SUN ART
Retail Group Limited

Sun Art Retail Group Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 6808

Global Offering

Joint Global Coordinators and Joint Sponsors

HSBC UBS citi

Joint Bookrunners and Joint Lead Managers

HSBC UBS citi

BNP PARIBAS CORPORATE & INVESTMENT BANKING CICC 中金香港证券 Morgan Stanley Goldman Sachs

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

SUN ART
Retail Group Limited

SUN ART RETAIL GROUP LIMITED
高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	**:**	**1,143,848,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**114,385,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**1,029,463,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$7.20 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.30 per Share**
Stock Code	**:**	**6808**

Joint Global Coordinators and Joint Sponsors

HSBC UBS citi

Joint Bookrunners and Joint Lead Managers

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BNP PARIBAS CORPORATE & INVESTMENT BANKING CICC 中金香港证券 Morgan Stanley Goldman Sachs

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 prospectus, make no representation as to its 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VII – Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around 8 July 2011 and, in any event, not later than 13 July 2011. The Offer Price will be not more than HK$7.20 per Offer Share and is currently expected to be not less than HK$5.65 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before 13 July 2011, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on our Company's website at www.sunartretail.com. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold or delivered to (i) qualified institutional buyers in reliance on an exemption from the registration requirements of the US Securities Act provided by, and in accordance with the restrictions of Rule 144A, or another exemption from, or in transactions not subject to, the registration requirements of the US Securities Act or (ii) outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

4 July 2011

EXPECTED TIMETABLE[1]

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, 7 July 2011
Application lists open[3]	11:45 a.m. on Thursday, 7 July 2011
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, 7 July 2011
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, 7 July 2011
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfers of PPS payment transfer(s)	12:00 noon on Thursday, 7 July 2011
Application lists close[3]	12:00 noon on Thursday, 7 July 2011
Expected Price Determination Date[5]	Friday, 8 July 2011
(1) Announcement of the Offer Price, the level of applications in the Hong Kong Public Offering, the indications of interest in the International Offering, and the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **www.sunartretail.com**[7] on or before	Thursday, 14 July 2011
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers and Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — Publication of Results") from	Thursday, 14 July 2011
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from	Thursday, 14 July 2011

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.sunartretail.com**[7] from . . . . .Thursday, 14 July 2011

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8][9] . . . . Thursday, 14 July 2011

Despatch of White Form e-Refund payment instructions/ refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[9][10] . . . . .Thursday, 14 July 2011

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence on . . . . .Friday, 15 July 2011

Notes:

(1) All dates and times refer to Hong Kong dates and times, unless otherwise stated.

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

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 7 July 2011, the application lists will not open and close on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares — When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists" in this prospectus. If the application lists do not open and close on 7 July 2011, the dates mentioned above may be affected. We will make a press announcement in such event.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — How to Apply By Giving Electronic Application Instructions to HKSCC" in this prospectus.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about 8 July 2011 and, in any event, not later than Wednesday, 13 July 2011. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before Wednesday, 13 July 2011, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board — Results of Allotment" page on the Hong Kong Stock Exchange's website at **www.hkexnews.hk**.

(7) Neither our Company's website nor any of the information contained on our Company's website forms part of this prospectus.

(8) Share certificates for the Hong Kong Offer Shares are expected to be issued on 14 July 2011 but will only become valid if the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date, which is expected to be 15 July 2011. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as possible thereafter.

(9) Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their **WHITE** Application Forms that they wish to collect any refund cheques and Share certificates (where applicable) in person from the Hong Kong Share Registrar, may do so from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 14 July 2011. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to the Hong Kong Share Registrar.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — How to Apply By Giving Electronic Application Instructions to HKSCC" in this prospectus.

Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and whose applications are wholly or partially successful, may collect their Share certificates in person from Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 14 July 2011.

For applicants who apply for less than 1,000,000 Hong Kong Offer Shares, Share certificates will be sent to the address specified in their application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on 14 July 2011 by ordinary post and at their own risk.

Applicants who paid the application monies from a single bank account may have e-Refund payment instructions (if any) dispatched to the application payment account on 14 July 2011. Applicants who used multi-bank accounts to pay the application monies may have refund cheques (if any) dispatched to them on 14 July 2011.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be dispatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms promptly thereafter. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

(10) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications in the event the final Offer Price is less than the price payable per Offer Share on application.

For details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares, you should read the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering.

CONTENTS

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the largest and fastest growing hypermarket operator in China in terms of sales in 2010 and market share increase from 2008 to 2010, respectively, according to Euromonitor estimates. According to Euromonitor, our estimated market share increased from 10.6% in 2008 to 12.0% in 2010. Euromonitor has also estimated that we had the highest productivity amongst hypermarket operators in China in 2010, in terms of Sales per Average Number of Stores. Our annual Sales per Average Number of Stores were RMB313 million, RMB309 million and RMB323 million for 2008, 2009 and 2010, respectively. We believe that a key element of our success is our focus on customer satisfaction. To achieve this, we offer our customers a compelling value proposition encompassing (i) a comprehensive selection of high quality food and non-food merchandise; (ii) hypermarkets operating to international standards with a modern shopping environment and a welcoming ambience; and (iii) a complementary mix of convenient third party stores and amenities in our hypermarket complexes, such as casual dining restaurants, automated teller machines, pharmacies and dry-cleaners. Core to our strategy is to continuously strive to offer merchandise at the best value for money to our customers.

We operate our hypermarket business under two well-recognised banners — being the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners. Our Ultimate Controlling Shareholders, Groupe Auchan and Ruentex, opened their first hypermarkets in Shanghai in 1999 and 1998, respectively. In 2000, recognising the potential synergistic benefits their two banners could achieve, Groupe Auchan and Ruentex decided to enter into a joint venture arrangement to operate the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners in China together. Our Company was established on 13 December 2000 to carry out the vision of Groupe Auchan and Ruentex to develop the market leader in the hypermarket sector in China.

As at the Latest Practicable Date, we had a nationwide footprint with 197 hypermarket complexes across 21 out of 31 provinces, autonomous regions and municipalities in China. Out of these 197 hypermarket complexes, 136 are leased by us, 49 are owned by us and 12 are Contracted Stores. 16 out of the 136 leased hypermarket complexes are operated under the "Auchan" banner while the remaining 120 are operated under the "RT-Mart" banner. 25 out of the 49 owned hypermarket complexes are operated under the "Auchan" banner while the remaining 24 are operated under the "RT-Mart" banner. All Contracted Stores are operated under the "RT-Mart" banner. The sales areas of our hypermarkets range in size from approximately 6,000 sq.m. to 17,000 sq.m. with an average size of 8,800 sq.m. Each of our hypermarket complexes comprise our hypermarket and retail gallery offering a broad range of food and non-food merchandise, which we believe effectively caters to the needs of our customers and provides a comprehensive and enjoyable one-stop shopping experience. Our retail galleries are leased to and operated by third party tenants through which we generate rental income.

We believe that the selection of suitable locations for our hypermarket complexes has been critical to our success and is the focus of our expansion plans. We actively search for suitable locations for our new hypermarket complexes that meet our strict criteria and, subject to favourable market conditions, we will open new hypermarket complexes as and when we find suitable locations. For more information on our site selection criteria and process, please see the section headed "Business — Selection of location for our hypermarket complexes". In particular, although we commenced our hypermarket operations in first tier cities such as Shanghai and Beijing, we have expanded our reach to populous second and lower tier cities such as Nanjing, Suzhou, Hangzhou, Ningbo, Jinan, Hefei, Dongguan, Wuhan, Changde, Shenyang, Mudanjiang, Xi'an and Lanzhou and in the suburban areas in first tier cities. We wish to be the early mover in each region which we expand into and take advantage of the opportunities that these under-penetrated regions can offer. During the Track Record Period, we opened a total of 90 hypermarket complexes in China, and subsequent to the end of the Track Record Period up to the Latest Practicable Date, we opened two additional hypermarket complexes. As at the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complex openings, through either signed leases or acquired land plots, and had 51 hypermarkets under development, which include properties we own and properties under secured leases in China. 46 of the 51 hypermarkets under development are under the "RT-Mart" banner, of which 40 are leased properties and 6 are owned properties. The remaining 5 of the 51 hypermarkets under development are under the "Auchan" banner, all of which are leased properties. The 51 hypermarkets under development are in various stages of construction. The exact amount of capital expenditure required to set up a hypermarket depends on a number of factors including, without limitation, whether it is located on owned or leased premises and the location and the size of the planned hypermarket. The 121 locations which we have identified and secured for our planned hypermarket openings are located in North-eastern China, Northern China, Central China Southern China and Eastern China under both the "RT-Mart" and "Auchan" banners. The establishment of new hypermarkets is subject to our obtaining various PRC approvals, licences and permits, such as hygiene licences, fire department approvals and permits for the sale of certain regulated products. For details of the approvals, licences and permits required for our operation of our hypermarket business, please see the section headed "Regulations — Approvals, Licences and Permits".

Our hypermarkets are supported by advanced and customised information technology and operational management systems. These systems allow many of our procurement, sales and inventory control processes to be automated and produce accurate and real time information to support our business. As a result, we are able to procure our merchandise and manage our inventory efficiently to better respond to our customers' preferences and needs. We believe that our information technology and operational management systems allow us to maintain the efficiency of our business operations.

For the years ended 31 December 2008, 2009 and 2010, we recorded turnover of RMB37,852 million, RMB45,394 million and RMB56,168 million, respectively, representing a CAGR of 21.8% between 2008 and 2010. For the three months ended 31 March 2011, we recorded turnover of RMB19,824 million, representing an increase of 26.6% as compared to our turnover of RMB15,656 million in the corresponding period in 2010.

OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- We are the largest and fastest growing hypermarket operator in China
- We are the most productive hypermarket operator in China
- Our dual banner model allows us to increase our geographical footprint and achieve deeper market penetration in China
- We have a comprehensive network of hypermarkets, which are well-established in strategic locations
- We have advanced and customised information technology systems
- Our experienced management team and motivated and well-trained employees have fostered a customer-oriented corporate culture

OUR STRATEGIES

Our principal long-term goal is to further strengthen our leading market position in the hypermarket industry in China. We aim to achieve this goal by implementing the following strategies:

- Further strengthen our market position by expanding our retail network
- Continue to prioritise customer satisfaction through our customer oriented approach
- Appeal to our customers through improving and remodelling our hypermarket complexes
- Continue improving our operating efficiency and supply chain management
- Capture additional synergies through sharing operational and management expertise and systems between our two banners
- Maintain our corporate culture and continue to focus on training
- We have a unified strategy to encourage a harmonious decision-making environment to align Shareholders' interests

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as at and for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2011, extracted from the Accountants' Report set out in Appendix I to this prospectus.

The results were prepared on the basis of presentation as set out in the Accountants' Report. The summary of the consolidated financial information should be read in conjunction with the consolidated financial statements set out in the Accountants' Report, including the related notes.

Summary of Consolidated Statements of Comprehensive Income

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Turnover	37,852	45,394	56,168	15,656	19,824
Cost of sales	(30,763)	(36,814)	(45,200)	(12,784)	(16,093)
Gross profit	7,089	8,580	10,968	2,872	3,731
Other revenue	259	277	274	56	150
Store operating costs	(4,635)	(5,502)	(7,289)	(1,657)	(2,282)
Administrative expenses	(1,186)	(1,402)	(1,479)	(351)	(445)
Profit from operations	1,527	1,953	2,474	920	1,154
Finance costs	(147)	(149)	(83)	(22)	(17)
Profit before taxation	1,380	1,804	2,391	898	1,137
Income tax	(364)	(550)	(777)	(287)	(320)
Profit for the year/period	1,016	1,254	1,614	611	817
Other comprehensive income for the year/period					
Exchange differences on translation of financial statements of entities outside the PRC	(63)	(41)	67	(1)	24
Total comprehensive income for the year/period	953	1,213	1,681	610	841
Profit attributable to:					
Equity shareholders of the Company	680	811	1,031	396	522
Non-controlling interests	336	443	583	215	295
Profit for the year/period	1,016	1,254	1,614	611	817
Total comprehensive income attributable to:					
Equity shareholders of the Company	640	784	1,071	395	539
Non-controlling interests	313	429	610	215	302
Total comprehensive income for the year/period	953	1,213	1,681	610	841
Earnings per share					
Basic and diluted	RMB3.40	RMB3.83	RMB4.88	RMB1.87	RMB2.47

Summary of Consolidated Statements of Financial Position

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	(RMB million)			
Non-current assets	10,399	12,934	15,651	16,328
Current assets	10,115	10,734	14,202	13,395
Current liabilities	15,278	17,085	22,695	21,696
Net current assets/(liabilities)	(5,163)	(6,351)	(8,493)	(8,301)
Total assets less current liabilities	5,236	6,583	7,158	8,027
Non-current liabilities	448	391	338	353
Net assets	4,788	6,192	6,820	7,674
Total equity attributable to equity shareholders of the Company	3,191	4,005	4,403	4,942
Non-controlling interests	1,597	2,187	2,417	2,732
Total equity	4,788	6,192	6,820	7,674

Summary of Consolidated Cash Flow Statements

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Net cash generated from operating activities	2,324	3,610	4,898	3,245	3,838
Net cash used in investing activities	(2,926)	(2,991)	(3,743)	(866)	(1,222)
Net cash generated from/(used in) financing activities	1,073	(483)	(604)	(412)	(626)
Net increase in cash and cash equivalents	471	136	551	1,967	1,990
Cash and cash equivalents, as stated in the cash flow statement at beginning of year/period	2,198	2,590	2,685	2,685	3,281
Effect of foreign exchange rate changes, net	(79)	(41)	45	(2)	2
Cash and cash equivalents, as stated in the cash flow statement at end of year/period	2,590	2,685	3,281	4,650	5,273

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2011

On the bases and assumptions set out in "Appendix III — Profit Forecast" to this prospectus and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending 31 December 2011 is set out below:

Forecast consolidated profit of the Company for the year ending 31 December 2011(1)	Not less than RMB1,786 million (approximately HK$2,149 million)(3)
Forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011(1)	Not less than RMB1,414 million (approximately HK$1,701 million)(3)
Unaudited pro forma forecast earnings per Share for the year ending 31 December 2011(2)	Not less than RMB0.15 (approximately HK$0.18)(3)

Notes:

(1) The forecast consolidated profit of the Company and the forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 are extracted from the section headed "Financial Information — Profit Forecast for the Year ending 31 December 2011". The bases and assumptions on which the above profit forecast has been prepared are summarised in "Appendix III — Profit Forecast" to this prospectus.

(2) The unaudited pro forma forecast earnings per Share for the year ending 31 December 2011 is calculated by dividing the forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 by 9,368,127,700 Shares as if such Shares had been in issue since 1 January 2011 and during the entire year. The number of Shares used in this calculation includes the Shares in issue as at the date of this prospectus and the Shares to be issued pursuant to the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The forecast consolidated profit of the Company, the forecast consolidated profit attributable to the equity shareholders of the Company and the unaudited pro forma forecast earnings per Share in RMB have been converted to Hong Kong dollars at the rate of HK$1.00 to RMB0.8311. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars or vice versa, at that rate.

The forecast consolidated profit of the Company and the forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 shown above have been stated after deduction of such portion of the estimated offering expenses, being approximately RMB43 million (approximately HK$52 million), as we expect to be charged to the Company's consolidated statement of comprehensive income for the year ending 31 December 2011.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out in Appendix II to this prospectus to illustrate the effect of the Global Offering on our consolidated net tangible assets as at 31 March 2011 as if it had taken place on that date.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$5.65	Based on an Offer Price of HK$7.20
Market capitalisation of the Shares (in millions)(1)	HK$52,930	HK$67,451
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$1.29	HK$1.48

Notes:

(1) The calculation of the market capitalisation of the Shares is based on the assumption that 9,368,127,700 Shares will be in issue and outstanding immediately following the completion of the Global Offering and the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis that 9,368,127,700 Shares will be in issue immediately following the completion of the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$7,099 million (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering (assuming the Over-allotment Option is not exercised).

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

— approximately 50% of the net proceeds (or approximately HK$3,549 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used for establishing new hypermarket complexes in the PRC to further strengthen our leading market position;

— approximately 30% of the net proceeds (or approximately HK$2,130 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used to (i) make partial or full repayment in 2011 of certain of our secured and unsecured US dollar denominated banking facilities (US$305.5 million outstanding as at 31 May 2011), including all amounts drawn under the ACHK Revolving Facility (such loans with interest rates of 1.07% to 1.40% taken up for working capital purposes); and (ii) to the extent sufficient proceeds are available after the repayment described in paragraph (i) above make partial repayment in 2011 of certain of our secured and unsecured RMB denominated bank loans repayable within 2011 (such loans with interest rates of 4.78% to 6.44%, taken up for working capital purposes);

— approximately 15% of the net proceeds (or approximately HK$1,065 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range), out of which (i) 9% of the net proceeds will be used for the upgrading and re-modelling of our existing hypermarket complexes and acquiring ownership of the properties of some of our existing hypermarket complexes; (ii) 5.5% of the net proceeds will be used for establishing new distribution centres and the upgrading of our existing distribution centres; and (iii) 0.5% of the net proceeds will be used for upgrading our information technology and data management systems and hardware; and

— approximately 5% of the net proceeds (or approximately HK$355 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used for working capital purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

If the Over-allotment Option is exercised, we will allocate the additional proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above, they will be placed in short-term demand deposits and/or money market instruments.

Please see the section headed "Risk Factors — Risks Relating to Our Business — If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective shareholding in the Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected."

OUR RELATIONSHIP WITH RUENTEX INDUSTRIES AND RUENTEX DEVELOPMENT, BOTH BEING UNDER RUENTEX, ONE OF OUR ULTIMATE CONTROLLING SHAREHOLDERS, AND THE APPROVAL OF THE TAIWAN INVESTMENT COMMISSION FOR FURTHER INVESTMENT IN THE PRC BY RUENTEX INDUSTRIES AND RUENTEX DEVELOPMENT THROUGH OUR COMPANY

For details relating to our relationship with Ruentex Industries and Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, please see the section headed ''Relationship with Our Controlling Shareholders and Connected Transactions — Relationship with Our Controlling Shareholders".

As companies incorporated in Taiwan, Ruentex Industries and Ruentex Development are subject to certain limitations under the laws of Taiwan on the amount of investment they may make in the PRC, directly or through companies they control, such as our Company. Such limitations are calculated based on the respective net asset value of Ruentex Industries and Ruentex Development from time to time. Further investment in the PRC by our Company, including the investment of the net proceeds from the Global Offering, may also be subject to such limitation. As at the Latest Practicable Date, Ruentex Industries and Ruentex Development have no unused surplus investment amount.

In the event the Taiwan Investment Commission rules that investments in the PRC by our Company are "additional investments" by Ruentex Industries and Ruentex Development, further approval from the Taiwan Investment Commission may be required before such additional investments can be made. In the event Ruentex Industries and/or Ruentex Development fail to obtain such approval, they may be required to reduce their respective indirect shareholdings in our Company either through reducing their direct shareholdings in CGC or procuring CGC to reduce its direct shareholdings in A-RT or our Company. Based on the current capital expenditure plan provided by our Company, the Directors expect that our operating cash flow, unutilised loan facilities and using the net proceeds from the Global Offering by way of shareholders loan would be sufficient to fund our planned capital expenditure for at least 12 months after the Listing. We therefore do not anticipate that a sell down by Ruentex, in order to meet Ruentex Industries and Ruentex Development's respective indirect investment quota in the PRC, would be required within the 12 months following the Listing for the above reason.

Based on the current Approved Investment Amounts permitted to be made by Ruentex Industries and Ruentex Development in the PRC, assuming the net proceeds received from the Global Offering by our Company are approximately HK$7,099 million (US$911 million) (assuming an Offering Price of HK$6.43 per share, being the mid-point of the indicative Offer Price range and without taking into account any exercise of the Over-allotment Option), and assuming HK$4,969 million (US$638 million) of the net proceeds (being the total net proceeds less HK$2,130 million (US$273 million), being the amount of foreign loans owed by our Company that will be repaid using the net proceeds from the Global Offering based on an Offering Price of HK$6.43 per share, being the mid-point of the indicative Offer Price range) is invested in the PRC immediately following the completion of the Global Offering, and is deemed as Additional Investments in the PRC by Ruentex Industries and Ruentex Development, Ruentex Industries and Ruentex Development would need to reduce their respective indirect shareholdings in our Company from approximately 10.88% and 7.22%, respectively, to approximately 7.99% and 5.30%, respectively. For further details relating to the approval of the Taiwan Investment Commission for further investment in the PRC by Ruentex Industries and Ruentex Development, through our Company, please see the section headed "Risk Factors — Risks Relating to Our Business — If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective indirect shareholding in the Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected" and the section headed "Future Plans and Use of Proceeds".

ARRANGEMENTS AFFECTING OUR SHARES OR THE SHARES IN INTERMEDIATE HOLDING COMPANIES THROUGH WHICH ONE OF OUR ULTIMATE CONTROLLING SHAREHOLDERS, RUENTEX, HOLDS ITS INTERESTS IN OUR COMPANY

A summary of the arrangements affecting our Shares or the shares in intermediate holding companies through which one of our Ultimate Controlling Shareholders, Ruentex, holds its interests in our Company (***Intermediate Holding Companies***) are set out below:

(a) Pledge of our Shares given by Kofu

In connection with the Reorganisation in preparation for the Listing, Kofu entered into a loan agreement for a loan of US$500 million on 18 May 2011 with a syndicate of lending banks led by Mega International Commercial Bank, to replace a previous loan of US$500 million (the ***Kofu Loan***). The Kofu Loan is secured by a pledge of 748,376,538 Shares (the ***Mega Pledge***), representing approximately 9.10% of the issued share capital of our Company upon completion of the Reorganisation and prior to the Global Offering.

Kofu has provided confirmations and undertakings in favour of our Company and the Joint Sponsors that it will make timely payments in relation to the Kofu Loan.

(b) Arrangements entered into in connection with the acquisition of Nan Shan by Ruenchen

In connection with the proposed acquisition (the ***Acquisition***) of 97.57% of the issued share capital of Nan Shan by Ruenchen, a company which is 80% owned by Ruentex Development, Ruentex Industries and their affiliates and 20% owned by Pou Chen Corporation, Ruentex Development and Ruentex Industries have entered into share pledges and CGC will enter into undertakings in respect of our Shares and their interests in the Intermediate Holding Companies. It is not expected that such arrangements would materially and adversely affect the ability of Ruentex Development and/or Ruentex Industries to reduce their shareholdings in our Company should they fail to obtain the approval of the Taiwan Investment Commission described above in "— Our Relationship with Ruentex Industries and Ruentex Development, Both Being Under Ruentex, One of Our Ultimate Controlling Shareholders, and the Approval of the Taiwan Investment Commission for Further Investment in the PRC by Ruentex Industries and Ruentex Development Through Our Company". The Acquisition is also conditional upon, among others, the approval of the FSC. The FSC announced on 9 June 2011 that it has conditionally approved the Acquisition. Ruentex currently anticipates that the Acquisition will be completed in July 2011.

The Undertaking

In connection with the Acquisition and as a condition to the approval of the FSC, CGC has undertaken to the FSC that should Nan Shan require any further funding following the completion of the Acquisition, CGC will, (i) to the extent that Ruenchen does not have any other source of funding available for the purpose, and (ii) subject to the requirements of the Listing Rules, and in particular the lock-up requirements under the Listing Rules, sell Shares held directly or indirectly, by it (comprising its direct shareholding in our Company of approximately 9.81% of our issued share capital and its attributable interests of approximately 15.04% in our Company held through A-RT immediately prior to the Global Offering) required to finance such funding requirement. The relevant proceeds will be remitted to Ruentex Development and Ruentex Industries for the purposes of financing such funding requirements through Ruenchen. In addition, Kofu and Sinopac have agreed to deposit the shares in CGC held by them, representing 16.38% and 15.51%, respectively, of the issued share capital of CGC, in a custodian account maintained with a commercial bank in Taiwan.

