarts	88,611	88,611
Huzhou Laodafang Supermarket Company, Ltd.		
– Superstores and Minimarts	1,256	1,256
Beijing Wumart Bolante Convenience Stores Company, Ltd.		
– Minimarts	698	698
Beijing Wumart Convenience Stores Company, Ltd. – Minimarts	255	255
Beijing Mencheng Wumart Shangcheng Company, Ltd. – Superstores	50	50
	793,879	844,964

18. GOODWILL (Continued)

During the year ended 31 December 2014, the directors of the Company determine that there are no impairments of any of its CGUs containing goodwill other than that of Huixin Hypermarket. The Group recognised an impairment loss of RMB51,085,000 (2013:Nil) in relation to goodwill allocated to Huixin Hypermarket mainly due to downward revision of budgeted sales by the management as the current year operating result of Huixin Hypermarket was significantly lower than the management's original budget. The difference between the recoverable amount and the carrying amount of the CGUs was recognised as impairment loss.

The recoverable amounts of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate of revenue and the rate of gross margin. The Group prepared cash flow forecasts derived from the one year financial budgets and extrapolates cash flows for future periods based on an estimated growth rate of 2% to 8% and a discount rate of 11.36% (2013: 11.30%), taking into consideration of the lease tenures and the expected lease renewal. The growth rate used does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance of each CGUs and management's expectations for the market development. Directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of each CGUs.

19. OTHER INTANGIBLE ASSETS

	Land use right	Other operating lease contracts	Total
	RMB'000	RMB'000	RMB'000
COST			
At 1 January 2013 and 31 December 2013 and 2014	90,727	27,790	118,517
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 January 2013	(14,686)	(17,232)	(31,918)
Amortisation expense	(2,705)	(1,848)	(4,553)
At 31 December 2013	(17,391)	(19,080)	(36,471)
Amortisation expense	(2,705)	(1,431)	(4,136)
At 31 December 2014	(20,096)	(20,511)	(40,607)
CARRYING AMOUNTS			
At 31 December 2014	70,631	7,279	77,910
At 31 December 2013	73,336	8,710	82,046

(i) All above intangible assets were acquired on acquisition of subsidiaries.

(ii) The following useful lives are used in the calculation of amortisation:

Land use right	40 years
Operating lease contracts	1- 24 years

20. INTERESTS IN ASSOCIATES

	2014 RMB'000	2013 RMB'000
Cost of investments in associates, unlisted	107,964	107,964
Share of post-acquisition profits, net of dividends received	57,000	53,888
Impairment of interest in an associate, unlisted (note i)	(12,265)	(12,265)
	152,699	149,587

As at 31 December 2014, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of establishment	Principal place of operation	Registered capital (RMB'000)	Proportion of Ownership interest/ voting rights held by the Group		Principal activities
					2014	2013	
Beijing Chao Shifa Company Limited (i) ("Chao Shifa")	Joint stock company	PRC	Beijing, PRC	91,980	25.03%	25.03%	Operation of superstores
Beijing Chongwenmen Vegetable Market Supermarket Company Limited ("Chongwenmen Market")	Limited liability company	PRC	Beijing, PRC	60,000	49%	49%	Operation of superstores and mini-marts
Beijing New Life Investment and Development Company Limited	Limited liability company	PRC	Beijing, PRC	10,000	49%	49%	Operation of investment, real estate management

- (i) The excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of Chao Shifa was included in the cost of investment in associate arising from acquisition of Chao Shifa, which was amounted to RMB57,525,000. An impairment loss amounting to RMB 12,265,000 was recognised attributed to the investment in an associate in year 2011.

20. INTERESTS IN ASSOCIATES (Continued)**(ii) Summarised financial information of material associates**

The summarised financial information below represents amounts shown in associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

(a) Chao Shifa and its subsidiaries (the "Chao shifa Group")

	2014 RMB'000	2013 RMB'000
Current assets	773,079	767,322
Non-current assets	216,787	239,323
Current liabilities	698,638	705,885
Non-current liabilities	76,000	92,362
Non-controlling interests	3,466	3,316
Revenue	2,627,887	2,640,873
Total profit and other comprehensive income for the year attributable to:		
Owners of the Chao Shifa Group	6,680	7,038
Non-controlling interests	150	66
	6,830	7,104

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net assets attributable to owners of Chao Shifa	211,762	205,082
Proportion of the Group's ownership interest in Chao Shifa (%)	25.03	25.03
Group's share of net assets	53,004	51,332
Goodwill	57,525	57,525
Impairment loss	(12,265)	(12,265)
Carrying amount of the Group's interest in Chao Shifa	98,264	96,592

20. INTERESTS IN ASSOCIATES (Continued)**(ii) Summarised financial information of material associates (Continued)***(b) Chongwenmen Market*

	2014 RMB'000	2013 RMB'000
Current assets	187,143	232,567
Non-current assets	154,365	129,494
Current liabilities	240,417	263,908
Revenue	352,821	272,640
Total profit and other comprehensive income for the year	11,438	13,430
Dividends received from the associate during the year	4,165	3,871

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net assets of the Chongwenmen Market	101,091	98,153
Proportion of the Group's ownership interest in Chongwenmen Market (%)	49	49
Carrying amount of the Group's interest in Chongwenmen Market	49,535	48,095

(iii) Information of the associate that is not material

	2014 RMB'000	2013 RMB'000
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total profit and other comprehensive income for the year	-	-
Carrying amount of the Group's interest in the associate	4,900	4,900

21. INTEREST IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

	2014 RMB'000	2013 RMB'000
Cost of investment in a joint venture, unlisted	100,000	100,000
Share of post-acquisition profit or loss and other comprehensive income, net of dividends received	(1,404)	330
	98,596	100,330

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Form of business structure	Place of incorporation/ operation	Registered capital RMB'000	Proportion of ownership interest held by the Group		Proportion of voting power held by the Group		Principal activity
				2014	2013	2014	2013	
Beijing Aoshikai Wumart Company Ltd.	Limited liability company	PRC	200,000	50%	50%	50%	50%	Operation of superstores

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	2014 RMB'000	2013 RMB'000
Current assets	55,660	66,833
Non-current assets	190,171	194,379
Current liabilities	48,640	60,552

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	29,300	40,337
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21. INTEREST IN A JOINT VENTURE (Continued)

	2014 RMB'000	2013 RMB'000
Revenue	323,139	337,243
Profit for the year	6,347	11,801
Total profit and other comprehensive income for the year	6,347	11,801
Group's share of profit of a joint venture for the year	3,174	5,541
Dividends received	4,908	4,809
The above profit for the year include the following:		
Depreciation and amortisation	6,022	6,187
Interest income	164	203
Income tax expense	3,712	4,261

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net assets	197,191	200,660
Proportion of the Group's ownership interest (%)	50	50
Carrying amount of the Group's interest	98,596	100,330

22. INVENTORIES

	2014 RMB'000	2013 RMB'000
Merchandise for resale	1,482,053	1,456,564
Consumables	2,921	3,858
	1,484,974	1,460,422

23. LOAN RECEIVABLES

	2014 RMB'000	2013 RMB'000
Fixed-rate loan receivables	236,100	251,220

To secure properties for new stores, the Group entered into the following loan agreements with certain lessors.

Loan receivables comprise:	Maturity Date	Effective interest rate (%)	Carrying amount	
			31/12/2014 RMB'000	31/12/2013 RMB'000
Loan to lessor A (i)	February 2016	8.15	120,000	120,000
Loan to lessor B (ii)	March 2015	7.41	46,500	46,500
Loan to lessor C (iii)	January 2016	–	69,600	–
Loans to a subordinate entity of the District Government (iv)	August 2013	13.42	–	54,720
Loan to lessor D (v)	March 2014	6.72	–	30,000

	2014 RMB'000	2013 RMB'000
Analysed as:		
Current	46,500	84,720
Non-current	189,600	166,500
	236,100	251,220

- (i) In February 2013, the Group entered into a loan agreement and a lease agreement for a property for 20 years with lessor A. The Group lent RMB120,000,000 to lessor A for 3 years. The loan was interest bearing at 8.15% per annum and secured by 71.99% equity interest of the shareholder of the lessor A in lessor A.
- (ii) In March 2013, the Group entered into an entrusted loan agreement through Bank of Beijing Co., Ltd. with lessor B and a lease agreement for a property for 20 years. The Group lent RMB46,500,000 to lessor B for 2 years. The loan was interest bearing at 7.41% per annum and secured by 100% equity interest of the shareholder of the lessor B in lessor B.
- (iii) In January 2014, the Group entered into a loan agreement and a lease agreement for a property for three years with lessor C. The Group lent RMB69,600,000 to lessor C for 3 years. The loan was unsecured and interest free.

23. LOAN RECEIVABLES (Continued)

- (iv) In August 2011, the Group entered into a cooperation agreement with a District Government for a land development project (the “Project”). According to the agreement, the Group lent RMB309,000,000 to a subordinate entity of the District Government (the “Entity”) for 6 months to finance the development of the Project. The loan was interest bearing at 6.1% per annum. In addition, the Group was entitled to receive a certain percentage of return estimated by reference to the aggregate development costs (the “Estimated Return”). The District Government also agreed to award a specified percentage of the profit resulting from the sale of the land (the “Award”), if any, to the Group upon the completion of the land auction. The maturity of the loan was extended to August 2013 and interest bearing at 5.6% per annum from August 2012 onwards. Taking into account the effect on the Estimated Return, the effective interest of the loan receivable was 13.42% for the year ended 31 December 2013. The Entity repaid the principal and the interests (excluding the Estimated Return) in 2013, and confirmed and repaid the interests of the Estimated Return in 2014. As the Award was under negotiation with the District Government, the Group did not recognise the Award upon the completion of the land auction at initial date up to 31 December 2013 due to the uncertainty of the estimated future cash inflows. In current year, the Entity reached agreement with the Group that no Award would be paid.
- (v) The Group entered into an entrusted loan agreement through Hangzhou City Commercial Bank Co., Ltd. with lessor D on 17 December 2013. According to the agreement, the Group lent RMB30,000,000 to lessor D for three months. The loan was interest bearing at 6.72% per annum, which was repaid in February 2014.

24. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	RMB'000
Trade receivables	182,206	169,855
Prepayments to suppliers	365,124	337,737
Deductible input value added tax	632,732	482,523
Rental deposits	109,886	87,153
Other receivables	146,843	194,474
	1,436,791	1,271,742

Trade receivables represent receivables from supply of merchandise to franchised stores and retail sales customers. The credit period is 30 to 60 days for receivables from supply of merchandise to franchised stores. Before accepting any new franchised store, the Group will assess the potential credit quality and define credit limits by store. Credit limits attributed to franchised stores are reviewed twice in every year. The Group’s retail sales to customers are mainly conducted on cash basis, including payments by cash, credit cards and mobile phone payment.

24. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables based on the invoice dates which approximated the respective dates on which revenue was recognised.

	2014 RMB'000	2013 RMB'000
0 – 30 days	153,555	111,198
31 – 60 days	28,651	47,730
>60 days	–	10,927
	182,206	169,855

The Group accesses the customer's credit quality by evaluating their historical credit records and define credit limits for each customer. Recoverability and credit limits of the existing customers are evaluated by the Group regularly. For trade receivables disclosed above which are neither past due nor impaired, they are customers with good credit quality.

As at 31 December 2013, included in above is an amount of RMB10,927,000, which is past due for which the Group had not provided for impairment loss because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over this balance.

25. AMOUNTS DUE FROM/TO RELATED PARTIES

	2014 RMB'000	2013 RMB'000
Amounts due from associates (note a)	66,187	75,769
Amount due from a joint venture (note a)	38,183	51,057
Amounts due from subsidiaries of the Company's shareholder which has significant influence over the Company ("Company's Substantial Shareholder") (note a)	35,885	52,849
	140,255	179,675
Amounts due to associates (note b)	10,389	9,481
Prepayments from subsidiaries of the Company's Substantial Shareholder	7,508	7,892
	17,897	17,373

25. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

Note:

- (a) The amounts due from associates, a joint venture and subsidiaries of the Company's Substantial Shareholder are all trade in nature, unsecured and non-interest bearing. The credit period is 30 to 60 days. The following is an aged analysis of amounts due from related parties based on the invoice dates which approximated the respective dates on which revenue was recognised:

	2014	2013
	RMB'000	RMB'000
0-30 days	70,000	90,092
31-60 days	35,717	41,523
61-90 days	28,383	38,331
>90 days	6,155	9,729
	140,255	179,675

The Group accesses the related parties credit quality by evaluating their historical credit records and define credit limits of the related parties. Recoverability and credit limits of the related parties are evaluated by the Group regularly. For amounts due from related parties disclosed above which are neither past due nor impaired, there has not been a significant change in credit quality of each of the related party.

Included in above is an amount of RMB34,538,000 (2013: RMB48,060,000) which is past due at the end of reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over this balance.

- (b) The amounts due to associates are trade in nature, unsecured and non-interest bearing. The amounts are aged within 60 days.

26. SHORT-TERM INVESTMENTS

	2014	2013
	RMB'000	RMB'000
Short-term investments	92,000	110,000
Total	92,000	110,000

Short-term investments are financial products operated by financial institutions. The financial products were non-principal protected with variable returns and can be redeemed by the Group any time at its discretion from the relevant counterparty issuers. The fair values of the financial products were determined based on the executable redemption prices provided by the respective issuing financial institutions.

27. RESTRICTED BANK BALANCES AND BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits with an original maturity of three months or less and cash held by the Group. The bank deposits carry interests at market rates which range from 0.35% to 2.75% (2013: 0.35% to 2.85%) per annum.

Bank balances and cash were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is subject to control by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

Bank balances and cash that are denominated in currencies other than RMB are set out below:

	2014 RMB'000 equivalent	2013 RMB'000 equivalent
Hong Kong dollar ("HK dollar")	86,400	85,446
United States dollar ("US dollar")	342	315

Restricted bank balances

The restricted bank balances represent deposits pledged for advance of deposit card and deposits for bill payables and short-term bank loan. As at 31 December 2014, restricted bank balances of RMB1,277,402,000 (2013: RMB378,244,000) carry interest from 0.35% to 3.08% (2013: 0.35% to 2.85%) per annum.

28. TRADE AND OTHER PAYABLES

	2014 RMB'000	2013 RMB'000
Bill payables	75,400	115,366
Trade payables	3,779,588	3,579,270
Advances from customers	2,022,992	2,074,423
Deposits received from lessee	307,952	287,648
Rent and other accrual	360,827	301,587
Other payables	482,967	332,471
Obligation under the incentive share scheme (note 39)	29,030	-
Dividends payable	73,811	33,696
	7,132,567	6,724,461

28. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of bills and trade payables at the end of reporting period:

	2014 RMB'000	2013 RMB'000
0-30 days	3,499,311	3,279,740
31-60 days	293,173	338,170
61-90 days	26,043	28,836
Over 90 days	36,461	47,890
	3,854,988	3,694,636

The average credit period on purchase of merchandises is 60 days (2013: 60 days).

29. BORROWINGS

	2014 RMB'000	2013 RMB'000
Short term debenture – unsecured (note a)	–	521,863
Bank loan – unsecured (note b)	60,000	60,000
Bank borrowings – secured (note c)	1,000,000	–
	1,060,000	581,863
Fixed-rate borrowings:		
Within one year (note c)	1,000,000	521,863
In more than one year, but not exceeding two years (note b)	60,000	60,000
	1,060,000	581,863

Note:

- (a) On 30 January 2013, the Company issued short term debenture of a principal amount of RMB500,000,000 through the lead underwriter, China Minsheng Banking Company Limited, with a maturity of one year. The short term debenture carried fixed interest at 4.77% per annum, and was repaid in January 2014.
- (b) The loan carried fixed interest at 5% per annum and would be repaid in 2016.
- (c) In August and September 2014, the Company issued bills receivable to a subsidiary amounting to RMB1,000,000,000 with a maturity of 6 months through Minsheng Bank secured by a bank deposit equivalent to RMB1,000,000,000. The bills receivable were discounted by the subsidiary through Minsheng Bank carried fixed interest at 2.88% per annum.

30. SHARE CAPITAL

	Number of Domestic Shares '000	Number of H Shares '000	Number of Total Shares '000	Share capital RMB'000
Issued and fully paid, at RMB1.00 each				
At 1 January 2013 and				
31 December 2013 (note a)	744,706	536,568	1,281,274	1,281,274
Increase on the issue of incentive shares (note b)	6,270	–	6,270	6,270
At 31 December 2014	750,976	536,568	1,287,544	1,287,544

Note:

- (a) Domestic Shares and H Shares are all ordinary shares in the share capital of the Company. However, H Shares may only be subscribed for by, and traded in currencies other than RMB between, legal or natural persons of Hong Kong, the Macau Special Administrative Region, Taiwan or any country other than the PRC. Domestic Shares must be subscribed for and traded only by PRC citizen in RMB. All dividends in respect of H Shares are to be paid by the Company in HK dollar whereas all dividends in respect of Domestic Shares are to be paid by the Company in RMB. The Domestic Shares and the H Shares rank pari passu with each other in all other respects and in particular, rank equally for all dividends or distributions declared, paid or made.
- (b) The Group issued 6,270,000 domestic shares at par value of RMB1.00 per share to certain employees, directors and a supervisor according to the Incentive Share Scheme (as defined in note 39), which are considered as treasury shares prior to fulfilment of vesting conditions. Detailed information was disclosed in Note 39.

31. DEFERRED TAXATION

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

	Impairment for deposit paid for acquisition of an associate RMB'000	Effective rent RMB'000	Tax losses RMB'000	Differences in tax depreciation RMB'000	Fair value adjustments on business combination RMB'000	Impairment for tangible assets and goodwill RMB'000	Total RMB'000
At 1 January 2013	4,582	85,105	17,781	5,014	(24,481)	3,458	91,459
Credit (charged) to profit or loss	–	11,585	(9,560)	(760)	1,456	–	2,721
At 31 December 2013	4,582	96,690	8,221	4,254	(23,025)	3,458	94,180
Credit (charged) to profit or loss	–	21,704	991	(263)	1,352	22,995	46,779
At 31 December 2014	4,582	118,394	9,212	3,991	(21,673)	26,453	140,959

31. DEFERRED TAXATION (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 RMB'000	2013 RMB'000
Deferred tax assets	153,985	106,968
Deferred tax liabilities	(13,026)	(12,788)
	140,959	94,180

At 31 December 2014, the Group had unused tax losses of RMB417,314,000 (2013: RMB474,387,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB36,849,000 (2013: RMB32,885,000) of such losses. No deferred tax asset has been recognised in respect of other tax losses of RMB 380,465,000 (2013: RMB441,502,000) due to unpredictability of future profit stream, which will expire from the year of 2015 to 2019 (2013: from the year of 2014 to 2018).

32. DEPOSIT PAID

In November and December 2013, the Group entered into a series of agreements, including a cooperation agreement, a loan agreement and relevant supplementary agreements (hereinafter collectively refer to “the Agreements”) with two independent third parties, a cooperative economy organisation (“the Organisation”) and its subordinate entity (the “Project Entity”), which was set up for development and construction of a commercial property (the “Property”). According to the Agreements, the Group will obtain the operating right of the Property for 40 years for an upfront consideration of RMB450,000,000 payable by four instalments through acquiring 75% equity interest of the Project Entity (the “Equity Interest”). The Equity Interest will be transferred to the Group after the Group paid the third instalment of RMB100,000,000 and when the Project Entity obtains the land use right certificate of the Property. The Group is entitled to 100% operating result of the Project Entity and required to pay RMB220,000,000 in aggregate by instalments to the Organisation in the forthcoming 40 years. After 40 years, the Group will return the Equity Interest to the Organisation for nil consideration and the operating right of the Property will be terminated.

As at 31 December 2013, the first and second instalments, amounting to RMB255,445,000 had been paid, including RMB230,000,000 injected to the Project Entity under a loan agreement. As at 31 December 2014, the Project Entity has not obtained the land use right certificate of the Property.

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt (which includes borrowings and cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained profits).

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Company considers the cost of capital and the risks associates with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as raising of borrowings.

34. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	2014 RMB'000	2013 RMB'000
Financial assets		
<i>Designated as at FVTPL</i>		
Short-term investments	92,000	110,000
<i>Loans and receivables (including cash and cash equivalents)</i>		
Loan receivables	236,100	251,220
Trade receivables	182,206	169,855
Other receivables	146,843	194,474
Amounts due from related parties	140,255	179,675
Restricted bank balances	1,277,402	378,244
Bank balances and cash	2,187,761	2,269,912
	4,170,567	3,443,380
Financial liabilities		
<i>Amortised costs</i>		
Bill payables	75,400	115,366
Trade payables	3,779,588	3,579,270
Other payables	482,967	332,471
Amounts due to related parties	10,389	9,481
Borrowings	1,060,000	581,863
	5,408,344	4,618,451
Deposits received from lessee	307,952	287,648

34. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies**

The Group's major financial instruments include held-for-trading investments, loan receivables, borrowings, bank balances and cash, restricted bank balances, trade and other receivables, trade and other payables and amounts due from/to related parties. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rate risk and foreign currency exchange rate. There has been no change to the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

Interest rate risk management

The Group's fair value interest rate risk relates primarily to loan receivables and borrowings (see notes 23 and 29 respectively for details) and the Group's cash flow interest rate risk relates primarily to floating rate bank balances (see note 27 for details).

The Group aims at keeping its borrowings at fixed-rate of interest so as to minimise the cash flow interest rate risk.

The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk section of this note.

Interest rate sensitivity

No sensitivity analysis on cash flow interest rate risk is presented as management consider the sensitivity of interest rate risk on bank balances is insignificant.

Foreign currency risk management

The Group undertakes certain financing and treasury transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

34. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)***Market risk (Continued)**Foreign currency risk management (Continued)*

The carrying amounts of the Group's foreign currency denominated monetary assets of bank balances that are subject to currency risk at the reporting date are as follows:

	Assets	
	2014 RMB'000	2013 RMB'000
Hong Kong dollar ("HK dollar")	86,400	85,446
United States dollar ("US dollar")	342	315

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuations in the exchange rate between HK dollar/US dollar against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK dollar and US dollar. 5% is the sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation to RMB at year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	HK dollar		US dollar	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Profit or loss	3,240	3,204	13	12

Other price risk management

During both years, the Group has invested in financial products operated by financial institutions which exposed the Group to other price risk. The management manages the other price risk by closely monitoring the portfolio of the investments. In view of short term in nature, the management does not expect a material change in fair value of the short term investment and accordingly, no sensitivity analysis is presented.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. For loan receivables, the management of the Group accesses the lessors' credit quality by evaluating their historical credit records. In addition, majority of the loan receivables are secured by the equity interests of the counterparties to minimise the credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and loan receivables due from certain lessors of the Group, the Group does not have any other significant concentration of credit risk. Trade receivables consist of various franchised stores and retail sale customers located in Beijing, Tianjin and Zhejiang province.

Liquidity risk management

At 31 December 2014, the Group had net current liabilities amounting to RMB1,602,735,000 (2013: RMB1,632,656,000). The Group is exposed to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on cash generated from operating activities and borrowings as a significant source of liquidity. For the year ended 31 December 2014, the Group had cash generated from operating activities of approximately RMB958,244,000 (2013: RMB1,558,969,000). Other than the cash generated from operating activities, the Group's management is responsible to maintain sufficient funding from borrowings. The management monitors the utilisation of borrowings and ensures compliance with borrowing covenants. As at 31 December 2014, three banking facilities of RMB700,000,000 (2013: RMB900,000,000) in aggregate are available, which comprised: (a) a banking facility of RMB100,000,000 from Bank A which is available until 10 September 2015, (b) a banking facility of RMB100,000,000 from Bank B which is available until 22 May 2015, (c) a banking facility of RMB500,000,000 from Bank C which is available until 10 October 2015. The banking facilities of RMB678,107,000 has not been utilised as of the end of the reporting period and the date of issuance of these consolidated financial statements.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The directors believe that the Group will have sufficient funds available to meet its financial obligations in the foreseeable future based on management's working capital forecast.

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	On demand or Less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at year end RMB'000
At 31 December 2014							
Non – derivative financial liabilities							
Trade and other payables		789,566	3,512,339	36,050	–	4,337,955	4,337,955
Amount due to related parties		10,389	–	–	–	10,389	10,389
Borrowings – fixed rate	3.00	–	1,000,000	3,000	61,000	1,064,000	1,060,000
Deposits received from lessee		–	–	307,952	–	307,952	307,952
		799,955	4,512,339	347,002	61,000	5,720,296	5,716,296
At 31 December 2013							
Non – derivative financial liabilities							
Trade and other payables		636,945	3,279,740	110,422	–	4,027,107	4,027,107
Amount due to related parties		9,481	–	–	–	9,481	9,481
Borrowings – fixed rate	4.89	–	524,600	2,250	64,000	590,850	581,863
Deposits received from lessee		–	–	287,648	–	287,648	287,648
		646,426	3,804,340	400,320	64,000	4,915,086	4,906,099

34. FINANCIAL INSTRUMENTS (Continued)**(c) Fair value measurements of financial instruments**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets/ Financial liabilities	Fair value as at (RMB'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2014	31/12/2013		
Non-derivative financial assets (see note 26)	92,000	110,000	Level 2	Executable redemption prices provided by the issuing financial institutions which are computed based on the fair values of the underlying investment portfolio.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost at the end of the reporting period approximated their corresponding fair values.

35. OPERATING LEASES**The Group as lessee**

At the end of reporting period, the Group had commitments for future minimum lease payments under operating leases in respect of rented premises which fall due as follows:

	2014 RMB'000	2013 RMB'000
Within one year	1,076,031	920,438
In the second to fifth year inclusive	3,166,469	3,744,618
Over five years	9,664,909	8,169,245
	13,907,409	12,834,301

These leases were negotiated for lease terms of one to twenty years. Rentals are fixed throughout the lease periods and none of the leases includes any contingent rentals.

35. OPERATING LEASES (Continued)**The Group as lessor**

Operating leases relate to retail booths of the stores owned or leased by the Group being rented out with lease terms ranging from six months to one year.

At the end of reporting period, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	2014 RMB'000	2013 RMB'000
Within one year	936,820	783,509

36. CAPITAL AND OTHER COMMITMENTS

	2014 RMB'000	2013 RMB'000
Capital expenditure		
In respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,100,840	391,637
Other commitment		
In respect of the Equity Interest (see note 32) contracted for but not provided in the consolidated financial statements (Note)	414,555	414,555
Capital expenditure		
In respect of property, plant and equipment authorised but not contracted for	89,419	274,705

Note: Other commitment includes the remaining amount payable for the 75% equity interest in the Project Entity (whose sole activity is development and construction of a commercial property) and its 100% operating results in accordance with the Agreements set out in note 32.

37. RELATED PARTY TRANSACTIONS

- (a) Apart from the amounts due from and to related companies as disclosed in note 25, during the year, the Group had the following related party transactions:

	2014 RMB'000	2013 RMB'000
Sales of goods to a joint venture	231,750	215,776
Sales of goods to subsidiaries of the Company's Substantial Shareholder	160,824	151,084
Sales of goods to associates	183,184	149,710
Purchase of goods from associates	66,853	72,268
Rental expense to a subsidiary of the Company's Substantial Shareholder (Note)	17,153	17,636
Service fee income from associates and a joint venture in respect of merchandise delivery services	6,222	5,478
Service fee income from subsidiaries of the Company's Substantial Shareholder in respect of merchandise delivery services	4,821	4,526
Management fee income from subsidiaries of the Company's Substantial Shareholder	211	190

As at 31 December 2014, the Company's Substantial Shareholder provided guarantee to secure general banking facilities of RMB200,000,000 (2013: RMB400,000,000) granted to the Group.

Note: As at 31 December 2014, the Group had commitment for future minimum lease payments under operating leases in respect of rented premises of a subsidiary of the Company's Substantial Shareholder which fall due as follows:

	2014 RMB'000	2013 RMB'000
Within one year	18,680	18,680
In the second to fifth year inclusive	19,097	37,639
Over five years	225	363
	38,002	56,682

37. RELATED PARTY TRANSACTIONS (Continued)**(b) Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	2014	2013
	RMB'000	RMB'000
Short-term benefits	8,004	8,498
Post-employment benefits	1,120	790
Incentive share expense	1,326	–
	10,450	9,288

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

38. RETIREMENT BENEFIT SCHEMES

The PRC employees of the Group are members of state-managed retirement benefit schemes operated by the local governments. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The retirement benefit cost charged to profit or loss for the year ended 31 December 2014, amounts to RMB123,346,000 (2013: RMB105,930,000).

39. INCENTIVE SHARE SCHEME

On 17 May 2013, the board of directors was authorised to issue up to 12,812,741 new domestic shares, which were represents 1% and 1.72% of the aggregate amount of the Company's total issued shares and total issued domestic shares, respectively, as incentive shares to directors (other than the independent directors) and supervisors (other than external supervisors) of the Company, and key personnel of the Group, and other persons as approved by the board (the "Participants", hereinafter collectively referred to as the "Incentive Share Scheme"). According to the Incentive Share Scheme, the incentive shares will be issued and granted to the Participants, subject to vesting conditions. On issuance of the incentive share, the Group recorded the par value of the shares as share capital, with a corresponding debit entry to incentive share reserve. According to the Incentive Share Scheme, the incentive shares shall be automatically unlocked on the unlocking dates in accordance with the relevant proportions and during the next 5 years. During the locked-up period, the Participant shall not dispose of the shares granted. The unlocking of shares by 5 tranches are considered as vesting conditions. If the incentive shares are forfeited prior to vesting, the Company is authorised by the Participant to transfer the incentive shares held by such Participant and yet to be unlocked to other Participants at the grant price on his/her behalf, or repurchase the aforesaid incentive shares at the grant price for cancellation. Accordingly, the Company's obligation to repurchase the unlocked incentive shares prior to vesting is recognised as obligation under the incentive scheme. Upon vesting of the incentive shares, the obligation to repurchase and the amount previously recognised in the incentive share reserve, net of the par value of the relevant shares, will be transferred to share premium. Details of the Incentive Share Scheme are set out in the Company's announcement dated 2 April 2013.

On 14 March 2014, the Company granted 3,500,000 incentive shares to three directors and a supervisor that the grantees shall pay the initial grant price of RMB4.63 per share. On 3 June 2014, 2,770,000 incentive shares were granted to non-connected Participants that the grantees shall pay the initial grant price of RMB4.63 per share. The fair value of the incentive shares granted was calculated based on the Binominal Option pricing model with several assumptions valued by an independent valuer. The fair values of the incentive shares granted at the respective grant date were RMB5.73 and RMB5.17 per share, taking into consideration of discount for lack of marketability of domestic shares. The Group recognised the incentive share expenses of approximately RMB1,428,000 into the profit or loss during the current year (2013:Nil). The obligation under the incentive share scheme amounting to RMB29,030,000 was provided as at 31 December 2014.

40. EVENT AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

41. PRINCIPLE SUBSIDIARIES**General information of principle subsidiaries**

Details of the Company's principle subsidiaries as at 31 December 2014 and 2013 are set out below.

Name of subsidiary	Place/Country of incorporation or registration/operation	Paid up issued/registered ordinary share capital	Proportion of ownership interest and proportion of voting power held by the Company				Principal activities
			Directly		Indirectly		
			2014 %	2013 %	2014 %	2013 %	
Beijing Wumart Bolante Convenience Stores Company Limited	Beijing PRC	10,000,000	80	80	-	-	Operation of mini-marts
Beijing Wumart Stores Company Limited	Beijing PRC	10,000,000	80	80	16	16	Operation of superstores
Beijing Mencheng Wumart Shangcheng Company Limited	Beijing PRC	1,000,000	70	70	-	-	Operation of superstores
Beijing Wumart Tongfu Commerce Company Limited	Beijing PRC	1,000,000	55	55	-	-	Operation of superstores
Beijing Wumart Tianxiang Convenience Stores Company Limited	Beijing PRC	1,000,000	60	60	-	-	Operation of mini-marts
Beijing Tongtang Wumart Convenience Stores Company Limited	Beijing PRC	1,000,000	100	100	-	-	Operation of mini-marts
Beijing Wumart Jingxi Convenience Stores Company Limited	Beijing PRC	1,000,000	75	75	-	-	Operation of mini-marts
Beijing Wumart Gulou Commerce and Trading Company Limited	Beijing PRC	10,000,000	65	65	-	-	Operation of superstores
Beijing Wumart Convenience Stores Company Limited	Beijing PRC	50,000,000	80	80	-	-	Operation of mini-marts
Beijing Jiahe Wumart Commerce Company Limited	Beijing PRC	10,000,000	80	80	14.4	14.4	Operation of superstores

41. PRINCIPLE SUBSIDIARIES (Continued)

General information of principle subsidiaries (Continued)

Name of subsidiary	Place/Country of incorporation or registration/operation	Paid up issued/registered ordinary share capital	Proportion of ownership interest and proportion of voting power held by the Company				Principal activities
			Directly		Indirectly		
			2014	2013	2014	2013	
			%	%	%	%	
Tianjin Wumart WeiLai Commercial Development Company Limited	Tianjin PRC	100,000,000	99.8	99.8	0.19	0.19	Operation of superstores
Wumart (Tianjin) Chain Stores Company Limited	Tianjin PRC	97,639,384	-	-	100	100	Operation of superstores
Baoding Wumart Stores Company Limited	Beijing PRC	1,000,000	80	80	19.2	19.2	Operation of superstores
Beijing Wumart Hypermarket Commercial Management Company Limited	Beijing PRC	10,000,000	95	95	4.8	4.8	Operation of superstores
Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited	Beijing PRC	20,000,000	95	95	4.8	4.8	Operation of superstores
Beijing Wumart Distribution Technology Company Limited	Beijing PRC	8,000,000	80	80	20	20	Operation of superstores
Beijing Wumart Home Appliance Company Limited	Beijing PRC	20,000,000	100	100	-	-	Operation of home appliance wholesales
Beijing Merrymart Chain stores Development Company Limited	Beijing PRC	52,480,000	100	100	-	-	Operation of superstores
Hangzhou Tiantian Wumart Commerce Company Limited	Zhejiang PRC	50,000,000	100	100	-	-	Operation of superstores
Zhejiang Gongxiao Supermarket Company Limited	Zhejiang PRC	21,000,000	-	-	63.64	63.64	Operation of mini-marts
Huzhou Laodafang Supermarket Company Limited	Zhejiang PRC	5,000,000	-	-	32.46	32.46	Operation of mini-marts

41. PRINCIPLE SUBSIDIARIES (Continued)

General information of principle subsidiaries (Continued)

Name of subsidiary	Place/Country of incorporation or registration/operation	Paid up issued/registered ordinary share capital	Proportion of ownership interest and proportion of voting power held by the Company				Principal activities
			Directly		Indirectly		
			2014 %	2013 %	2014 %	2013 %	
Wumart Jialian (Hangzhou) Commerce Company Limited	Zhejiang PRC	68,269,000	-	-	100	100	Operation of superstores
Wumart Jiacheng (Hangzhou) Commerce Company Limited	Zhejiang PRC	68,272,000	-	-	100	100	Operation of superstores
Tianjin Wumart Lianjing Commerce Company Limited	Tianjin PRC	1,000,000	100	100	-	-	Operation of superstores
Langfang Wumart Commerce Company Limited	Hebei PRC	5,000,000	100	100	-	-	Operation of superstores
Zhangjiakou Wumart Commerce Company Limited	Hebei PRC	10,000,000	100	100	-	-	Operation of superstores
Beijing Jingtaiyi Wumart Supermarket Company Limited	Beijing PRC	10,000,000	100	100	-	-	Operation of superstores
Beijing Jingshun Wumart Supermarket Company Limited	Beijing PRC	10,000,000	100	100	-	-	Operation of superstores
Xianghe Wumart Supermarket Company Limited	Hebei PRC	5,000,000	100	100	-	-	Operation of superstores
Beijing Wumart Haoweilai Commerce Company Limited (note)	Beijing PRC	30,000,000	-	-	86.40	-	Operation of superstores
Hebei Wumart Logistics Company Limited (note)	Hebei PRC	10,000,000	100	-	-	-	Operation of Logistics

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

In the opinion of the directors of the Company, the Group does not have any non-wholly owned subsidiaries with material non-controlling interests.

All of the PRC subsidiaries of the Company listed above are domestic enterprises.

None of the subsidiaries had issued any debt securities at the end of the year.

Note: Newly established during the year ended 31 December 2014.

42. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

	Note	2014 RMB'000	2013 RMB'000
Non-current Assets			
Property, plant and equipment		586,031	592,234
Rental deposits		40,578	81,673
Investments in subsidiaries		2,349,596	2,329,596
Investment in associates		95,699	95,699
Investment in a joint venture		100,000	100,000
Deferred tax assets		33,508	21,262
Loan receivables		120,000	120,000
Deposit paid		255,445	255,445
Other non-current assets (Note)		350,000	–
		3,930,857	3,595,909
Current Assets			
Inventories		295,201	342,757
Loan receivables		–	54,720
Trade and other receivables		599,316	474,705
Amounts due from related parties		49,291	100,232
Amounts due from subsidiaries		2,173,140	1,903,436
Short-term investments		–	100,000
Restricted bank balances		1,256,638	357,559
Bank balances and cash		888,083	1,103,531
		5,261,669	4,436,940
Current Liabilities			
Trade and other payables		2,081,903	2,329,921
Amounts due to related parties		20,488	11,418
Amounts due to subsidiaries		3,885,032	2,775,470
Tax liabilities		51,535	68,082
Borrowings		1,000,000	521,863
		7,038,958	5,706,754
Net Current Liabilities		(1,777,289)	(1,269,814)
Total assets less Current Liabilities		2,153,568	2,326,095
Capital and Reserves			
Share capital	30	1,287,544	1,281,274
Share premium and reserves		866,024	1,044,821
Total equity		2,153,568	2,326,095

Note: The amount represents the capital invested into subsidiary but in the progress of the verification of the capital injection.

42. FINANCIAL INFORMATION OF THE COMPANY (Continued)

	Share capital RMB'000	Share premium RMB'000	Incentive share reserve RMB'000	Statutory common reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2013	1,281,274	745,018	–	218,062	162,136	2,406,490
Profit and total comprehensive income for the year	–	–	–	–	188,672	188,672
Dividend declared by the Company	–	–	–	–	(269,068)	(269,068)
Profit appropriations	–	–	–	21,448	(21,448)	–
At 31 December 2013	1,281,274	745,018	–	239,510	60,292	2,326,094
Profit and total comprehensive income for the year	–	–	–	–	147,932	147,932
Issuance of incentive shares	6,270	–	(6,270)	–	–	–
Expenses recognised as the equity-settled share-base payment	–	–	1,428	–	–	1,428
Dividend declared by the Company	–	–	–	–	(321,886)	(321,886)
Profit appropriations	–	–	–	14,932	(14,932)	–
At 31 December 2014	1,287,544	745,018	(4,842)	254,442	(128,594)	2,153,568

3. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2015

The following is the full text of the unaudited financial information of the Group as extracted from the interim report of the Company for the six months ended 30 June 2015.