The Loan Facilities

In addition, in order to fund the Acquisition, each of Ruentex Development and Ruentex Industries will enter into the Loan Facilities, which are expected to have a term of nine months and are on substantially the same terms. Ruentex Development and Ruentex Industries have informed our Company that formal loan agreements for the Loan Facilities will be entered into around the time of completion of the Acquisition, currently expected to be in July 2011. They intend to repay the Loan Facilities from the proceeds of rights issues to be carried out by each of Ruentex Development and Ruentex Industries.

The Share Pledges

Ruentex Development and Ruentex Industries have informed us that, in connection with the Loan Facilities, they expect the Loan Facilities to be secured by pledges (the ***Share Pledges***) of all the Shares held by (i) Ruentex Development and (ii) Ruentex Industries in (a) Sinopac and (b) CGC (the ***Relevant Securities***). The Share Pledges shall only be created over the Relevant Securities if (1) an event of default occurs under the relevant Loan Facility or (2) Ruentex Development or Ruentex Industries (as appropriate) fails to complete a rights issue within six months from the date of signing of the definitive loan agreement in respect of the relevant Loan Facility in order to repay such facility. The Loan Facilities agreements are expected to include events of default which are typical for such loan arrangements.

Immediately prior to the Global Offering, CGC holds (I) approximately 25.42% of the issued share capital of A-RT, which in turn holds approximately 59.16% of the issued share capital of our Company; and (II) 9.81% of the issued share capital of our Company. Pursuant to the Loan Facilities, Ruentex Development and Ruentex Industries may be required to provide additional security if the loan to value of security ratio exceeds agreed levels. Ruentex Development and Ruentex Industries have each undertaken to our Company and the Joint Sponsors that, (i) if the relevant loan to value of security ratios are exceeded, they will repay an appropriate amount of the Loan Facilities such that the loan to value of security ratio would fall below the agreed level and would not seek to provide security over additional shares in CGC, our Company or any other Intermediate Holding Companies; and (ii) they will use their reasonable endeavours to complete rights issues required to repay the Loan Facilities within six months from the date of signing of the relevant loan facility agreements. For details of the selected audited consolidated financial information of Ruentex Development and Ruentex Industries, respectively, as at and for the three years ended 31 December 2008, 2009 and 2010, please see the section headed "Our History and Reorganisation — Change in Control of RT".

Any enforcement of (a) the Mega Pledge, (b) the Undertaking or (c) any of the Share Pledges may result in sales or a perception of the likelihood of sales of our Shares or the Relevant Securities in the market or otherwise which could have a material and adverse effect on the market price of our Shares. Please see the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares" for further details of such arrangements.

For details of the scenario in which each of such arrangements under (a) the Mega Pledge under the Kofu Loan; (b) the Undertaking and custodian account; and (c) the Loan Facilities secured by the Share Pledges of the Relevant Securities are enforced against the parties thereto and all of the relevant shareholdings in our Company and the Intermediate Holding Companies are required to be sold, please see the section headed "Our History and Reorganisation — Change in Control of RT". In the worst case scenario whereby each of such arrangements were enforced against the parties thereto and all of the relevant shareholdings in our Company and the Intermediate Holding Companies were required to be sold, the remaining interest in our Company held by Ruentex would be Kofu's interest of 23.58% of the issued share capital of A-RT, and CGC would cease to be a shareholder of A-RT and our Company.

Auchan is aware of each of the arrangements under (a) the Mega Pledge under the Kofu Loan; (b) the Undertaking and custodian account; and (c) the Loan Facilities secured by the Share Pledges of the Relevant Securities. Please see the section headed "Our History and Reorganisation — Our Reorganisation — Change in Control of RT" for further details on the reasons why management continuity of our Company will not be affected for at least 12 months after the Listing.

DIVIDENDS AND DIVIDEND POLICY

Our Board has absolute discretion as to whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. Our Company currently intends to pay dividends of not less than 30% of the annual distributable profit attributable to our Shareholders commencing with respect to the year ending 31 December 2011. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. In addition, the declaration and payment of dividends may be limited by legal restrictions or financial instruments that we may enter into in the future. Under the current PRC tax laws and regulations, dividends paid by companies incorporated in the PRC to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax unless reduced by a tax treaty or arrangement. Under an arrangement between the PRC and Hong Kong we are entitled to a reduced withholding tax rate of 5% on dividends which we receive from our subsidiaries in the PRC. Our PRC dividend withholding tax was nil, RMB22 million and RMB84 million for the years ended 31 December 2008, 2009 and 2010, respectively, and RMB15 million for the three months ended 31 March 2011.

During the Track Record Period, we declared dividends in the amount of RMB261 million, nil, RMB735 million during the years ended 31 December 2008, 2009 and 2010, respectively, to our Shareholders. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

SPECIAL DISTRIBUTION

We have declared a special distribution on 10 June 2011 to our Shareholders as at 10 June 2011 in an amount of US$174 million (approximately RMB1,128 million), which is equal to 69.9% of our profit for the year ended 31 December 2010 (the ***Special Distribution***). We expect to pay the Special Distribution to our Shareholders before the Listing Date with cash generated from operating activities. After taking into account our current cash balance and our anticipated cash flows from operating activities, we believe we will have sufficient working capital to pay the Special Distribution at that time.

The Special Distribution was not determined in accordance with our dividend policy as described in the sections headed "Summary — Dividends and Dividend Policy" and "Financial Information — Dividends and Dividend Policy". Investors of Shares will not participate in the Special Distribution. The Special Distribution is not an indication of our future dividend policy.

RISK FACTORS

There are certain risks and uncertainties relating to an investment in our Shares, including the following selected risks and uncertainties relating to our business and industry:

- If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective shareholding in our Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected.

- Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares.

- Our growth prospects may be limited if we encounter difficulties executing our expansion strategy.

- We may not be able to find suitable locations for new hypermarkets on commercially acceptable terms, if at all.

- Our new hypermarkets may not achieve our expected level of profitability within our desired time frame, or at all.

- Shortages or unavailability of products demanded by customers due to disruptions to our supply chain may materially and adversely affect our business and damage our reputation.

- If we are not able to maintain an optimal level of inventory, our business, working capital and operations may be materially and adversely affected.

- If we fail to obtain or renew the regulatory licences, approvals and permits we need in order to operate, our existing operations may be interrupted and our expansion plans may be materially and adversely affected.

- We depend on our senior management and other key employees and our ability to attract and retain talented employees.

- Our business relies on the satisfactory performance of our information technology systems and any malfunction for an extended period or loss of data could materially and adversely affect our ability to operate.

- The land use right certificates for certain parcels of land on which we operate or will operate our hypermarkets may be defective or non-compliant with the relevant PRC laws and regulations.

- We may not be able to renew any of our existing leases for our hypermarkets on terms commercially acceptable to us and our leases may be terminated prior to their expiration.

- Some of our leased properties may lack requisite building ownership certificates or lease registrations, or may be subject to mortgages.

- Major remodelling or renovations of our existing hypermarkets may affect our business, financial condition and results of operations.

- We may fail to anticipate and provide the appropriate mix of merchandise to satisfy customer tastes and demands.

- We may be subject to product liability claims relating to defective products.

- Real or perceived quality or health issues with the products offered at our hypermarket complexes could have a material and adverse effect on our results of operations.

- Our business depends on our trademarks and trade names, which we may not be able to protect against infringement.

- Adverse claims, media speculation and other public statements relating to us, our Shareholders and their respective businesses or the retail industry may have a material adverse effect on our results of operations.

- The merchandise sold in our hypermarkets may be subject to third party intellectual property rights.

- Any disagreement or dispute between our Controlling Shareholders may materially and adversely affect our business.

- We had net current liabilities as at 31 December 2008, 2009 and 2010 and 31 March 2011, and if we are unable to meet our liabilities as they become due, we will be in default of our liabilities and our financial condition and results of operations will be materially and adversely affected.

- Our insurance coverage may not cover all losses, which may increase our operational costs.

- Our business may be harmed by power shortages in the PRC.

- Our Company's historical dividends and Special Distribution may not be indicative of our Company's future dividend policy.

- Our equity interest in our principal operating subsidiaries in the PRC, namely ACI and CIC, will be diluted in the future by the issuance of equity interests pursuant to our Employee Trust Benefit Schemes.

- PRC policies, laws and regulations prohibiting the issuance of pre-paid cards may have a material and adverse impact on our operations.

A detailed discussion of these and other risk factors is set forth in the section headed "Risk Factors".

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in "Glossary of Technical Terms" in this prospectus.

"A-RT"	A-RT Retail Holdings Limited (吉鑫控股有限公司), the immediate controlling shareholder of our Company, a limited liability company incorporated in Hong Kong, whose principal business is investment holding and a company wholly-owned by the A-RT Shareholders
"A-RT Shareholders"	the shareholders of A-RT, being Auchan Hyper, Monicole BV, CGC and Kofu
"ACHK"	Auchan (China) Hong Kong Ltd. (formerly known as Ever Choice Investment Limited), a limited liability company incorporated in Hong Kong on 10 January 2001 and a direct wholly-owned subsidiary of our Company
"ACHK Revolving Facility"	has the meaning ascribed to it under the section headed "Financial Information — Indebtedness"
"ACI"	Auchan (China) Investment Co. Ltd. (歐尚(中國)投資有限公司), a limited liability company incorporated in the PRC on 10 April 2002 and an indirect non wholly-owned subsidiary of our Company
"Acquisition"	has the meaning ascribed to it under the section headed "Summary — Arrangements Affecting our Shares or the Shares in Intermediate Holding Companies Through Which One of Our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them

"Approved Investment Amount"	has the meaning ascribed to it under the section headed "Risk Factors — Risks Relating to Our Business — If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective shareholding in our Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected"
"Articles of Association" or "Articles"	the articles of association of our Company, as amended from time to time, conditionally adopted on 27 June 2011 by a special resolution of the Shareholders and which will become effective upon the Listing, a summary of which is set out in "Appendix V — Summary of Our Constitution" to this prospectus
"Auchan"	Auchan Hyper and Monicole BV
"Auchan Hyper"	Auchanhyper SA, a company incorporated in France which is wholly-owned by Groupe Auchan
"Auchan Scheme"	our employee trust benefit scheme under our "Auchan" banner
"BNP Paribas"	BNP Paribas Capital (Asia Pacific) Limited
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong on which banks in Hong Kong are generally open for business and on which the Hong Kong Stock Exchange is open for business in the dealing in securities
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CCIL"	Concord Champion International Ltd., a limited liability company incorporated in the Cayman Islands on 6 December 2000 and a direct wholly-owned subsidiary of our Company
"CGC"	Concord Greater China Limited, a company incorporated in the British Virgin Islands and a company under Ruentex
"Chang-Ching"	Chang-Ching International Investment Company Limited
"Chief Executive Officer"	the chief executive officer of our Company as at the date of this prospectus
"Chief Financial Officer"	the chief financial officer of our Company as at the date of this prospectus
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan, unless otherwise specified
"CIC"	Concord Investment (China) Limited (康成投資(中國)有限公司), a limited liability company incorporated in the PRC on 23 March 2005 and an indirect non wholly-owned subsidiary of our Company
"CICC"	China International Capital Corporation Hong Kong Securities Limited
"Citi"	Citigroup Global Markets Asia Limited
"Companies Ordinance" or "Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	Sun Art Retail Group Limited (高鑫零售有限公司) (formerly known as Sun Holdings Greater China Limited (高鑫控股有限公司)), a company incorporated under the laws of Hong Kong on 13 December 2000 with limited liability

"Contracted Stores"	hypermarkets operated by us under arrangements with the owners of the hypermarkets under which the owners are entitled to an annual fee and any remaining profit or loss of the store is attributable to us; these hypermarkets are permitted to use our trademarks, trade names and know-how under franchise agreements
"Contracted Store Owners"	owners of our Contracted Stores
"Controlling Shareholders"	A-RT, Auchan Hyper, Monicole BV, CGC and Kofu, each a "Controlling Shareholder"
"Cornerstone Investors"	has the meaning ascribed to it under the section headed "Cornerstone Investors" in this prospectus, and each being a "Cornerstone Investor"
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Current Shareholders Agreement"	the share restructuring agreement and shareholders agreement in relation to our Company dated 12 December 2010 between Auchan Hyper, Monicole BV, CGC and Kofu
"Deed of Non-Competition"	the deed of non-competition entered into by our Company and our Controlling Shareholders on 29 June 2011 to, among other things, formalise the principles for the management of potential conflicts of interest between our Company and our Controlling Shareholders with effect from the Listing Date
"Director(s)"	the director(s) of our Company
"Education Levy"	a surcharge imposed on foreign investment enterprises in the PRC, effective 1 December 2010
"EIT Law"	the PRC Enterprise Income Tax Law
"Employee Trust Benefit Schemes"	our "Auchan Scheme" and "RT-Mart Scheme"
"Euro"	the lawful currency of certain member states of the European Union

"Euromonitor"	Euromonitor International Limited, an independent third party
"FSC"	the Financial Supervisory Commission of Taiwan
"GDP"	Gross Domestic Product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Goldman Sachs"	Goldman Sachs (Asia) L.L.C.
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** service provider, Computershare Hong Kong Investor Services Limited
"Group", "our", "we" or "us"	our Company and its subsidiaries
"Groupe Auchan"	the Auchan Group, one of our two Ultimate Controlling Shareholders, which is held by Groupe Auchan S.A., a company incorporated in France and comprises various companies controlled by the Mulliez Family through which they conduct or pursue their various business interests in hypermarkets operations, supermarkets operations, real estate development, banking and e-commerce
"GRP"	Gross Regional Product
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 114,385,000 Shares being initially offered by our Company for subscription at the Offer Price under the Hong Kong Public Offering, subject to adjustment

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters", being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement relating to the Hong Kong Public Offering entered into by our Company, the Relevant Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters on 30 June 2011
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Independent Third Parties"	third parties who are not considered connected persons of our Company under the Listing Rules
"Intermediate Holding Companies"	has the meaning ascribed to it under the section headed "Summary — Arrangements Affecting our Shares or the Shares in Intermediate Holding Companies Through Which One of Our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"International Offer Shares"	the 1,029,463,000 Shares being initially offered by our Company for subscription under the International Offering, subject to adjustment, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or another exemption from the registration requirement under the US Securities Act
"International Underwriters"	the international underwriters named in the International Underwriting Agreement

"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by parties including our Company, the Relevant Shareholders and the International Underwriters on or about 8 July 2011
"IT"	information technology
"Jinan RT-Mart"	People's RT-MART Limited Jinan, one of our subsidiaries
"Joint Bookrunners" or "Joint Lead Managers"	HSBC, UBS, Citi, BNP Paribas, CICC, Morgan Stanley and Goldman Sachs
"Joint Global Coordinators" or "Joint Sponsors"	HSBC, UBS and Citi
"Kofu"	Kofu International Limited, a company incorporated in the British Virgin Islands, which is indirectly wholly-owned by Mr. Yin Chung Yao
"Kofu Loan"	has the meaning ascribed to it under the section headed "Summary — Arrangements Affecting Our Shares or the Shares in Intermediate Holding Companies Through Which One of Our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"Latest Practicable Date"	24 June 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the Listing of our Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about 15 July 2011, on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time

"Loan Facilities"	has the meaning ascribed to it under the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares"
"Mega Pledge"	has the meaning ascribed to it under the section headed "Summary — Arrangements Affecting Our Shares or the Shares in Intermediate Holding Companies Through Which One of Our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company (as amended from time to time), a summary of which is set out in "Appendix V — Summary of Our Constitution" to this prospectus
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Monicole BV"	Monicole Exploitatie Maatschappij B V, a company incorporated in the Netherlands, which is in turn indirectly wholly-owned by Auchan Hyper
"Morgan Stanley"	Morgan Stanley Asia Limited
"Mulliez Family"	comprises the founder of Groupe Auchan, Gérard Mulliez, and other members of the Mulliez family in France, who hold interests in various companies under Groupe Auchan
"Nan Shan"	Nan Shan Life Insurance Company, Ltd.
"NDRC"	National Development and Reform Commission of the PRC
"Notice"	the Notice on Standardising the Administration for Commercial Pre-paid Cards promulgated by the General Office of the State Council
"NT$"	New Taiwan dollars, the lawful currency of Taiwan
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%)

"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares being sold pursuant to the exercise of the Over-allotment Option
"Operations Committee"	a committee in charge of the overall supervision of our operations and reports directly to our Chief Executive Officer and comprises members of our senior management and other senior personnel
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which our Company may be required to issue up to 171,577,000 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering (if any)
"Payment Services Measures"	The Administrative Measures for the Payment Services Provided by Non-Financial Institutions (非金融機構支付管理辦法) promulgated by the PBOC on 14 June 2010, which come into effect on 1 September 2010
"PBOC"	the People's Bank of China (中國人民銀行)
"Price Determination Date"	the date, expected to be on or about 8 July 2011, on which the Offer Price will be determined and, in any event, not later than 13 July 2011
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"Relevant Securities"	has the meaning ascribed to it under the section headed "Summary — Arrangements Affecting Our Shares or the Shares in Intermediate Holding Companies Through Which One of Our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"Relevant Shareholders"	A-RT, Groupe Auchan S.A., Auchan Hyper, Monicole BV, Ruentex Industries, Ruentex Development, CGC and Kofu
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "Our History and Reorganisation"

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RT"	CGC and Kofu
"RT-Mart Holdings"	RT-Mart Holdings Limited, a limited liability company incorporated in Hong Kong on 26 October 2007 and one of our subsidiaries
"RT-Mart International"	RT-Mart International Ltd. (大潤發流通事業股份有限公司)
"RT-Mart Scheme"	our employee trust benefit scheme under our "RT-Mart" banner
"Ruenchen"	Ruenchen Investment Holding Co., Ltd.
"Ruentex"	Ruentex Development, Ruentex Industries, CGC and Kofu collectively, one of our two Ultimate Controlling Shareholders. Please see the section headed "Our History and Reorganisation" for more information about the relationship of Ruentex Development, Ruentex Industries, CGC and Kofu
"Ruentex Development"	Ruentex Development Co. Ltd., a company listed on the Taiwan Stock Exchange with interests in construction, development, leasing and sale of commercial, residential and industrial buildings
"Ruentex Industries"	Ruentex Industries Limited, a company listed on the Taiwan Stock Exchange with interests in the manufacture and sale of textiles
"Rule 144A"	Rule 144A under the US Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC
"SAIC"	State Administration of Industry and Commerce of the PRC
"SAT"	State Administration of Taxation of the PRC
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)

"Shanghai Land Bureau"	Shanghai Municipal Planning and Land Resources Administration Bureau
"Shanghai RT-Mart"	RT-MART Limited Shanghai (上海大潤發有限公司), one of our subsidiaries
"Shanghai Unionpay"	Shanghai Unionpay Data Services Co., Ltd.
"Share(s)"	ordinary share(s) with nominal value of HK$0.30 each in the share capital of our Company
"Share Pledges"	has the meaning ascribed to it under the section headed "Summary — Risks Relating to Our Business — Arrangements Affecting Our Shares or the Shares in Intermediate Holding Companies Through Which One of our Ultimate Controlling Shareholders, Ruentex, Holds its Interests in Our Company"
"Share Subdivision"	the subdivision on 27 June 2011 of each issued and unissued ordinary shares with a nominal value of HK$7.80 each in the share capital of our Company into 26 ordinary Shares of HK$0.30 each
"Shareholder(s)"	holder(s) of Share(s)
"Sinopac"	Sinopac Global Investment Ltd., a company indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu
"Special Distribution"	has the meaning ascribed to it under the section headed "Summary — Special Distribution"
"Stabilising Manager"	UBS
"Stock Borrowing Agreement"	a stock borrowing agreement expected to be entered into on or about 8 July 2011 between the Stabilising Manager and Auchan Hyper
"Taiwan/Mainland Investment Regulations"	the Regulations Governing the Approval of the Investment or Technical Cooperation in Mainland China and the Act Governing Relations Between Peoples of the Taiwan Area and Mainland Area
"Track Record Period"	the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011

"UBS"	UBS AG, Hong Kong Branch
"Ultimate Controlling Shareholders"	Groupe Auchan and Ruentex
"UMCT"	the Urban Maintenance and Construction Tax
"Undertaking"	has the meaning ascribed to it under the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares"
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollars" or "USD"	the lawful currency of the United States
"US Exchange Act"	the United States Securities Exchange Act of 1934, as amended
"US Securities Act"	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus, the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of companies incorporated in the PRC are unofficial translations of their Chinese names and are included for identification purposes only. The Chinese names of some of the companies incorporated outside the PRC are unofficial translations of their English names and are included for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to the standard industry meaning or usage of these terms.

"CAGR"	compound annual growth rate
"hypermarket complexes"	retail complexes comprising our hypermarkets and retail galleries
"hypermarkets"	chained or independent retail outlets with a selling space of over 2,500 sq.m. and with a primary focus on selling food/beverages and other groceries as well as a range of non-grocery merchandise, as defined by Euromonitor. According to Euromonitor, the average selling space per hypermarket in China was 8,897 sq.m. as at the end of 2010
"MCP"	mass consumer products, such as dairy products, wine and beverages, personal and house cleaning products and grocery products
"modern grocery retail formats"	comprise hypermarkets, supermarkets and convenience stores; typically operated by large domestic and international retail chains which offer a diverse variety of food and non-food products
"operation area"	total sales floor area designed for occupancy by our hypermarkets and retail galleries
"retail galleries"	individual retail stores operated by third party tenants with product offerings complementary to the product offering of our hypermarkets
"Sales per Average Number of Stores"	the turnover from sales of goods divided by the average number of stores operating in that particular period (where the average number of stores operating in a particular period is calculated as the sum of stores operating at the beginning of that particular period and the stores operating at the end of that particular period, divided by two)
"Same Store Sales Growth"	measures the growth in turnover from sales of goods for a particular period over the corresponding period in the prior year of stores opened more than 24 months prior to the end of the particular period under discussion

"SGS SA"	SGS SA, an independent inspection, verification, testing and certification company which specialises in, among others, consumer testing services in respect of quality and safety
"SKU"	a stock keeping unit, or a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise
"sq.m."	square metres
"turnover"	turnover from sales of goods and rental income

You should carefully consider all the information in this prospectus, including the risks and uncertainties described below, before making any investment decision in relation to the Offer Shares. If any of the possible events described below occur, our business, financial condition and results of operations could be materially and adversely affected. The market price of the Offer Shares could fall significantly due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective shareholding in our Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected.

According to the Taiwan/Mainland Investment Regulations, indirect investments made by any company incorporated in Taiwan, such as Ruentex Industries and Ruentex Development, in the PRC through companies under its control, such as our Company, will be subject to the prior approval of the Taiwan Investment Commission. A company has another company "under its control" when (i) it has 5% or more of the total issued shares of such other company, (ii) it is the largest shareholder of such other company, (iii) it has invested US$200,000 or more in such other company or (iv) it is a director or a member of management of such other company. We understand from Ruentex Industries and Ruentex Development and from Lee and Li, Attorneys-at-Law, our Taiwan legal advisers, that the Taiwan/Mainland Investment Regulations set certain limitations on the amount of investments that Ruentex Industries and Ruentex Development may make in the PRC, which will be calculated based on their respective net asset value from time to time. The net asset value of a company for these purposes is determined based on its latest published financial statements as audited or reviewed by a certified public accounting firm at the time the investment approval is being sought from the Taiwan Investment Commission. To comply with this requirement, based on Ruentex Industries and Ruentex Development's consolidated financial statements as at 31 March 2011, each of them may make a total investment of approximately US$306,930,548 and US$292,054,957, respectively, in the PRC. Ruentex Industries and Ruentex Development have confirmed to us that as at the Latest Practicable Date their respective investment limits had not been exceeded.

In addition to the above investment limits, Ruentex Industries and Ruentex Development are required to seek approval from the Taiwan Investment Commission prior to making any actual investments into the PRC to the extent that such investments exceed any existing approved limit. As at 31 March 2011, Ruentex Industries and Ruentex Development have sought approval for investments into the PRC for up to US$91,480,342 and US$71,780,441, respectively (the ***Approved Investment Amounts***). We understand from Ruentex Industries and Ruentex Development that as at the Latest Practicable Date, the actual investments in the PRC made by Ruentex Industries and Ruentex Development were US$89,461,404 and US$55,920,823, respectively. As the remainder of the Approved Investment Amounts of Ruentex Industries and Ruentex Development of US$2,018,938 and US$15,859,618 respectively were unutilised by the prescribed dates under the Taiwan Investment Commission's approvals, such surplus investment amounts have expired. The actual investment amounts of US$89,461,404 and US$55,920,823 referred to above were utilised before the relevant prescribed expiry dates from the Taiwan Investment Commission's approvals. Due to the utilisation and expiry of such Approved Investment Amounts, as at the Latest Practicable Date, Ruentex Industries and Ruentex Development had no unused surplus investment amount.

The investment limitations mentioned above apply to Ruentex Industries and Ruentex Development and although there are no specific provisions under the Taiwan/Mainland Investment Regulations concerning investments by our Company in the PRC funded from sources other than Ruentex Industries and Ruentex Development (such as the net proceeds from the Global Offering), our Taiwan legal advisers are of the opinion that the Taiwan Investment Commission may rule that investments in the PRC by our Company are "additional investments" by Ruentex Industries and Ruentex Development ***(Additional Investments)***. If the Taiwan Investment Commission draws such conclusion, further approval from the Taiwan Investment Commission is required before Additional Investments can be made to the extent that:

— the aggregate amount of (i) the Additional Investments and (ii) paid-in capital of CIC or ACI immediately before the Additional Investments are made MULTIPLIED BY the respective shareholding percentages of Ruentex Industries and Ruentex Development in CIC or ACI at the relevant time (which will be diluted upon completion of the Global Offering), (***Post-IPO Investment Amounts***) EXCEEDS;

— the Approved Investment Amounts which have not expired.

To provide us with maximum flexibility, Ruentex Industries and Ruentex Development have confirmed that they have respectively applied to the Taiwan Investment Commission for prior approval of an increase in their respective Approved Investment Amounts, prior to the Listing, based on the high-end of the estimated offering price. However, as advised by our Taiwan legal advisers, the Taiwan Investment Commission may not consider an application made by Ruentex Industries and Ruentex Development prior to completion of the Global Offering as such application should specify the exact amount of the investment that is to be made by our Company in the PRC. Such information is dependent on certain variables which will not be available until after the Global Offering (for example, the determination of the final Offer Price). Although historically, neither Ruentex Industries nor Ruentex Development has experienced any difficulty in obtaining approval from the Taiwan Investment Commission for investments in the PRC, there is no assurance that such approval can be obtained. In the event that Ruentex Industries and/or Ruentex Development fails to obtain such approval, they may be required to reduce their respective shareholdings in our Company either through reducing their direct shareholdings in CGC or procure CGC to reduce its direct shareholdings in A-RT or our Company.

Based on the Approved Investment Amounts which have not expired, assuming the net proceeds from the Global Offering received by our Company are approximately HK$7,099 million (US$911 million) (assuming an Offering Price of HK$6.43 per share, being the mid-point of the indicative Offer Price range and without taking into account any exercise of the Over-allotment Option) and assuming HK$4,969 million (US$638 million) of the net proceeds (being the total net proceeds less HK$2,130 million (US$273 million), being the amount of foreign loans owed by our Company that will be repaid using the net proceeds from the Global Offering, assuming an Offer Price at the mid-point of the indicative price range) is invested in the PRC immediately after the Global Offering and is deemed by the Taiwan Investment Commission as Additional Investments in the PRC by Ruentex Industries and Ruentex Development, Ruentex Industries and Ruentex Development would have to reduce their respective indirect shareholdings in our Company from approximately 10.88% and 7.22%, respectively, to approximately 7.99% and 5.30%, respectively. The reduction by Ruentex Industries and Ruentex Development of their shareholdings in our Company may be restricted and we cannot assure you that Ruentex Industries and Ruentex Development will be able to reduce their respective shareholdings in our Company in a timely and orderly manner, or at all. In addition, any reduction of the shareholdings in our Company by Ruentex Industries and Ruentex Development may cause volatility in, or otherwise have a material adverse effect on, the trading price of the Shares. As such, in the event that (i) the Taiwan Investment Commission does not approve any Additional Investments by Ruentex Industries and Ruentex Development; and (ii) either Ruentex Industries or Ruentex Development fails to reduce their respective shareholdings in our Company, our future investments into the PRC (whether through the repatriation of the net proceeds raised from our Global Offering or otherwise) may be limited, which could in turn materially and adversely affect our future expansion plans and prospects in the PRC.

Please see the section headed "Future Plans and Use of Proceeds" for further details on the regulatory requirements of the Taiwan Investment Commission in respect of Ruentex Industries and Ruentex Development and the impact on our Company.

Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares.

One of our Ultimate Controlling Shareholders, Ruentex, has entered into arrangements affecting our Shares or the shares in Intermediate Holding Companies through which it holds its interests in our Company, details of which are set out below.

(i) Pledge of our Shares given by Kofu

In connection with the Reorganisation in preparation for the Listing, Kofu entered into a loan agreement of US$500 million on 18 May 2011 with a syndicate of lending banks led by Mega International Commercial Bank, to replace a previous loan of US$500 million. The Kofu Loan is secured by the Mega Pledge, representing approximately 9.10% of the issued share capital of our Company upon completion of the Reorganisation and prior to the Global Offering.

Kofu has provided confirmations and undertakings in favour of our Company and the Joint Sponsors that it will make timely payments in relation to the Kofu Loan.

(ii) Arrangements entered into in connection with the acquisition of Nan Shan by Ruenchen

Ruenchen, a company owned as to 80% by Ruentex Development, Ruentex Industries and their affiliates and as to 20% by Pou Chen Corporation, has agreed to acquire approximately 97.57% of the issued share capital of Nan Shan, an insurance company in Taiwan in the Acquisition. The Acquisition is conditional upon, among others, the approval of the FSC. The FSC announced on 9 June 2011 that it had conditionally approved the Acquisition. Ruentex currently anticipates that the Acquisition will be completed in July 2011.

In connection with the Acquisition and as a condition to the approval of the FSC, CGC has undertaken to the FSC that, should Nan Shan require any further funding following the completion of the Acquisition, CGC will, to the extent that Ruenchen does not have any other source of funding available for the purpose, and subject to the requirements of the Listing Rules, and in particular the lock-up requirements under the Listing Rules, sell the number of Shares in the Company held by it directly or indirectly (comprising its direct shareholding in our Company of approximately 9.81% of our issued share capital and its interests of approximately 15.04% of our Company held through A-RT immediately prior to the Global Offering) required to finance such funding requirement. The relevant proceeds will be remitted to Ruentex Development and Ruentex Industries for the purposes of financing such funding requirements through Ruenchen (the ***Undertaking***). In addition, Kofu and Sinopac have agreed to deposit the shares held by them in CGC, representing 16.38% and 15.51%, respectively, of the issued share capital of CGC, in a custodian account maintained with a commercial bank in Taiwan.

In addition, in order to fund the proposed Acquisition, each of Ruentex Development and Ruentex Industries will enter into a bridge loan arrangements with a group of banks for amounts of not more than NT$7.36 billion (equivalent to approximately HK$1.98 billion) and NT$5.44 billion (equivalent to approximately HK$1.47 billion), respectively (the ***Loan Facilities***). The Loan Facilities are expected to have a term of nine months and are on substantially the same terms. Ruentex Development and Ruentex Industries have informed us that formal loan agreements for the Loan Facilities will be entered into around the time of completion of the Acquisition, currently expected to be in July 2011. They intend to repay the Loan Facilities from the proceeds of rights issues to be carried out by each of Ruentex Development and Ruentex Industries.

Ruentex Development and Ruentex Industries have informed us that, in connection with the Loan Facilities, they expect the Loan Facilities to be secured by pledges (***Share Pledges***) of the Relevant Securities described below in favour of Mega International Commercial Bank, as security agent of the lending banks. The Share Pledges shall only be created over the Relevant Securities if (1) an event of default occurs under the relevant Loan Facility or (2) Ruentex Development or Ruentex Industries (as appropriate) fails to complete a rights issue within six months from the date of signing of the definitive loan agreement in respect of the relevant Loan Facility in order to repay such facility. The Loan Facilities agreements are expected to include events of default which are typical for such loan arrangements.

For these purposes the Relevant Securities comprise all of the shares held by (i) Ruentex Development and (ii) Ruentex Industries in (a) Sinopac and (b) CGC, namely:

(a) the Relevant Securities held by Ruentex Development comprise (i) its indirect holding of 49.06% of the issued share capital of Sinopac, which in turn holds approximately 15.51% of the issued share capital of CGC; and (ii) its direct holding of 25.46% of the issued share capital of CGC;

(b) the Relevant Securities held by Ruentex Industries comprise (i) its indirect holding of 49.06% of the issued share capital of Sinopac; and (ii) its direct holding of 42.25% of the issued share capital of CGC.

Immediately prior to the Global Offering, CGC holds (I) approximately 25.42% of the issued share capital of A-RT, which in turn holds approximately 59.16% of the issued share capital of our Company; and (II) 9.81% of the issued share capital of our Company. Pursuant to the Loan Facilities, Ruentex Development and Ruentex Industries may be required to provide additional security if the loan to value of security ratio exceeds agreed levels. Ruentex Development and Ruentex Industries have each undertaken to our Company and the Joint Sponsors that, (i) if the relevant loan to value of security ratios are exceeded, they will repay an appropriate amount of the Loan Facilities such that the loan to value of security ratio would fall below the agreed level and would not seek to provide security over additional shares in CGC, our Company or any other Intermediate Holding Companies through which Ruentex Development and Ruentex industries hold their respective interests in our Company and (ii) they will use their reasonable endeavours to complete rights issues required to repay the Loan Facilities within six months from the date of signing of the relevant loan facility agreements.

Any enforcement of (a) the Mega Pledge due to a default by Kofu in respect of its obligations under the Kofu Loan; (b) the Undertaking, in order to provide further funding for Nan Shan; or (c) any of the Share Pledges due to any default by Ruentex Development and/or Ruentex Industries of the terms of the relevant Loan Facility or if Ruentex Development and/or Ruentex Industries fails to complete a rights issue within six months from the date of signing of the definitive loan agreement in respect of the relevant Loan Facilities, or in the worst case scenario whereby each of such arrangements were enforced against the parties thereto and all of the relevant shareholdings in our Company and the Intermediate Holding Companies were required to be sold, the remaining interest in the Company held by Ruentex would be Kofu's interest of 23.58% of the issued share capital of A-RT, and CGC will cease to be a shareholder of A-RT and our Company. In addition, in the event where a change in control of CGC under the Current Shareholders Agreement occurs due to the sale of the Relevant Securities, certain rights held by RT under the Current Shareholders Agreement may be terminated. Please refer to the section headed "Our History and Reorganisation — Our Reorganisation — Change in Control of RT" for more information. The above may result in sales or a perception of the likelihood of sales of our Shares or the Relevant Securities in the market or otherwise which could have a material and adverse effect on the market price of our Shares.

Our growth prospects may be limited if we encounter difficulties executing our expansion strategy.

As part of our business strategy, we plan to expand the network of our hypermarkets through organic growth. Our ability to expand depends on, among other things:

- our ability to identify suitable sites for new hypermarkets and successfully negotiate purchase or lease agreements for these sites on terms acceptable to us;
- the availability of financing for our expansion, investments or other strategic transactions;
- our ability to attract, train and retain management talents in sufficient numbers for our expanded operations;
- our ability to obtain all the requisite governmental approvals, licences and permits in a timely manner;
- our ability to adapt and grow our operational and management systems, including our information technology systems, to support an expanded hypermarket network;
- our ability to effectively control and manage our costs in our expanded network, in particular, purchase costs, and expenses related to rent, logistics, human resources and marketing; and
- the timely completion of our new hypermarkets under development.

If we fail to achieve any of the above, we may not be able to achieve our planned expansion objectives. Our ability to manage our future growth will also depend on our ability to continue to successfully implement and improve our operational, financial and management systems in the evolving competitive markets. Our business growth could strain our managerial, operational and financial resources. Failure to effectively execute our expansion strategy may result in limited growth and reduced profitability.

We may not be able to find suitable locations for new hypermarkets on commercially acceptable terms, if at all.

Our performance depends, to a significant extent, on the location of our hypermarkets. When selecting a site for a hypermarket, we take into account various factors, including:

- population density, customer traffic and vehicle traffic;
- customer accessibility;
- potential growth of local population;
- development potential and future development trends;

- estimated spending power of the population and local economy;
- profitability and payback period, estimated on the basis of the expected sales potential;
- marketing or strategic benefits;
- proximity and performance of competitors in the surrounding area; and
- site characteristics and suitability with the specifications of our building plans.

We secure locations either through ownership or through long-term leases, as determined on a case-by-case basis. Going forward, we will need to secure more locations to open more hypermarkets. The supply of locations for new hypermarkets is scarce and, as a result, competition to secure these locations is intense. In the past few years, the cost of securing locations in China, whether through acquisition or through leasing arrangements, has increased significantly overall. We expect our cost of securing locations for our new hypermarkets, whether through ownership or through long-term leases, to increase in the near future. Our ability to purchase or lease suitable properties on terms acceptable to us is critical to the success of our expansion strategy. We cannot assure you that we will be able to identify and acquire or lease suitable properties on terms commercially acceptable to us. In the event that we encounter difficulties in securing suitable locations in regions that we plan to expand into, our growth prospects will be adversely affected.

Our new hypermarkets may not achieve our expected level of profitability within our desired time frame, or at all.

As part of our growth strategy, we plan to further enhance our leading position in China by increasing our market penetration and expanding our retail network. As at the Latest Practicable Date, we had 51 hypermarkets under development which included properties we owned and properties under secured leases. Opening new hypermarkets requires significant capital outlay up front, including the price of acquisition or rental of the premises, the cost of building, renovating and decorating the premises, and the cost of hiring and training employees. However, the new hypermarkets that we open may not achieve our expected level of profitability for a prolonged period of time, or at all.

Whether or not the operation of our new hypermarkets will be successful depends on a number of factors, including:

- our ability to properly position our new hypermarkets to successfully establish a foothold in new markets and to execute our business strategy in the local market;
- our ability to successfully integrate the new hypermarkets with our existing operations and achieve related synergies;
- our ability to introduce an optimal mix of merchandise which successfully meets local consumer preferences at attractive prices;

- our ability to negotiate and obtain favourable terms from our suppliers;
- the effectiveness of our marketing campaigns;
- our ability to hire, train and retain skilled personnel;
- the competition that we face from incumbent and new players in the region; and
- any government development plans around our planned sites, such as construction, which could have an impact on the external traffic flow to our hypermarkets and the timely implementation of such changes.

Some of these factors are not entirely within our control. We have shut down one of our stores in the past due to commercial considerations. If our new hypermarkets do not break even or achieve our expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, financial condition and profitability may be materially and adversely affected and we may decide to shut down some of our stores.

Shortages or unavailability of products demanded by customers due to disruptions to our supply chain may materially and adversely affect our business and damage our reputation.

We need to maintain sufficient inventory of our products to meet the demands of our customers, and any failure to do so could materially and adversely affect our business and profitability and damage our reputation. Natural disasters such as earthquakes, snowstorms, extreme climatic or weather conditions such as floods or droughts, or natural conditions such as crop disease, pests or soil erosion, may adversely impact the supply of fresh products and local transportation. Should our supply of products be disrupted, we may not be able to procure an alternate source of supply of products in time to meet the demands of our customers, or we may not be able to procure products of equal quality on equally competitive terms, if at all. Such disruption to supply may materially and adversely affect our business, profitability and reputation.

In addition, disruptions to the delivery of products to our distribution centres and hypermarkets may occur for reasons such as poor handling, transportation bottlenecks, or labour strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products, materially and adversely affecting our business, profitability and reputation.

We cannot assure you that we will not incur losses nor that there will not be material write-offs due to shortages or unavailability of particular products demanded by our customers due to disruptions to our supply chain, which may result in increased costs or reduced sales and may materially and adversely affect our competitiveness, financial condition and results of operations.

If we are not able to maintain an optimal level of inventory, our business, working capital and operations may be materially and adversely affected.

As at 31 March 2011, we had a total inventory of approximately RMB4,736 million, representing approximately 15.9% of our total assets. We made provisions of RMB30 million, RMB32 million and RMB43 million as at 31 December 2008, 2009 and 2010, respectively, and RMB50 million as at 31 March 2011. Our policy is to maintain an optimal level of inventory to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of merchandise, and maintain the quality and variety of merchandise available to our customers. We also review our inventory control methods and procedures periodically in order to minimise spoilage and overstocking of merchandise offered. However, in the event that we fail to maintain optimal inventory levels, this may result in shortages and our business and results of operations may be materially and adversely affected if our inventory levels are too low, or we may require additional working capital and our results of operations and financial condition and operations may be materially and adversely affected if our inventory levels are too high.

If we fail to obtain or renew the regulatory licences, approvals and permits we need in order to operate, our existing operations may be interrupted and our expansion plans may be materially and adversely affected.

We are required, and will continue to be required, to obtain and hold relevant licences, approvals and permits at the municipal, provincial and/or ministry levels. Please see the section headed "Regulations" for more information. As at the Latest Practicable Date, we were in the process of applying for or renewing hygiene licences for public safety for three of our stores, and had not yet obtained fire safety permits for three of our stores. We may be subject to fines or be required to stop operating such stores for the lack of fire protection permits or hygiene licences. As at the Latest Practicable Date, we had also not yet obtained or renewed our permits for the sale of salt for two of our stores or alcohol products for one of our stores. We may be subject to fines, or be required to refrain from the sale of the relevant products due to the lack of such sales permits. We cannot assure you that we can successfully obtain those permits, or upon expiration of some of these licences, approval or permits, we will be able to successfully renew them, or that if the relevant authorities enact new regulations, we will be able to successfully meet their requirements. If we are subject to any material fines or are required to stop operating any of our stores due to our failure to obtain or renew relevant licences or permits, our business, financial condition and results of operation would be materially and adversely affected.

As a foreign-invested enterprise, we are required to seek licences, approvals and permits from the relevant authorities when we select a new location for a store and upon establishment of a new store. We cannot assure you that we will obtain the licenses, approvals and permits in the new locations in a timely manner or at all. Any failure to obtain licenses, approvals and permits in a timely manner or comply with the requirements of any new regulations and any unforeseen difficulties arising from the unfamiliarity with the new locations or otherwise may materially and adversely affect our business, expansion plans, future operations and financial performance.

We depend on our senior management and other key employees and our ability to attract and retain talented employees.

We have been, and will continue to be, dependent on our senior management and other key employees for the success of our business. We rely on the expertise and experience of our senior management and other key employees. The loss of our senior management or other key employees could impair our ability to operate and impede the execution of our strategies. We may not be able to replace such persons within a reasonable period of time with persons with equivalent expertise and experience, which may disrupt our business and impair our financial condition and results of operations.

In addition, our continued success will also depend on our ability to attract and retain talented and qualified personnel at all levels to perform administrative, accounting and customer service functions and to manage our day-to-day operations and future expansion.

Talented and qualified individuals are scarce and in high demand and competition for these individuals from other retailers in China is intense. Other retailers may be able to offer more favourable compensation packages to recruit personnel whom we consider desirable. As a result, we may not be able to attract and retain qualified personnel needed to sustain our current or planned business growth, or our staff expenses may increase significantly, either of which would have a material adverse impact on our business, results of operations and financial condition. We may need to offer superior compensation and other benefits in order to attract and retain talented and qualified personnel in the future, which may result in increased human resources costs and reduced profitability. Our failure to attract and retain talented and qualified personnel could have a negative impact on our ability to effectively manage and grow our business and maintain our competitive position.

Our business relies on the satisfactory performance of our information technology systems and any malfunction for an extended period or loss of data could materially and adversely affect our ability to operate.

We use advanced information technology systems for customer checkout processes and the timely exchange of business information among our headquarters, regional offices and individual hypermarkets. These systems are critical to our day-to-day business operations as we use them to manage procurement, sales and inventory and collect and analyse information to understand local needs and to respond quickly to changing consumer preferences. Our information technology systems allow real time response to sales data and other key performance indicators such as products-in-stock and inventory levels and are programmed for automatic reordering. We have not experienced any material interruption or malfunction in the performance of our existing systems in the past. We cannot assure you, however, that our information technology systems will always operate without interruption or malfunction in the future and that we will not lose data. In addition, certain of our systems are supported by Auchan International Technology and any interruptions in its support of our systems may lead to disruptions to our operations. Any breakdown for an extended period of, or loss of data or other failure of, our information technology systems from, among other things, internal bugs, viruses and hacking, or damage to the hardware or software systems may cause interruptions to our operations and delay our response to changes in customer preferences which will in turn materially and adversely affect our business performance and profitability.

A failure or breakdown of our information technology systems may affect our day to day operations and our ability to respond appropriately to changes in customer demand, leading to situations of product shortage or overstocking. We have in place a back-up system to our primary information technology system which is situated in a location separate from our primary system. However, there is no assurance that our back-up system will be adequate to support our operations in the event of a prolonged breakdown of our primary system, or that our back-up system will not be compromised along with our primary system, in which case our business operations will be materially and adversely affected.

The land use right certificates for certain parcels of land on which we operate or will operate our hypermarkets may be defective or non-compliant with the relevant PRC laws and regulations.

The land on which our Auchan Zhongyuan Store is located and the land on which one of our warehouses is located are allocated land owned by us. Pursuant to certificates and approvals issued by the Shanghai Municipal Government in 1997 and 2000 respectively, we have been entitled to use these two parcels of land for commercial and industrial purposes. However, under relevant PRC laws and regulations, allocated land may only be used for non-commercial purposes. We have been advised by Jun He Law Offices, our PRC legal advisers, that this arrangement with respect to our use of allocated land does not comply with relevant PRC laws and regulations. Accordingly, we cannot assure you that the PRC authorities will not deem our Zhongyuan Store to be in violation of the terms of our allocated land use rights and as a result, our land use rights certificates may be revoked or we may be required to convert the land into granted land by payment of an appropriate land premium for the land. If the allocated land is converted to granted land, the conversion price to be paid would be determined through public bidding or through negotiations with the competent land bureau. The competent land bureau would determine the amount of conversion price payable by taking into account various factors including, but not limited to, the results of negotiations with the competent land bureau, the sale price of other comparable land in Shanghai at the time of the conversion and the benchmark price for commercial land in Shanghai at the time of conversion as published by the Ministry of Land and Resources of the PRC. However, the actual conversion price per sq.m. we would pay, if the competent land bureau were to require the conversion, may differ materially from our expectations. If the PRC authorities require the land to be converted, we may be required to pay the conversion price, which may be a substantial amount, and our business, financial condition and results of operations may be materially and adversely affected.