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 and the corresponding period in 2014

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue from sales of goods	4	10,265,654	9,211,930
Cost of sales		(9,414,370)	(8,311,160)
Gross profit		851,284	900,770
Other revenues	4	1,413,940	1,221,095
Investment and other income	5	225,744	207,992
Distribution and selling expenses	6	(1,792,111)	(1,631,857)
Administrative expenses	6	(342,585)	(276,084)
Share of profit of associates		4,214	1,925
Share of profit of a joint venture		2,669	2,646
Finance costs	7	(1,629)	(5,062)
Profit before tax		361,526	421,425
Income tax expense	8	(102,235)	(100,571)
Profit and total comprehensive income for the period	9	259,291	320,854
Profit and total comprehensive income for the period attributable to the following			
Owners of the Company		246,984	306,661
Minority interests		12,307	14,193
Basic earnings per share (RMB yuan per share)	11	0.19	0.24

Condensed Interim Consolidated Statement of Financial Position

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	3,852,465	3,632,527
Rental deposits		252,754	205,405
Prepaid lease payments		195,281	96,459
Goodwill		793,879	793,879
Intangible assets		70,861	77,910
Interests in associates	13	156,913	152,699
Interests in a joint venture	13	101,265	98,596
Deferred tax assets	21	153,985	153,985
Deposit paid	14	255,445	255,445
Loan receivables	15	193,440	189,600
		6,026,288	5,656,505
Current Assets			
Inventories		1,306,548	1,484,974
Loan receivables	15	46,500	46,500
Trade and other receivables	16	1,176,961	1,436,791
Amounts due from related parties	17	127,603	140,255
Prepaid lease payments		168,665	42,457
Held-for-trading investments		63,500	92,000
Cash and deposits with central bank	18	10	0
Deposits with banks and non-bank financial institutions	18	709,366	0
Restricted bank balances		1,506,181	1,277,402
Bank balances and cash		2,219,193	2,187,761
		7,324,527	6,708,140
Current Liabilities			
Trade and other payables	19	7,382,625	7,132,567
Amounts due to related parties	17	30,164	17,897
Tax liabilities		130,265	160,411
Loans	20	1,506,300	1,000,000
		9,049,354	8,310,875
Net Current Liabilities		(1,724,827)	(1,602,735)
Total Assets less Current Liabilities		4,301,461	4,053,770
Capital and Reserves			
Share capital		1,287,544	1,287,544
Share premium and reserves		2,740,929	2,493,945
Equity attributable to owners of the Company		4,028,473	3,781,489
Minority interests		199,962	199,255
Total equity		4,228,435	3,980,744
Non-current Liabilities			
Loans in associates		60,000	60,000
Deferred tax liabilities	21	13,026	13,026
		73,026	73,026
		4,301,461	4,053,770

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Equity attributable to owners of the Company								
	Share capital	Share premium	Other reserve	Incentive share reserve	Statutory common reserve fund	Retained profits	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014 (Audited)	1,281,274	745,018	(747,663)	0	398,128	2,030,407	3,707,164	185,807	3,892,971
Profit for the period	0	0	0	0	0	306,661	306,661	14,193	320,854
Shares in issue	6,270	22,760	0	0	0	0	29,030	0	29,030
Dividend paid to minority interests	0	0	0	0	0	0	0	(7,920)	(7,920)
Dividend payable by the Company	0	0	0	0	0	(321,886)	(321,886)	0	(321,886)
At 30 June 2014 (Unaudited)	1,287,544	767,778	(747,663)	0	398,128	2,015,182	3,720,969	192,080	3,913,049
At 1 January 2015 (Audited)	1,287,544	745,018	(747,663)	(4,842)	423,464	2,077,968	3,781,489	199,255	3,980,744
Profit for the period	0	0	0	0	0	246,984	246,984	12,307	259,291
Shares in issue	0	0	0	0	0	0	0	0	0
Dividend paid to minority interests	0	0	0	0	0	0	0	(11,600)	(11,600)
Dividend payable by the Company	0	0	0	0	0	0	0	0	0
At 30 June 2015 (Unaudited)	1,287,544	745,018	(747,663)	(4,842)	423,464	2,324,952	4,028,473	199,962	4,228,435

Condensed Interim Consolidated Statement of Cash Flows*For the six months ended 30 June 2015*

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	564,493	139,744
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(309,120)	(280,780)
Proceeds from disposal of property, plant and equipment	0	905
Decrease (increase) in restricted bank balances	(228,780)	114,702
Increase in held-for-trading investments	(28,500)	(1,440,391)
Cash received from investment income	45,598	27,574
NET CASH USED IN INVESTING ACTIVITIES	(520,802)	(1,577,990)
FINANCING ACTIVITIES		
Amounts paid for repayment of short term debenture	0	(500,000)
Amounts received from grant of incentive shares	0	29,030
Interest paid	(660)	(25,377)
Dividend paid to minority interests of subsidiaries	(11,600)	(7,920)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(12,260)	(504,267)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,432	(1,942,513)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,187,761	2,269,912
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	2,219,193	327,399

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended 30 June 2015

1. General

Wumart Stores, Inc. is registered in the PRC as a joint stock company with limited liability. Its overseas-listed foreign shares (“H shares”) were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in November 2003 and listing was transferred from GEM to the main board of the Hong Kong Stock Exchange since 30 June 2011.

The Company’s registered address is Room 5610, 1 Shixingdong Street, Badachu HighTech Park District, Shijingshan District, Beijing, the PRC and its head office is located at Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC. Its principal place of business in Hong Kong is located at 18th Floor, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong.

The Group is principally engaged in the operation of superstores and mini-marts.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

This interim financial information is unaudited and was approved to be published by the Board on 21 July 2015.

2. Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, which are further explained in the accounting policies set out as follows.

Except as described below, the accounting policies and basis of preparation used in the unaudited condensed consolidated interim financial statements are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2014.

2. Basis of Presentation (continued)

Application of a new Interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

During the Reporting Period, the Group has applied, for the first time, the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of these condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(FRIC)-Int 21	Levies

Application of the above Interpretation and amendments to HKFRSs has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

The application of the above new Interpretation and Amendments to HKFRSs in the Reporting Period has had no material effect on the amounts reported and/or disclosures intended to be set out in these condensed consolidated financial statements.

3. Segment Information

The Group is principally engaged in the operations of superstores and mini-marts in the PRC and all non-current assets of the Group are located in the PRC. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors of the Company. The information reported to the Board of Directors of the Company for the purpose of resource allocation and assessment of performance is based on the overall operation of all superstores and mini-marts, which is the only operating segment reported internally. Accordingly, no segmental analysis is presented.

4. Revenue and Other Revenues

Revenue and other revenues recognised by the Group for the six months ended 30 June 2015 are as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue from sales of goods	10,265,654	9,211,930
Other revenues		
Rental income from leasing of shop premises	401,254	362,576
Income from suppliers, including store display income and promotion income	1,012,686	858,519
	1,413,940	1,221,095
Total revenue	11,679,594	10,433,025

5. Investment and Other Income

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Delivery service income	105,384	89,528
Government subsidies	4,855	8,809
Interest income	25,174	11,943
Wealth management returns	26,083	19,620
Penalty charge from suppliers	15,026	31,289
Income from sales of scrapped materials	6,491	8,085
Others	42,731	38,718
	225,744	207,992

Note: In August and September 2014, the Company issued bills receivable to a subsidiary amounting to RMB1,000,000,000 with a maturity of 6 months through Minsheng Bank. Those bills have matured in February and March 2015 respectively, with interest income on bill deposits of RMB15,400,000 included in the interest income for the six months ended 30 June 2015.

6. Selling Expenses and Administrative Expenses

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Distribution and selling expenses ⁽ⁱ⁾	1,792,111	1,631,857
Administrative expenses ⁽ⁱⁱ⁾	342,585	276,084
	2,134,696	1,907,941

Note:

- (i) The increase in distribution and selling expenses was mainly due to the increase in rental expenses, staff costs and promotion fees in respect of newly-opened stores;
- (ii) On 6 and 27 February 2015, the Company issued two tranches of bills receivable to a subsidiary each amounting to RMB500,000,000 with a maturity of 6 months through Bohai Bank secured by a bank deposit in an equivalent amount. On 6 and 27 February, such bills receivable were discounted by the subsidiary through Bohai Bank at the discount rates ranging from 3% to 4%, respectively. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 4% to 5%.

On 4 March 2015, the Company issued bills receivable to a subsidiary amounting to RMB500,000,000 with a maturity of 6 months through Minsheng Bank secured by a bank deposit in an equivalent amount. On 4 March, the bills receivable were discounted by the subsidiary through Minsheng Bank at the discount rate ranging from 2% to 3%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 3% to 4%.

Discounted amount received in respect of the aforesaid bills receivable was included into loans by nature, and discounting fees of RMB26,507,000 in aggregate paid in February and March was charged to administrative expenses for the six months ended 30 June 2015.

7. Finance Costs

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Financial costs	1,629	5,062
	1,629	5,062

Note: In January 2013, the Company issued short term debenture of a principal amount of RMB500,000,000 with a maturity of 1 year through Minsheng Bank and repaid in January 2014. Interest expenses paid was charged to the financial costs for the period; there were no such interest expenses for this year as no new short term debenture was issued.

8. Income Tax Expense

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
The charge comprises:		
PRC income tax	102,235	100,571
	102,235	100,571

The tax charge for the six months ended 30 June 2015 can be reconciled to the consolidated statement of comprehensive income as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit before tax	361,526	421,425
Taxation at the PRC income tax rate of 25%	90,381	105,356
Tax effect of share of profit of associates and a joint venture	(1,721)	(1,143)
Tax effect of income not subject to tax in determining taxable profit	(88)	(1,773)
Tax effect of tax losses not recognised	22,852	5,524
Utilisation of tax losses previously not recognised	(9,189)	(7,393)
Income tax for the period ^(Note)	102,235	100,571

Note: Affected by the cyclical nature of retail industry, the first quarterly results of certain stores were better than their profitability for the six months ended 30 June 2015, and the actual income tax paid for the first quarter was higher than that payable for the first half of the year. Meanwhile, the decline in the operating results of certain companies due to the overall economic environment led to the decrease in utilization of losses from the previous years. Therefore, due to those two factors mentioned above, the effective income tax rate recorded this year was higher than that of the corresponding period of last year.

9. Profit for the Period

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Depreciation for property, plant and equipment	(85,237)	(80,971)
Amortisation for leasehold improvements	(70,725)	(68,332)
Amortisation for prepaid lease payments	(42,488)	(41,049)
Amortisation for land use rights	(7,049)	(2,277)
Total depreciation and amortisation	(205,499)	(192,628)
Operating lease rentals in respect of rented premises	(601,500)	(521,505)
Staff costs (including directors' emoluments)	(745,120)	(696,387)
Share of tax of associates and a joint venture (included in share of profit of associates and a joint venture)	(1,721)	(1,143)

10. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (Six months ended 30 June 2014: Nil).

A final dividend for the year ended 31 December 2014 was RMB0 per share (2013: RMB0.25 per share).

11. Earnings Per Share

The calculation of basic earnings per share is based on the following data:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company	246,984	306,661
Weighted average number of shares for the purposes of basic earnings per share (shares)	1,287,544,116	1,281,689,807
Earnings per share – basic and diluted (RMB: Yuan)	0.19	0.24

12. Property, Plant and Equipment

For the six months ended 30 June 2015, the addition of furniture, fixtures and equipment of the Group was approximately RMB93,550,000 (Six months ended 30 June 2014: RMB39,175,000), the addition of leasehold improvements was approximately RMB126,388,000 (Six months ended 30 June 2014: RMB184,174,000) and the addition of land and buildings was nil (Six months ended 30 June 2014: Nil).

13. Interests in Associates and a Joint Venture

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Cost of investments in associates, unlisted	107,964	107,964
Share of post-acquisition profits, net of dividends received	61,214	57,000
Impairment of interest in associates, unlisted	(12,265)	(12,265)
	156,913	152,699
Cost of investments in a joint venture, unlisted	100,000	100,000
Share of post-acquisition profits, less dividends received	1,265	(1,404)
	101,265	98,596
	258,178	251,295

As at 30 June 2015, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/registered capital held by the Group		Principal activities
					30 June 2015	31 December 2014	
Beijing Chao Shifa Company Limited	Established	PRC	Beijing, PRC	Ordinary	25.03%	25.03%	Operation of superstores
Beijing Chongwenmen Vegetable Market Supermarket Company Limited	Established	PRC	Beijing, PRC	Ordinary	49%	49%	Operation of superstores and mini-marts
Beijing New Life Investment and Development Company Limited	Established	PRC	Beijing, PRC	Ordinary	49%	49%	Operation of investment, real estate management

13. Interests in Associates and a Joint Venture (continued)

As at 30 June 2015, the Group had interests in the following joint venture:

Name of entity	Form of business structure	Place of incorporation/ operation	Registered capital RMB'000	Proportion of registered capital held by the Group		Proportion of voting power held		Principal activities
				30 June 2015	31 December 2014	30 June 2015	31 December 2014	
Beijing Aoshikai Wumart Company Ltd.	Established	PRC	200,000	50%	50%	50%	50%	Operation of superstores

14. Deposit Paid

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Deposit paid ^(Note)	255,445	255,445

Note: In November and December 2013, the Group entered into a series of agreements with two independent third parties, a cooperative economy organisation (小紅門鄉經濟組織合作社) and its subordinate entity, pursuant to which the Group will obtain the operating right of the Property for 40 years through acquiring 75% equity interest of the Project Entity. As of 30 June 2015, the Group has paid the first and second instalments amounting to RMB255,445,000. For details, please refer to note 32 to the 2014 annual report.

15. Loan Receivables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Fixed-rate loan receivables	239,940	236,100
Analyzed as:		
Current ^(Note i)	46,500	46,500
Non-current ^(Note ii)	193,440	189,600
	239,940	236,100

Note i: In March 2013, the Group entered into an entrusted loan agreement through Beijing Bank with lessor A and a lease agreement for a property for 20 years. The Group lent RMB46,500,000 to lessor A for 2 years. The loan was interest bearing at 7.41% per annum and secured by the equity interest of the shareholder of lessor A. In March 2015, an extension agreement was signed to extend the term of loan for one year with interest rate unchanged.

Note ii: In February 2013, the Group entered into a loan agreement and a lease agreement for a property for 20 years with lessor B. The Group lent RMB120,000,000 to lessor B for 3 years. The loan was interest bearing at 7.4% per annum.

In January 2014, the Group entered into a loan agreement and a lease agreement for a property for three years with lessor C. The Group lent RMB69,600,000 to lessor C for 3 years. The loan was partly repaid in 2015 and its balances was RMB58,440,000.

In January 2014, the Group entered into a loan agreement and a lease agreement for a property for one year with lessor D. The Group lent RMB15,000,000 to lessor D for one year. After the loan was due in January 2015, an extension agreement was entered into for the purpose of setting off property rentals with the loan.

16. Trade and Other Receivables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	178,705	182,206
Prepayments to suppliers	362,820	365,124
Deductible input value added tax	540,629	632,732
Rental deposits	89,252	109,886
Other receivables	5,555	146,843
	1,176,961	1,436,791

Trade receivables represent receivables from supply of merchandise to managed stores and retail sales customers. The average credit period is 30 to 60 days for receivables from supply of merchandise to managed stores of the Group. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aged analysis of trade receivables:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	125,094	153,555
31 – 60 days	48,250	28,651
Over 60 days	5,361	0
	178,705	182,206

17. Amounts Due from/to Related Parties

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Amounts due from associates	87,010	66,187
Amounts due from a joint venture	30,697	38,183
Amounts due from subsidiaries of a shareholder of the Company which has significant influence over the Company (the "Company's Controlling Shareholder")	9,896	35,885
	127,603	140,255
Amount due to associates	19,930	10,389
Amount due to subsidiaries of the Company's Controlling Shareholder	10,234	7,508
	30,164	17,897

The amounts due from associates, a joint venture and subsidiaries of the Company's Controlling Shareholder are all trade in nature, unsecured and non-interest bearing. The average credit period for trade in nature balances is 30 to 60 days. The aged analysis of those trade in nature balances is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	63,802	70,000
31 – 60 days	30,625	35,717
61 – 90 days	22,969	28,383
91 – 180 days	10,207	6,155
	127,603	140,255

18. Deposits with Banks and Non-Bank Financial Institutions and Central Bank

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Cash and deposits with central bank <i>(Note)</i>	10	0
Deposits with banks and non-bank financial institutions <i>(Note)</i>	709,366	0
	709,376	0

Note: The Company published a board resolution on 21 October 2011 to disclose matters in relation to the establishment of the Finance Co. On 26 May 2015, the Finance Co. was duly established with the approval of China Banking Regulatory Commission ("CBRC"), the monetary capital of which was included into cash and deposits with central bank as well as deposits with banks and non-bank financial institutions.

19. Trade and Other Payables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bill payables	70,642	75,400
Trade payables	3,595,766	3,779,588
Advances from customers	2,100,017	2,022,992
Deposits received from lessee	338,158	307,952
Rent accrual	442,817	360,827
Other payables	732,384	482,967
Dividends payable	73,811	73,811
Share repurchase payment arising from incentive shares that may acquire outstanding options	29,030	29,030
	7,382,625	7,132,567

The following is an aged analysis of trade payables and bill payables:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 – 30 days	3,254,670	3,499,311
31 – 60 days	329,977	293,173
61 – 90 days	36,664	26,043
Over 90 days	45,097	36,461
	3,666,408	3,854,988

20. Loans

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bank loans – unsecured ^(Note 1)	6,300	0
Bank loans – secured ^(Note 2)	1,500,000	1,000,000
	1,506,300	1,000,000

Note 1: On 19 June 2015, a subsidiary of the Group entered into a liquidity loan agreement with the Agricultural Bank of China for a one-year loan of RMB6,300,000 at a variable interest rate as a certain percentage of the lending rate for such tenor offered by the bank.

Note 2: Please refer to Note 6. On 6 and 27 February 2015, the Company issued two tranches of bills receivable to a subsidiary each amounting to RMB500,000,000 with a maturity of 6 months through Bohai Bank secured by a bank deposit in an equivalent amount. On 6 and 27 February, such bills receivable were discounted by the subsidiary through Bohai Bank at the discount rates ranging from 3% to 4%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 4% to 5%.

On 4 March 2015, the Company issued bills receivable to a subsidiary amounting to RMB500,000,000 with a maturity of 6 months through Minsheng Bank secured by a bank deposit in an equivalent amount. On 4 March, the bills receivable were discounted by the subsidiary through Minsheng Bank at the discount rate ranging from 2% to 3%. Bank deposit secured for such bills held-to-maturity carried interest at a rate ranging from 3% to 4%.

The principal of discounted amount received in respect of the aforesaid bills receivable in February and March 2015 was included into secured bank loans.

21. Deferred Taxation

The following is the major deferred tax assets/liabilities recognised by the Group and movements thereon during the Reporting Period and prior periods:

	Impairment of deposit paid for acquisition of an associate RMB'000	Effective rent RMB'000	Tax losses RMB'000	Differences in accumulated depreciation RMB'000	Fair value adjustments on business combination RMB'000	Provision for impairment loss RMB'000	Total RMB'000
1 January 2015 (Audited)	4,582	118,394	9,221	3,991	(21,673)	26,453	140,959
30 June 2015 (Unaudited)	4,582	118,394	9,221	3,991	(21,673)	26,453	140,959

21. Deferred Taxation (continued)

For the purpose of presentation of the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Deferred tax assets	153,985	153,985
Deferred tax liabilities	(13,026)	(13,026)
	140,959	140,959

As at 30 June 2015, the Group had unused tax losses of approximately RMB440,167,000 (31 December 2014: RMB417,314,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB36,849,000 (31 December 2014: RMB36,849,000) of such losses. No deferred tax asset has been recognised in respect of the remainder of approximately RMB403,318,000 (31 December 2014: RMB380,465,000) due to unpredictability of profit for the future period.

22. Fair Value of Financial Instruments**Fair value measurements recognised in the condensed consolidated statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 June 2015 RMB'000 (Unaudited)			31 December 2014 RMB'000 (Audited)		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at FVTPL						
– Held-for-trading investment	0	63,500	63,500	0	92,000	92,000

23. Commitments under Operating Leases**The Group as lessee**

At the end of the Reporting Period, the Group had commitments for future minimum lease payments under operating leases in respect of rented premises which fall due as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,269,717	1,076,031
In the second to fifth year inclusive	3,958,086	3,166,469
Over five years	11,114,645	9,664,909
	16,342,448	13,907,409

The Group as lessor

At the end of the Reporting Period, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,077,343	936,820

24. Capital Commitments

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Capital expenditure in respect of the followings		
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,265,966	1,100,840
Other commitments (equity interests)	414,555	414,555
Capital expenditure in respect of property, plant and equipment authorized but not contracted for	94,784	89,419

25. Related Party Transactions

Apart from the amounts due from and to related parties as disclosed in Note 17, during the Reporting Period, the Group had the following related party transactions:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods to associates	151,547	86,375
Sales of goods to a joint venture	126,764	112,123
Sales to subsidiaries of the Company's Controlling Shareholder	83,068	77,931
Service fee income received from subsidiaries of the Company's Controlling Shareholder in respect of merchandise delivery services	2,492	2,338
Service fee income received from associates and a joint venture in respect of merchandise delivery services	761	673
Management fee income received from subsidiaries of the Company's Controlling Shareholder	166	101
Rental expense paid to a subsidiary of the Company's Controlling Shareholder	6,398	6,398
Loans in associates	60,000	60,000

4. UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

On 30 October 2015, Wumei Holdings has announced its unaudited third quarterly results for the nine months ended 30 September 2015 (the “**Financial Information**”) prepared in accordance with the generally accepted accounting principles in the PRC through China Money (中國貨幣網, www.chinamoney.com.cn) pursuant to the Rules for Information Disclosure on Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具信息披露規則》) and the terms of the medium term notes issued by Wumei Holdings. The Financial Information has been prepared based on, amongst others, the unaudited financial information of the Group for the nine months period ended 30 September 2015. In order to ensure that all the Shareholders have equal and timely access to the information of the Company, the Company also announced on 30 October 2015 that (i) the Group recorded a revenue of approximately RMB17,513,235,481.07, costs of sales of approximately RMB13,912,924,078.32 and total profits and other comprehensive income attributable to the owners of the Company of approximately RMB314,060,381.72 for the nine months ended 30 September 2015 (“**Profit Estimate**”); and (ii) as at 30 September 2015, the Group recorded total assets of approximately RMB12,902,943,569.34, which was prepared by the management of the Company based on the internal unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015, in accordance with the Hong Kong Financial Reporting Standards (the same as the accounting policies adopted by the Company) and have not been audited or reviewed by the Company’s auditor and the audit committee of the Company. The Profit Estimate therefore constitutes a profit forecast under Rule 10 of the Takeovers Code. Shareholders should note that the Profit Estimate has been reported on by the Reporting Accountants and the Independent Financial Adviser in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from the Reporting Accountants and the Independent Financial Advisers in this regard are set out in Appendices III and IV respectively to this Composite Document.