In addition, some of our hypermarkets located on leased premises may be on land designated for restricted or non-commercial uses or allocated land. As at the Latest Practicable Date, four of our hypermarkets located on leased premises were on land designated for restricted or non-commercial uses or are allocated land. If our use of the land is deemed to be contrary to its designated use, we may be subject to fines or the PRC authorities may claim the land from our landlords and evict us, which may require us to relocate to alternative premises or shut down operations at those premises, and our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to renew any of our existing leases for our hypermarkets on terms commercially acceptable to us and our leases may be terminated prior to their expiration.

As at the Latest Practicable Date, 136 out of 197 of our existing hypermarkets were located on premises leased by us. Accordingly, it is important to our business operations that our existing leases are maintained. In the event that we are not able to renew any of our existing leases, or that any of our leases are terminated for any reason prior to their expiration, we will need to relocate to alternative premises or shut down our operations at those premises. In addition, as at the Latest Practicable Date, 12 out of the 197 stores we operate are Contracted Stores, seven out of which are located on premises leased by the Contracted Store Owners. If we fail to renew any of those agreements or any of the Contracted Stores on leased premises fail to renew their leases, we may have to relocate or shut down our operations at those premises.

Upon expiration of the lease agreement for each of our leased hypermarkets, we will need to negotiate the terms and conditions on which the lease agreement may be renewed. We cannot assure you that we will be able to renew our lease agreements on terms and conditions, in particular those regarding the rent, which are favourable or otherwise acceptable to us, or at all. In that case, we may need to seek an alternative site to relocate the existing store in question or shut down operations of the relevant hypermarket complex located at such site. We cannot assure you that such alternative site will be at a comparable location or can be leased on comparable terms.

Termination of our leases may occur for reasons beyond our control, such as breaches of agreements by the landlords of our premises. If we, our current or future landlords or our Contracted Store Owners breach the lease agreements, we may have to relocate to alternative premises or shut down our operations at that site. Relocation of any part of our operations may cause disruptions to our business and requires significant expenditure, and we cannot assure you that in such a case, we will be able to find suitable premises on commercially reasonable terms in a timely manner, if at all or we may have to pay significantly higher rent which may materially and adversely affect our business, financial condition and results of operations.

Some of our leased properties may lack requisite building ownership certificates or lease registrations, or may be subject to mortgages.

As at the Latest Practicable Date, 136 out of the 197 hypermarkets we operate were located on premises leased by us, and 12 of the 197 hypermarkets we operate are Contracted Stores, seven out of which are located on premises leased by the Contracted Store Owners. Accordingly, our lessors' or the Contracted Store Owners' lessors' possession of valid and enforceable building ownership rights, or of the relevant rights or authority to sub-lease such premises to us, is important to our business operation.

If the lessors of the premises in which our hypermarkets are located or our Contracted Store Owners are not able to provide us with evidence of or do not have valid and enforceable building ownership rights, or their relevant rights or authority to sub-lease, in respect of leased premises, third parties may seek to assert their ownership rights or challenge these leases. Should disputes arise due to title encumbrances on or lack of title for such properties or our lessors' or the Contracted Store

Owners' lessors' failure to register the relevant leases with the government authorities or lack of authority to sub-lease the leased premises, we may not be able to continue leasing these properties and may be required to find alternative locations nearby to which we may relocate our stores. If we are unable to find suitable alternative locations nearby, we may have to shut down our operations at that site. Even if we are able to find suitable alternative locations on terms commercially acceptable to us, relocation to such alternative locations may result in disruptions to our business operations and loss of customers. Furthermore, if any of our properties subject to mortgages are foreclosed and we are evicted from the premises, we may also be required to relocate to alternate premises or shut down our operations at those premises.

Major remodelling or renovations of our existing hypermarkets may affect our business, financial condition and results of operations.

We renovate and remodel our hypermarkets complexes from time to time in order to improve the quality of our hypermarkets and enhance our customers' shopping experience. Any major remodelling or renovation to the retail space of our existing hypermarkets may disrupt its business and cause loss of turnover during such remodelling or renovation. In addition, it may require significant time to recreate the optimal product mix and generate the same level of customer traffic at a store after remodelling or renovation. If we are unable to complete such remodelling or renovation in a timely manner or if we fail to enhance or customer traffic following such remodelling or renovation, our business, financial condition and results of operations may be materially and adversely affected.

We may fail to anticipate and provide the appropriate mix of merchandise to satisfy customer tastes and demands.

We maintain a comprehensive selection of merchandise targeting a broad range of customers. The success of our business depends on our ability to maintain a comprehensive product selection and, at the same time, anticipate and respond in a timely manner to changing customer demands and preferences. Some of the products we offer, such as home electronics and electrical appliances, may be characterised by frequent introductions of new models and technology. Consumer demands and fashion trends in the PRC are changing at a rapid pace and customer acceptance of new products is affected by a number of factors, including prevailing economic conditions, disposable income, global lifestyle trends, price, functionality, technology, appearance and many other factors. It is possible that some of the merchandise we offer will never achieve widespread consumer acceptance and may become outdated. The success of our operations depends on our continued ability to select products from suppliers that satisfy customer demand. If we fail to accurately foresee or quickly adjust to general trends in consumer demands and preferences, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to product liability claims relating to defective products.

According to existing PRC law, manufacturers and suppliers who produce or sell defective goods in the PRC are liable for any damage or personal injury caused by such goods. In addition, consumers in the PRC are becoming more concerned about food safety. There have been incidents involving the unconventional use of pesticides and other dangerous chemical additives such as food preservatives or additives. In particular, the 2008 Chinese milk scandal regarding the use of melamine in milk and infant formula received widespread media attention and increased public awareness about food safety related issues in the PRC.

Pursuant to agreements between us and our suppliers and rental tenants, all of our suppliers and rental tenants are obligated to indemnify us for any claims brought against us concerning merchandise and products provided to us by our suppliers and sold in our hypermarkets. Although we have not been subject to any material product liability claims during the Track Record Period, we cannot assure you that we will not be subject to such claims in the future and that our suppliers and rental tenants will have adequate financial resources or insurance coverage to fulfil their obligations under these indemnities. Seeking indemnifications from our suppliers and rental tenants may take a prolonged period of time and may be difficult to enforce if the suppliers or rental tenants are no longer in business, which may potentially lead to litigation. Any claims against us initiated by end consumers may have an adverse effect on our reputation and brand image.

Real or perceived quality or health issues with the products offered at our hypermarket complexes could have a material and adverse effect on our results of operations.

Concerns regarding the safety of products offered at our hypermarket complexes or the safety and quality of our supply chain could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources, even if the basis for the concern is outside of our control. Adverse publicity about these concerns, whether or not ultimately based on fact, and whether or not involving products sold at our hypermarket complexes, could discourage consumers from buying our products and have a material and adverse effect on our turnover and results of operations.

For example, products manufactured by Taiwanese suppliers or made with ingredients sourced from Taiwan may be contaminated by cancer-causing additives or other toxic chemicals. The Department of Health in Taiwan (***DOH***) declared on 23 May 2011 that certain sports beverages manufactured by Taiwanese suppliers were contaminated with certain cancer-causing additives (***Incident***). Our policy is to immediately remove any products suspected of contamination from our shelves. As our total import and sales amount in relation to the sport beverages suspected of contamination for the year ended 31 December 2010 and for the three months ended 31 March 2011 was less than RMB100,000, the impact of this incident on our financial condition and results of operations has been immaterial. Since the Incident, new notices have been issued by DOH declaring that additional products, including other brands of sports beverages, beverage powder and candy, manufactured by Taiwanese suppliers or made with ingredients sourced from Taiwan, were contaminated or suspected of being contaminated (***New Notices***). Our total import and sales amount of such products removed from our shelves pursuant to the New Notices as at Latest Practicable Date were approximately RMB1 million and the impact on our financial condition and results of operations has been immaterial. Although we may return defective products to the relevant suppliers who are required to indemnify us should there be any product liability claims due to such incidents, seeking indemnifications from our suppliers may take a prolonged period of time and may be difficult to enforce if those suppliers are no longer in business, which may potentially lead to litigation.

On 6 June 2011, the Department of Health of Taiwan declared that certain bakery products in Taiwan including homemade tiramisu sold in Taiwan RT-Mart hypermarkets operated by our Ultimate Controlling Shareholders were found to contain toxic plasticisers. As our bakery products are made from local ingredients in the PRC and are not sourced from Taiwan, such incident has no direct impact on our financial condition and results of operations. However, such an incident may result in negative publicity and materially and adversely affect our reputation, and consequently our business, financial condition and results of operations.

We cannot assure you that there will not be incidents of contaminated products or ingredients from Taiwan or elsewhere in the future which may result in product liability claims, product recall and negative publicity and materially and adversely affect our reputation, business, financial condition and results of operations.

Please see the paragraph headed "— We may be subject to product liability claims relating to defective products".

Our business depends on our trademarks and trade names, which we may not be able to protect against infringement.

The Auchan欧尚 and trademarks, the , , RT-Mart and 大润发 trademarks, the "欧尚" and "Auchan" trade names and the "大润发" and "RT-Mart" trade names are important to our success and competitive advantage. Our "Auchan" subsidiaries in the PRC obtained non-exclusive use of the Auchan欧尚 and trademarks from Groupe Auchan through ACHK pursuant to various sub-licensing arrangements permitted under a master trademark license agreement between Groupe Auchan and ACHK. The master trademark license agreement is due to expire on 14 May 2015, subject to automatic renewal at the end of the term. We have registered the , , RT-Mart and 大润发 trademarks for various categories of products in the PRC for a term of 10 years through our subsidiary, Shanghai RT-Mart, which are due to expire between 20 July 2012 and 6 March 2020. We intend to renew these trademarks prior to their expiration. Our policy is to register and protect our trade names, trademarks and other intellectual property rights in the PRC to the extent we are able to under PRC law.

We are aware that the trade name "大润发" is being used, and may continue to be used, by other retail operators in other cities across China. According to relevant PRC laws and regulations, different levels of local administration for industry and commerce throughout China have authority to approve trade names of hypermarkets within their jurisdiction, and there is no public search or public filing system available through which we can search for the hypermarkets that use the term "大润发" in their trade names. According to PRC laws, a trade name can be used exclusively in a particular area only after it has been registered with the local administration of industry and commerce, and as advised by our PRC legal advisers, we have successfully registered the "大润发" trade name for use in connection with our hypermarkets under our "RT-Mart" banner in 69 out of the 98 cities in which we operate. We have also successfully registered the "欧尚" trade name in all cities where we operate hypermarkets under our "Auchan" banner. However, as other retail operators are free to register the same trade name in the administration of industry and commerce in cities across China to the extent we have not registered our trade name in that city (including 29 out of the 98 cities in which we operate our "RT-Mart" hypermarkets), we cannot assure you that there will be no confusion to customers in cities where other retail operators use the "大润发" or "欧尚" trade name. We take steps to register our trade names to the extent they have not already been registered by other parties. Our PRC legal advisers are of the view that we have not infringed on the "大润发" trade name in the 29 cities where we have not been able to register the "大润发" trade name. However, we still retain the right to use our trademarks in those cities as we have registered those trademarks in the PRC. We are aware that there are four similar businesses using the "大润发" trade name operating in Wujiang, Kunshan, Heshan and Shengze and one alleged infringement of the "欧尚" trade name by another entity. Usage by other retail operators of the "大润发" or "欧尚" trade name could harm our image and business reputation, which could adversely affect our financial condition and results of operations. We may also incur additional costs as a result of any trade names or trademark infringement claims we initiate, which may impact on our results of operations.

We cannot assure you that the steps we have taken to protect our trade names and trademarks are sufficient or will be sufficient to protect our trade names or trademarks, or that our trade names or trademarks will not be subject to any infringement in the future. Any unauthorised use of our trade names or trademarks could harm our image and business reputation, which could materially and adversely affect our financial condition and results of operations. We may also incur additional costs as a result of any trade names or trademark infringement claims we initiate, which may impact on our results of operations.

Furthermore, as some of our trademarks or other similar trademarks are used by our Ultimate Controlling Shareholders and their respective subsidiaries outside of China, their usage of those trademarks may result in negative publicity and thus harm our image and business reputation, and materially and adversely affect our financial condition and results of operations.

Adverse claims, media speculation and other public statements relating to us, our Shareholders and their respective businesses or the retail industry may have a material adverse effect on our results of operations.

Any adverse claims, media speculation and other public statements relating to us, our Shareholders and their respective businesses or the hypermarket industry could materially and adversely affect our reputation and our corporate image, or otherwise affect our ability to conduct our business in the ordinary course, including, without limitation, obtaining and renewing operational licenses and regulatory approvals and establishing and maintaining our relationships with customers and suppliers, and to expand our business, including, without limitation, obtaining the necessary financing for such expansion. For example, negative publicity about other industry participants relating to improper conduct could indirectly materially and adversely affect our business and corporate image. Any such claims and allegations may also distract our management from their day to day management responsibilities and may therefore have a material adverse effect on our business, financial condition and results of operations.

The merchandise sold in our hypermarkets may be subject to third party intellectual property rights.

In the event that we or our rental tenants sell merchandise which infringe on third party intellectual property rights at our hypermarkets, we, in our capacity as a retailer, may be found liable for the infringement and be compelled to discontinue the sale of the offending merchandise and/or pay damages or other fines. Where our rental tenants sell merchandise that infringes on third party intellectual property rights at our hypermarket complexes, we may be considered jointly liable in circumstances where we have knowledge of their conduct, which is a question of fact. During the Track Record Period, we have not been subject to any claims in relation to the infringement of third party intellectual rights which would materially and adversely affect our business, financial condition and results of operations in any material aspects.

Our inspection team, which inspects the merchandise sourced from our suppliers by us upon delivery, may not be able to detect merchandise or acts that infringe the intellectual property rights of third parties. In the event that we purchase and subsequently re-sell merchandise that infringes on the intellectual property rights of third parties, or that our rental tenants do so, claims may be brought against us, or we may be otherwise subject to investigation and our reputation may suffer. We may bring claims against our suppliers or rental tenants responsible for the infringing merchandise to recover any losses that we have suffered. However, we cannot assure you that we will be able to recover, partially or fully, all losses caused by these suppliers and in particular, we may not be able to fully recover the losses to compensate the damage such infringement may have on our reputation, which may have a material adverse effect on our business, financial condition and results of operations.

Any disagreement or dispute between our Controlling Shareholders may materially and adversely affect our business.

Our Controlling Shareholders may have differing interests which may lead to disagreements or disputes between them in connection with, among others, the performance of their respective obligations under the Current Shareholders Agreement, the scope of their responsibilities under such agreement, financial difficulties encountered by any of the Controlling Shareholders or the policies, objectives, business or expansion plans of two banners. Under the Current Shareholders Agreement, a dispute resolution mechanism is provided for deadlocks between the Company and certain of its Controlling Shareholders. However, any such disagreement or dispute between our Controlling Shareholders may distract management from their day-to-day activities and cause them to exercise their voting rights in a manner detrimental to the Company or our minority Shareholders. We cannot assure you that there will not be any such disagreement or dispute between our Controlling Shareholders in the future. Any such disagreement or dispute may materially and adversely affect our business, financial condition and results of operations.

We had net current liabilities as at 31 December 2008, 2009 and 2010 and 31 March 2011, and if we are unable to meet our liabilities as they become due, we will be in default of our liabilities and our financial condition and results of operations will be materially and adversely affected.

We had net current liabilities (defined as current assets minus current liabilities) of RMB5,163 million, RMB6,351 million, RMB8,493 million as at 31 December 2008, 2009 and 2010, respectively, and RMB8,301 million as at 31 March 2011. Our hypermarket operations generally have the following features:

- the majority of our liabilities are short-term, consisting mainly of (i) trade and other payables and (ii) short-term bank borrowings;

- trade receivables are generally at low levels as our hypermarket operations are primarily cash-based;

- we typically do not have to pay our suppliers for our purchases until 60 days after such purchases;

- our other payables are mainly balances from advance receipts from customers which include pre-paid cards issued to our customers.

The combination of the above factors, particularly our significant balance of trade and other payables, contributed to our net current liability position for the Track Record Period.

Our net current liability position requires us to generate sufficient cash flow from operations to meet our current liabilities, and/or to roll over, extend or refinance our current liabilities at or prior to their due dates. If we are unable to do so, we will be in default of our liabilities and as a result our financial condition and results of operations will be materially and adversely affected.

Our insurance coverage may not cover all losses, which may increase our operational costs.

We maintain different types of insurance policies to cover our operations, including comprehensive asset insurance, public safety liability insurance and employer liability insurance. We do not carry, however, insurance in respect of certain risks that we believe are not insured under normal industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. In addition, we do not maintain product liability insurance for some of our operations. While our contracts with our suppliers typically provide that our suppliers will be responsible for any product liability claims by end consumers, we may be required to pay compensation to the consumers first, and we may have to assume the economic impact to the extent we cannot seek indemnification from our suppliers or rental tenants. For more information on our exposure with respect to product liability claims, please see the paragraph headed "— We may be subject to product liability claims relating to defective products".

In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have a material adverse effect on our business, financial condition, results of operations, reputation and profitability.

Our business may be harmed by power shortages in the PRC.

We consume substantial amounts of electricity for lighting, displays, refrigerators and freezers at our hypermarkets. Some cities in which we operate have periodically imposed limitations, on a citywide basis, on the usage of electricity. There can be no assurance that the limitations on the usage of electricity will not become more prevalent or restrictive, and that these limitations will not have a material adverse effect on our ability to operate. We cannot assure you that the back up power supply systems installed at most of our hypermarkets will provide sufficient supply of power during all times of power shortage. In the event of any power blackout for a significant period of time, our business operations may be materially and adversely affected and we may incur losses of inventory as a result.

Our Company's historical dividends and Special Distribution may not be indicative of our Company's future dividend policy.

During the years ended 31 December 2008, 2009 and 2010, our Company declared dividends of RMB261 million, nil and RMB735 million, respectively, to its Shareholders, representing 25.7%, 0.0% and 45.5% of our profit for the year, respectively. We cannot assure you, however, that in the future, our Company will pay dividends at a similar level to past dividends, or at all, and potential investors should be aware that the amount of dividends our Company paid in the past should not be used as a reference or basis upon which future dividends are determined.

The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, and will depend upon, among other things, our results of operations, cash flows and financial condition, operating and capital requirements and other relevant factors prevailing at the time.

In addition, our Company has declared a Special Distribution on 10 June 2011 to its Shareholders as at 10 June 2011 in an amount of US$174 million (approximately RMB1,128 million), which is equal to 69.9% of our profit for the year ended 31 December 2010. Our Company expects to pay the Special Distribution to its Shareholders before the Listing Date with cash generated from operating activities. After taking into account our Company's current cash balance and anticipated cash flows from operating activities, our Company believes it will have sufficient working capital to pay the Special Distribution at that time.

The Special Distribution was not determined in accordance with our Company's dividend policy as described in the section headed "Financial Information — Dividends and Dividend Policy." Investors of Shares will not participate in the Special Distribution. The Special Distribution is not an indication of our Company's future dividend policy.

Our equity interest in our principal operating subsidiaries in the PRC, namely ACI and CIC, will be diluted in the future by the issuance of equity interests pursuant to our Employee Trust Benefit Schemes.

We have in place Employee Trust Benefit Schemes for our employees under each of our "Auchan" and "RT-Mart" banners. The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement, whereby the respective trustees purchase equity interests in our principal operating subsidiaries in the PRC, namely ACI or CIC, as the case may be, on behalf of the respective trusts. We operate our "Auchan" and "RT-Mart" business through ACI and CIC, respectively. Any issuance of equity interests in ACI or CIC thereunder would result in the dilution of our interest in our principal operating subsidiaries in the PRC, and would therefore reduce the proportion of the profits derived from our "Auchan" and "RT-Mart" banners attributable to us.

RISKS RELATING TO THE RETAIL INDUSTRY IN THE PRC

We operate in a highly competitive market and as a result, we may not be able to compete successfully with our competitors.

The retail industry in the PRC, and in particular, the operation of hypermarkets in China is highly competitive. We face competition from domestic and international operators of hypermarkets, department stores, supermarkets, specialty retailers, discount stores, and other forms of retail business in the areas where we currently operate and where we may open new hypermarkets in the future. Although internet retail operators remain a small portion of retail distribution in the PRC and so far their overall market penetration in China is limited, an increasing number of leading grocery retailers are offering online ordering and home delivery services and as such, we also face competition from the internet retail sector. We compete with other retailers in China based on, among other things:

- price of merchandise;
- the degree of store brand recognition and store image;
- the location and size of a store;
- the reputation, mix and quality of the brands, merchandise and products offered;
- the quality of customer service;
- the ability to understand and respond to customer demands in a timely manner; and
- the quality of our galleries.

Some of our competitors, particularly other retail chain operators, may have more financial and managerial resources than we do. A number of different competitive factors could have a material adverse effect on our business, results of operations and financial condition in the markets in which we operate, including, among other things:

- adoption of aggressive pricing strategy, popular merchandise mix, innovative store formats or retail sales methods by our existing or new competitors;
- entry by new competitors into our current markets and increased competition from other international and local players, including other retailers;
- increased operational efficiencies of competitors; and
- our suppliers establishing their own stores.

To the extent that we fail to compete successfully in our existing and new markets due to any of these factors, our business, financial condition and results of operations may be materially and adversely affected.

Consumer spending patterns in China can be influenced by the state of China's economy.

Consumer spending patterns in China are influenced by the state of China's economy, which in turn affects our sales volume, turnover, profitability and our growth. We believe that Chinese consumers tend to increase their expenditures when the Chinese economy is experiencing strong growth and when they have more disposable income available for personal consumption. Conversely, a recession in the Chinese economy, or uncertainties regarding future economic prospects may result in a reduction in consumer spending at our hypermarkets. As a result, the state of the economy in China has had a significant impact on our historical, and will continue to have a significant impact on our future, performance, results of operations and profitability.

Although in recent years, the PRC economy has maintained rapid growth, and increases in GDP and per capita disposable income have strengthened consumers' purchasing power, we cannot assure you that such growth will not slow down or will continue in the future. In addition, the impact on the PRC economy of inflation and the unequal impact of inflation on different categories of products, such as food products, may affect consumer spending patterns and materially and adversely affect our business, financial condition and results of operations. According to the National Bureau of Statistics of the PRC, in 2010, the change in the Consumer Price Index (***CPI***) on food products was 9.6% while the change in CPI across all products was 3.3%. A slowdown or downturn in the economies of the United States, the countries comprising the European Union and certain Asian nations, with which China has important trade relationships, could materially and adversely affect the economic growth of China. Any economic downturn in the PRC and its effect on consumer spending patterns may materially and adversely affect our business, financial condition and results of operations and our future prospects.

We are subject to a wide variety of retail industry regulations, and any failure to comply with these regulations could harm our business.

We are subject to a wide range of regulations including, but not limited to, regulations relating to pricing, consumer protection, product quality, food safety and public safety. Please see the section headed "Regulations" for further information. Local regulatory authorities conduct periodic inspections, examinations and inquiries in respect of our compliance with relevant regulatory requirements. If we fail to comply with these laws and regulations, we may be exposed to penalties, fines, the suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation. We have in the past been subject to fines for cases of our non-compliance relating to, among others, hygiene, food safety, product quality, pricing, sale of cultural products and invoices. In addition, we may be subject to fines for our Contracted Stores' past sale of tobacco products since foreign-invested enterprises are prohibited from selling tobacco products under applicable PRC law. For further information, see the paragraph headed "— If the PRC government implements regulations prohibiting or restricting the sale of specific products by foreign-invested enterprises, our results of operations may be materially and adversely affected" in this section of the prospectus. We cannot assure you that we will be able to meet all the applicable regulatory requirements and guidelines, or comply with all the applicable regulations at all times, or that we will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. If any sanctions, fines and other penalties, which singly or in aggregate are material, are imposed on us for failing to comply with applicable requirements, guidelines or regulations, or the PRC government imposes higher regulatory requirements or adopts measures such as price control, our business, reputation, results of operation and financial condition may be materially and adversely affected.

PRC policies, laws and regulations prohibiting the issuance of pre-paid cards may have a material and adverse impact on our operations.

We issue pre-paid cards to our customers as prepayments for goods in the form of corporate gift cards for our "RT-Mart" hypermarkets ourselves and our "Oney" cards for our "Auchan" hypermarkets through Shanghai Unionpay and we will continue to do so after Listing. The prepayment is recorded in our accounts as "advance receipts from customers" and such advance receipts are reduced in our accounts and recognised as turnover when the customers use these pre-paid cards to make purchases in our hypermarkets by using the pre-paid cards. Our "Oney" cards issued through Shanghai Unionpay are also accounted for in the manner described above as we receive the cash when our "Oney" cards are sold to customers, however we also book a fee based on the amount used by our customers when the cards are used to purchase goods in our "Auchan" banner hypermarkets. Such fee paid to Shanghai Union Pay represents compensation for processing the transactions of pre-paid cards because they incur certain expenses during the transaction and is not a rebate to Shanghai Unionpay. We first engaged Shanghai Unionpay to issue our "Oney" cards in 2009 which was a commercial decision taking into account the costs, benefits and risks involved. As at 31 December 2008, 2009 and 2010, the balance of payables relating to our prepaid cards was RMB2,062 million, RMB2,727 million and RMB4,046 million, respectively, representing 5.4%, 6.0% and 7.2% of our turnover for the year ended 31 December 2008, 2009 and 2010, respectively. As at 31 March 2011, the balance of payables relating to our pre-paid cards was RMB4,745 million, representing 8.4% of our turnover for the year ended 31 December 2010.

Under the Notice on Prohibition of Printing, Selling, Purchasing and Using Tokens issued on 4 April 1993 by the State Council and the Emergency Notice on Prohibition of Issuing and Using Tokens (Cards) promulgated on 19 January 2001 by the original State Economic and Trade Commission and Office of Correcting Industrial Improper Practice of the State Council, the printing and selling of "token cards" as substitutes for cash to be used in transactions is prohibited. The PBOC also prohibits the selling and issuance of "token cards" and imposes a fine of up to RMB200,000 per operating entity. However, on 23 May 2011, the General Office of the State Council promulgated the Notice on standardising the administration for commercial pre-paid cards which is formulated by relevant authorities, and which demonstrates by context that the competent authorities acknowledge the positive effect of pre-paid cards and do not prohibit a commercial enterprise from issuing pre-paid cards itself. This Notice also acknowledged that a commercial enterprise may issue single-function pre-paid cards for itself subject to certain requirements indicated in the Notice, including: (a) for those who purchase registered commercial pre-paid cards or purchase non-registered commercial pre-paid cards exceeding RMB10,000 for one time, the issuer shall register their names; (b) in case an entity purchases the pre-paid cards exceeding the amount of RMB5,000 at one time, or an individual purchases the pre-paid cards exceeding the amount of RMB50,000 at one time, they shall remit payment through wire transfer other than cash; if such wire transfer is carried out, the issuer shall register the name, number and amount received and remitted account for every purchaser of pre-paid cards; (c) the par value of non-registered commercial pre-paid cards shall not exceed

RMB1,000, while par value of registered commercial pre-paid cards shall not exceed RMB5,000; (d) the issuer shall provide invoices for sales of pre-paid cards according to relevant laws and regulations; and (e) there is no restriction on the term of validity of registered commercial pre-paid cards, while the term of validity of non-registered commercial pre-paid card shall be no less than three years. The Notice also mentioned that Ministry of Commerce may further promulgate regulations on single-function pre-paid cards to regulate the activities on single-function pre-paid cards.

Our PRC legal advisers are of the view that even though our practice of issuing pre-paid cards for our "RT-Mart" hypermarkets ourselves does not conform with the requirements of PRC law prior to the issue of the Notice, (i) it is a common practice in the PRC retail industry to issue pre-paid cards, (ii) according to the recent Notice, commercial enterprises may issue single-function pre-paid cards subject to certain requirements, and (iii) the risk to us of being penalised for previous issuance of pre-paid card is low. However, we cannot assure you that relevant authorities will not have different views regarding this practice and, if they deem our previous issuance of pre-paid cards violated laws and regulations at the time of issuance, they may still impose penalties on us.

Furthermore, based on the relevant PRC laws and regulations governing the issue of pre-paid cards, our PRC legal advisers have advised us that we would not be subject to any criminal liabilities in any form, nor would we be required to forfeit to the government our revenue/profits attributable to the sales of pre-paid cards. Our PRC legal advisers are also of the view that this would not have any impact on our business qualification as the penalties relate to monetary fines which would not cause any interruption to our business operations. Such monetary fines which may be imposed on us are estimated to be RMB200,000 per operating entity, amounting to an estimate of an aggregate fine of RMB31 million based on a total of 154 hypermarkets under the "RT-Mart" banner as at 31 March 2011 that have been issuing and selling pre-paid cards without making such sales through an intermediary. As advised by our PRC legal advisers and based on our experience, the issuance and sale of pre-paid cards are common industry practices and, in particular, such practices are adopted across industries such as the hypermarket, department store and supermarket industries, as well as by other retailers, including general retail stores, hairdressing stores and electronic products suppliers. Our Directors confirm that no penalties have been imposed on us in respect of the issuance of pre-paid cards, and as advised by our PRC legal advisers, based on the records published on the websites of the relevant PRC government authorities, there were no previous regulatory actions taken by the government authorities, prosecuted cases or penalties against us or other companies in our industry for the issuance or sale of pre-paid cards. There are currently no plans to cease the issuance of pre-paid cards to RT-Mart customers. Our PRC legal advisers are of the view that the new Notice does not prohibit us from engaging an appropriately licensed non-financial institution to issue pre-paid cards. As a result, we may choose to issue pre-paid cards either by ourselves or through an appropriately licensed non-financial institution.

On 14 June 2010, the PBOC promulgated the Payment Services Measures which allow non-financial institutions to issue pre-paid cards as an intermediary if the relevant entity obtains a payment business license by 1 September 2011. Our PRC legal advisers are of the view that Shanghai Unionpay falls within the definition of "non-financial institutions" as stipulated under the Payment Services Measures. The Payment Services Measures permit the issuance of our "Oney" cards for our

"Auchan" hypermarkets so long as Shanghai Unionpay obtains a payment business license by 1 September 2011. If Shanghai Unionpay fails to obtain a license by that date, we will appoint another licensed intermediary to issue our "Oney" cards. However, if we are unable to find another licensed non-financial institution through which we may issue our pre-paid cards, we will not be able to continue issuing such pre-paid cards through an intermediary which may have a material adverse effect on our business, financial condition and results of operations.

If the PRC government implements regulations prohibiting or restricting the sale of specific products by foreign-invested enterprises, our results of operations may be materially and adversely affected.

If the PRC government implements regulations prohibiting or restricting the sale by foreign-invested enterprises of products that represent a significant percentage of our sales, our business, results of operations and financial condition may be materially and adversely affected. For instance, the PRC government prohibits the sale of tobacco products by foreign-invested enterprises under Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄). We cannot assure you that the PRC government will not prohibit the sale by foreign-invested enterprises of other products that represent a significant portion of our sales in the future.

Changes in PRC regulations relating to promoters may materially and adversely affect our ability to operate.

Promoters are engaged by our suppliers to promote their products at our hypermarkets, which we believe is a common practice in the retail industry. If PRC regulations change in a way that affects the ability of promoters to work at our hypermarkets, we may experience a material and adverse impact on our operations. For example, if their wages increase substantially due to changes in PRC regulations or for any other reason, and our suppliers become unwilling to hire them or provide the same number of promoters to us, we may experience disruptions to our operations and will have to find replacements for them to carry out promotional activities in our hypermarkets. We cannot assure you that PRC regulations relating to such promoters will not change in a way that would impact their ability to work at our hypermarkets or the number of promoters allowed at our hypermarkets. If such PRC regulations change in a way that affects the ability of promoters to work at our hypermarkets or the number of promoters allowed at our hypermarkets, we may experience disruptions to our operations and our business, financial condition and results of operations may be materially and adversely affected.

Our sales are affected by seasonality.

We experience seasonal fluctuations in our sales volume and turnover as our business is sensitive to local consumer spending patterns in the PRC. Local spending patterns are generally stable during each calendar year, but are typically affected by seasonal shopping and consumption patterns. As a result, we generally record higher sales during major festivals and holidays, such as the New Year holiday, the Chinese New Year holiday, the Labour Day holiday, Dragon Boat Festival, Mid-Autumn Festival and the National Day holiday, as well as our store anniversaries. In addition, merchandise, particularly apparel, is generally seasonal in nature and carries higher selling prices for autumn and winter relative to spring and summer. Furthermore, a significant portion of the fresh food products offered in our hypermarkets is also seasonal in nature and may only be available for certain seasons. Accordingly, any material and adverse trends in sales during these periods, and other factors such as any unexpected shifts in the timing of holidays, unpredictable weather patterns in China or other unpredictable events may affect our results of operations during these periods, as well as our annual financial results.

The outbreak of any severe infectious disease in the PRC may materially and adversely affect our results of operations.

The outbreak of any severe infectious disease in the PRC could have a material adverse effect on the overall business sentiment and environment in the PRC. This in turn may have a material and adverse impact on domestic consumption and, possibly, the overall GDP growth of the PRC. In April 2009, a H1N1 influenza broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. In addition, certain areas of China have been subject to epidemics, such as severe acute respiratory syndrome (***SARS***) or swine or avian influenza. As all of our turnover is derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC as a result of the outbreak of any severe communicable disease may materially and adversely affect our financial condition, results of operations and future growth. In addition, if the outbreak of any severe communicable disease occurs in the future and any of our employees or our customers in our hypermarkets are suspected of having contracted any severe communicable disease or any of our hypermarkets are identified as a possible source of spreading any severe communicable disease, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees or customers. We may also be required to disinfect our affected hypermarkets and therefore suffer a temporary suspension of our retail operations. Any quarantine or suspension of our retail operations will affect our results of operations. Furthermore, the outbreak of any severe communicable disease may result in food safety concerns, which could have an adverse impact on our turnover. Such an outbreak would likely restrict the level of economic activity in affected areas, which would also materially and adversely affect our business operations.

RISKS RELATING TO THE PRC

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

All of our operations are conducted in the PRC and all of our turnover is sourced from the PRC. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to the economic, political and legal developments of the PRC.

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

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

The PRC economy has been transitioning from a planned economy to a more market oriented economy. The PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies.

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

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

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

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

New labour laws in the PRC may materially and adversely affect our results of operations.

As at the Latest Practicable Date, we employed approximately 94,588 employees in the PRC. On 29 June 2007, the PRC Government promulgated a new labour law, namely, the Labour Contract Law of the PRC (the ***New Labour Law***), which became effective on 1 January 2008.

The New Labour Law imposes greater liabilities on employers and significantly impacts the cost of an employer's decision to reduce its workforce. In the event we decide to significantly change or decrease our workforce in the PRC, the New Labour Law could materially and adversely affect our ability to enact such changes in a manner that is most advantageous to our circumstances or in a timely and cost effective manner, thus our results of operations could be materially and adversely affected. During the Track Record Period, compliance with the New Labour Law had generally increased our staff costs. Going forward, we expect that staff costs will continue to increase, which is in line with the economic growth in the PRC, and we expect that compliance with the New Labour Law will continue to have a material adverse effect on our Company.

Future fluctuations in foreign exchange rates and government control in currency conversion may materially and adversely affect our Company's ability to remit dividends.

A substantial proportion of our turnover and expenditure are denominated in Renminbi, which is currently not a freely convertible currency. We will require foreign currencies for dividend payment (if any) to our Shareholders. In addition, the price at which we purchase merchandise and products from our suppliers may be affected to the extent our suppliers' merchandise and products are imported or otherwise subject to foreign currency fluctuations. We will therefore be exposed to foreign currency fluctuations.

The value of the Renminbi is subject to changes in the PRC government's policies and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. For instance, in China, since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong and US dollars, has been based on rates set by the PBOC. Since 1994, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable. The PRC Government, however, has, with effect from 21 July 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On 21 July 2005, this revaluation resulted in the Renminbi appreciating against the US dollar and Hong Kong dollar by approximately 2%. On 23 September 2005, the Chinese government widened the daily trading band for Renminbi against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. On 20 June 2010, the PBOC announced that it intends to further reform the RMB exchange rate regime by enhancing the flexibility of the RMB exchange rate. Should there be significant changes in the exchange rates of US dollars or Hong Kong dollars against Renminbi, our Company's ability to make dividend payments in foreign currencies may be materially and adversely affected. In addition, any significant change in the exchange rates of the Renminbi against the US dollar or the Hong Kong dollar could materially and adversely affect the value of our Company's dividends, which would be funded by Renminbi but paid in Hong Kong dollars.

We are subject to PRC regulations imposing additional surcharges on foreign investment enterprises.

On 18 October 2010, the State Council issued Notice 35, which unifies the UMCT and Education Levy on domestic enterprises and foreign investment enterprises in the PRC, effective 1 December 2010. The UMCT and Education Levy are calculated based on the total amount of business tax, value added tax and consumption tax paid by each taxpayer. The UMCT rates for enterprises in cities, counties and other areas are seven percent, five percent and one percent, respectively. The Education Levy rate is three percent. We have been subject to the UMCT and Education Levy for the month of December 2010 and the three months ended 31 March 2011, and will continue to be subject to such tax and surcharge going forward. We cannot assure you that there will not be other PRC regulations in the future imposing additional surcharges on foreign investment enterprises which may materially and adversely affect our results of operations and financial condition.

Our Company relies principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of its PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

Our Company is a holding company and relies principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt it may incur. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to our Company.

Under the new EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends paid by Chinese enterprises to “non-resident enterprises” (enterprises that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) subject to the application of any relevant income tax treaty that the PRC has entered into. Any dividend that our Company or any subsidiary considered a “non-resident enterprise” receives from our PRC subsidiaries shall be subject to PRC taxation at the 10% rate (or lower treaty rate).

The EIT Law may affect taxation on dividends received by our Company and by our Shareholders, as well as increase our Company’s enterprise income tax rate.

Our Company is incorporated under the laws of Hong Kong and carries out our business operations through our PRC operating subsidiaries. Pursuant to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which took effect on 1 January 2008, dividends payable by a foreign-invested enterprise to its foreign investors are subject to a 10% withholding tax, unless such foreign investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Evasion with respect to Taxes on Income, our Company is currently subject to a reduced dividend withholding tax of 5%. The EIT Law provides that if an enterprise incorporated outside the PRC has its “de facto management organisation” within the PRC, such enterprise may be deemed a PRC resident enterprise for tax purposes and be subject to an enterprise income tax rate of 25% on its worldwide income. “De facto management body” is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies" for enterprises incorporated overseas with controlling shareholders that are PRC enterprises. It remains unclear, however, how the tax authorities will treat a case such as ours. We cannot assure you that our Company will not be considered a PRC resident enterprise for PRC enterprise income tax purposes and be subject to the uniform 25% enterprise income tax on our global income. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, due to the short history of the EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our Company's PRC incorporated subsidiaries to our Company will meet such qualification requirements even if our Company is considered a PRC resident enterprise for tax purposes.

Furthermore, the EIT Law provides that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interest of enterprises domiciled in the PRC, then such dividends or capital gains are treated as PRC-sourced income. It is not clear how "domicile" may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if our Company is considered a PRC resident enterprise for tax purposes, any dividends we pay to our overseas shareholders as well as gains realized by such shareholders from the transfer of its Shares may be regarded as PRC-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

Regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and materially and adversely affect the implementation of our strategy as well as our business and prospects.

The provisions on the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision), as amended on 22 June 2009 (the ***M&A Provisions***) effective from 8 September 2006, provide the rules with which foreign investors must comply should they seek to purchase by agreement the equities of the shareholders of a domestic non-foreign-funded enterprise or subscribe to the increased capital of a domestic company, and thus change the domestic company into a foreign funded enterprise. It stipulates that the business scope upon acquisition of domestic enterprises must conform to the Foreign Investment Industrial Guidance Catalogue, and restricts the scope of market access. Under the Circular of the General Office of the State Council on Establishment of State Security Scrutiny System for Acquisition of Domestic Enterprises by Foreign Investors, effective from March 3, 2011, State Security Scrutiny by the inter-ministry meeting will be required if a foreign investor intends to acquire a business which is strategically important from PRC government's perspective. Further, if the turnover of the parties to an acquisition meets the thresholds set by the Measures of the State Council on Review of Consolidation by Operators, the parties need to file an application to the Ministry of Commerce of the PRC for anti-trust review.

If we decide to acquire a PRC company in the future, we cannot assure you that we or the owners of such a PRC company can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement our acquisition strategy and materially and adversely affect our business and prospects.

It may be difficult to effect service of process upon us or our Directors who live in the PRC or to enforce judgements against us in the PRC.

Almost all of our subsidiaries are established in the PRC and all of our executive Directors and senior management reside within China, and substantially all of our assets are located within China. It may not be possible to effect service of process within the United States or elsewhere outside China upon us or such directors, supervisors or members of senior management, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan, and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgements. Therefore, recognition and enforcement in the PRC or Hong Kong of judgements of a court in any of these jurisdictions may be difficult or impossible.

Acts of God, acts of war and other disasters could affect our business.

Our business is subject to the general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Many major cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, financial condition and results of operations may be materially and adversely affected if such natural disasters occur.

In January and February 2008, many provinces and cities in the PRC, including where we operate, experienced the heaviest snow storms in decades. The snow caused significant disruption to transportation and power supply in many places. Customer flow to our hypermarkets, and consequently our sales, during the storm was adversely affected due to the disruption to transportation. In May and June 2008, a serious earthquake and its successive aftershocks hit the Sichuan province in the PRC, leading to a tremendous loss of lives, injury and the destruction of assets in the region.

Any similar severe weather condition or other natural disasters may materially and adversely affect our operations.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees, our hypermarkets, our suppliers, our distribution channels, our markets and our customers, any of which could materially and adversely impact our revenue, cost of sales, financial condition and results of operations. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO THE GLOBAL OFFERING

The liquidity and market price of our Shares following the Global Offering may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial offer price range of the Offer Shares, and the Offer Price, will be the result of negotiations between us and the Joint Global Coordinators (on behalf of the Underwriters). The Offer Price may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. In addition, there can be no guarantee that (i) an active trading market for our Shares will develop, or (ii) if it does develop, that it will be sustained following the completion of the Global Offering, or (iii) that the market price of our Shares will not decline below the Offer Price.

The trading price of our Shares may also be subject to significant volatility in response to various factors, including but not limited to:

- acquisitions by us or our competitors;
- variations in our results of operations;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- government regulations;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- developments in the hypermarket, department store, supermarket and retail industries;
- changes in pricing made by us or our competitors;
- the depth and liquidity of the market for our Shares; and
- the general economy and other factors.

We cannot assure you that the price of our Shares will not decline.

As the Offer Price of our Shares is higher than our consolidated net tangible asset value per Share, you will experience immediate and substantial dilution to your attributable net tangible asset value per Share.

The Offer Price of the Shares is higher than the consolidated net tangible asset value per Share issued to existing shareholders. Accordingly, purchasers of our Shares in the Global Offering will experience an immediate dilution in the unaudited pro forma adjusted consolidated net tangible asset value of HK$1.29 per Share, assuming an Offer Price of HK$5.65, being the minimum of the indicative offer price range, and HK$1.48 per Share, assuming an Offer Price of HK$7.20 being the maximum of the indicative offer price range, and existing Shareholders will receive an increase in the consolidated net tangible asset value per Share of their Shares.

We will continue to be controlled by our Ultimate Controlling Shareholders whose interests may differ from those of our other Shareholders.

Immediately following the Global Offering, our Ultimate Controlling Shareholders, being Groupe Auchan and Ruentex, will directly or indirectly control approximately 78.43% of our issued share capital, assuming the Over-allotment Option is not exercised. Accordingly, following the Global Offering, under and subject to Hong Kong law, Groupe Auchan and Ruentex will be able to exercise substantial control or influence over our business by directly or indirectly voting at either Shareholders' meetings or meetings of the Board in matters of significance to us and our public Shareholders, including, among other things, matters relating to the following:

- election of Directors;
- the amount and timing of dividends and other distributions; and
- acquisition of or merger with another company.

Groupe Auchan and Ruentex may exercise their voting rights in our Company in a way that is inconsistent with your interests or the interests of other Shareholders.

Future sales of our Shares may decrease the value of your investment.

Certain of our Shares currently issued or to be issued before the Listing and held by the Controlling Shareholders, the Cornerstone Investors and certain existing Shareholders, will be subject to contractual and/or legal restrictions on resale pursuant to the Listing Rules or in accordance with the Underwriting Agreements for a period of time after completion of the Global Offering. Please see the section headed "Cornerstone Investors" and "Underwriting" for details. After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares, or the possibility of such sales by the Controlling Shareholders could negatively impact the market price of our Shares and our ability to raise equity capital in the future.

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

Facts and statistics from official and industry sources in this prospectus relating to the Chinese economy and the retail industry in China may not be fully reliable.

Facts and statistics in this prospectus relating to China, the Chinese economy, the retail sector and other related sectors of China are derived from various official and industry sources including a report and data from Euromonitor that we believe are reliable. We believe that the sources of such information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. We cannot guarantee, however, the quality or reliability of these official and industry sources. The facts and statistics reproduced and extracted from these sources have not been independently verified by us, the Joint Global Coordinators, the Underwriters, or any of their or our Directors, affiliates, agents, employees or advisers. We therefore make no representation as to the accuracy of such facts and statistics from these sources, which may not be consistent with other information compiled within or outside China.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the official and industry statistics in this prospectus relating to the Chinese economy and the retail sector and other related sectors in China may be inaccurate, or may not be comparable to statistics produced for other economies, and thus should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering which included information about us, the Global Offering and/or our Ultimate Controlling Shareholders. You should rely solely upon the information contained in this prospectus in making your investment decision regarding our Shares and we do not accept any responsibility for the accuracy or completeness of such press articles or other media nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

This prospectus contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies Ordinance:

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. We expect to achieve a minimum market capitalisation of at least HK$10 billion upon Listing and we have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% of our issued share capital, or such higher percentage as is held by the public upon completion of any exercise of the Over-allotment Option. The above discretion is subject to the conditions that:

(i) the minimum public float be at (a) 15%; or (b) a higher percentage after the exercise of the Over-allotment Option;

(ii) we and the Sponsors shall be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing;

(iii) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and

(iv) we will make appropriate disclosure of the lower prescribed percentage of public float in the prospectus and confirm sufficiency of public float in our successive annual reports after the Listing.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our business operations are primarily located in the PRC. Our executive Directors are based in the PRC as we believe it is more effective and efficient for our executive Directors to be based in a location where we have significant operations. We therefore do not, and in the foreseeable future will not, have a management presence in Hong Kong.

However, we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. The two authorised representatives are Mr. Bruno Robert Mercier, our Chief Executive Officer, and Ms. Ho Siu Pik (何小碧), the company secretary of the Company. The authorised representatives will provide their usual contact details to the Hong Kong Stock Exchange and will be readily available for meetings with the Hong Kong Stock Exchange in person, if necessary, and will be readily contactable by the Hong Kong Stock Exchange by telephone, facsimile and email, if necessary, to deal with enquiries from the Hong Kong Stock Exchange from time to time.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

(a) the authorised representatives will act as the principal channel of communication with the Hong Kong Stock Exchange;

(b) each of the authorised representatives should have means for contacting all Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters;

(c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period;

(d) the compliance adviser will act as an alternative channel of communication with the Hong Kong Stock Exchange; and

(e) each Director will provide his/her respective mobile phone number, office phone number, e-mail address and fax number to the Hong Kong Stock Exchange.