5. INDEBTEDNESS

Borrowing

At the close of business on 30 September 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had outstanding bank borrowing of RMB60,000,000 which is unguaranteed and unsecured.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 30 September 2015.

6. MATERIAL CHANGES

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2014 (being the date to which the latest audited account of the Company were made up) up to and including the Latest Practicable Date:

- (a) change in the financial position and business updates as disclosed in the interim report of the Company for the six months ended 30 June 2015, being:
 - (1) the improvement in revenue mainly attributable to sales growth driven by newly opened stores, growth in comparable store sales, increase in other revenue from suppliers and increase in rental income; and
 - (2) the decrease in net profit as a result of (i) the decrease in gross profit margin as the prices of the merchandises were reduced by the Company; (ii) the increase in selling expenses due to the increase in labour expenses and rental expenses of newly opened stores; and (iii) the increase in administrative expenses attributable to the increase in staff number prepared for stores to be opened and discounting fees for new bank promissory bills in issue; and
- (b) the Profit Estimate as disclosed in the announcement of the Company dated 30 October 2015.



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Hong Kong

The Directors

北京物美商業集團股份有限公司(Wumart Stores, Inc.*)
11th Floor, Wumart Commercial Building,
158#1, Xisihuan north Road, Haidian District, Beijing,
The People's Republic of China

Dear Sirs,

Wumart Stores, Inc. ("the Company")

PROFIT ESTIMATE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

We refer to the estimate of the total profits and other comprehensive income attributable to the owners of the Company for the nine months ended 30 September 2015 ("the Profit Estimate") set forth in the Appendix II "Financial Information of the Company" in the composite offer and response document ("the Composite Document") dated 9 November 2015 jointly issued by or on behalf of Wumart Holdings, Inc. (物美控股集團有限公司), Wumart Stores (HK) Limited (collectively referred to as the "Offerors") and the Company in connection with the proposed withdrawal of listing of the H shares of the Company from the Main Board of The Stock Exchange of Hong Kong Limited as well as the voluntary conditional offers for all the issued H shares and domestic shares in the Company (other than those already owned, controlled or agreed to be acquired by the Offerors and parties acting in concert with any of them).

RESPONSIBILITIES

The Profit Estimate has been prepared by the directors of the Company, for the sole purpose of compliance with Rule 10 of Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission. The Profit Estimate has been prepared based on the unaudited consolidated management accounts of the Company and its subsidiaries (collectively referred to as "the Group") for the nine months ended 30 September 2015.

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

BASIS OF OPINION

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the

Hong Kong Institute of Certified Public Accountants (“HKICPA”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the assumptions made by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix II to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
9 November 2015

* *for identification purposes only*



Room 3501-3507, 35/F
Cosco Tower
183 Queen's Road Central
Hong Kong

9 November 2015

The Board of Directors

北京物美商業集團股份有限公司 (Wumart Stores, Inc.*)
11th Floor, Wumart Commercial Building,
158#1, Xisihuan North Road, Haidian District, Beijing,
The People's Republic of China

Dear Sirs,

We refer to the estimate of the total profits and other comprehensive income attributable to the owners of the Company for the nine months ended 30 September 2015 (the "Profit Estimate") set out in the Appendix II titled "Financial information of the Company" to the composite offer document dated 9 November 2015 jointly issued by or on behalf of 物美控股集團有限公司 (Wumei Holdings, Inc.*), Wumart Stores (HK) Limited and 北京物美商業集團股份有限公司 (Wumart Stores, Inc.*) (the "Composite Document"). Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Profit Estimate has been prepared by the Directors, for the sole purpose of compliance with Rule 10 of Takeovers Code issued by the SFC. The Profit Estimate has been prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015.

We have reviewed the Profit Estimate and other relevant information and documents which the Directors are solely responsible for and discussed with the Directors and the senior management of the Company the bases upon which the Profit Estimate has been made. In addition, we have considered, and relied upon, the report on the Profit Estimate by Deloitte Touche Tohmatsu, the reporting accountants of the Group, addressed to the Directors regarding the accounting policies and calculations upon which the Profit Estimate has been made.

Based on the above, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible for, has been made with due care and consideration.

Yours faithfully,
For and on behalf of

China Galaxy International Securities (Hong Kong) Co., Limited

Steven Chiu

Managing Director
Investment Banking

* for identification purposes only

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the Properties held by the Group in the PRC as at 30 September 2015.



16/F, Jardine House
1 Connaught Place
Central
Hong Kong

9 November 2015

The Board of Directors
Wumart Stores, Inc.
Wumart Commercial Building
158-1 West 4th Ring North Road
Haidian District
Beijing
The PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions of Wumart Stores, Inc. (the “Company”) for us to carry out the valuation of the market value of the properties (“Properties”) held by the Company and its subsidiaries (together 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 considered necessary for the purpose of providing you with our opinion of the market values of the Properties in existing state as at 30 September 2015 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuations of each of the Properties represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). Market Value is defined by the IVSC as “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”.

VALUATION BASIS AND ASSUMPTION

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Properties held by the Group in the PRC, we have assumed that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and the PRC legal opinion regarding the title to the Properties and the interests in the Properties. “PRC Legal adviser” mentioned herein refers to Beijing Kangda Law Firm (北京市康達律師事務所) and “PRC legal opinion” mentioned herein refers to the “Legal Opinion by Beijing Kangda Law Firm regarding self-owned Properties of the Group (《北京市康達律師事務所關於北京物美商業集團股份有限公司及其子公司自有物業之專項法律意見書》)” issued by Beijing Kangda Law Firm dated 15 October 2015. In valuing the Properties, we have assumed that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

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

According to financial information of the Group, for indicate purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax liability which would arise on the disposal of the Properties in the PRC are PRC business tax (approximately 5%) and PRC land appreciation tax (approximately 30%-60% of the appreciation amount), if any. According to our established practice, in the course of our valuations, we have neither verified nor taken into account such tax liability. The precise tax implication will be subject to prevailing rules and regulation at the time of disposal.

The Properties are held by the Group for owner-occupation purposes, the likelihood of the relevant tax liabilities being crystallized is remote in near future.

METHOD OF VALUATION

In valuing the Properties which are held by the Group for owner-occupation in the PRC, we have adopted the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market, or where appropriate, we have also valued the Properties by Income Approach by capitalizing the rental derived from the existing tenancies with due provision for the reversionary rental potential of the Properties.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rule 11 of the Codes on Takeovers and Mergers and issued by Securities and Futures Commission and HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Properties, completion dates of building, particulars of occupancy, tenancy information, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our DTZ PRC Office valuers have inspected the exterior and, wherever possible, the interior of the Property in June 2015. However, 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 of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We attach herewith a summary of valuations and valuation certificates.

Yours faithfully,

For and on behalf of

DTZ Debenham Tie Leung Limited

Philip C Y Tsang

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

MSc, MHKIS

Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 22 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Properties held by the Group for owner-occupied in the PRC

		Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
1.	Gulou Store, No. 1 South Gulou Road, Miyun County, Beijing, the PRC	301,000,000	65%	195,650,000
2.	Huatian Store, No. 6 Xiaomachang, Haidian District, Beijing, the PRC	314,000,000	99.60%	312,744,000
3.	Daxing Store, No. 86 Xingfeng Street, Daxing District, Beijing, the PRC	271,000,000	100%	271,000,000
4.	Yutingqiao Store, Building 8, No. 9 Pufang Road, Fengtai District, Beijing, the PRC	527,000,000	99.60%	524,892,000
5.	Deshengmen Store, No. 118-1 Ande Road, Xicheng District, Beijing, the PRC	194,000,000	100%	194,000,000

Property	Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
6. Times Sail Store, Times Fengfan Plaza, No. 15 West Majiapu Road, Fengtai District, Beijing, the PRC	No Commercial Value	100%	No Commercial Value
7. Dacheng Store, No. 6 Dacheng Road, Fengtai District, Beijing, the PRC	797,000,000	99.60%	793,812,000
8. Jingbei Shopping Mall, No. 14 Fuqian Road, Huairou District, Beijing, the PRC	No Commercial Value	99.80%	No Commercial Value
9. Mingtian Diyicheng Store, Building 1-3, No. 6 Liqing Road, Chaoyang District, Beijing, the PRC	133,000,000	100%	133,000,000
10. Chengdong Store, No. 173 East Yan'an Road, Shaoxing Hi-tech Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	No Commercial Value	63.64%	No Commercial Value

Property	Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
11. Xinghenong Store, No. 219 North Jiefang Road, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	No Commercial Value	63.64%	No Commercial Value
12. Yandianyuan Store, Nos. 601, 605, 607, 613 Middle Luxun Road, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	5,900,000	63.64%	3,754,760
13. Yu Lan Hua Ting Store, No. 3, Block No. 8, Yu Lan Hua Ting, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	2,050,000	63.64%	1,304,620
14. Luomen Store, Block No. 25, Luo Men Bei Cun, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	8,000,000	63.64%	5,091,200

Property	Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
15. Vacant Property, Level 2, Zone A, Hui Yuan Apartment Yuecheng District, Shaoxing, Zhejiang Province, the PRC	33,600,000	63.64%	21,383,040
16. Zhongxing Road Store, the East Portion of Basement 1, Zhong Xing Shopping Mall, Shaoxing, Zhejiang Province, the PRC	No Commercial Value	63.64%	No Commercial Value
17. Paojiang Shopping Center, No. 1 & No. 21-1 Baisheng Street, Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	154,900,000	63.64%	98,578,360
18. Paojiang Store, Nos. 76-85 Dong Fang Du Shi Apartment, Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	9,900,000	63.64%	6,300,360

Property	Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
19. Huzhong Road Store, Units 101, 102, 114, Block No. 13, Mei Chuan Xiao Qu, Keqiao District, Shaoxing, Zhejiang Province, the PRC	17,650,000	63.64%	11,232,460
20. Unit 501, Block No. 11, Tian Di Apartment Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	1,000,000	63.64%	636,400
21. Unit 103, Block No. 49, Middle Zone, Mei Shu Shui Zhuang, Keyan Street, Keqiao District, Shaoxing, Zhejiang Province, the PRC	760,000	63.64%	483,664
22. East of North Chezhan Road, Ma'an Town, Binhai Industry Area, Shaoxing, Zhejiang Province, the PRC	9,650,000	63.64%	6,141,260
23. Zhenzhong Road and South Huanzhen Road, Anchang Town, Shaoxing, Zhejiang Province, the PRC	No Commercial Value	63.64%	No Commercial Value

Property	Market Value in existing state as at 30 September 2015 RMB	The Group's attributable interest %	Market Value in existing state as at 30 September 2015 attributable to the Group RMB
24. Dongxin Store, Northwest corner of Dongxin Road and Xiwen Street, Xiacheng, Hangzhou, the PRC	192,000,000	100%	192,000,000
Grand total:	<u>2,972,410,000</u>		<u>2,772,004,124</u>

VALUATION CERTIFICATE

Properties held by the Group for owner-occupied in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015												
1. Gulou Store, No. 1, South Gulou Road, Miyun County, Beijing, the PRC	<p>The Property is a 3-storey aboveground commercial building with 1-storey basement erected on a parcel of land with a total attributable site area of 7,033.24 sq m and was completed in 2003.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 24,794.95 sq m.</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B1</td> <td>3,879.95</td> </tr> <tr> <td>Level 1</td> <td>6,802.44</td> </tr> <tr> <td>Level 2</td> <td>7,041.28</td> </tr> <tr> <td>Level 3</td> <td><u>7,041.28</u></td> </tr> <tr> <td>Total</td> <td><u><u>24,764.95</u></u></td> </tr> </tbody> </table> <p>The Property is located at Gulou Road, Miyun County. Developments nearby are mainly residential and commercial development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights have been granted for a term due to expire on 31 July 2043 and 15 August 2041 for commercial use.</p>	Level	Gross Floor Area (sq m)	Level B1	3,879.95	Level 1	6,802.44	Level 2	7,041.28	Level 3	<u>7,041.28</u>	Total	<u><u>24,764.95</u></u>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 14,082.55 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 6,568.08 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 16 June 2017 at an annual passing rent of approximately RMB19,200,000, while the remaining portion of the Property was vacant.</p>	<p>RMB301,000,000 (65% interest attributable to the Group: RMB195,650,000)</p>
Level	Gross Floor Area (sq m)														
Level B1	3,879.95														
Level 1	6,802.44														
Level 2	7,041.28														
Level 3	<u>7,041.28</u>														
Total	<u><u>24,764.95</u></u>														

Notes:

- (1) According to Certificate for the State-owned Land Use Rights JMGY No. (2003C) 01780 dated 21 November 2003, the land use rights of the Property, comprising a total site area of 2,986.51 sq m, have been granted to Beijing Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司), a 65.00% interest subsidiary of the Company, for a term due to expire on 31 July 2043 for commercial services use.

According to Certificate for the State-owned Land Use Rights JMGY No. (2003C) 01855 dated 15 December 2003, the land use rights of the Property, comprising a total site area of 4,046.73 sq m, have been granted to Beijing Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司) for a term due to expire on 15 August 2041 for commercial use.

- (2) According to Building Ownership Certificate JFQZMGGZD No. 00419 dated 2 March 2009, the building ownership of the Property, comprising a gross floor area of 24,764.95 sq m, has been vested in Beijing Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司) for commercial use.
- (3) According to Business Licence No. 110228005191567 dated 17 September 2014, Beijing Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司) was established as a limited liability company on 16 December 2002 with a registered capital of RMB10,000,000 for a valid operation period from 16 December 2002 to 15 December 2032.
- (4) According to the PRC Legal Opinion:
- (i) Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
- (ii) Wumart Gulou Commerce and Trading Company Limited (北京物美鼓樓商貿有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015												
2. Huatian Store, No.6 Xiaomachang, Haidian District, Beijing, the PRC	<p>The Property is a 3-storey aboveground commercial building with 1-storey basement of a residential building erected on a parcel of land with a total site area of 2,688.25 sq m and was completed in 2005.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 15,280.73 sq m.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B1</td> <td style="text-align: right;">4,083.65</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">3,932.36</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">3,632.36</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">3,632.36</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">15,280.73</td> </tr> </tbody> </table> <p>The Property is located in Haidian District. Developments nearby are mainly commercial, office and residential development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 17 November 2042 for commercial use.</p>	Level	Gross Floor Area (sq m)	Level B1	4,083.65	Level 1	3,932.36	Level 2	3,632.36	Level 3	3,632.36	Total	15,280.73	<p>As advised by the Group, the Property is partly self-operated by the Group as a supermarket with a total gross floor area of 10,730.40 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 4,813.92 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 30 April 2022 at an annual passing rent of approximately RMB9,600,000, while the remaining portion of the Property was vacant.</p>	<p>RMB314,000,000 (99.60% interest attributable to the Group: RMB312,744,000)</p>
Level	Gross Floor Area (sq m)														
Level B1	4,083.65														
Level 1	3,932.36														
Level 2	3,632.36														
Level 3	3,632.36														
Total	15,280.73														

Notes:

- (1) According to Certificate for the State-owned Land Use Rights JHGY No. (2009Z) 4762 dated 9 June 2009, the land use rights of the Property, comprising a total site area of 2,688.25 sq m, have been granted to Beijing Wumart Xiaomachang Commerce Company Limited (北京物美小馬廠商業有限公司), a 99.60% interest subsidiary of the Company, for a term due to expire on 17 November 2042 for commercial use.
- (2) According to Building Ownership Certificate XJFQZHSD No. 061198 dated 6 November 2008, the building ownership of the Property, comprising a gross floor area of 15,280.73 sq m, has been vested in Beijing Wumart Xiaomachang Commerce Company Limited (北京物美小馬廠商業有限公司) for commercial use.
- (3) According to Business License No. 110108009043041 dated 22 September 2013, Beijing Wumart Xiaomachang Commerce Company Limited (北京物美小馬廠商業有限公司) was established as a limited liability company on 11 November 2005 with a registered capital of RMB10,000,000 for a valid operation period from 11 November 2005 to 10 November 2035.
- (4) According to the PRC Legal Opinion:
 - (i) Beijing Wumart Xiaomachang Commerce Company Limited (北京物美小馬廠商業有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
 - (ii) Beijing Wumart Xiaomachang Commerce Company Limited (北京物美小馬廠商業有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015										
3. Daxing Store, No. 86 Xingfeng Street, Daxing District, Beijing, the PRC	<p>The Property is a 4-storey aboveground commercial building with 2-storey basement erected on 3 parcels of land with a site area of approximately 13,617.00 sq m and was completed in 2004.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 19,915.03 sq m.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B2</td> <td style="text-align: right;">4,507.49</td> </tr> <tr> <td>Level B1</td> <td style="text-align: right;">10,678.07</td> </tr> <tr> <td>Level 1 – 4</td> <td style="text-align: right; border-top: 1px solid black;">4,729.47</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 3px double black; border-bottom: 3px double black;">19,915.03</td> </tr> </tbody> </table> <p>The Property is located in the central area of Daxing District. Developments nearby are mainly commercial and residential development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 4 February 2044 for above-ground ancillary facility use; 4 February 2044 for underground commercial use; and 4 February 2054 for underground car park use respectively.</p>	Level	Gross Floor Area (sq m)	Level B2	4,507.49	Level B1	10,678.07	Level 1 – 4	4,729.47	Total	19,915.03	<p>As advised by the Group, the Property is partly self-operated by the Group as supermarket with a total gross floor area of 17,758.28 sq m;</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 1,892.25 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 31 January 2017 at an annual passing rent of approximately RMB12,400,000, while the remaining portion of the Property was vacant.</p>	<p>RMB271,000,000 (100% interest attributable to the Group: RMB271,000,000)</p>
Level	Gross Floor Area (sq m)												
Level B2	4,507.49												
Level B1	10,678.07												
Level 1 – 4	4,729.47												
Total	19,915.03												

Notes:

- (1) According to 3 Certificates for the State-owned Land Use Rights issued, the land use rights of the commercial portion of the property, comprising total site area of approximately 13,617.00 sq m, have been granted to Wumart Stores Inc. (北京物美商業集團股份有限公司) with details as follows:

Certificate No.	Issue Date	Use	Expiry Date of Land Use Term	Site Area (sq m)
JXGY(2004C) No. 072	1 April 2004	Aboveground ancillary facility	4 February 2044	3,142.67
		Underground retail;	4 February 2044	
		Underground car park.	4 February 2054	
JXGY(2004C) No. 073	1 April 2004	Aboveground ancillary facility;	4 February 2044	5,811.93
		Underground retail;	4 February 2044	
		Underground car park.	4 February 2054	
JXGY(2004C) No. 074	1 April 2004	Aboveground ancillary facility;	4 February 2044	4,662.40
		Underground retail;	4 February 2044	
		Below ground car park.	4 February 2054	
			Total:	<u>13,617.00</u>

- (2) According to Building Ownership Certificate JFQZXGZD No. 00005457 dated 24 April 2007, the building ownership of the Property, comprising a gross floor area of 19,915.03 sq m, has been vested in Wumart Stores Inc. (北京物美商業集團股份有限公司) for commercial use.
- (3) According to Business License No. 110000001495044 dated 11 October 2014, Wumart Stores Inc. (北京物美商業集團股份有限公司) was established as a limited liability company on 9 August 2000 with a registered capital of RMB1,287,544,116 for a valid operation period from 9 August 2000 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC Legal Opinion:
- (i) Wumart Stores Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
- (ii) Wumart Stores Inc. (北京物美商業集團股份有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015														
4. Yutingqiao Store, Building 8, No. 9 Pufang Road, Fangzhuang, Fengtai District, Beijing, the PRC	<p>The Property comprises a 4-storey aboveground commercial building with 1-storey basement erected on a parcel of land with a site area of 4,675.39 sq m.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 24,840.41 sq m.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B1</td> <td style="text-align: right;">5,630.07</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">4,875.85</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">6,894.78</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">7,374.09</td> </tr> <tr> <td>Level 4</td> <td style="text-align: right;"><u>65.62</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u><u>24,840.41</u></u></td> </tr> </tbody> </table> <p>The Property is located in Fengtai District. Developments nearby are mainly residential and commercial development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 7 January 2073 for mixed use.</p>	Level	Gross Floor Area (sq m)	Level B1	5,630.07	Level 1	4,875.85	Level 2	6,894.78	Level 3	7,374.09	Level 4	<u>65.62</u>	Total	<u><u>24,840.41</u></u>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 15,573.36 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 6,378.72 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 8 October 2021 at an annual passing rent of approximately RMB13,900,000.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB527,000,000 (99.60% interest attributable to the Group: RMB524,892,000)</p>
Level	Gross Floor Area (sq m)																
Level B1	5,630.07																
Level 1	4,875.85																
Level 2	6,894.78																
Level 3	7,374.09																
Level 4	<u>65.62</u>																
Total	<u><u>24,840.41</u></u>																