PROPERTY VALUATION REPORT

Owing to our substantial number of properties, we have applied to the SFC for an exemption and the Hong Kong Stock Exchange for a waiver from strict compliance with certain of the valuation report requirements contained in paragraph 34(2) of the Third Schedule to the Companies Ordinance and Rules 5.01 and 5.06 and paragraph 3(a) of Practice Note 16 of the Listing Rules, respectively, on the grounds that, given that it is estimated by DTZ Debenham Tie Leung that the valuation report would run to over 250 pages of English text if the traditional format were to be adopted, it would be unduly burdensome for the Company to do so. The Joint Sponsors and us are of the view that:

(a) it is not practical and unduly burdensome for, and irrelevant to, our Company to list all of the properties and show their particulars and values individually in the prospectus in the traditional format as required by the Listing Rules and the Companies Ordinance; and

(b) for a hypermarket retail operator such as our Company, to include excessive details of this nature in relation to properties in this prospectus would not be material to potential investors' investment decisions.

The waiver has been granted by the Hong Kong Stock Exchange, and the exemption has been granted by the SFC under section 38A of the Companies Ordinance, subject to the following conditions that:

(i) a summary valuation report for the properties held by our Group under operations and the properties leased to our Group in the PRC be prepared based on the full valuation report be included in this prospectus in the same form and manner as set out in Appendix IV to this prospectus;

(ii) a full valuation report complying with all requirements under the Listing Rules and paragraph 34 of the Third Schedule to the Companies Ordinance (***Paragraph 34***) for our Group's property interests other than those referred to in paragraph (i) above be included in this prospectus in the same form and manner as set out in Appendix IV to this prospectus;

(iii) a valuation report complying with all relevant requirements under the Listing Rules and Paragraph 34 will be made available for public inspection in accordance with "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus; and

(iv) this prospectus shall set out particulars of this waiver and exemption.

The summary valuation will divide all our property interests into six groups, namely:

(i) Group I: Properties held by us under operation in the PRC;

(ii) Group II: Properties held by us for non operation in the PRC;

(iii) Group III: Properties held by us under construction in the PRC;

(iv) Group IV: Properties contracted to be acquired by us under construction in the PRC;

(v) Group V: Properties contracted to be acquired by us for future development in the PRC; and

(vi) Group VI: Properties leased to us in the PRC.

Under each of the six groups above, there will be summary valuation certificates describing the tenure and particulars of occupancy of the properties and their capital values whilst a full valuation certificate describing similar contents of groups II, III, IV and V of the properties will be included.

Further details of the properties owned or occupied by us, including details of the GFA and rent payable, are set out in the property valuation report prepared by DTZ Debenham Tie Leung Limited contained in Appendix IV to this prospectus.

CONTINUING CONNECTED TRANSACTIONS

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules. For further details, please see the section headed "Relationship with Our Controlling Shareholders and Connected Transactions".

WAIVER IN RESPECT OF CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels with respect to the Hong Kong Public Offering are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that the allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments:

(a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 30 times the number of the Offer Shares initially available for purchase under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 171,577,500 Offer Shares, representing approximately 15 percent of the Offer Shares initially available under the Global Offering;

(b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 30 times or more but less than 50 times the number of the Offer Shares initially available for purchase under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 228,770,000 Offer Shares, representing approximately 20 percent of the Offer Shares initially available under the Global Offering; and

(c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more the number of the Offer Shares initially available for purchase under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 400,347,000 Offer Shares, representing approximately 35 percent of the Offer Shares initially available under the Global Offering.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustment of the number of the Offer Shares pursuant to the exercise of the Over-Allotment Option.

Subject to the foregoing, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. For further details of the structure of the Global Offering, please see the section headed "Structure of the Global Offering".

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange is jointly sponsored by HSBC, UBS and Citi. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed. For further details about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting".

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of the share capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on 15 July 2011, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on 15 July 2011. The Shares will be traded in board lots of 500 Shares each, the stock code of the Shares will be 6808.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasise that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers, employees, agents, advisers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

OTHER

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

Unless otherwise specified, amounts denominated in RMB, US$ and NT$ have been translated, for the purpose of illustration only, into Hong Kong dollars, US$ and NT$ in this prospectus at the following exchange rates: HK$1.00: RMB0.8311, US$1.00: HK$7.7921, HK$1.00: NT$3.7085, and US$1.00: NT$28.9900. No representation is made that any amounts in RMB, US$ or NT$ were or could have been or could be converted into Hong Kong dollars, US$ or NT$ at such rates or any other exchange rates on such date or any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

STABILISATION AND OVER-ALLOTMENT OPTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the stabilisation price will not exceed the initial public offer price.

In connection with the Global Offering, the Stabilising Manager (or its affiliates or any person acting for it) as stabilising manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate Shares or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, its affiliates or any persons acting for it, to conduct any such stabilising action. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it. The number of Shares over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 171,577,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it, may have a material and adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on 6 August 2011, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

- stabilising bids may be made or transactions may be effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions may be effected at a price below the price paid by applicants for, or investors in, the Shares.

For the purpose of covering any over-allocations, the Stabilising Manager may borrow from Auchan Hyper up to 171,577,000 Shares, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement expected to be entered into between the Stabilising Manager and Auchan Hyper on or about 8 July 2011. The loan of Shares by Auchan Hyper pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules, which restricts the disposal of Shares by each of the Controlling Shareholders of our Company subsequent to the date of this prospectus, subject to compliance with the following requirements in accordance with the requirements of Rule 10.07(3) of the Listing Rules:

(i) the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;

(ii) the maximum number of Shares which may be borrowed from Auchan Hyper must not exceed the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to Auchan Hyper or its nominees, as the case may be, on or before the third Business Day following the earlier of (a) the last day for exercising the Over-allotment Option, and (b) the date on which the Over-allotment Option is exercised in full;

(iv) the borrowing of Shares pursuant to the stock borrowing arrangement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

(v) no payment will be made to Auchan Hyper by the Stabilising Manager in relation to such Stock Borrowing Agreement.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Bruno Robert Mercier	42, Avenue de Chambrelent 33115 La Teste France	French
Huang Ming-Tuan (黃明端)	No. 255 Jiang Chang Xi Road 200436 Shanghai China	Taiwanese
Non-Executive Directors		
Cheng Chuan-Tai (鄭銓泰)	8th Floor, No. 1, Sec. 1 Hsin Hai Road Taipei Taiwan	Taiwanese
Christophe Maurice Paule Marie Joseph Dubrulle	36 A Estafflers 7520 Templeuve Belgium	French
Philippe David Baroukh	141, Avenue de Brigode 59650 Villeneuve, D'ascq France	French
Xavier Marie Alain Delom de Mezerac	18 Chemin de la Vacqueries Croix France	French
Independent Non-Executive Directors		
Karen Yifen Chang (張挹芬)	8F, Richmond Court 113 Robinson Road Hong Kong	Hong Kong
Desmond Murray	9 Idrone Terrace Blackrock Co. Dublin Ireland	Irish
He Yi (何毅)	Room 25C/02/02 Weifang West Road 200122 Shanghai China	French

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators and Joint Sponsors	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
	Citigroup Global Markets Asia Limited 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
	Citigroup Global Markets Asia Limited 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong
	BNP Paribas Capital (Asia Pacific) Limited 59th-63rd Floors, Two International Finance Centre 8 Finance Street Central Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong

Morgan Stanley Asia Limited
46th Floor, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Centre
2 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong and US laws
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law
Jun He Law Offices
20th Floor, China Resources Building
Beijing 100005
China

As to Taiwan law
Lee and Li, Attorneys-at-Law
7th Floor, 201 Tun Hua N. Road
Taipei 10508
Taiwan

Legal advisers to the Underwriters

As to Hong Kong and US laws
Herbert Smith
23rd Floor, Gloucester Tower
15 Queen's Road Central
Hong Kong

As to PRC law
King & Wood
28-30th Floor, Huai Hai Plaza
1045 Huai Hai Road (M)
Shanghai 200031
China

Reporting accountants and independent auditor	KPMG *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	DTZ Debenham Tie Leung Ltd. 16th Floor, Jardine House 1 Connaught Place Central Hong Kong
Receiving bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Kowloon Hong Kong

Place of business in the PRC	3F, No. 1750 Chang Yang Road Yang Pu District, 200090 Shanghai China
Head office and registered office	2nd Floor Jonsim Place No. 228 Queen's Road East Wanchai Hong Kong
Company's website	www.sunartretail.com (Information on this website does not form part of this prospectus)
Company secretary	Ho Siu Pik (何小碧), *ACIS, ACS (PE)*
Authorised representatives	Bruno Robert Mercier 42, Avenue Chambrelent 33115 La Teste France Ho Siu Pik (何小碧) c/o Tricor Services Limited Level 28, Three Pacific Place 1 Queen's Road East Hong Kong
Audit Committee	Desmond Murray *(Chairman)* Cheng Chuan-Tai (鄭銓泰) Xavier Marie Alain Delom De Mezerac Karen Yifen Chang (張挹芬) He Yi (何毅)
Remuneration Committee	Cheng Chuan-Tai (鄭銓泰) *(Chairman)* Philippe David Baroukh Karen Yifen Chang (張挹芬) He Yi (何毅) Desmond Murray
Nomination Committee	Philippe David Baroukh *(Chairman)* Cheng Chuan-Tai (鄭銓泰) Karen Yifen Chang (張挹芬) He Yi (何毅) Desmond Murray

CORPORATE INFORMATION

Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
Compliance adviser	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Principal bankers	Société Générale Level 38, Three Pacific Place 1 Queen’s Road East Admiralty Hong Kong Mega International Commercial Bank 2nd Floor, No.123, Section 2 East Chongxiao Road Taipei Taiwan ICBC Yangpu Branch No. 1698, Kongjiang Road Yangpu District, 200093 Shanghai China

Certain information and statistics set out in this section have been extracted from various official government publications and industry sources including a report and data from Euromonitor. The information extracted from the report and data from Euromonitor reflects estimates of market conditions. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. Please see the section headed "Risk Factors — Risks Relating to the Global Offering — Facts and statistics from official and industry sources in this prospectus relating to the Chinese economy and the retail industry in China may not be fully reliable".

Certain information in this prospectus on the grocery retail and hypermarket markets in China is from independent market research carried out by Euromonitor but should not be relied upon in making or refraining from making any investment decision.

The hypermarket format has been the fastest growing format in the grocery retail market in China over the past 10 years according to Euromonitor, and is expected to continue to be the fastest growing format in the grocery retail market in China over the next five years. We expect that growth in the hypermarket segment in which we operate and the broader grocery retail industry in general will continue to be based on economic growth in China as well as continuing urbanisation of the population with accompanying rises in disposable income.

Modern retail formats and chain stores in China have continued to gain greater market share from traditional retail over the past 10 years, and within modern retail formats, hypermarkets have seen a significant increase in market share. We believe that hypermarkets will continue to increase and maintain their share of the grocery retail market due to the compelling and differentiated customer proposition that they offer, including, for example, a broad product offering, low price positioning, a one stop shopping experience, a destination for everyday shopping and their fresh food offering. According to Euromonitor, hypermarkets are expected to continue to gain share in the next five years in the grocery retail market in China as the leading hypermarket operators continue to roll out stores across the nation.

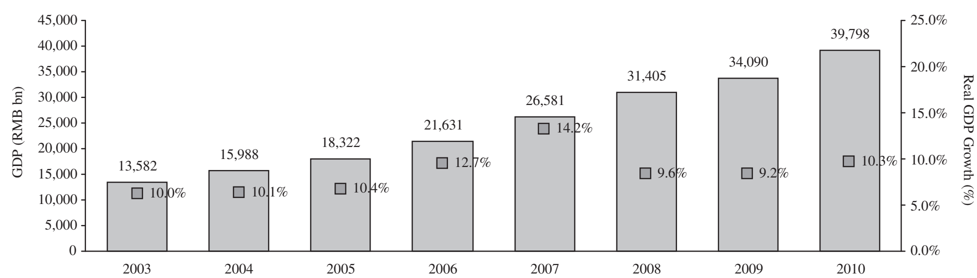
The overall competitive landscape for hypermarkets in China is relatively fragmented and is characterised by the presence of several national, regional as well as international operators. Nevertheless in recent years, there has been some consolidation of market share amongst the larger operators due to their more aggressive store rollouts and some acquisitions. According to Euromonitor estimates, the top five hypermarket operators had an aggregate 45.1% market share of the hypermarket segment by net retail sales value in 2010 compared to 34.8% in 2005. In 2010, we were the leading operator in the hypermarket segment in China with 12% market share by sales according to Euromonitor estimates.

CHINA'S ECONOMY

Rapid Economic Growth in China

The economy in China has continued to grow rapidly since economic reform was introduced in 1978. Since then, the Chinese government has placed emphasis on raising productivity and improving personal income through market-oriented reforms and has focused on foreign trade as a key driver of economic growth. The Chinese economy has continued to demonstrate high growth, with real GDP growing at a CAGR of 11.2% between 2005 and 2010. Notwithstanding the challenges faced by the global economy in late 2008 and in 2009, economic growth has remained strong in China and real GDP growth stood at 10.3% in 2010. China was named the second largest economy in the world last year, surpassing Japan. The table below sets out the nominal GDP and real GDP growth in China between 2003 and 2010:

Nominal GDP and Real GDP Growth in China (2003-2010)

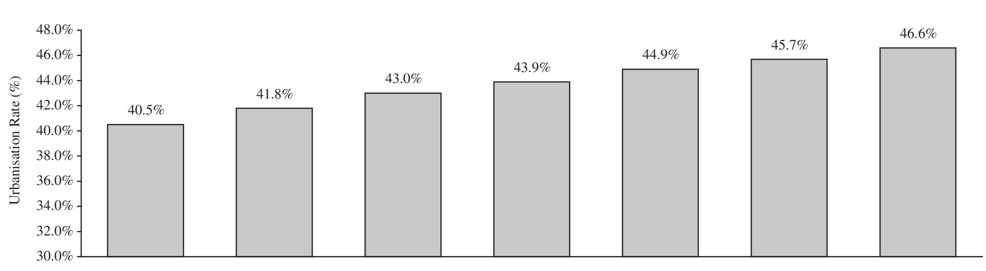


Source: *National Bureau of Statistics of China*

Rising Urbanisation and Household Consumption

As a result of economic development in China, urbanisation has accelerated in the past five years and it is expected that this trend will continue according to Euromonitor. Populations in urban areas have increased substantially, largely due to the significant influx of people from rural areas. The urbanisation rate in China has increased from approximately 40.5% in 2003 to 46.6% in 2009. The chart below sets forth the urbanisation rate in China between 2003 and 2009:

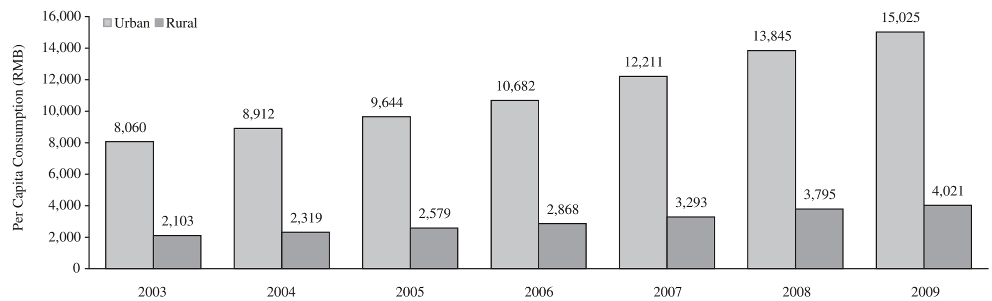
Urbanisation Rate in China (2003-2009)



Source: *National Bureau of Statistics of China*

As consumers continue to move from rural areas to urban areas, where there is a greater possibility of earning a higher income, there will be an increase in household consumption levels. Historically, between 2003 and 2009, per capita household consumption in urban households in China had been between 3.6 and 3.8 times higher than rural household consumption. For example, in 2009, urban annual household consumption per capita was RMB15,025 compared to RMB4,021 in rural households. The chart below sets forth urban versus rural annual household consumption between 2003 and 2009:

Urban vs. Rural Per Capita Annual Household Consumption in China (2003-2009)

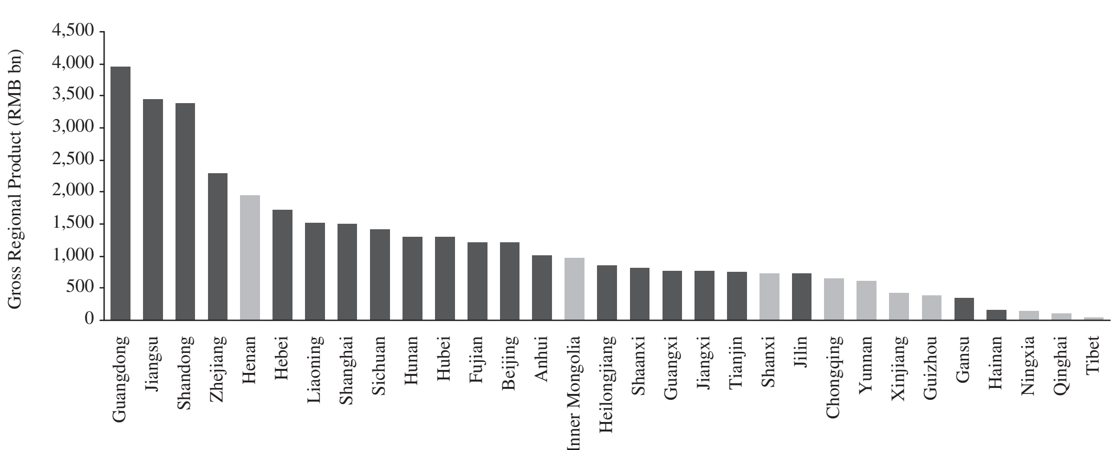


Source: *National Bureau of Statistics of China*

Growth Remains Robust Throughout China

China comprises 31 different provinces, autonomous regions and municipalities. We have established a presence in 21 of them as at the Latest Practicable Date. Significant differences exist in each of these places in terms of cultural and consumer behaviour and preferences as well as income levels. According to the National Bureau of Statistics of China, in 2009, the top five provinces in terms of GRP, namely Guangdong, Jiangsu, Shandong, Zhejiang and Henan, comprised 44.1% of China's total Gross Domestic Product and the top 10 comprised 66.0%. The chart below sets forth the GRP by region in 2009:

2009 Gross Regional Product by Region (RMB billion)

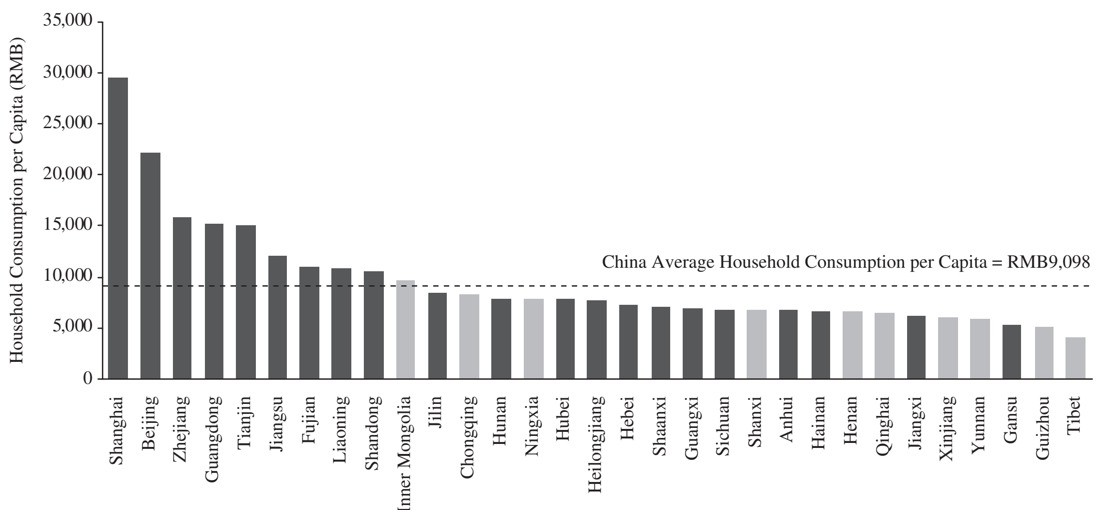


Source: *National Bureau of Statistics of China*

Note: Darker bars represent regions where we have an established presence as at the Latest Practicable Date

Similarly, significant differences exist in terms of GRP per capita. Shanghai and Beijing have the highest GRP per capita, being 209% and 176% above China's average GDP per capita in 2009, respectively. In contrast, 20 of the 31 provinces, autonomous regions and municipalities in China had a GRP below the average GDP per capita in China in 2009. Given the significant regional differences in disposable income of consumers, household expenditure in different regions in China also vary. Further, in addition to differences in GRP per capita, there are also cultural and structural differences that may have an impact on the levels of and composition of household expenditure. The chart below sets forth the annual per capita household consumption by region in 2009:

2009 Household Consumption per Capita by Region (RMB)



Source: *National Bureau of Statistics of China*

Note: Darker bars represent regions where we have an established presence as at the Latest Practicable Date

While differences remain in terms of GRP and per capita household consumption, growth has remained strong across all regions in China. Between 2005 and 2009, the CAGR of GRP across provinces, autonomous regions and municipalities in China ranged between 11.7% and 25.7% and China demonstrated a CAGR in GDP of 16.8% during the same period according to the National Bureau of Statistics of China.

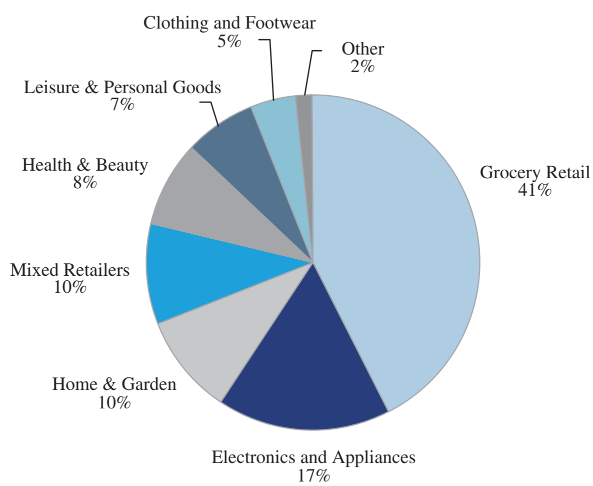
OVERVIEW OF THE GROCERY RETAIL INDUSTRY IN CHINA

The grocery retail market, which includes both modern grocery retail formats as well as smaller traditional retail formats, is the largest retail segment in China according to Euromonitor. Modern grocery retail formats comprise hypermarkets, supermarkets and convenience stores. Hypermarkets, supermarkets and convenience stores are defined and categorised by Euromonitor in the following manner:

Format	Description
Hypermarkets	— Hypermarkets are chained or independent retail outlets with a selling space of over 2,500 sq.m. and with a primary focus on selling food/beverages/tobacco and other groceries as well as a range of non-grocery merchandise
	— According to Euromonitor, the average selling space per hypermarket in China was 8,897 sq.m. as at the end of 2010
Supermarkets.	— Retail outlets selling groceries with a selling space of between 400 and 2,500 sq.m.
	— Excludes discount stores (defined as retail outlets typically with a selling space of between 400 and 2,500 sq.m. and with a primary focus on selling a limited range of grocery products at budget prices), convenience stores and independent grocery stores
Convenience stores . . .	— Chained grocery retail outlets selling a wide range of groceries and having several of the following characteristics: — Extended opening hours — Selling area of less than 400 sq.m. — Located in residential neighbourhoods — Handling two or more of the following product categories: audio-visual goods (for sale or rent), take-away food (ready made sandwiches, rolls or hot food), newspapers or magazines, cut flowers or pot plants, greetings cards

Traditional retail is defined as all other retail formats including small grocers, forecourt retailers, food/drink/tobacco specialists, kiosks, market stalls and other small independent retailers. According to Euromonitor estimates, the grocery retail market is the largest retail segment in China and reached a total sales value of RMB3,168 billion in 2010, or 41% of the total retail market as shown in the chart below:

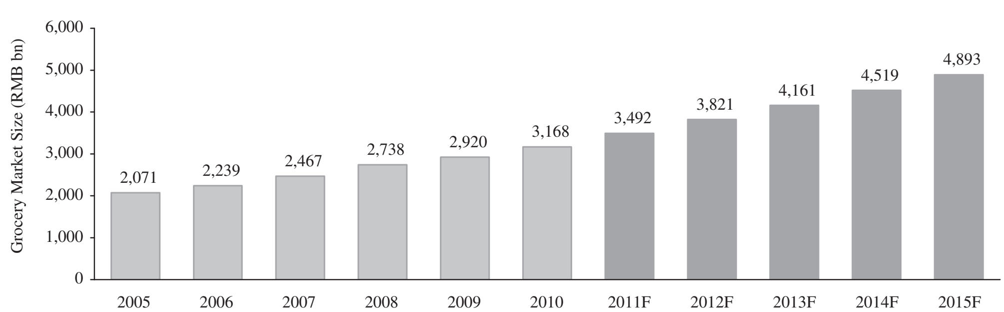
Split of 2010 Retail Sales in China



Source: *Euromonitor estimates*

The grocery retail market in China has demonstrated strong growth in recent years. According to Euromonitor estimates, between 2005 and 2010, the grocery retail market grew at a CAGR of 8.9% and is forecast to grow at a CAGR of 9.1% between 2010 and 2015. The chart below sets forth the historical and forecast market size of the grocery retail market in China:

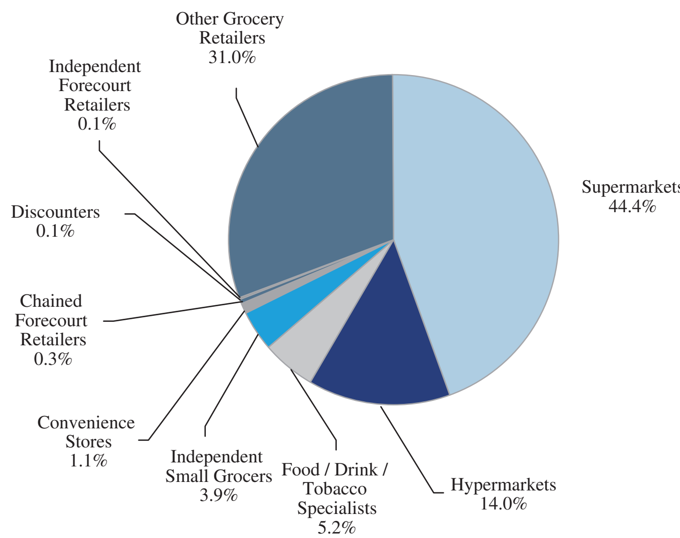
2005-2015F Grocery Retail Market Size in China (RMB billion)



Source: *Euromonitor estimates*

By number of stores, small traditional grocery retail outlets in China comprise the largest share of the grocery retail market. According to Euromonitor estimates, as at the end of 2010, there were over 3.6 million grocery retail stores in China, of which only 3.3% were modern grocery retail format stores. However, modern grocery retail comprises a substantially higher proportion of the overall grocery retail market in terms of retail sales due to the significantly larger store formats, broader product range as well as their high customer penetration rates. In 2010, supermarkets and hypermarkets were the largest segments of the grocery retail market in China by sales, comprising 44.4% and 14.0% of the market, respectively, while other grocery retailers only comprised 31.0% of total market sales in 2010, according to Euromonitor estimates. The chart below sets forth the split of the grocery retail market in China in 2010 by sales:

2010 Split of Grocery Retail by Sales



Source: *Euromonitor estimates*

KEY TRENDS IN THE GROCERY RETAIL INDUSTRY IN CHINA

Strong economic growth, increasing consumer spending, urbanisation and favourable government policies supporting sustainable growth in grocery retail

Economic growth has been one of the key drivers of growth for the Chinese grocery retail sector. As China's economy has grown, urbanisation and disposable incomes have risen and consumers have increased their levels of expenditure. In addition to the increasing expenditures of existing urban consumers, economic growth and increasing urbanisation have led to a larger and growing customer base for modern grocery retailers. With economic and industrial development, new cities continue to emerge, resulting in new job opportunities and higher incomes for previously rural workers. In addition, many consumers who did not previously have access to a modern grocery retail store in rural areas and who have migrated to larger cities for greater earnings opportunities now have access to both higher income levels and modern grocery retail stores.

In addition, the Chinese government is increasingly focused on private consumption as the key driver of economic growth in China. For example, in 2008 the Chinese government announced a RMB4 trillion stimulus plan which was focused on boosting domestic demand through increased spending in areas such as low-income housing, rural infrastructure, technological innovation, transportation and infrastructure.

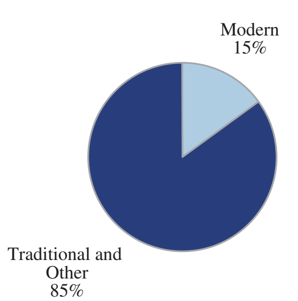
Economic policies in China are expected to further focus on consumer expenditure. The recently announced 12th Five-Year Plan by the Chinese government shifts the focus away from export led sectors to increasing domestic consumption by raising income levels of domestic workers. In particular, the 12th Five-Year Plan aims to further develop rural areas and give priority to equitable wealth distribution with a focus on enhanced social welfare and improvement in infrastructure.

In addition to larger scale macroeconomic policies, the Chinese government has implemented other specific policies aimed at boosting consumer spending, such as the rural household appliance subsidy programme launched in February 2009. Other initiatives undertaken by the Chinese government include introducing new consumer lending policies to improve the market structure in consumer lending and facilitating new lines of credit for consumers.

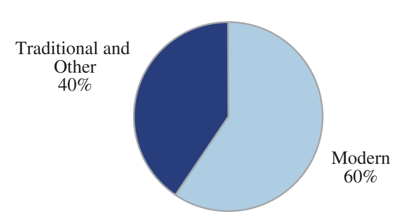
Shift towards modern retail versus traditional retail

Modern grocery retail formats have been the main growth driver in the grocery retail segment in China and they have continued to increase their share of the grocery retail market. The charts below set forth the share of modern grocery retail and traditional retail by sales within the overall grocery retail market in China in 2000 and in 2010:

2000 Breakdown of Grocery Retail in China



2010 Breakdown of Grocery Retail in China



Source: *Euromonitor estimates*

The robust growth in modern retail has largely been the result of rapid expansion of domestic and international retailers compared to limited or no expansion in the traditional retail formats.

Economic growth and development, urbanisation and changing work patterns have created a favourable environment for retailers to flourish. As the Chinese economy has developed, consumers have become increasingly sophisticated and are increasingly attracted to formats that offer broader product ranges, accessibility and convenience. The limits in the business model of traditional retail stores, their limited investment and the lack of infrastructure means that traditional retail stores are not always able to satisfy the changes in consumer demand and purchasing habits.

Following a number of well publicised instances of food contamination in China, such as the melamine infant formula scandal in 2008, consumers in China are becoming increasingly focused on food safety and product quality. Consumers are increasingly shopping in modern grocery retail formats, which they perceive to have higher levels of quality control. Further, as regulations regarding food safety become stricter, it is expected that the costs incurred of adhering to tighter regulations will increase, which will put increasing pressure on the smaller traditional retailers.

Notwithstanding the increasing penetration rate of modern grocery retailers in China, when compared to more developed markets, the share of modern grocery retail formats as a percentage of overall grocery retail still remains low in China. In 2010, for example, the share of modern grocery retail of the overall grocery retail market in the United States, South Korea and France was 68%, 74% and 79%, respectively, compared to 60% in China according to Euromonitor estimates.

The modern grocery retail sector remains fragmented although competition is intensifying

Within the modern grocery retail market, given the geographic scale of China and the infrastructure and human resources required, there are only a handful of truly national operators in the market. As such, the modern grocery retail market in China is characterised by a few nationwide operators and a larger number of regional operators that either operate in a single province or in a few provinces. According to Euromonitor estimates, within the overall grocery retail sector, the top five operators had a combined market share of only 8.3%, the top ten operators had 10.9% and the top twenty operators had 13.0% in 2010.

Competition has continued to intensify as leading operators in the market continue to further expand their footprint into new provinces, existing players acquire other operators, and new entrants continue to look to enter the market both organically and through acquisition. Recent acquisitions include Lotte's acquisition of Times Limited, a regional hypermarket operator in 2009 and Wal-Mart's acquisition of Trust Mart in 2007. According to Euromonitor, consolidation is expected to continue in the sector.

Internet retail remains a small portion of retail distribution but is expected to become a more significant channel in China

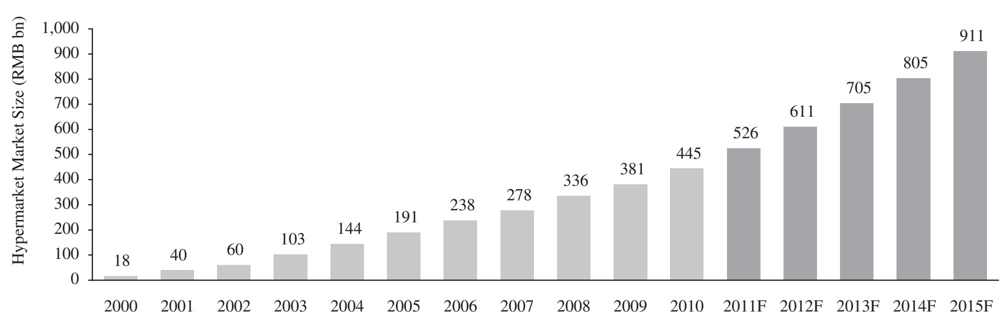
So far, the overall market penetration of internet retail in China is limited. However, it is expected to be one of the highest growth distribution channels in China in the coming years. According to Euromonitor estimates, internet retailing demonstrated a CAGR of 36.6% between 2005 and 2010 to reach a market size of RMB26.3 billion and is expected to demonstrate a constant value CAGR of 23.2% between 2010 and 2015. Over the last ten years, household internet penetration increased from 4% in 2000 to 32% in 2010 according to Euromonitor estimates, demonstrating the dynamic growth and potential of the online segment.

The focus of internet retailing in China so far has predominantly been on non-grocery products and all major non-grocery categories are available in China online through major online retailers such as Taobao and 360buy.com. However, store-based retailers have recently started to expand distribution into online retailing channels either through their own websites or through partnerships with other major online portals. Similar trends are also being seen in grocery retail with an increasing number of leading grocery retailers offering online ordering and home delivery including Carrefour and Wal-Mart as well as the emergence of some independent retailers including Yihaodian.com.

OVERVIEW OF HYPERMARKET SECTOR IN CHINA

Over the last ten years, the hypermarket segment has been the main growth segment in the grocery retail market in China. From a market share of approximately 1% in 2000, the segment has now established itself as the third largest grocery retail segment in China with a market share of 14.0% as of 2010 and a market size of RMB444.6 billion, according to Euromonitor estimates. This represents a CAGR of 37.8%. The chart below sets forth the historical and forecast market size of the hypermarket sector in China:

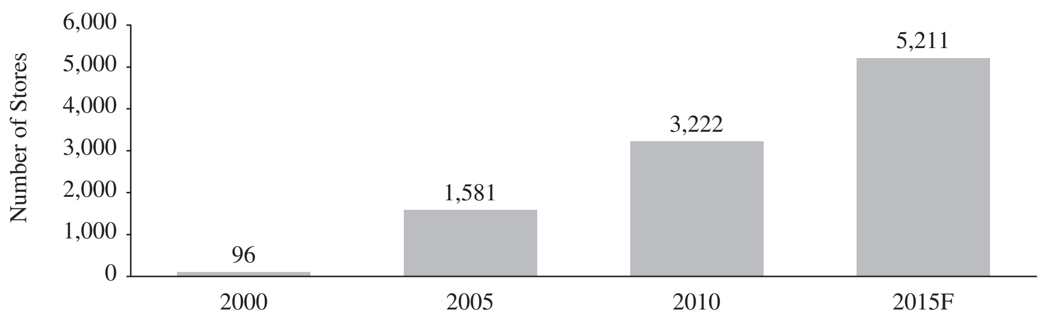
2000-2015F Hypermarket Market Size (RMB billion)



Source: *Euromonitor estimates*

In 2000, the hypermarket segment was relatively new and under-penetrated and as such the strong growth seen in the last ten years was primarily due to the rapid expansion in the number of stores. According to Euromonitor estimates, the number of hypermarkets in China grew from 96 in 2000 to 1,581 in 2005, representing a CAGR of 75.1%. Over the last five years, the rollout of new hypermarkets has continued with a store count CAGR of 15.3% between 2005 and 2010 to reach 3,222 hypermarkets in 2010 according to Euromonitor estimates. Store growth is forecast to continue at a CAGR of 10.1% from 2010 to 2015 according to Euromonitor estimates. The chart below sets forth the historical and forecast number of hypermarkets in China:

Historical and Forecast Number of Hypermarkets in China



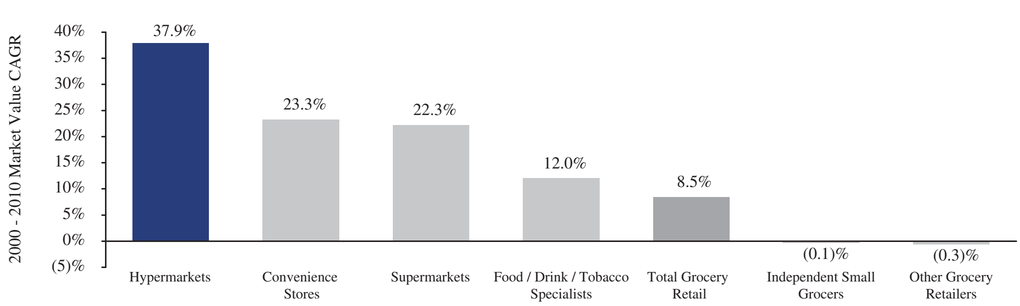
Source: *Euromonitor estimates*

KEY TRENDS IN THE CHINA HYPERMARKET INDUSTRY

Hypermarkets outgrowing other segments

Historically, according to Euromonitor, hypermarkets have significantly outperformed other retail formats in China, both modern and traditional in terms of sales value growth. Between 2000 and 2010, the sales value of the hypermarket segment grew at a CAGR of 37.9%, compared to 8.5% for the overall grocery retail market over the same time period according to Euromonitor estimates. The chart below sets forth the historical market value CAGR between 2000 and 2010 of different formats within the grocery retail sector in China:

2000-2010 Grocery Retail Market Value CAGR by Segment

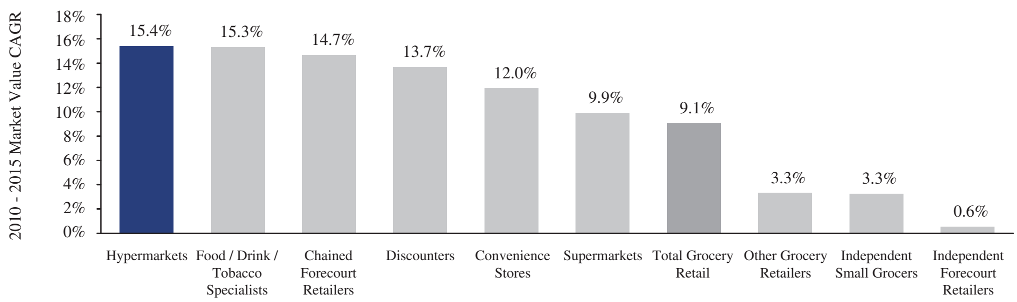


Source: *Euromonitor estimates*

Note: Forecourt retailers and discounters did not have any market presence in 2000 and have been excluded from the chart

The significant growth of hypermarkets between 2000 and 2010 was due in part to the hypermarket segment being a relatively new segment in 2000. However according to Euromonitor estimates, the hypermarket segment is expected to remain the fastest growing grocery retail segment between 2010 and 2015 with a forecast market value CAGR of 15.4%. The chart below sets forth the forecast market value CAGR by segment between 2010 and 2015:

2010-2015 Forecast Grocery Retail Market Value CAGR by Segment



Source: *Euromonitor estimates*

Hypermarket penetration in China is low relative to more developed markets

When compared to the more mature regional and international markets, the hypermarket penetration rate in China remains extremely low. The table below compares penetration rates of China with France, United States and South Korea:

2010 Estimated Hypermarket Penetration Rates

Country	Hypermarkets	Population	Penetration Rate(1)
France	1,570	62.8 million	25.0
United States.	3,810	310.2 million	12.3
South Korea	368	48.6 million	7.6
China	3,222	1,330.1 million	2.4

Source: *Euromonitor, CIA World Factbook*

Note: Hypermarket numbers are estimated 2010 year end numbers from Euromonitor; Population estimates are from the CIA World Factbook as of July 2010

(1) Penetration rates defined as hypermarkets per million population

Based on Euromonitor estimates, as at the end of 2010, China had a total of 3,222 hypermarkets. The data above suggests substantial expansion potential for hypermarkets in China.

Unique hypermarket offering driving market share gains

The continued success of the hypermarket segment is in part due to its unique large format and broad product offering which provides consumers with a one-stop shopping experience in a modern format with an extensive range of high quality food and non-food items at competitive prices.

A broader product offering from hypermarkets has several advantages in terms of consumer appeal. A wider product offering, both within the food and non-food categories, allows hypermarkets to be a destination for everyday shopping. Hypermarkets typically have a strong fresh food offering and consumers are able to replace everyday shopping trips to several traditional stores with an everyday shopping trip to a single store in one location. In addition, the shift in focus towards product quality and safety has led consumers in China to increase their proportion of everyday shopping at leading hypermarket chains, given their high standards of quality control. Hypermarkets have established other value-add services within their stores such as bakeries and delicatessens which help drive customer traffic and improve the one-stop shopping experience for consumers.

In addition to the broad and high quality product offering, consumers are also drawn to the low prices of the products in hypermarkets. Typically, Chinese consumers are price sensitive. We believe that this will continue to be the case going forward and will continue to drive market share gains for the hypermarket segment.

Continued hypermarket proliferation focused on lower tier cities

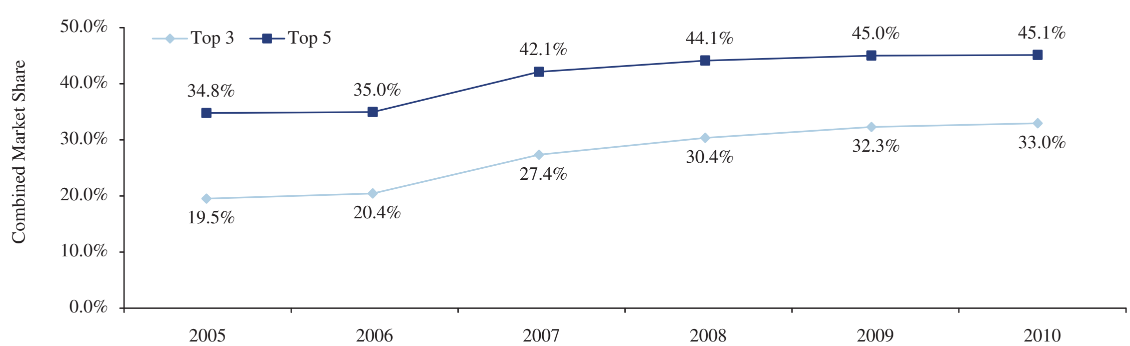
Low penetration rates and factors differentiating hypermarkets from other retail formats have continued to promote the growth of the hypermarket industry in China with store numbers expected to grow at a CAGR of 10.1% between 2010 and 2015 according to Euromonitor estimates. In recent years, hypermarket operators have increasingly focused on expanding their store network in lower tier cities. Retailing in tier one cities such as Beijing and Shanghai is now considered relatively mature and available space, especially for larger formats such as hypermarkets, remains scarce. In contrast, the growing trend of urbanisation and rising income levels has led to high expected growth in lower tier cities and hypermarket operators have diverted their expansion efforts to these regions. As these lower tier cities increase in size, opportunities for growth have increased for hypermarket operators, particularly given the potential improvements in income and the increasing number of car owners, which allow consumers greater choices with respect to shopping location and the ability to bulk purchase and to shop conveniently. In addition to the higher growth potential, expansion and real estate costs are relatively lower in such areas, and this has further encouraged hypermarket operators to expand into smaller cities.

We believe that lower prices have allowed hypermarkets to be the key beneficiaries of the urbanisation trend. As rural consumers continue to move to urban areas, they continue to be highly price sensitive. Hypermarkets, given their substantial economies of scale and price driven business model, typically offer low prices to consumers. Urbanisation rates in China remain relatively low at approximately 47% (in 2009, according to the National Bureau of Statistics of China) compared to over 80% in the United States (in 2008, according to the CIA World Factbook) for example, and we believe that as the urbanisation trend continues, hypermarkets will continue to benefit from increased demand in lower tier cities.

Increasing consolidation in the sector

In the hypermarket sector in China, there are only a handful of national operators. However, there are a numbers of hypermarket operators, including several of the major global players, which had entered the China market early and they have been able to establish a nationwide presence. Over the last ten years, companies such as ourselves, Wal-Mart, Carrefour and China Resources Enterprise have been able to leverage their platforms to further expand their reach and accelerate store rollouts. In addition, there have also been selective acquisitions by leading operators such as Wal-Mart's acquisition of Trust Mart in 2007. As a result, there has been increasing consolidation in the sector, as leading national operators have continued to grow faster than local regional operators. In view of this, the market share of the top five operators increased to 45.1% by 2010 as compared to 34.8% in 2005 according to Euromonitor estimates. The chart below sets forth the combined top three and top five market shares over the last five years in the hypermarket segment in China:

2005-2010 Combined Top 3 and Top 5 Hypermarket Market Shares



Source: *Euromonitor estimates*

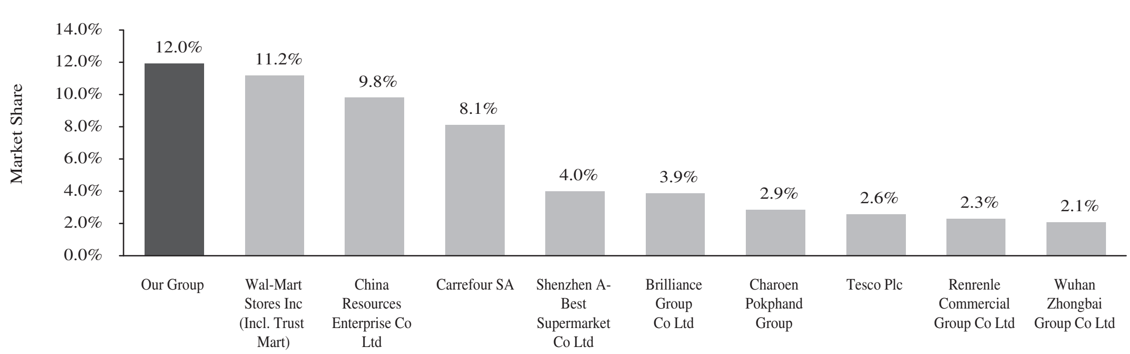
Rising real estate values are increasing costs and entry barriers

Hypermarkets are characterised by large retail areas and are typically located in urban locations with high consumer traffic. As a result, establishing a hypermarket in China is highly capital intensive and requires significant investments in real estate and building infrastructure. With the continued rise in real estate prices in China in recent years, the capital investment required to establish new stores has also dramatically increased. As an indicator, according to the National Bureau of Statistics of China, the average selling price of commercial buildings in China increased by 23.2% in 2009 to RMB4,681 per sq.m. compared to RMB3,800 in 2008. Between 2005 and 2009, the average selling price per sq.m. of commercial property increased at a CAGR of 10.3%. Establishing a new hypermarket has therefore become increasingly expensive and we believe that this represents a significant barrier to entry for potential entrants.