Notes:

- (1) According to Certificate for the State-owned Land Use Rights No. JFGY (2008Z) 00325 dated 17 November 2008, the land use rights of the Property, comprising a total site area of 4,675.39 sq m, have been granted to Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司), a 99.60% interest subsidiary of the Company, for a term due to expire on 7 April 2043 for ancillary and underground ancillary uses.
- (2) According to Building Ownership Certificate JFQZFGZD No. 04672 dated 12 March 2007, the building ownership of the Property, comprising a gross floor area of 24,840.41 sq m, have been vested in Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) for commercial use.
- (3) According to Business License No. 110106009031284 dated 25 April 2014, Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) was established as a limited liability company on 4 November 2005 with a registered capital of RMB10,000,000 for a valid operation period from 4 November 2005 to 3 November 2035.
- (4) According to the PRC Legal Opinion:
- (i) Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established;
- (ii) Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) is the registered owner of the Property, and does not have any limitation on the property rights; and
- (iii) The Property is currently subject to a mortgage in favour of China Minsheng Bank (民生銀行股份有限公司總行營業部) for a total consideration of RMB500,000,000 for a term due to expire on 10 October 2015.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015								
5. Deshengmen, Store, No. 118-1 Ande Road, Xicheng District, Beijing, the PRC	The Property is a 2-storey retail podium of a residential building erected on a parcel of land with a total site area of 5,314.28 sq m and was completed in 2003.	The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 7,126.59 sq m.	RMB194,000,000 (100% interest attributable to the Group: RMB194,000,000)								
	According to the information provided by the Group, the Property comprises a total gross floor area of 8,729.74 sq m.	According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 1,603.15 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 30 November 2019 at an annual passing rent of approximately RMB5,500,000.									
	<table border="1"> <thead> <tr> <th data-bbox="501 825 555 846">Level</th> <th data-bbox="699 825 879 889">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="501 932 571 953">Level 1</td> <td data-bbox="794 932 879 953">4,264.49</td> </tr> <tr> <td data-bbox="501 963 571 985">Level 2</td> <td data-bbox="794 963 879 985">4,465.25</td> </tr> <tr> <td data-bbox="501 1049 555 1070">Total</td> <td data-bbox="794 1049 879 1070"><u>8,729.74</u></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq m)	Level 1	4,264.49	Level 2	4,465.25	Total	<u>8,729.74</u>		
Level	Gross Floor Area (sq m)										
Level 1	4,264.49										
Level 2	4,465.25										
Total	<u>8,729.74</u>										
	The Property is located at Deshengmen Bridge area. Developments nearby are mainly residential, commercial and office development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.										
	The land use rights of the Property have been granted for a term due to expire on 11 August 2042 for commercial use.										

Notes:

- (1) According to Building Ownership Certificate JFQZXGZD No.154334 dated 4 September 2003, the building ownership of the Property, comprising a gross floor area of 8,729.74 sq m, have been vested in Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司), a 100.00% interest subsidiary of the Company, for commercial use.
- (2) According to Business License No. 110000000607881 dated 9 October 2013, Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) was established as a limited liability company on 17 April 1996 with a registered capital of RMB52,480,000 for a valid operation period from 12 December 2002 to 11 December 2052.
- (3) According to the PRC Legal Opinion:
 - (i) Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established;
 - (ii) The Property was purchased by Beijing Merrymart Chain stores Development Company Limited (北京美廉美連鎖商業有限公司) from 興地房地產公司, the current registered owner of the land of the Property is 興地房地產公司. Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) is in the process of obtaining the Certificate of Land Use Rights of the Property, and the process of obtaining Certificate of Land Use Rights would have no legal obstacle; and
 - (iii) When Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) obtains the Certificate of Land Use Rights, Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (4) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015										
6. Times Sail Store, Times Fengfan Plaza, No. 15 West Majiapu Road, Fengtai District, Beijing, the PRC	<p>The Property comprises a 1-storey aboveground commercial building with 2-storey basement erected on a parcel of land with a site area of 4,822.77 sq m.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 31,522 sq m.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B2</td> <td style="text-align: right;">13,022.00</td> </tr> <tr> <td>Level B1</td> <td style="text-align: right;">4,905.00</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right; border-top: 1px solid black;">13,595.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 3px double black; border-bottom: 3px double black;">31,522.00</td> </tr> </tbody> </table> <p>The Property is located in Fengtai District. Developments nearby are mainly residential, commercial and office development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 25 August 2054 for mixed use.</p>	Level	Gross Floor Area (sq m)	Level B2	13,022.00	Level B1	4,905.00	Level 1	13,595.00	Total	31,522.00	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 8,376 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 9,700.84 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 30 September 2019 at an annual passing rent of approximately RMB17,000,000.</p> <p>The remaining portion of the Property was vacant.</p>	<p>No Commercial Value (See Note (2))</p>
Level	Gross Floor Area (sq m)												
Level B2	13,022.00												
Level B1	4,905.00												
Level 1	13,595.00												
Total	31,522.00												

Notes:

(1) According to Certificate for the State-owned Land Use Rights No. JFGY (2007Z) No. 003024 dated 6 November 2007, the land use rights of the Property, comprising a total site area of 4,822.77 sq m, have been granted to Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司), a 100.00% interest subsidiary of the Company, for a term due to expire on 25 August 2054 for composite use.

(2) According to Building Ownership Certificate XJFQZFGZD No. 003256 dated 8 August 2007, the building ownership of the Property, comprising a gross floor area of 20,885.92 sq m, have been vested in Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) for commercial use.

According to the information provided by the Group, we note that the existing total gross floor area of the Property is 31,522.00 sq m, which exceeds the registered total gross floor area in the aforesaid Building Ownership Certificate. In the course of our valuation, we have ascribed no commercial value to the Property as the Building Ownership Certificate of the whole Property has not been fully obtained. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Building Ownership Certificate of the whole Property has been fully obtained, would be RMB551,000,000, and the 100% interest of the Property attributable to the Group would be RMB551,000,000.

(3) According to Business License No. 110000000607881 dated 9 October 2013, Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) was established as a limited liability company on 17 April 1996 with a registered capital of RMB52,480,000 for a valid operation period from 12 December 2002 to 11 December 2052.

(4) According to the PRC Legal Opinion:

(i) Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and

(ii) Beijing Merrymart Chain Stores Development Company Limited (北京美廉美連鎖商業有限公司) is the registered owner of the Property, and does not have any limitation on the property rights with a total gross floor area of 20,885.92 sq m.

(5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (partly)
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015																
7. Dacheng Store, No. 6 Dacheng, Road, Fengtai District, Beijing, the PRC	<p>The Property comprises a 5-storey above ground retail podium with 1-storey floor basement of an office development erected on a parcel of land with a total site area of 34,101.88 sq m.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 43,385.77 sq m.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B1</td> <td style="text-align: right;">6,980.44</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">7,027.30</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">7,415.50</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">7,620.16</td> </tr> <tr> <td>Level 4</td> <td style="text-align: right;">7,397.39</td> </tr> <tr> <td>Level 5</td> <td style="text-align: right;">6,944.98</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">43,385.77</td> </tr> </tbody> </table> <p>The Property is located in Fengtai District. Developments nearby are mainly residential, commercial and office development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 August 2044 for commercial use.</p>	Level	Gross Floor Area (sq m)	Level B1	6,980.44	Level 1	7,027.30	Level 2	7,415.50	Level 3	7,620.16	Level 4	7,397.39	Level 5	6,944.98	Total	43,385.77	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 21,320.00 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 2,282.55 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 31 October 2022 at an annual passing rent of approximately RMB3,490,000, while the remaining portion of the Property was vacant.</p> <p>However, rents of retail units located on level B1 and level 1 are based on their revenue; therefore the passing rent is calculated excluding rents of level B1 and level 1.</p>	<p>RMB797,000,000 (99.60% interest attributable to the Group: RMB793,812,000)</p>
Level	Gross Floor Area (sq m)																		
Level B1	6,980.44																		
Level 1	7,027.30																		
Level 2	7,415.50																		
Level 3	7,620.16																		
Level 4	7,397.39																		
Level 5	6,944.98																		
Total	43,385.77																		

Notes:

- (1) According to 6 Building Ownership Certificates, the building ownership of the Property has been granted to Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司), a 99.60% interest subsidiary of the Company, with details stated below:

Certificate No.	Location	Use	Floor	Gross Floor Area (sq m)
XJFQZFZD No. 320641	No. -101, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	B1	6,980.44
XJFQZFZD No. 320652	No. 1-01, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	F1	7,027.30
XJFQZFZD No. 320655	No. 2-01, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	F2	7,415.50
XJFQZFZD No. 341766	No. 3-01, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	F3	7,620.16
XJFQZFZD No. 333469	No. 4-01, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	F4	7,397.39
XJFQZFZD No. 341767	No. 5-01, No. 6 Dacheng Road, Fengtai District, Beijing	Commercial	F5	6,944.98
Total				<u>43,385.77</u>

- (2) According to Commodity Housing Pre-sale and Purchase Contract dated 4 November 2010, Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) purchased the Property from Beijing Jinyu Dacheng Development Co., Ltd. (北京金隅大成開發有限公司).

The details of the transaction are as follow:

Floor	Price (RMB)	Gross Floor Area (sq m)
B1	111,687,018	6,980.44
F1	112,436,824	7,027.30
F2	118,647,988	7,415.50
F3	121,922,565	7,620.16
F4	118,358,259	7,397.39
F5	111,119,696	6,944.98
Total	<u>694,172,350</u>	<u>43,385.77</u>

According to Commodity Housing Pre-sale and Purchase Contract and Certificate for the State-owned Land Use Rights JFGY (2006C) No. 0024745, the land use rights of the Property, comprising a total site area of 34,101.88 sq m, have been granted for a term due to expire on 30 August 2044 for commercial use. According to the information provided by the Group, the site of the Property is part of the said land.

- (3) According to Business License No. 110106009031284 dated 25 April 2014, Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) was established as a limited liability company on 4 November 2005 with a registered capital of RMB10,000,000 for a valid operation period from 4 November 2005 to 3 November 2035.

- (4) According to the PRC Legal Opinion:
- (i) Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established;
 - (ii) The Property is part of a composite development, it was purchased by Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司), and the separate Certificate of Land Use Rights has not been issued, Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) has rights to apply for obtaining the Certificate of Land Use Rights, the process of obtaining of Certificate of Land Use Rights would have no legal obstacle; and
 - (iii) When Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) obtains the Certificate of Land Use Rights, Beijing Yutingqiao Wumart Commerce and Trading Company Limited (北京玉蜓橋物美商貿有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Building Ownership Certificate	Yes
Commodity Housing Pre-Sale and Purchase Contract	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015																		
8. Jingbei Shopping Mall, No. 14 Fuqian Road, Huairou District, Beijing, the PRC	<p>The Property comprises a 5-storey above-ground commercial building with 2-storey basement erected on a parcel of land with a site area of 8,534.38 sq m.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 48,543.00 sq m.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B2</td> <td style="text-align: right;">3,462.00</td> </tr> <tr> <td>Level B1</td> <td style="text-align: right;">3,400.00</td> </tr> <tr> <td>Level 1</td> <td style="text-align: right;">7,746.00</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">8,409.00</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;">8,525.00</td> </tr> <tr> <td>Level 4</td> <td style="text-align: right;">8,501.00</td> </tr> <tr> <td>Level 5</td> <td style="text-align: right;">8,500.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>48,543.00</u></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq m)	Level B2	3,462.00	Level B1	3,400.00	Level 1	7,746.00	Level 2	8,409.00	Level 3	8,525.00	Level 4	8,501.00	Level 5	8,500.00	Total	<u>48,543.00</u>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 12,098.00 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 21,000 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 31 March 2016 at an annual passing rent of RMB77,000,000. The remaining portion was vacant.</p>	<p>No Commercial Value (See Note (4))</p>
Level	Gross Floor Area (sq m)																				
Level B2	3,462.00																				
Level B1	3,400.00																				
Level 1	7,746.00																				
Level 2	8,409.00																				
Level 3	8,525.00																				
Level 4	8,501.00																				
Level 5	8,500.00																				
Total	<u>48,543.00</u>																				
	<p>The Property is located at Fuqian Road, Huairou District. Developments nearby are mainly residential and commercial development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 26 November 2038 for commercial use.</p>																				

Notes:

- (1) According to Certificate for the State-owned Land Use Rights JHGY No. (2011C) 0001 dated 4 January 2011, the land use rights of the Property, comprising a total site area of 8,534.38 sq m, have been granted to Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司), a 99.80% interest subsidiary of the Company, for a term due to expire on 26 November 2038 for commercial use.
- (2) According to Building Ownership Certificate XJFQZHSD No. 009366 dated 16 August 2010, the building ownership of the Property, comprising a gross floor area of 20,846.40 sq m, has been vested in Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司) for commercial use.
- (3) Pursuant to 3 Planning Permits of Construction Works issued by Beijing Planning Committee (北京規劃委員會), the expansion construction work with a total gross floor area of 27,924.14 sq m are in compliance with the requirements of urban planning. Details are stated below:

Certificate No.	Construction Works	Date of Issue	Gross Floor Area (sq m)
(2006) 0061	Phase I of the expansion work	11 August 2006	4,992.41
(2006) 0063	Phase II of the expansion work	23 August 2006	19,616.46
(2006) 0073	Phase III of the expansion work	30 September 2006	3,315.27
Total			<u>27,924.14</u>

- (4) Pursuant to 3 Permits for Commencement of Construction Works issued by Beijing Construction Committee (北京建設委員會), the expansion work with a total gross floor area of 27,924.14 sq m are permitted to be constructed. Details are stated below:

Certificate No.	Construction Works	Date of Issue	Gross Floor Area (sq m)
(2007) 0650	Phase I of the expansion work	30 April 2007	4,992.41
(2008) 0184	Phase II of the expansion work	3 February 2008	19,616.46
(2008) 0183	Phase III of the expansion work	3 February 2008	3,315.27
Total			<u>27,924.14</u>

According to the information provided by the Group, the Building Ownership Certificate for aforesaid expansion construction works has not been issued. In the course of our valuation, we have ascribed no commercial value to the Property as the Building Ownership Certificate of the whole Property has not been fully obtained. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Building Ownership Certificate of the whole Property has been fully obtained, would be RMB463,000,000, and the 99.80% interest of the Property attributable to the Group would be RMB462,074,000.

- (5) According to Business License No. 110116007598516 dated 16 January 2015, Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司) was established as a limited liability company on 4 November 2004 with a registered capital of RMB20,000,000 for a valid operation period from 4 November 2004 to 3 November 2024.

- (6) According to the PRC Legal Opinion:
- (i) Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司), which is a subsidiary company of Wumart Store, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
 - (ii) Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司) is the registered owner of the Property, and does not have any limitation on the property rights with a total gross floor area of 20,846.4 sq m. Based on the Planning Permits of Construction Works and the Permits for Commencement of Construction Works, the PRC legal adviser cannot judge if Beijing Wumart Jingbei Dashijie Commercial and Trading Company Limited (北京物美京北大世界商貿有限公司) owns the legal titles of the gross floor area of expansion construction works or not.
- (7) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:
- | | |
|---|--------------|
| Certificate for the State-owned Land Use Rights | Yes |
| Building Ownership Certificate | Yes (partly) |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Business License | Yes |

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015										
9. Mingtian Diyicheng Store, Building 1-3, No. 6 Liqing Road, Chaoyang District, Beijing, the PRC	<p>The Property comprises 2-storey underground retail portion of a residential compound.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 13,451.03 sq m.</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level B2</td> <td>3,117.88</td> </tr> <tr> <td>Level B1</td> <td>8,339.93</td> </tr> <tr> <td>Level Mezzanine</td> <td>1,993.22</td> </tr> <tr> <td>Total</td> <td><u>13,451.03</u></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq m)	Level B2	3,117.88	Level B1	8,339.93	Level Mezzanine	1,993.22	Total	<u>13,451.03</u>	<p>According to the information provided by the Group, as at the valuation date, the Property was vacant.</p>	<p>RMB133,000,000 (100% interest attributable to the Group: RMB133,000,000)</p>
Level	Gross Floor Area (sq m)												
Level B2	3,117.88												
Level B1	8,339.93												
Level Mezzanine	1,993.22												
Total	<u>13,451.03</u>												

The Property is located at Liqing Road, Chaoyang District. Developments nearby are mainly residential, commercial and office development. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.

The land use rights of the Property have been granted for a term due to expire on 30 August 2044 for commercial use.

Notes:

- (1) According to 7 Building Ownership Certificates, the building ownership of the Property has been vested in Wumart Stores Inc. (北京物美商業集團股份有限公司) with details stated below:

Certificate No.	Location	Use	Actual Floor	Gross Floor Area (sq m)
XJFQZCZD No. 1132864	Mezzanine B1, Building 3, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	Mezzanine B1	329.81
XJFQZCZD No. 1132868	B1, Building 2, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	B1	7,684.71
XJFQZCZD No. 1132867	Mezzanine B1, Building 1, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	Mezzanine B1	325.41
XJFQZCZD No. 1132871	B2, Building 1, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	B1	1,556.71
XJFQZCZD No. 1132869	No. -202, B2, Building 1, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	B1	26.64
XJFQZCZD No. 1132863	B2, Building 3, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	B1	1,534.53
XJFQZCZD No. 1132870	Mezzanine B1, Building 2, No.6, Liqing Road, Chaoyang District, Beijing	Commercial	Mezzanine B1	1,993.22
Total				<u>13,451.03</u>

- (2) According to the Commodity Housing Sale and Purchase Contract dated 13 June 2012, Wumart Stores Inc. (北京物美商業集團股份有限公司) purchased the Property from Beijing Zhonglianya International Exhibition Centre Co., Ltd. (北京中聯亞國際會展中心有限公司).

The details of the transaction are stated below:

Floor	Gross Floor Area (sq m)	Price (RMB)
Mezzanine B1, Building 1	325.41	2,277,872
Mezzanine B1, Building 3	329.81	2,308,670
F1 Building 1	1,993.22	13,952,539
Room 201, B2, Building 1	1,556.71	10,896,965
Mezzanine B2, Building 3	1,534.53	10,741,713
Mezzanine B2, Building 2	26.64	186,480
Mezzanine B1, Building 2	7,684.71	53,792,976
Total	<u>13,451.03</u>	<u>94,157,215</u>

According to the Commodity Housing Pre-sale and Purchase Contract and the Certificate for the State-owned Land Use Rights JCGY No. (2005C) 0571, the land use rights of the Property, comprising a total site area of 22,016.96 sq m, have been granted for a term due to expire on 30 August 2044 for commercial use. According to the information provided by the Group, the site of the Property is part of the said land.

- (3) According to Business License No. 110000001495044 dated 11 October 2014, Wumart Stores Inc. (北京物美商業集團股份有限公司) was established as a limited liability company on 9 August 2000 with a registered capital of RMB1,287,544,116 for a valid operation period from 9 August 2000 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC Legal Opinion:
- (i) Wumart Stores Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established;
 - (ii) The Property is part of a composite development, it was purchased by Wumart Stores Inc. (北京物美商業集團股份有限公司), and the separate Certificate of Land Use Rights has not been issued, Wumart Stores Inc. (北京物美商業集團股份有限公司) has rights to apply for obtaining the Certificate of Land Use Rights, the process of obtaining the Certificate of Land Use Rights would have no legal obstacle; and
 - (iii) When Wumart Stores Inc. (北京物美商業集團股份有限公司) obtain the Certificate of Land Use Rights, Wumart Stores Inc. (北京物美商業集團股份有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:
- | | |
|--|-----|
| Building Ownership Certificate | Yes |
| Commodity Housing Sale and Purchase Contract | Yes |
| Business License | Yes |

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015																						
10. Chengdong Store, No. 173 East Yan'an Road, Shaoxing Hi-tech Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises two blocks of single storey commercial building and a block of 3-storey office building erected on two parcels of land with sites area of 8,236 sq m and 7,097 sq m respectively, which was completed in 1996 and 2001.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 9,489.14 sq m.</p> <p>Block 1 Commercial Building</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">4,636.80</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>4,636.80</u></td> </tr> </tbody> </table> <p>Block 2 Commercial Building</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">2,640.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>2,640.00</u></td> </tr> </tbody> </table> <p>Office Building</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">737.45</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">737.45</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right;"><u>737.44</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>2,212.34</u></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq m)	Level 1	4,636.80	Total	<u>4,636.80</u>	Level	Gross Floor Area (sq m)	Level 1	2,640.00	Total	<u>2,640.00</u>	Level	Gross Floor Area (sq m)	Level 1	737.45	Level 2	737.45	Level 3	<u>737.44</u>	Total	<u>2,212.34</u>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 3,447.00 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 3,829.80 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 18 April 2020 at a total annual rent of approximately RMB2,960,000, while the remaining portion of the Property was owner occupied for office use.</p>	<p>No Commercial Value (See Note (2))</p>
Level	Gross Floor Area (sq m)																								
Level 1	4,636.80																								
Total	<u>4,636.80</u>																								
Level	Gross Floor Area (sq m)																								
Level 1	2,640.00																								
Total	<u>2,640.00</u>																								
Level	Gross Floor Area (sq m)																								
Level 1	737.45																								
Level 2	737.45																								
Level 3	<u>737.44</u>																								
Total	<u>2,212.34</u>																								

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
	<p>The Property is located at Yan'an Road in Shaoxing Hi-tech Zone, Yuecheng District. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial and office uses; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 7 November 2036 and 17 July 2039 for commercial use and 17 July 2049 for warehouse use.</p>		

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (1998) 0413 dated on 13 March 1998, the land use rights of the Property, comprising a total site area of 8,236 sq m, have been granted to Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 7 November 2036 for commercial use.

According to Certificate for the State-owned Land Use Rights SSGY No. (2001) 1-12884 dated on 12 November 2001, the land use rights of the Property, comprising a total site area of 7,097 sq m, have been granted to Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) for a term due to expire on 17 July 2039 for commercial use and 17 July 2049 for warehouse use.

- (2) According to Building Ownership Certificate FQZSZSZD No. 1286 dated on 27 April 2002, the building ownership of the Property, comprising a total gross floor area of 2,640.00 sq m, has been vested in Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) for commercial use.

According to Building Ownership Certificate FQZSZSZD No. 1287 dated on 27 April 2002, the building ownership of the Property, comprising a total gross floor area of 2,212.34 sq m, has been vested in Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) for office use.

According to the information provided by the Group, we noted the existing gross floor area of the Property is 9,489.14 sq m, which exceeds the registered gross floor area in aforesaid Building Ownership Certificate. In the course of our valuation, we have ascribed no commercial value to the Property as the Building Ownership Certificate of the whole Property has not been fully obtained. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Building Ownership Certificate of the whole Property has been fully obtained, would be RMB87,450,000, and the 63.64% interest attributable to the Group would be RMB55,653,180.

- (3) According to Business License No. 330600000078117 dated 2 June 2015, Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) was established as a limited liability company on 6 May 1996 with a registered capital of RMB1,000,000 for a valid operation period from 6 May 1996 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
- (i) Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (ii) Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights with a total gross floor area of 4,852.34 sq m.
- (5) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (partly)
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015										
11. Xinghenong Store, No. 219 North Jiefang Road, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises a block of 3-storey commercial building erected on a parcel of land with a total site area of 3,677 sq m which was completed in 2000.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 5,570.32 sq m.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">3,935.44</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">1,261.44</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right; border-top: 1px solid black;">373.44</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 3px double black; border-bottom: 3px double black;">5,570.32</td> </tr> </tbody> </table> <p>The Property is located at Jiefang Road in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 14 March 2038 for commercial and service uses.</p>	Level	Gross Floor Area (sq m)	Level 1	3,935.44	Level 2	1,261.44	Level 3	373.44	Total	5,570.32	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 4,934.68 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 646.52sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 9 February 2018 at a total annual rent of approximately RMB355,000.</p>	No Commercial Value <i>(See Note (2))</i>
Level	Gross Floor Area (sq m)												
Level 1	3,935.44												
Level 2	1,261.44												
Level 3	373.44												
Total	5,570.32												

Notes:

(1) According to Certificate for the State-owned Land Use Rights SSGY No. (2005) 9684 dated on 8 August 2008, the land use rights of the Property, comprising a total site area of 3,677 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 14 March 2038 for commercial service use.

(2) According to Building Ownership Certificate SFQZBHZD No. C0000006016, the building ownership of the Property, comprising a total gross floor area of 1,120.32 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for residential use.

According to the information provided by the Group, we note the existing gross floor area of the Property is 5,570.32 sq m, which exceeds the registered gross floor area in aforesaid Building Ownership Certificate. In the course of our valuation, we have ascribed no commercial value to the Property as the Building Ownership Certificate of the whole Property has not been fully obtained. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Building Ownership Certificate of the whole Property has been fully obtained, would be RMB46,100,000, and the 63.64% interest of the Property attributable to the Group would be RMB29,338,040.

(3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

(4) According to the PRC legal opinion:

(i) The Property is currently subject to a mortgage in favour of Shaoxing Branch of China Citic Bank (中信銀行股份有限公司紹興分行) for a total consideration of RMB42,012,000 for a term due to commence from 11 December 2014 to 11 December 2016;

(ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and

(iii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights with a total gross floor area of 1,120.32 sq m.

(5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (partly)
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
12. Yandianyuan Store, Nos. 601, 605, 607, 613 Middle Luxun Road, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Level 1 of a 5-storey residential building erected on a parcel of land with a site area of 67.60 sq m which was completed in 1990's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 286.36 sq m.</p>	<p>The Property is self-operated by the Group as a supermarket with a total gross floor area of 286.36 sq m.</p>	<p>RMB5,900,000 (63.64% interest attributable to the Group: RMB3,754,760)</p>
	<p>The Property is located at Luxun Road in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p>		
	<p>The land use rights of the Property have been granted for a term due to expire on 17 May 2035 for commercial and service uses.</p>		

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2001) 1-3036 dated on 13 March 2001, the land use rights of the Property, comprising a site area of 67.60 sq m, have been granted to Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 17 May 2035 for commercial service use.
- (2) According to Building Ownership Certificate FQZSZSZD No. 389 dated on 20 March 2001, the building ownership of the Property, comprising a total gross floor area of 286.36 sq m, has been vested in Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) for non-residential use.
- (3) According to Business License No. 330600000078117 dated 2 June 2015, Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) was established as a limited liability company on 6 May 1996 with a registered capital of RMB1,000,000 for a valid operation period from 6 May 1996 for a long term (note: there is no specific expiry date on the Business License).

- (4) According to the PRC legal opinion:
- (i) Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
 - (ii) Shaoxing Huaneng Supermarket Company Limited (紹興華能超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
13. Yu Lan Hua Ting Store No. 3, Block No.8, Yu Lan Hua Ting, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Level 1 of a 6-storey residential building erected on a parcel of land with a site area of 60.88 sq m which was completed in 2005.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 111.93 sq m.</p>	<p>The Property is self-operated by the Group as a supermarket with a total gross floor area of 111.93 sq m.</p>	<p>RMB2,050,000 (63.64% interest attributable to the Group: RMB1,304,620)</p>
	<p>The Property is located at Yanjiatan in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p>		
	<p>The land use rights of the Property have been granted for a term due to expire on 22 April 2043 for commercial use.</p>		

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2008) 4082 dated on 24 January 2008, the land use rights of the Property, comprising a site area of 60.88 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 22 April 2043 for commercial use.
- (2) According to Building Ownership Certificate SFQZFSZD No. B0000006234 dated on 8 June 2007, the building ownership of the Property, comprising a total gross floor area of 111.93 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

(4) According to the PRC legal opinion:

- (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.

(5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
14. Luomen Store, Block No. 25, Luo Men Bei Cun, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Level 1 of a 6-storey residential building erected on a parcel of land with a site area of 72.80 sq m which was completed in 1990's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 425.93 sq m.</p>	<p>The Property is self-operated by the Group as a supermarket with a total gross floor area of 425.93 sq m.</p>	<p>RMB8,000,000 (63.64% interest attributable to the Group: RMB5,091,200)</p>
	<p>The Property is located at Toulianghe Road in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p>		
	<p>The land use rights of the Property have been granted for a term due to expire on 19 October 2032 for commercial and service uses.</p>		

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2006) 8908 dated on 2 August 2006, the land use rights of the Property, comprising a site area of 72.80 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 19 October 2032 for commercial service use.
- (2) According to Building Ownership Certificate SFQZTSZD No. B0000005964, the building ownership of the Property, comprising a total gross floor area of 425.93 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

(4) According to the PRC legal opinion:

- (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.

(5) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
15. Vacant Property Level 2, Zone A, Hui Yuan Apartment Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Level 2 of a 6-storey residential building erected on a parcel of land with a site area of 965.05 sq m which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 3,594.24 sq m.</p> <p>The Property is located at North Zhongxing Road in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 14 December 2041 for commercial use.</p>	<p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 24 sq m, was subject to a tenancy due to expire on 28 February 2016 at a total annual rent of approximately RMB7,000, while the remaining portion of the Property was vacant.</p>	<p>RMB33,650,000 (63.64% interest attributable to the Group: RMB21,414,860)</p>

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2006) 5829, the land use rights of the Property, comprising a site area of 965.05 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 14 December 2041 for commercial use.
- (2) According to Building Ownership Certificate SFQZJSZD No. B0000005882, the building ownership of the Property, comprising a total gross floor area of 3,594.24 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

- (4) According to the PRC legal opinion:
- (i) The Property is currently subject to a mortgage in favour of Bank of Communications Shanxing Branch (交通銀行股份有限公司紹興分行) for a total consideration of RMB30,000,000 for a term due to expire on 19 March 2016;
 - (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
 - (iii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
16. Zhongxing Road Store, the East Portion of Basement 1, Zhong Xing Shopping Mall, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Basement 1 of a 4-storey aboveground commercial building erected on a parcel of land with a total site area of 7,623.30 sq m which was completed in 1999.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 1,620 sq m.</p> <p>The Property is located at Middle Zhongxing Road in Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 29 September 2043 for residential and commercial uses.</p>	The Property is self-operated by the Group as a supermarket with a total gross floor area of 1,620 sq m.	No Commercial Value (See Note (1))

Notes:

- (1) According to Commodity Housing Sale and Purchase Contract dated 8 November 2004 and its Supplementary Contract dated 15 January 2005, Shaoxing Gongxiao Supermarket Company Limited (紹興供銷超市有限公司) purchased the Property with a total gross floor area of 1,620 sq m from Shaoxing Zhongxing Mall Development Co., Ltd. (紹興中興商城發展有限公司) at a consideration of RMB8,500,000 and the land use rights of the Property, comprising with an apportioned site area of 7,623.30 sq m, have been granted for a term due to expire on 29 September 2043 for commercial and residential uses.

According to the information provided by the Group, Shaoxing Gongxiao Supermarket Company Limited (紹興供銷超市有限公司) has changed its name to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company.

In the course of our valuation, we have ascribed no commercial value to the Property as Certificate for the State-owned Land Use Rights and the Building Ownership Certificate of the Property have not been obtained. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Certificate for the State-owned Land Use Rights and the Building Ownership Certificate of the Property have been obtained, would be RMB9,150,000, and the 63.64% interest of the Property attributable to the Group would be RMB5,823,060.

- (2) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (3) According to the PRC legal opinion:
- (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
 - (ii) The Building Ownership Certificate and Land Use Right Certificate have not been obtained, according to the Commodity Housing Sale and Purchase Contract and its Supplementary Contract, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) has the rights to occupy, use and lease the Property.
- (4) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Commodity Housing Sale and Purchase Contract	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015								
17. Paojiang Shopping Center, No. 1 & No. 21-1 Baisheng Street, Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises a block of 2-storey commercial building erected on a parcel of land with a total site area of 26,191.70 sq m which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 24,526.21 sq m.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">11,641.34</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;"><u>12,884.87</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u><u>24,526.21</u></u></td> </tr> </tbody> </table> <p>The Property is located at Baisheng Street in Paojiang Economic & Technological Development Zone, Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 3 December 2042 for commercial use.</p>	Level	Gross Floor Area (sq m)	Level 1	11,641.34	Level 2	<u>12,884.87</u>	Total	<u><u>24,526.21</u></u>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 6,786.18 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 11,830.12 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 26 July 2021 at a total annual rent of approximately RMB2,300,000.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB154,900,000 (63.64% interest attributable to the Group: RMB98,578,360)</p>
Level	Gross Floor Area (sq m)										
Level 1	11,641.34										
Level 2	<u>12,884.87</u>										
Total	<u><u>24,526.21</u></u>										

Notes:

- (1) According to 2 Certificates for Land Use Rights dated on 11 July 2008, the land use rights of the Property, comprising a total site area of 26,191.70 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 3 December 2042 for commercial use. The breakdown of the attributable site area of the Property are as follows:

Certificate No.	Portion	Site Area (sq m)
SSGY (2008) No. 6638	Unit 201, Nos. 1 & 21-1Baisheng Street, Paojiang	13,759.80
SSGY (2008) No. 6640	Unit 101, Nos. 1 & 21-1Baisheng Street, Paojiang	12,431.90
Total		<u>26,191.70</u>

- (2) According to 2 Building Ownership Certificates dated on 2002, the building ownership of the Property, comprising a total gross floor area of 24,526.21 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use. The breakdown of the gross floor area of the property are as follows:-

Certificate No.	Level	Gross Floor Area (sq m)
SFQZPJZ No. 06181	Level 1	11,641.34
SFQZPJZ No. 06182	Level 2	12,884.87
Total		<u>24,526.21</u>

- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

- (4) According to the PRC legal opinion:

- (i) Level 1 of the Property (Certificates for Land Use Rights SSGY (2008) No. 6640 and Building Ownership Certificate SFQZPJZ No. 06181) is currently subject to a mortgage in favour of Bank of China Shaoxing Branch (中國銀行股份有限公司紹興分行) for a total consideration of RMB75,000,000 for a term due to expire on 6 June 2016;
- (ii) The mortgage contract of Level 2 of the Property (Certificates for Land Use Rights SSGY (2008) No. 6638 and Building Ownership Certificate SFQZPJZ No. 06182) has expired, but Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) has not apply for releasing the mortgage registration;
- (iii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (iv) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.

- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015										
18. Paojiang Store, Nos. 76-85 Dong Fang Du Shi Apartment, Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing Zhejiang Province, the PRC	<p>The Property comprises Levels 1-3 of a 6-storey residential building erected on a parcel of land with a site area of 625.38 sq m which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 1,550.27 sq m.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">810.27</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">400.00</td> </tr> <tr> <td>Level 3</td> <td style="text-align: right; border-bottom: 1px solid black;">340.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,550.27</td> </tr> </tbody> </table> <p>The Property is located at Yueying Road in Paojiang Economic & Technological Development Zone, Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 9 May 2043 for commercial use.</p>	Level	Gross Floor Area (sq m)	Level 1	810.27	Level 2	400.00	Level 3	340.00	Total	1,550.27	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 800.27 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 750 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 19 June 2020 at a total annual rent of approximately RMB102,600.</p>	<p>RMB9,900,000 (63.64% interest attributable to the Group: RMB6,300,360)</p>
Level	Gross Floor Area (sq m)												
Level 1	810.27												
Level 2	400.00												
Level 3	340.00												
Total	1,550.27												

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2006) 5113 dated 16 May 2006, the land use rights of the Property, comprising a site area of 625.38 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 9 May 2043 for commercial use.
- (2) According to Building Ownership Certificate SFQZPJZD No. 02911 dated 15 May 2006, the building ownership of the Property, comprising a total gross floor area of 1,550.27 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
- (i) The mortgage contract of the Property (including Certificates for Land Use Rights SSGY No. (2006) 5113 and Building Ownership Certificate SFQZPJZ No. 02911) has expired, but Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) has not applied for releasing the mortgage registration;
- (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
- (iii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015								
19. Huzhong Road Store, Units 101, 102, 114, Block No. 13, Mei Chuan Xiao Qu, Keqiao District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Levels 1 to 2 of a 3-storey commercial building erected on a parcel of land with a site area of 979.74 sq m which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 1,183.40 sq m.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">1,085.40</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">98.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>1,183.40</u></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq m)	Level 1	1,085.40	Level 2	98.00	Total	<u>1,183.40</u>	The Property is self-operated by the Group as a supermarket with a total gross floor area of 1,183.40 sq m.	RMB17,650,000 (63.64% interest attributable to the Group: RMB11,232,460)
Level	Gross Floor Area (sq m)										
Level 1	1,085.40										
Level 2	98.00										
Total	<u>1,183.40</u>										
	<p>The Property is located at Huzhong in Keqiao District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 18 January 2046 for commercial use.</p>										

Notes:

- (1) According to 3 Certificates for Land Use Rights, the land use rights of the Property, comprising a site area of 979.74 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 18 January 2046 for commercial use. The breakdown of the attributable site area of the Property are as follows:

Certificate No.	Location	Site Area (sq m)
SXXGY (3-52-0-18) No. 41133	Unit 101, Block No. 13, Mei Chuan Xiao Qu, Keqiao	95.07
SXXGY (3-52-0-18) No. 41134	Unit 102, Block No. 13, Mei Chuan Xiao Qu, Keqiao	92.68
SXXGY (3-52-0-18) No. 41135	Unit 114, Block No. 13, Mei Chuan Xiao Qu, Keqiao	791.99
Total		<u>979.74</u>

- (2) According to 3 Building Ownership Certificates, the building ownership of the Property, comprising a total gross floor area of 1,183.40 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for commercial use. The breakdown of the gross floor area of the property are as follows:

Certificate No.	Level/Block	Gross Floor Area (sq m)
SFQZKQZD No. 34857	Unit 101, Block No. 13	114.83
SFQZKQZD No. 34856	Unit 102, Block No. 13	111.94
SFQZKQZD No. 34859	Unit 114, Block No. 13	956.63
Total		<u>1,183.40</u>

- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).

- (4) According to the PRC legal opinion:

- (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.

- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
20. Unit 501, Block No. 11, Tian Di Apartment, Paojiang Economic & Technological Development Zone, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises a residential unit in Level 5 of a 5-storey residential building erected on a parcel of land with a site area of 52.96 sq m which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 155.03 sq m (exclusive of the gross floor area of the attic of 93.58 sq m).</p> <p>The Property is located at Baisheng Street in Paojiang Economic & Technological Development Zone, Yuecheng District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for residential use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 3 December 2072 for residential use.</p>	The Property is owner-occupied as staff dormitory.	RMB1,000,000 (63.64% interest attributable to the Group: RMB636,400)

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SSGY No. (2008) 44 dated on 29 December 2007, the land use rights of the Property, comprising a site area of 52.96 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 3 December 2072 for residential use.
- (2) According to Building Ownership Certificate SFQZPJZD No. 07010, the building ownership of the Property, comprising a total gross floor area of 155.03 sq m (exclusive of the gross floor area of the attic of 93.58 sq m), has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) for residential use.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
 - (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
 - (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
21. Unit 103, Block No. 49, Middle Zone, Mei Shu Shui Zhuang, Keyan Street, Keqiao District, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises a residential unit in Level 1 of a 4-storey residential building erected on a parcel of land with a site area of 107.78 sq m which was completed in 1990's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 134.91 sq m.</p> <p>The Property is located at Kenan Avenue in Keyan Street, Keqiao District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for residential use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 29 September 2073 for residential use.</p>	<p>The Property is owner-occupied as staff dormitory.</p>	<p>RMB760,000 (63.64% interest attributable to the Group: RMB483,664)</p>

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SXXGY (3-37-0-58) No. 33904 dated on 2 October 2007, the land use rights of the Property, comprising a site area of 107.78 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 29 September 2073 for residential use.
- (2) According to Building Ownership Certificate SFQZKYZD No. 01519, the building ownership of the Property, comprising a total gross floor area of 134.91 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司).
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
 - (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
 - (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
22. East of North Chezhan Road, Ma'an Town, Binhai Industry Area, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises a 4-storey commercial building erected on a parcel of land with a site area of 674.50 sq m which was completed in 1980's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 2,006.35 sq m.</p> <p>The Property is located at Ma'an Town, Binhai Industry Area of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 23 August 2037 for commercial use.</p>	<p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 750.00 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 30 April 2018 at a total annual rent of approximately RMB286,000.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB9,650,000 (63.64% interest attributable to the Group: RMB6,141,260)</p>

Notes:

- (1) According to Certificate for the State-owned Land Use Rights SXXGY No. (2005) 13-33 dated 10 August 2005, the land use rights of the Property, comprising a site area of 674.5 sq m, have been granted to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company, for a term due to expire on 23 August 2037 for commercial use.
- (2) According to Building Ownership Certificate SFQZBHZD No. 00027, the building ownership of the Property, comprising a total gross floor area of 2,006.35 sq m, has been vested in Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司).
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
 - (i) The mortgage contract of the Property (including Certificates for Land Use Rights SSGY No. (2005) 13-33 and Building Ownership Certificate SFQZBHZD No. 00027) has expired, but Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) has not applied for releasing the mortgage registration;
 - (ii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established; and
 - (iii) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
23. Zhengzhong Road and South Huanzheng Road, Anchang Town, Shaoxing, Zhejiang Province, the PRC	<p>The Property comprises Levels 1 of a 4-storey commercial building which was completed in 2000's.</p> <p>According to the information provided by the Group, the Property comprises a total gross floor area of 280.21 sq m.</p> <p>The Property is located at Anchang Town in Keqiao District of Shaoxing. Developments nearby are mainly residential and commercial developments. According to the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>We have assumed that the land use rights of the Property have been granted for a land term of 40 years commencing from 9 January 2001 for commercial use.</p>	<p>According to the information provided by the Group, as at the valuation date, full of the Property, with a total gross floor area of 280.21 sq m, was subject to a tenancy due to expire on 31 December 2018 at a total annual rent of approximately RMB600,000.</p>	<p>No Commercial Value (See Note (2))</p>

Notes:

- (1) According to Commodity Housing Sale and Purchase Contract dated 18 August 2003, Shaoxing Gongxiao Supermarket Company Limited (紹興供銷超市有限公司) purchased the Property with a total gross floor area of 280.21 sq m from Shaoxing County Anchang Gongxiao Cooperative (紹興縣安昌供銷合作社) at a total consideration of RMB700,000.

According to the appendix to the Purchase Contract, according to the Building Ownership Certificate SFQZACZD No. 00290 dated 9 January 2001, the building ownership of the Property, comprising a total gross floor area of 280.21 sq m, has been vested in 何漢良.

According to the information provided by the Group, Shaoxing Gongxiao Supermarket Company Limited (紹興供銷超市有限公司) has changed its name to Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), a 63.64% interest subsidiary of the Company.

- (2) According to the information provided by the Group, the Land Use Rights Certificate and Building Ownership Certificate of the Property has not obtained, in the course of our valuation, we have ascribed no commercial value to the Property. For reference purpose, the market value of the Property in its existing state as at 30 September 2015, assuming that the Land Use Rights Certificate and Building Ownership Certificate of the Property has been obtained, would be RMB5,600,000, and the 63.64% interest of the Property attributable to the Group would be RMB3,563,840.
- (3) According to Business License No. 330621000010336 dated 15 February 2015, Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) was established as a limited liability company on 11 August 1999 with a registered capital of RMB102,300,000 for a valid operation period from 11 August 1999 for a long term (note: there is no specific expiry date on the Business License).
- (4) According to the PRC legal opinion:
- (i) Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business license and is legally established; and
- (ii) According to the Commodity Housing Sale and Purchase Contract, Shaoxing County Anchang Gongxiao Cooperative (紹興縣安昌供銷合作社) shall take the response to obtain the Land Use Rights Certificate of the Property, however, Certificate for the State-owned Land Use Rights has not been obtained, consequently Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) cannot obtain the Building Ownership Certificate, and Zhejiang Gongxiao Supermarket Company Limited (浙江供銷超市有限公司) has the rights to occupy, use and lease of the Property.

- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Commodity Housing Sale and Purchase Contract	Yes
Business License	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2015
24. Dongxin Store, Northwest corner of Dongxin Road and Xiwen Street, Xiacheng, Hangzhou, the PRC	<p>The Property is situated in Xilian Global Plaza. Xilian Global Plaza is a 6-storey (partly 18-storey) aboveground commercial complex with 3 levels of basement.</p> <p>The Property is completed in 2015 with a total gross floor area of 13,722.00 sq m on basement level 1.</p> <p>The Property is located to the northwest corner of Dongxin Road and Xiwen Street. Developments nearby are mainly residential and commercial development. As advised by the Group, the Property is used for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation, to dispose of or change the use of the Property.</p> <p>The land use rights have been granted for a term due to expire on 10 April 2052 for commercial use.</p>	<p>The Property is partly self-operated by the Group as a supermarket with a total gross floor area of 9,215.00 sq m and a storage room with a total gross floor area of 2,377.00 sq m.</p> <p>According to the information provided by the Group, as at the valuation date, portion of the Property, with a total gross floor area of 1,839.00 sq m, was subject to tenancies for various terms with the latest tenancy due to expire on 31 July 2016 at an annual passing rent of approximately RMB2,270,000, while the remaining portion of the Property was used as management office.</p>	RMB192,000,000 (100% interest attributable to the Group: RMB192,000,000)

Notes:

- (1) According to Certificate for the State-owned Land Use Rights HXGY No. (2012) 100028 dated 7 June 2012, the land use rights of the Property, comprising a total site area of 17,606.00 sq m, have been granted to Xiwen Economic Cooperative of Dongxin Lane Xiacheng District Hangzhou (杭州市下城區東新街道西文經濟合作社) for a term due to expire on 10 April 2052 for commercial service use.

According to the Group, the Property comprises a portion of the site area as stated in the State-owned Land User Rights Certificates mentioned above.

- (2) According to Commodity Housing Sale and Purchase Contract entered between Xiwen Economic Cooperative of Dongxin Lane Xiacheng District Hangzhou City (杭州市下城區東新街道西文經濟合作社) (“Party A”) and Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司) (“Party B”), a 100.00% interest subsidiary of the Company, on 8 December 2012, a total gross floor area of 13,772.00 sq m are contracted to be transferred to Party B at a consideration of RMB190,053,600.
- (3) According to Business Licence No. 330100000124285 dated 9 March 2012, Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司) was established as a limited liability company on 30 June 2010 with a registered capital of RMB10,000,000 for a valid operation period from 30 June 2010 to 29 June 2030.
- (4) According to the PRC Legal Opinion:
- (i) Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司), which is a subsidiary company of Wumart Stores, Inc. (北京物美商業集團股份有限公司) has obtained valid business licence and is legally established;
- (ii) Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司) is in the process of obtaining the building ownership certificate; and
- (iii) When Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司) obtains the building ownership certificate, Hangzhou Wumart Commercial Company Limited (杭州物美商業有限公司) is the registered owner of the Property, and does not have any limitation on the property rights.
- (5) The status of the title and grant of major approvals and license in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the State-owned Land Use Rights	Yes
Commodity Housing Sale and Purchase Contract	Yes
Business License	Yes

The following is the text of a letter and Summary of the Tenancies of the Leased Properties prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the Leased Properties held by the Group in the PRC as at 30 September 2015.



16/F, Jardine House
1 Connaught Place
Central
Hong Kong

9 November 2015

The Board of Directors
Wumart Stores, Inc.
Wumart Commercial Building
158-1 West 4th Ring North Road
Haidian District
Beijing
the PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with the instructions by Wumart Store, Inc. (the “Company”) for us to review, on Desk-Basis, the Tenancies of the Leased Properties held by the Company or its subsidiary (together the “Group”) in the People’s Republic of China (the “PRC”); we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market values of the Leased Properties in existing state as at 30 September 2015 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represents its market value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). Market Value is defined by the IVSC as “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”.

VALUATION BASIS AND ASSUMPTION

Our valuation of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties are free from encumbrances, restrictions and outgoings of any 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 and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Leased Properties, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters.

Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and is therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments to any documents. We have not been able to cause title searches for the Properties in the PRC but we have made reference to the copies of the documents which have been made available to us by the Group. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have not inspected the Properties. Unless otherwise stated, we have not been able to verify the floor areas of the Properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

SUMMARY OF THE TENANCIES OF LEASED PROPERTIES

According to the Tenancies of the Leased Properties provided to us, the Leased Properties comprises 351 Leased properties with a total floor area of 1,506,537.16 sq m.

	No. of Leased Properties	Floor Area sq m
Commercial	348	1,490,296.63
Office	1	6,453.33
Warehouses	<u>2</u>	<u>9,787.20</u>
Grand Total	<u><u>351</u></u>	<u><u>1,506,537.16</u></u>

As advised by the Group, the Leased properties are occupied by the Group as commercial, office and warehouse uses respectively.

METHOD OF VALUATION AND CONCLUSION

The Leased Properties held by the Group in the PRC respectively are considered to have no commercial value due to the prohibitions against assignment of the Leased Properties or otherwise due to the lack of substantial profit rents.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission and HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

We attach here with a summary of the Tenancies of the Leased Properties.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C. Y. Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 22 years' experience in the valuation of properties in PRC.

APPENDIX – SUMMARY OF THE TENANCIES OF THE LEASED PROPERTIES

Location of Leased properties	Number of Leased properties	Commercial	Warehouse	Office	Sub-total
		<i>sq m</i>	<i>sq m</i>	<i>sq m</i>	
Shaoxing 紹興	103	82,311.20	–	–	82,311.20
Shanghai 上海	1	14,517.12	–	–	14,517.12
Hangzhou 杭州	20	348,429.09	–	–	348,429.09
Zhuji 諸暨	1	10,096.40	–	–	10,096.40
Ningbo 寧波	1	15,114.00	–	–	15,114.00
Fuyang 富陽	1	16,211.00	–	–	16,211.00
Jiaxing 嘉興	1	9,960.65	–	–	9,960.65
Yongkang 永康	1	14,000.00	–	–	14,000.00
Beijing 北京	206	811,009.24	9,787.20	6,453.33	827,249.77
Tianjin 天津	14	149,820.93	–	–	149,820.93
Langfang 廊坊	2	18,827.00	–	–	18,827.00
Grand Total	351	1,490,296.63	9,787.20	6,453.33	1,506,537.16

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the H Share Offer, the Offerors and the Company.

All directors of the Offerors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group) contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Offerors and parties acting in concert with any of them) contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offerors and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES OF H SHARES

- (a) During the Relevant Period, the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$3.1 per H Share on 29 September 2015, and the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$7.0 per H Share on 22 April 2015.
- (b) The table below sets out the closing prices of the H Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	Closing price per H Share (HK\$)
30 October 2015	5.53
30 September 2015	3.12
31 August 2015	4.18
31 July 2015	4.77
30 June 2015	5.50
29 May 2015	6.69
30 April 2015	6.79

- (c) The closing price of the H Shares as quoted on the Stock Exchange on the Last Trading Date was HK\$3.27 per H Share.

- (d) The closing price of the H Shares as quoted on the Stock Exchange on the Latest Practicable Date was HK\$5.64 per H Share.

3. DISCLOSURE OF INTERESTS

(a) Interests of the directors and the chief executives of the Company in the securities of the Company and the securities of the Company's associated corporations

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

Long positions in the Shares, underlying shares and debentures of the Company

Name of director	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the relevant class of share capital (%)	Approximate percentage of total issued share capital (%)
Xu Ying	Domestic Shares	Beneficial owner	1,000,000	0.13	0.08
Xu Shao-chuan	Domestic Shares	Beneficial owner	1,000,000	0.13	0.08
Yu Jian-bo	Domestic Shares	Beneficial owner	1,000,000	0.13	0.08

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code. None of the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.

(b) Interests of substantial shareholders in the securities of the Company

As at the Latest Practicable Date, so far as was known to any of the Directors, the following persons had or were deemed to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) H Shares

Name of substantial Shareholder	Number of H Shares	Approximate percentage in the H Share capital (%)	Approximate percentage of total issued share capital (%)
Genesis Asset Managers, LLP (Note 1)	74,858,827(L)	13.95	5.81
Invesco Asset Management Limited (Note 2)	42,706,902(L)	7.96	3.32
Capital Research and Management Company (Note 3)	49,009,000(L)	9.13	3.81
Massachusetts Financial Services Company (“MFS”) (Note 4)	42,231,000(L)	7.87	3.28
Sun Life Financial, Inc. (“SLF”) (Note 5)	42,231,000(L)	7.87	3.28
Marathon Asset Management LLP (Note 6)	32,196,000(L)	6.00	2.50
JPMorgan Chase & Co. (Note 7)	40,170,241(L) 8,884,000(S) 24,319,879(P)	7.48 1.65 4.53	3.12 0.69 1.89
Hermes Investment Management Ltd (Note 8)	29,420,000(L)	5.48	2.28
GIC Private Limited (Note 9)	28,192,988(L)	5.25	2.19

Notes:

L denotes long position, S denotes short position, and P denotes lending pool

1. Long position of these 74,858,827 H Shares are held by Genesis Asset Managers, LLP in its capacity as an investment manager.
2. Long position of these 42,706,902 H Shares are held by Invesco Asset Management Limited in its capacity as an investment manager.
3. Long position of these 49,009,000 H Shares are held by Capital Research and Management Company in its capacity as an investment manager.
4. Long position of these 42,231,000 H Shares are held by Massachusetts Financial Services Company in its capacity as an investment manager.

5. Long position of these 42,231,000 H Shares are held by Sun Life Financial, Inc. through its interest in a series of controlled corporations (including Massachusetts Financial Services Company) and in its capacity as an investment manager.
6. Long position of these 32,196,000 H Shares are held by Marathon Asset Management LLP in its capacity as an investment manager.
7. Including long position of 9,669,362 H Shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, short position of 8,884,000 H Shares held by JPMorgan Chase & Co. in its capacity as a beneficial owner, long position of 6,181,000 H Shares as an investment manager and long position of 24,319,879 H Shares as a custodian – corporation/approved lending agent.
8. Including long position of 29,420,000 H Shares held by Hermes Investment Management Ltd as an investment manager.
9. Including long position of 28,192,988 H Shares held by GIC Private Limited as an investment manager.

(ii) *Domestic Shares*

Name	Number of Domestic Shares	Approximate percentage of total issued Domestic Share capital	Approximate percentage of total issued share capital	Capacity in which interests are held
Dr. Zhang Wen-zhong (<i>Note 1</i>)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Beijing Jingxi Guigu Technology Company Limited (“Jingxi Guigu”) (<i>Note 1</i>)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Beijing CAST Technology Investment Company (“CAST Technology Investment”) (<i>Note 1</i>)	658,390,672	87.67	51.14	Interest of corporation controlled by the substantial shareholder
Wumei Holdings (<i>Note 2</i>)	658,390,672	87.67	51.14	Beneficial owner, interest of corporation controlled by the substantial shareholder
Yinchuan Xinhua Commercial (Group) Co., Ltd. (“Xinhua Commercial”) (<i>Note 3</i>)	497,932,928	66.30	38.67	Beneficial owner
Beijing Wangshang Shijie Information Technology Co., Ltd. (“Wangshang Shijie”)	160,457,744	21.37	12.46	Beneficial owner

Note:

1. As of the Latest Practicable Date, Jingxi Guigu is owned as to 100% by Dr. Zhang Wen-zhong, and therefore Dr. Zhang Wen-zhong is entitled to control the exercise of one-third or more of the voting power at general meetings of Jingxi Guigu. CAST Technology Investment is owned as to 80% by Jingxi Guigu, and therefore Jingxi Guigu is entitled to control the exercise of one-third or more of the voting power at general meetings of CAST Technology Investment. Wumei

Holdings is owned as to 97.02% by CAST Technology Investment, and therefore CAST Technology Investment is entitled to control the exercise of one-third or more of the voting power at general meetings of Wumei Holdings. Each of Dr. Zhang Wen-zhong, Jingxi Guigu and CAST Technology Investment is therefore deemed, by virtue of Part XV of the SFO, to be interested in the shares of the Company held by Wumei Holdings.

2. As of the Latest Practicable Date, Wumei Holdings directly held 497,932,928 Domestic Shares. At the same time, Beijing Green Safe Agricultural Products Logistics and Information Center Co. Ltd (“Beijing Green”) and Lhasa Wisdom Network Excellent Investment Management Co. Ltd. (“Wisdom Network”), which are the wholly-owned subsidiaries of Wumei Holdings, jointly held 57.65% equity of Wangshang Shijie, and therefore Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Wangshang Shijie. Wumei Holdings is deemed, by virtue of Part XV of the SFO, to be interested in 160,457,744 Domestic Shares held by Wangshang Shijie. As of the Latest Practicable Date, Wumei Holdings is therefore beneficially interested and deemed, by virtue of Part XV of the SFO, to be interested in the total 658,390,672 Domestic Shares.
3. As of the Latest Practicable Date, Xinhua Commercial is owned as to 29.27% by Wumei Holdings. Pursuant to the share transfer agreement (please refer to the Company’s announcement dated 24 July 2008) entered into between Wumei Holdings and Xinhua Commercial, 497,932,928 Domestic Shares which were directly held by Wumei Holdings would be held by Xinhua Commercial directly upon completion of such agreement, and Wumei Holdings is entitled to control the exercise of one-third or more of the voting power at general meetings of Xinhua Commercial. As a result of entering into the above share transfer agreement, Xinhua Commercial is deemed, by virtue of Part XV of the SFO, to be interested in such 497,932,928 Domestic Shares. As of the date of this report, the aforesaid share transfer agreement has not yet been completed.

Save as disclosed in paragraph (b) above, as at the Latest Practicable Date, so far as was known to any of the Directors, there was no person who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be disclosed herein pursuant to the Takeovers Code.

(c) Interests and dealings in the Shares

- (i) As at the Latest Practicable Date, the Offerors were interested in 707,142,200 Domestic Shares, and 1,421,425 H Shares, representing in aggregate approximately 54.92% of the Shares, made up of approximately 94.16% of the total issued Domestic Shares and

approximately 0.26% of the total issued H Shares. Save as aforesaid and as disclosed in the table below, none of the Offerors or their directors were interested in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares:

	Domestic Shares		H Shares	
Wumei Holdings (Note 1) (Note 2)	497,932,928	66.30%	46,425	0.00%
Beijing Wangshang Shijie Information Technology Co., Ltd. (Note 3) (Note 4)	160,457,744	21.37%	—	—
Zhang Bin (Note 5)	24,482,300	3.26%	—	—
Beijing Toma Wangluo Technology Co., Ltd. (Note 6)	23,269,228	3.10%	—	—
Xu Ying (Note 7)	1,000,000	0.13%	—	—
Retail Enterprise Corporation Limited (Note 8)	—	—	1,375,000	0.26%
TOTAL	707,142,200	94.16%	1,421,425	0.26%

Note

- (1) Held as to 97.02% by Beijing CAST Technology Investment Company, which is in turn held as to 80.00% by Beijing Jingxi Guigu Technology Company Limited, which is held as to 100.00% by Dr. Zhang Wenzhong. The other 2.98% of Wumei Holdings is held by Tibet Aiqi Hongsheng Investment Management Co., Ltd, a company owned by Lin Dongliang and Wu Guangze, being third parties unrelated to Dr. Zhang Wenzhong. The other 20.00% of Beijing CAST Technology Investment Company is held by Beijing Zhongsheng Huate Technology Co., Ltd., which is held as to 99.00% by Dr. Zhang Wenzhong and 1.00% by Beijing Jingxi Guigu Technology Company Limited.
- (2) Wumei Holdings holds 66.30% of the Domestic Shares and 0.00% of the H Shares.
- (3) The name of Beijing Wangshang Shijie E-Business Co., Ltd. was changed to Beijing Wangshang Shijie Information Technology Co., Ltd. on 24 August 2015. It is held as to 57.65% by two wholly-owned subsidiaries of Wumei Holdings, Beijing Green Safe Agricultural Products Logistics and Information Center Co. Ltd and Lhasa Wisdom Network Excellent Investment Management Co. Ltd. The other 42.35% of Beijing Wangshang Shijie Information Technology Co., Ltd. is held by Harvest Line Limited and Lin Dongliang, being third parties unrelated to Dr. Zhang Wenzhong.
- (4) Beijing Wangshang Shijie Information Technology Co., Ltd. holds 21.37% of the Domestic Shares.
- (5) Zhang Bin is the younger brother of Dr. Zhang Wenzhong. He holds 3.26% of the Domestic Shares.
- (6) Held as to 55.00% by Zhang Ling, a director of Wumei Holdings. The other 45.00% is held by Lu Jianping, being a third parties unrelated to Dr. Zhang Wenzhong.

- (7) Xu Ying is a director of both Wumei Holdings and the Company.
- (8) Held as to 100% by Wumei Holdings.
- (ii) As at the Latest Practicable Date, Somerley Capital, presumed to be acting in concert with the Offerors, does not hold any Shares.
- (iii) Save as disclosed in the table in paragraph (i) above, none of the persons acting in concert with the Offerors owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.
- (iv) None of the Offerors, its directors and the parties acting in concert with it had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (v) No subsidiary of the Company, pension fund of Group or adviser of the Company as specified in class (2) of the definition of “associate” in the Takeovers Code (but excluding exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (vi) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1) to (4) of the definition of “associate” in the Takeovers Code and no such person owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (vii) Save as disclosed in the section headed “Disclosure of Interests — Interests of the directors and the chief executives of the Company in the securities of the Company and the securities of the Company’s associated corporations” in this Appendix, no Director was interested in, owned or controlled and no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (viii) No Shares or convertible securities, warrants, options or derivatives in respect of the Shares was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no fund managers (other than exempt fund managers) connected with the Company had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (ix) As at the Latest Practicable Date, none of the Company and the directors of Company had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

(d) Interests and dealings in the shares of the Offerors

As at the Latest Practicable Date, neither the Directors nor the Company had any interest in the shares or any convertible securities, warrants, options or derivatives in respect of the shares in the Offerors and neither the Directors nor the Company had dealt for value in any such shares, convertible securities, warrants, options or derivatives during the Relevant Period.

(e) Arrangements with the Offerors and the parties acting in concert with it

As at the Latest Practicable Date:

- (i) None of the Offerors and the parties acting in concert with them had any arrangement of the kind referred to in Note 8 to Rule 22 of Takeovers Code with any person;
- (ii) there was no agreement or arrangement to which any of the Offerors is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (iii) there was no agreement, arrangement or understanding between the Offerors and any other person in relation to the transfer, charge or pledge of the Shares to be purchased by the Offerors (or any of their respective wholly-owned subsidiaries) upon completion of the Offers;
- (iv) the Offerors have no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Offers to any other person, or has no agreement, arrangement or understanding with any third party to do so;
- (v) the Offerors and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or not to accept the Offers; and
- (vi) none of the Offerors and the parties acting in concert with them, the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

(f) Other interests

As at the Latest Practicable Date:

- (i) no benefit (save for statutory compensation required under appropriate law) is or will be paid to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there are no material contracts entered into by the Offerors in which any Director has a material personal interest;

- (iii) save for the Offers, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offerors or any of the parties acting in concert with it on the one hand and any of the Directors, recent Directors, the Shareholders or recent Shareholders on the other hand having any connection with or dependence upon or being conditional upon the outcome of the Offers or otherwise connected with the Offers;
- (iv) save for the Offers, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- (v) save as disclosed in the section headed “Disclosure of Interests — Interests of the directors and the chief executives of the Company in the securities of the Company and the securities of the Company’s associated corporations”, none of the Directors has any direct beneficial interest in the Shares.
- (vi) none of the Directors had any existing or proposed service contract with the Group or associated companies of the Company which (i) (including both continuous and fixed term contracts) has been entered into or amended within six months before the commencement of the Offer Period; or (ii) is a continuous contract with a notice period of 12 months or more; or (iii) is a fixed term contract with more than 12 months to run irrespective of the notice period.

4. INFORMATION REGARDING THE SHARE CAPITAL OF THE COMPANY

- (i) As of the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised share capital

Number of Shares	Value of Shares
750,976,116 Domestic Shares	RMB750,976,116
536,568,000 H Shares	RMB536,568,000

Issued share capital

Number of Shares	Value of Shares
750,976,116 Domestic Shares	RMB750,976,116
536,568,000 H Shares	RMB536,568,000

- (ii) All of the Shares currently in issue rank pari passu in substantially all respects to each other, including with respect to dividends (except with respect to the currency in which the dividends are paid), voting rights and capital.

- (iii) No new Shares were issued since 31 December 2014, being the end of the last financial year of the Company to the Latest Practicable Date.
- (iv) Other than the Shares, there are no other options, derivatives, warrants or other securities convertible or exchangeable into Shares which are issued by the Company as at the Latest Practicable Date.

5. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Group.

6. MATERIAL CONTRACTS

No material contracts other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group had been entered into by any member of the Group within two years preceding 20 October 2015, being the commencement of the Offer Period, and up to the Latest Practicable Date.

7. EXPERTS

The following are the qualifications of each of the experts who have been named in this document or provided their report or advice which are contained in this Composite Document.

Name	Qualification
Somerley Capital	Somerley Capital Limited, the financial adviser to the Offerors, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
China Galaxy	China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Reporting accountants
DTZ	Property valuer
Beijing Kangda Law Firm	Legal adviser to the Company for its opinion set out in the property valuation report by DTZ
Haiwen & Partners	Legal adviser to the Company and Wumei Holdings as to PRC law

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which have been, since 31 December 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), 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.

8. CONSENT

The experts listed in section 7 above headed “Experts” have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion in this Composite Document of the text of their respective letters, reports or opinions, as the case may be, and references to their names in the form and context in which they respectively appear.

9. GENERAL

- (a) The registered office of the Company is situated at Room 8039, 8th Floor, Building 3, Court No. 30, Shixingdajie, Shijingshan District, Beijing, the PRC and its principal place of business in Hong Kong is 18th Floor, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong.
- (b) The registered office of the Wumei Holdings is situated at Room 4159, Shixing Building, No.1 Shixing Dong Street, Badachu HighTech Park District, Shijingshan District, Beijing, the PRC. The directors of Wumei Holdings are Mr. Zhang Bin, Madam Xu Ying, Mr. Zhang Ling and Mr. Zhou Quan.
- (c) The registered office of Beijing Wangshang Shijie Information Technology Co., Ltd. is situated at Room 6002, Shixing Building, No.1 Shixing Dong Street, Badachu HighTech Park District, Shijingshan District, Beijing, the PRC. The directors of Beijing Wangshang Shijie Information Technology Co., Ltd are Xie Dong, Peng Xiaozhen, Cai Lin, Lin Dongliang, Zhang He.
- (d) The registered office of Beijing Toma Wangluo Technology Co., Ltd. is situated at No.1 Gulou Xi Street, Changping Town, Changping District, Beijing, the PRC. The directors of Beijing Toma Wangluo Technology Co., Ltd. are Lu Jianping, Gu Yingjian, Hu Chunhua, Li Baosen.
- (e) The registered office of Retail Enterprise Corporation Limited is situated at Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The director of Retail Enterprise Corporation Limited, Ltd. is Dr. Zhang Wenzhong.
- (f) The address of Zhang Bin is Room 931, Unit 3, Building 4, Dahe Zhuangyuan, Haidian District, Beijing, the PRC.

- (g) The address of Xu Ying is No.2 Zhaoxing Villa, Changde Road, Heping District, Tianjin, the PRC.
- (h) The registered office of Wumei Hong Kong is situated at Flat 2, 19/F., Henan Building, 90-92 Jaffe Road, Wanchai, Hong Kong. The directors of Wumei Hong Kong is Mr. Zhang Wenzhong.
- (i) The registered office of Somerley Capital is situated at 20/F., China Building, 29 Queen's Road Central, Central, Hong Kong.
- (j) The registered office of China Galaxy is situated at Units 3501-7 & 3513-14, 35/F, Cosco Tower, 183 Queen's Road Central, Hong Kong.
- (k) The Registrar of the Company is Computershare Hong Kong Investor Services Limited which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (l) In case of inconsistency, the English language text of this document and the accompanying forms of proxy shall prevail over the Chinese language text.
- (m) All time and dates references contained in this Composite Document refer to Hong Kong time and dates.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:30 a.m. to 5:30 p.m., Monday to Friday at (i) the principal place of business of the Company in Hong Kong at 18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong; (ii) the website of the Company at <http://www.wumart.com>; and (iii) the website of SFC at www.sfc.hk from the date of this Composite Document for so long as the H Share Offer remains open for acceptance.

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of each of Wumei Holdings;
- (c) the memorandum and articles of association of each of Wumei Hong Kong;
- (d) the annual report containing the audited consolidated financial statements of the Company for each of the two years ended 31 December 2013 and 2014;
- (e) the interim report containing the unaudited consolidated results of the Company for the six months ended 30 June 2015;
- (f) the audited consolidated financial statements of the Wumei Holdings for each of the two years ended 31 December 2013 and 2014;

- (g) the letter from both boards of directors of the Offerors, the text of which is set out on pages 9 to 14 of this Composite Document;
- (h) the letter from Somerley Capital, the text of which is set out on pages 15 to 24 of this Composite Document
- (i) the letter from the Board, the text of which is set out on pages 25 to 33 of this Composite Document;
- (j) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Composite Document;
- (k) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 36 to 64 of this Composite Document;
- (l) the written consents referred to in section 8 above in this Appendix entitled “Consent”;
- (m) the letter from Deloitte Touche Tohmatsu on the unaudited financial information of the Group, the text of which is set out in Appendix III of this Composite Document;
- (n) the letter from China Galaxy on the unaudited financial information of the Group, the text of which is set out in Appendix IV of this Composite Document; and
- (o) the letter and full valuation report and certificate relating to certain property interests of the Group, prepared by DTZ, the text of which is set out in Appendix V to this Composite Document.



物美
WUMART

北京物美商業集團股份有限公司
WUMART STORES, INC.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01025)

NOTICE OF H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the H Share Class Meeting of the Independent H Shareholders of Wumart Stores, Inc. (the “**Company**”) will be held at 10:30 a.m. on Thursday, 24 December 2015 at the Board Meeting Room, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC to consider and, if thought fit, pass the following resolution by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast by poll either in person or by proxy at the H Share Class Meeting, and with the number of votes cast by poll against the resolution at the H Share Class Meeting amounting to not more than 10% of all the H Shares held by the Independent H Shareholders.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document jointly issued by or on behalf of the Offerors and the Company dated 9 November 2015.

AS SPECIAL RESOLUTION

1. To consider and, if thought fit, to approve:

“That:

- (a) the proposed withdrawal of listing of the H shares of the Company from the Stock Exchange; and
- (b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the proposed withdrawal.”

By Order of the Board
Wumart Stores, Inc.
Dr. Meng Jin-xian
Chairman

Beijing, the PRC
9 November 2015

* *for identification purposes only*

Notes:

1. ELIGIBILITY FOR ATTENDING THE H SHARE CLASS MEETING

Holders of H Shares whose names appear on the register of members of the Company H share registrar and transfer office, Computershare Hong Kong Investor Services Limited at the close of business on Monday, 23 November 2015 shall be entitled to attend the H Share Class Meeting.

2. CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the holders of H Shares who are entitled to attend and vote at the H Share Class Meeting, the register of members of the Company will be closed during the periods set out below.

Book closure period of the Company	from Tuesday, 24 November 2015 to Thursday, 24 December 2015 (both days inclusive)
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Deadline for shareholders lodging share transfer documents	4:30 p.m. on Monday, 23 November 2015
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Holders of H Shares must lodge all share transfer documents (including the duly stamped instruments of transfer and the relevant H Share certificate(s)) to the H share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the deadline as set out above.

3. PROXY

- (1) Each shareholder who is entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies in writing to attend and vote at the H Share Class Meeting on his/her behalf. Proxies need not be shareholders of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his duly authorised attorney. In case of a corporation, the written instrument appointing a proxy must be affixed with the corporate seal of such appointor or duly signed by its director or by its duly authorised attorney. If the written instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney or other documents of authorisation must be notarised.
- (3) To be valid, proxy forms, accompanied by notarised power of attorney or other documents of authorisation (if any), shall be lodged at Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 24 hours before the time appointed for convening of the H Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

4. REGISTRATION PROCEDURES FOR ATTENDING THE H SHARE CLASS MEETING

- (1) Shareholders or their proxies shall be required to present their identification documents when attending the H Share Class Meeting. In case of a corporation, the legal representative of that shareholder or the person authorised by its board of directors or other governing bodies shall be required to present a copy of the resolution of the board of directors or other governing bodies of such shareholders appointing such persons to attend the meeting.

- (2) Shareholders who wish to attend the H Share Class Meeting should deliver the reply slips for the H Share Class Meeting to Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Thursday, 3 December 2015.
- (3) A shareholder may return the above reply slip to the office of Computershare Hong Kong Investor Services Limited in person, by post or by facsimile.
- (4) Shareholders or proxies attending the H Share Class Meeting should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. Abstention from voting will not be regarded by the Company as having voting rights for the purpose of vote counts.

5. METHOD OF VOTING AT THE H SHARE CLASS MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting shall be conducted by way of poll. Accordingly, the chairman of the H Share Class Meeting will demand a poll in relation to all the proposed resolution at the H Share Class Meeting.

6. MISCELLANEOUS

- (1) The H Share Class Meeting is expected to be held for less than half a day. Shareholders attending the H Share Class Meeting shall be responsible for their transportation, accommodation and meals expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office in Hong Kong, is as follows:

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

As at the date of this announcement, the Board comprises Madam Xu Ying, Mr. Xu Shao-chuan and Dr. Yu Jian-bo as executive Directors, Dr. Meng Jin-xian as non-executive Director, and Mr. Li Lu-an, Mr. Lu Jiang and Mr. Wang Jun-yan as independent non-executive Directors.



物美
WUMART

北京物美商業集團股份有限公司
WUMART STORES, INC.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01025)

NOTICE OF DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the Domestic Share Class Meeting of the Independent Domestic Shareholders of Wumart Stores, Inc. (the “**Company**”) will be held at 10:00 a.m. on Thursday, 24 December 2015 at the Board Meeting Room, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC to consider and, if thought fit, pass the following resolutions by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast by poll either in person or by proxy at the Domestic Share Class Meeting, and with the number of votes cast by poll against the resolution at the Domestic Share Class Meeting amounting to not more than 10% of all the Domestic Shares held by the Independent Domestic Shareholders.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document jointly issued by or on behalf of the Offerors and the Company dated 9 November 2015.

AS SPECIAL RESOLUTION

1. To consider and, if thought fit, to approve:

“That:

- (a) the proposed withdrawal of listing of the H shares of the Company from the Stock Exchange; and
- (b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the proposed withdrawal.”

By Order of the Board
Wumart Stores, Inc.
Dr. Meng Jin-xian
Chairman

Beijing, the PRC
9 November 2015

* *for identification purposes only*

Notes:

1. ELIGIBILITY FOR ATTENDING THE DOMESTIC SHARE CLASS MEETING

Holders of Domestic Shares whose names appear on the register of members of the Company at the close of business on Monday, 23 November 2015 shall be entitled to attend the Domestic Share Class Meeting.

2. PROXY

- (1) Each shareholder who is entitled to attend and vote at the Domestic Share Class Meeting may appoint one or more proxies in writing to attend and vote at the Domestic Share Class Meeting on his/her behalf. Proxies need not be shareholders of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his duly authorised attorney. In case of a corporation, the written instrument appointing a proxy must be affixed with the corporate seal of such appointor or duly signed by its director or by its duly authorised attorney. If the written instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney or other documents of authorisation must be notarised.
- (3) To be valid, proxy forms, accompanied by notarised power of attorney or other documents of authorisation (if any), shall be lodged at the Company's place of business, no later than 24 hours before the time appointed for convening of the Domestic Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

3. REGISTRATION PROCEDURES FOR ATTENDING THE DOMESTIC SHARE CLASS MEETING

- (1) Shareholders or their proxies shall be required to present their identification documents when attending the Domestic Share Class Meeting. In case of a corporation, the legal representative of that shareholder or the person authorised by its board of directors or other governing bodies shall be required to present a copy of the resolution of the board of directors or other governing bodies of such shareholders appointing such persons to attend the meeting.
- (2) Shareholders who wish to attend the Domestic Share Class Meeting should deliver the reply slips for the meeting to the Company's head office on or before Thursday, 3 December 2015.
- (3) A shareholder may return the above reply slip to the Company in person, by post or by facsimile.
- (4) Shareholders or proxies attending the Domestic Share Class Meeting should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. Abstention from voting will not be regarded by the Company as having voting rights for the purpose of vote counts.

4. METHOD OF VOTING AT THE DOMESTIC SHARE CLASS MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting shall be conducted by way of poll. Accordingly, the chairman of the Domestic Share Class Meeting will demand a poll in relation to all the proposed resolution at the Domestic Share Class Meeting.

5. MISCELLANEOUS

(1) The Domestic Share Class Meeting is expected to be held for less than half a day. Shareholders attending the Domestic Share Class Meeting shall be responsible for their own transportation, accommodation and meals expenses.

(2) The place of business and contact details of the Company is as follows:

11th Floor, Wumart Commercial Building,
158-1 West 4th Ring North Road,
Haidian District,
Beijing, PRC
Tel: (+86) 10 88258862
Fax: (+86) 10 88258121

As at the date of this announcement, the Board comprises Madam Xu Ying, Mr. Xu Shao-chuan and Dr. Yu Jian-bo as executive Directors, Dr. Meng Jin-xian as non-executive Director, and Mr. Li Lu-an, Mr. Lu Jiang and Mr. Wang Jun-yan as independent non-executive Directors.



物美
WUMART

北京物美商業集團股份有限公司
WUMART STORES, INC.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01025)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the EGM of the Independent Shareholders of Wumart Stores, Inc. (the “**Company**”) will be held at 11:00 a.m. on Thursday, 24 December 2015 at the Board Meeting Room, Wumart Commercial Building, 158-1 West 4th Ring North Road, Haidian District, Beijing, the PRC to consider and, if thought fit, pass the following resolution by at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are cast by poll either in person or by proxy at the EGM, and with the number of votes cast by poll against the resolution at the EGM amounting to not more than 10% of all the Shares held by the Independent Shareholders.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document jointly issued by or on behalf of the Offerors and the Company dated 9 November 2015.

AS SPECIAL RESOLUTION

1. To consider and, if thought fit, to approve:

“That:

- (a) the proposed withdrawal of listing of the H shares of the Company from the Stock Exchange; and
- (b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the proposed withdrawal.”

By Order of the Board
Wumart Stores, Inc.
Dr. Meng Jin-xian
Chairman

Beijing, the PRC
9 November 2015

* *for identification purposes only*

Notes:

1. ELIGIBILITY FOR ATTENDING THE EGM

Holders of H Shares whose names appear on the register of members of the Company maintained by the Company's H share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, and holders of Domestic Shares whose names appear on the register of members of the Company at the close of business on Monday, 23 November 2015 shall be entitled to attend the EGM.

2. CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the holders of H Shares who are entitled to attend and vote at the EGM, the H Share register of members of the Company will be closed during the period as set out below.

Book closure period of the Company	from Tuesday, 24 November 2015 to Thursday, 24 December 2015 (both days inclusive)
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Deadline for shareholders lodging share transfer documents	4:30 p.m. on Monday, 23 November 2015
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In order to be qualified for attending and voting at the EGM, holders of H Shares of the Company must lodge all share transfer documents (including the duly stamped instruments of transfer and the relevant H Share certificate(s)) to the H share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the deadline as set out above.

Holders of Domestic Shares whose names appear on the register of members of the Company at the close of business on Monday, 23 November 2015 shall be entitled to attend the EGM.

3. PROXY

- (1) Each shareholder who is entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the EGM on his/her behalf. Proxies need not be shareholders of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his duly authorised attorney. In case of a corporation, the written instrument appointing a proxy must be affixed with the corporate seal of such appointing corporation or duly signed by its director or by its duly authorized attorney. If the written instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney, or other documents of authorization must be notarised.
- (3) To be valid, proxy forms, accompanied by notarised power of attorney or other documents of authorisation (if any), shall be lodged at (i) the Company's office address, for holders of Domestic Shares; and (ii) Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares, no later than 24 hours before the time appointed for convening of the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.

4. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

- (1) Shareholders or their proxies shall be required to present their identification documents when attending the EGM. In case of a corporation, the legal representative of that shareholder or the person authorised by its board of directors or other decision-making bodies shall be required to present a copy of the resolutions of the board of directors or other decision-making bodies of corporate shareholders authorising such persons to attend the meeting.
- (2) Shareholders who wish to attend the EGM should deliver the reply slip for the EGM to Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of holders of H Shares) or to the Company's head office (in case of holders of Domestic Shares) on or before Thursday, 3 December 2015.
- (3) A shareholder may return the above reply slip in person, by post or by facsimile to the office of the Company or Computershare Hong Kong Investor Services Limited.
- (4) Shareholders or proxies attending the EGM should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. Abstention from voting will not be regarded by the Company as having voting rights for the purpose of vote counts

5. METHOD OF VOTING AT THE H SHARE CLASS MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting shall be conducted by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolutions at the EGM.

6. MISCELLANEOUS

- (1) The EGM is expected to be held for less than half a day. Shareholders attending the EGM are reminded that any expenses in transportation, accommodation and meals will be incurred at their own cost.
- (2) The address of Computershare Hong Kong Investor Services Limited, the Company's H share registrar and transfer office in Hong Kong is as follows:

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

- (3) The address and the contact details of the Company's office are as follows:

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