HYPERMARKET COMPETITIVE LANDSCAPE

The hypermarket segment is relatively fragmented with several regional operators. Within the segment, there are four national operators which combined comprise 41.1% of the hypermarket segment in China in 2010 in terms of sales according to Euromonitor estimates. These operators are us, Wal-Mart, China Resources Enterprise and Carrefour. Given their nationwide presence, these companies continue to have a substantially larger presence than all other competitors with Carrefour, the fourth largest operator, having approximately 2.0 times the market share of Shenzhen A-Best, the fifth largest operator. We were the largest hypermarket operator in China in terms of sales in 2010 with a 12% market share according to Euromonitor estimates. We set forth in the chart below the estimated 2010 market shares of the top ten hypermarket operators in China in terms of sales:

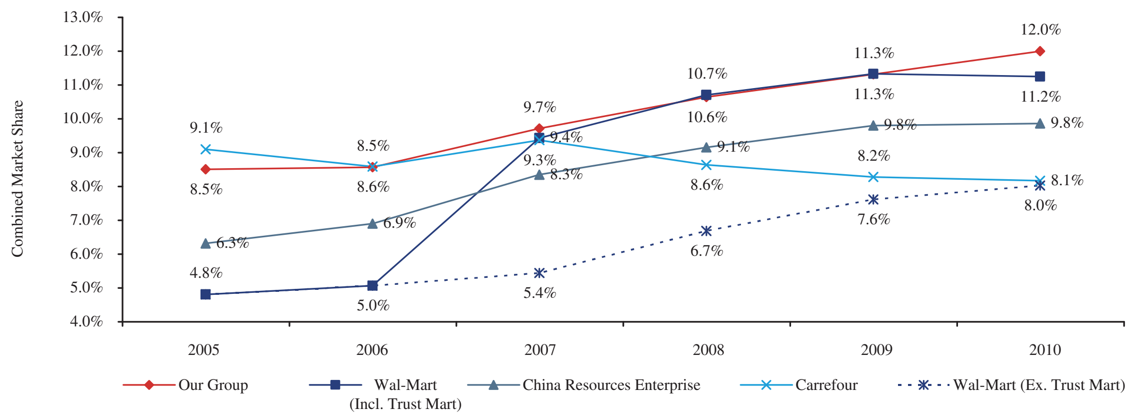
2010 Hypermarket Market Share — Top 10



Source: *Euromonitor estimates*

Over the last five years, among the leading operators, our Group, Wal-Mart and China Resources Enterprise have seen the largest increase in market share, gaining from smaller operators and also from Carrefour, according to Euromonitor estimates. The chart below sets forth historical market shares between 2005 and 2010 for the top four operators:

2005-2010 Hypermarket Share — Top 4 Operators



Source: *Euromonitor estimates*

According to Euromonitor estimates, from 2008 to 2010, our Group was the fastest growing operator in terms of the increase in its market share. Our Company increased its estimated market share from 10.6% to 12.0% between 2008 and 2010. Wal-Mart increased its estimated market share from 10.7% in 2006 to 11.2% in 2010. Since 2007, Carrefour has continued to lose market share and had an estimated 8.1% market share in 2010 compared to 9.3% in 2007.

OVERVIEW

Since the 1990s, China has been gradually relaxing its restrictions on foreign investment in the commercial and logistics domain.

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

In June 1998, the State Internal Trade Bureau promulgated the Opinion Regarding Standardisation of Retailing Business Classification (Provisional) (零售業態分類規範意見 (試行)) which defined the various types of retail businesses, such as department stores, supermarkets and hypermarkets.

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

On 16 April 2004, the Ministry of Commerce issued the Commercial Enterprises Measures, which were implemented on 1 June 2004. There were a number of major changes in the Commercial Enterprise Measures, including permitting foreign investors to engage in the operation of distribution services on a wholly-owned basis from 11 December 2004. The Commercial Enterprises Measures were also expected to gradually enlarge the geographical coverage of foreign-invested commercial enterprises and lower the market entry threshold. After the implementation of the Commercial Enterprises Measures, foreign investors and operators were permitted to engage in the retail business in China on a wholly-owned basis and expand into geographical areas which were not opened to foreign investors for retail operations previously.

Jun He Law Offices, our PRC legal advisers, have advised that SAFE Circular 75 currently does not apply to the Company because none of the Company's existing shareholders and beneficial owners of its Shares is a PRC resident.

RETAIL INDUSTRY FOREIGN INVESTMENT LAWS AND REGULATIONS IN CHINA

In terms of requirements for foreign invested commercial enterprises to set up stores, it is stipulated in the Commercial Enterprises Measures that foreign investors can apply to set up both commercial enterprises and stores at the same time in accordance with simplified procedures and clear guidelines.

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

— its minimum registered capital must comply with the requirements of the Company Law of the PRC;

— it must comply with the normal total investment and registered capital requirements for foreign invested enterprises; and

— in general, its term of operation may not exceed 30 years, or 40 years in the mid-western region of the PRC.

Moreover, the foreign invested commercial enterprise must meet the following conditions in order to open a retail store:

— if the application is made simultaneously with the application for establishment of the commercial enterprise, the proposed store must conform to the applicable urban development plan and the commercial development plan of the city where it is to be located; and

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

The procedures for establishing a foreign invested commercial enterprise involve the submission of an application which shall include a project description, feasibility study and other relevant documents as required to the relevant provincial level commerce department or the Ministry of Commerce for approval. According to the Notice of the Ministry of Commerce on Entrusting Local Department to Check Foreign-invested Commercial Enterprises (商務部關於委託地方部門審核外商投資商業企業的通知) issued by the Ministry of Commerce on 9 December 2005, the Ministry of Commerce authorised the provincial commerce departments and the committees of national economic and technology development zones to handle some of the foreign-invested commercial enterprise approvals. According to the Notice of the Ministry of Commerce on Transferring Approvals Rights of Foreign-invested Commercial Enterprises (商務部關於下放外商投資商業企業審批事項的通知) issued by the Ministry of Commerce on 12 September 2008, the provincial commerce department shall be the approval authority for the establishment and modification of foreign-invested commercial enterprises, except for those concerning the sale by television, telephone, mail order, internet, or vending machine, those concerning the wholesale of audio-visual products and those concerning the sale of books, newspapers and magazines. In addition, pursuant to the Notice of the Ministry of Commerce on the Verification and Administration of Part of Foreign-invested Service Enterprise by Provincial Commerce Department and National Economic & Technology Development Zone (商務部關於省級商務主管部門和國家經濟技術開發區審核管理部分服務業外商投資企業相關事項的通知) issued by the Ministry of Commerce on 4 May 2009, the scope of approval of the provincial commerce department had been expanded to cover the approval of foreign-invested enterprises within six industries, including foreign-invested enterprises engaged in the distribution of books, newspapers and magazines and sino-foreign cooperative joint venture enterprises engaged in the wholesale of audio-visual products, if such enterprise is an enterprise falling under the encouraged class or permitted class in the Catalogue of Foreign-invested Industries Guidance (外商投資產業指導目錄) with a total investment capital below US$100 million, or if such enterprise is an enterprise falling under the restricted class in the Catalogue of Foreign-invested Industries Guidance, with a total investment capital below US$50 million.

Under the Commercial Enterprises Measures, the percentage of foreign investment in retailers in China with more than 30 stores which are engaged in the sale of certain specific goods, including books, newspapers, magazines, automobiles (such restriction for automobiles was cancelled on 11 December 2006), pharmaceutical products, pesticides, fertilisers, refined oil products, grains, vegetable oil, sugar and cotton, and with such goods being of different brands and obtained from different suppliers, should not exceed 49%. This percentage was increased to 100% from 5 February 2009 for foreign investment by Hong Kong and Macau service providers pursuant to the Supplementary Provisions (IV) on the Commercial Enterprises Measures (外商投資商業領域管理辦法補充規定(四)) promulgated by the Ministry of Commerce on 5 February 2009.

PRICING

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

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

— the prices of a small number of commodities vital for economic development and human life;

— the prices of a small number of commodities which are considered rare resources;

— the prices of commodities under natural monopoly management;

— the prices of essential public utilities; and

— the prices of essential public welfare services.

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

— sales of live and fresh foodstuffs;

— handling merchandise that will soon be expired or other overstocked merchandise;

— seasonal price reduction; and

— sales of merchandise at a reduced price due to settlement of indebtedness, change of business or close of business.

CONSUMER PROTECTION LAW

The principal legal provisions for the protection of consumer interests are set out in the PRC Law on the Protection of Consumer Rights (中華人民共和國消費者權益保護法) (***Consumer Protection Law***), which was promulgated on 31 October 1993 and implemented with effect from 1 January 1994. The Consumer Protection Law sets out standards of behaviour which a business operator must observe in its dealings with consumers, including the following:

— consumer goods and services must comply with the Product Quality Law and other relevant laws and regulations, including requirements regarding personal safety and protection of property;

— providing consumers with true information and advertising concerning goods and services provided by them, as well as true and clear answers to questions raised by consumers concerning the quality and use of goods or services provided by them;

— issuing purchase or services vouchers to consumers in accordance with relevant national regulations or business practices or upon the request by a consumer;

— ensuring the quality, functionality, application and duration of use of the goods or services provided by them under normal use and ensuring that the actual quality of the goods or services are consistent with that displayed in advertising materials, product descriptions or samples;

— properly performing its responsibilities for guaranteed repair, replacement and return or other liability in accordance with national regulations or any agreement with the consumer; and

— not setting unreasonable or unfair terms for consumers or excluding itself from civil liability for undermining the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or any other similar means.

Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the business operator may be ordered to suspend its operations and its business license may be revoked. Criminal liability may be incurred in serious cases.

According to the Consumer Protection Law, a consumer whose legal rights and interests are prejudiced during the purchase or use of goods may demand compensation from the seller. Where the responsibility lies with the manufacturer or another supplier that provides the goods to the seller, the seller shall, after setting compensation, have the right to recover such compensation from that manufacturer or supplier. Consumer or other injured parties who suffer injury or property losses due to product defects in commodities may demand compensation from the manufacturer as well as the seller. Where the responsibility lies with the manufacturer, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer, and vice versa.

PRODUCT QUALITY LAW

The principal legal provisions governing product liability are set out in the PRC Law on Product Quality (中華人民共和國產品質量法) (***Product Quality Law***), which was promulgated on 22 February 1993, implemented with effect from 1 September 1993, and revised according to the Decision of the Standing Committee of the National People's Congress on Amending the Product Quality Law of the People's Republic of China (關於修改(中華人民共和國產品質量法)的決定) as adopted at the 16th Session of the Standing Committee of the 9th National People's Congress on 8 July 2000. The Product Quality Law requires that a business operator adhere to the following obligations:

— a check-for-acceptance system for stock replenishment shall be adopted to examine the quality certificate and other labels of such stock;

— measures shall be adopted to keep products for sale in good quality;

— the prohibition of sales of defective or deteriorated products;

— products sold must have labels that comply with relevant provisions;

— the prohibition on forgoing the origin of a product, or falsely using the name of and address of another producer;

— the prohibition on forgoing a producer's authentication marks or falsely using another producer's authentication marks, marks of famous/premium brand names or other product quality marks; and

— the prohibition on mixing impurities or imitations into products, substituting a fake product for a genuine one, substituting a defective product for a high-quality one, or passing-off a substandard product as a qualified one.

Violations of the Product Quality Law may result in the imposition of fines. In addition, a company in violation of the Product Quality Law may be ordered to suspend its operations and its business license may be revoked. Criminal liability may be incurred in serious cases.

According to the Product Quality Law, a consumer or other victim who suffers injury or property losses due to product defects may demand compensation from the manufacturer as well as from the seller. Where the responsibility lies with the manufacturer, the seller shall, after settling compensation with the consumer, have the right to recover such compensation from the manufacturer, and vice versa.

FOOD SAFETY LAW

The Food Safety Law (中華人民共和國食品安全法) (***Food Safety Law***) was promulgated on 28 February 2009 by the Standing Committee of the National People's Congress, implemented with effect from 1 June 2009, and superseded the 1995 Food Hygiene Law (中華人民共和國食品衛生法). The Implementation Regulations of the Food Safety Law (中華人民共和國食品安全法實施條例) (***Implementation Regulations***) were subsequently promulgated on 20 July 2009 and became effective from the date of promulgation.

The Food Safety Law and the Implementation Regulations apply to the production and operation of food, food additives, food related products (such as food containers and packaging materials) and other relevant products. Under the Food Safety Law, a licensing system is adopted by the PRC government for the production and operation of food products. Food producers and distributors and catering service providers shall, pursuant to law, apply for the food production license, food distribution license and catering service license respectively. Food production and operation enterprises shall establish and improve internal food-safety management systems, strengthen staff training focused on food-safety issues, employ full-time or part-time food-safety administrators, ensure the standard of food product inspection operations, and conduct food production and operation activities according to law. Any violation of the Food Safety Law and its Implementation Regulations may result in legal liabilities, such as warnings, fines, damages, or even criminal liability for serious violations.

In addition, the Measures of Food Safety Management in Circulation Domain of the PRC (中華人民共和國流通領域食品安全管理辦法) (***Measures***), which were promulgated by the Ministry of Commerce on 19 January 2007, and effective from 1 May 2007, are also one of the laws governing food circulation and food safety in wholesale and retail markets. The Measures set out the requirements of food circulation and food safety in wholesale and retail markets, including but not limited to the following: (i) the relevant operators shall obtain the relevant licenses required by relevant laws and regulations, such as business license; and (ii) the operation environment of food shall comply with the general standard required by food safety and sanitation laws and regulations.

APPROVALS, LICENSES AND PERMITS

Apart from obtaining the necessary business licenses for operating hypermarkets, operating a hypermarket retail business in PRC requires certain other approvals, licenses and permits. In particular, fire safety inspection of the building where a hypermarket is to be operated is usually required, and approval from the relevant fire department has to be obtained before commencement of business.

The following PRC licences and permits under PRC laws and regulations may be applicable to our Group depending on the merchandise offered in our hypermarkets:

— "Hygiene License for Public Place" (公共場所衛生許可證) for hypermarkets as public places;

— "Cigarette Monopoly Permit" (菸草專賣零售許可證) for sale of cigarettes;

— "Table Salt Retail Permit" (食鹽零售許可證) for sale of table salts;

— "Alcohol Circulation Registration" (酒類流通備案登記) for sale of alcohol;

— "Food Circulation Permit" (食品流通許可證) for sale of food;

— "Publications Operation Permit" (出版物經營許可證) for sale of books and newspapers;

— "Pharmaceuticals Operation Licence" (藥品經營許可證) for sale of pharmaceuticals;

— "Medical Device Operation Enterprise Permit" (醫療器械經營企業許可證) for sale of various types of medical apparatus; and

— "Audio-visual Products Operation Permit" (音像製品經營許可證) for sale of audiovisual products.

As a foreign-invested commercial enterprise, we may not be able to obtain the Cigarette Monopoly Permit due to industry restrictions.

A hypermarket also needs to apply for such other business licenses at the request of the relevant governmental departments.

PRE-PAID CARDS

The issue and sale of token cards or pre-paid cards for circulation in the market in place of Renminbi is regulated by the following PRC laws and regulations:

— The Law of the People's Bank of China of PRC (中華人民共和國中國人民銀行法) which came into effect on 18 March 1995 and was amended on 27 December 2003, with the amendment being effective on 1 February 2004;

— The Regulations of PRC on Administration of Renminbi (中華人民共和國人民幣管理條例) which came into effect on 1 May 2000;

— The Notice on Prohibiting the Distribution of Various Types of Tokens issued the General Office of the State Council (國務院辦公廳關於禁止發放各種代幣購物券的通知) which came into effect on 1 May 1991;

— The Notice on Prohibiting the Printing, Offering, Purchasing and Using of Various Types of Tokens issued by the State Council (國務院關於禁止印製、發售、購買和使用各種代幣購物券的通知) which came into effect on 4 April 1993;

— The Notice on Strictly Controlling the Overly Rapid Growth of Consumption Expenditure and Strengthening the Cash Management issued by the State Council (國務院關於嚴格控制消費基金快速增長和加強現金管理的通知) which came into effect on 9 November 1994;

— The Emergency Notice on Further Strengthening the Cash Management and Controlling the Cash Issuance by the General Office of the State Council (國務院辦公廳關於進一步加強現金管理控制現金投放的緊急通知) which came into effect on 16 January 1995;

— The Emergency Notice on Resolutely Stopping the Tendency of Issuance and Use of Various Kinds of Token Cards of the Office of Correcting Industrial Improper Practice (國務院糾正行業不正之風辦公室關於堅決剎住發放各種代幣購物券之風的緊急通知) issued on 11 December 1998;

— The Emergency Notice on Prohibition of Issuing and Using Tokens (or Token Cards) (關於嚴禁發放使用各種代幣券(卡)的緊急通知) jointly promulgated by the State Economic and Trade Commission (國家經濟貿易委員會), the Office of Correcting Industrial Improper Practice at the State Council (國務院糾正行業不正之風辦公室) and the People's Bank of China (中國人民銀行) on 19 January 2001;

— The Payment Services Measures provide that non-financial institutions may issue token cards or pre-paid cards as an intermediary if they apply for and obtain the necessary licences before 1 September 2011; and

— The Notice on Standardising the Administration for Commercial Pre-Paid Cards (關於規範商業預付卡管理的意見) jointly promulgated by PBOC, Ministry of Supervision of the People's Republic of China (中華人民共和國監察部), Ministry of Finance of the People's Republic of China (中華人民共和國財政部), MOFCOM, SAT, SAIC, National Bureau of Corruption Prevention of the People's Republic of China (國家預防腐敗局) on 23 May 2011.

Pursuant to the Law of the People's Bank of China of PRC, the PBOC may impose a maximum fine of RMB200,000 on any entity issuing such token cards or pre-paid cards. The non-financial institution through which our "Auchan" banner issues pre-paid cards has submitted an application for such a licence under the Payment Services Measures.

On 23 May 2011, the General Office of the State Council promulgated the Notice on standardising the administration for commercial pre-paid cards which is formulated by relevant authorities and which demonstrates by context that the competent authorities acknowledge the positive effect of pre-paid card and do not prohibit a commercial enterprise to issue pre-paid cards itself. This Notice also acknowledged that a commercial enterprise may issue single-functional pre-paid cards for itself subject to certain requirements indicated in the Notice, including: (a) for those who purchase registered commercial pre-paid cards or purchase non-registered commercial pre-paid cards exceeding RMB10,000 for one time, the issuer shall register their names; (b) in case an entity purchases the pre-paid card exceeding the amount of RMB5,000 for one time, or an individual purchases the pre-paid card exceeding the amount of RMB50,000 at one time, they shall remit through wire transfer other than cash; if wire transfer is carried out, the issuer shall register the name, number and amount of receiving and remitting account for every purchase of pre-paid cards; (c) par value of non-registered commercial pre-paid card shall not exceed RMB1,000, while par value of registered commercial pre-paid cards shall not exceed RMB5,000; (d) the issuer shall provide invoice for sales of pre-paid card according to relevant laws and regulations; and (e) there is no restriction on the term of validity of registered commercial pre-paid card, while the term of validity of non-registered commercial pre-paid cards shall be no less than three years. The Notice also mentioned that Ministry of Commerce may further promulgate regulations on single-functional pre-paid cards to regulate the activities on single-functional pre-paid cards.

Please see the section headed "Risk Factors — Risks Relating to the Retail Industry in the PRC — PRC policies, laws and regulations prohibiting the issuance of pre-paid cards may have a material and adverse impact on our operations" for more information.

ENVIRONMENTAL LAW

Production businesses are subject to PRC environmental laws and regulations, which include the PRC Environmental Protection Law (《中華人民共和國環境保護法》), PRC Law on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), PRC Law on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), PRC Law on the Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境雜訊污染防治法》) and the PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (《固體廢物污染環境防治法》) (collectively the ***Environmental Laws***). The Environmental Laws govern a broad range of environmental matters, including air pollution, noise emissions, sewage, and waste discharge.

According to the Environmental Laws, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, liquid and solid waste, dust, malodorous gas, radioactive substances, noise, vibration, and electromagnetic radiation generated in the course of production, construction, or other activities.

According to the Environmental Laws, companies are also required to carry out an environment impact assessment before commencing construction of production facilities and install pollution treatment facilities that meet the relevant environmental standards to treat pollutants before discharge.

NEW URBAN TAXATION

On 18 October 2010, the State Council issued Notice 35, which unifies the UMCT and Education Levy on domestic enterprises and foreign investment enterprises in the PRC, effective 1 December 2010. The UMCT and Education Levy are calculated based on the total amount of business tax, value added tax and consumption tax paid by each taxpayer. The UMCT rates for enterprises in cities, counties and other areas are seven percent, five percent and one percent, respectively. The Education Levy rate is three percent. We have been subject to the UMCT and Education Levy for the month of December 2010 and the three months ended 31 March 2011, and will continue to be subject to such tax and surcharge going forward.

HISTORY

Background of our Ultimate Controlling Shareholders

We have two Ultimate Controlling Shareholders, Ruentex and Groupe Auchan. Our hypermarket operations in China began in 1998 when one of our Ultimate Controlling Shareholders, Ruentex, opened its first "RT-Mart" hypermarket in the Zhabei district of Shanghai. Ruentex is headquartered in Taiwan and is a diversified conglomerate with business operations in industries including amongst others, textiles, real estate development, construction, real estate management and security and cement manufacturing. In 1999, our other Ultimate Controlling Shareholder, Groupe Auchan, opened its first "Auchan" hypermarket in the Yangpu district of Shanghai. Groupe Auchan is headquartered in France and has five core businesses — being hypermarkets operations, supermarkets operations, real estate operations/management, banking and e-commerce. Its hypermarkets business, spread across 12 countries and regions, including France, Spain, Italy, Russia, China and Taiwan, represented approximately 80% of its group revenue in 2010.

Please see the section headed "Relationship with our Controlling Shareholders and Connected Transactions — Relationship with our Controlling Shareholders" in this prospectus, for more information about our relationship with our Controlling Shareholders.

Establishment of the China joint venture

In 2000, the management of Groupe Auchan was introduced to Ruentex for a potential joint venture cooperation in the hypermarket business in Taiwan and China. Both parties saw that they shared similar values and vision for continued expansion in Taiwan and China and recognised the potential synergistic benefits from the cooperation, particularly in areas of management and operational expertise. On 21 December 2000, Groupe Auchan and Ruentex entered into a joint venture agreement to establish a joint venture for the further development of the "RT-Mart" hypermarket business in Taiwan. The "RT-Mart" hypermarket business in Taiwan is operated by RT-Mart International which is owned as to approximately 61.7% by Auchan, 10.8% by Ruentex Development, 10.8% by Ruentex Industries and as to the remaining interest by other independent minority shareholders. Ruentex Development and Ruentex Industries were the founders of RT-Mart International but sold their joint majority interest in 2000 such that such interest is held under Groupe Auchan.

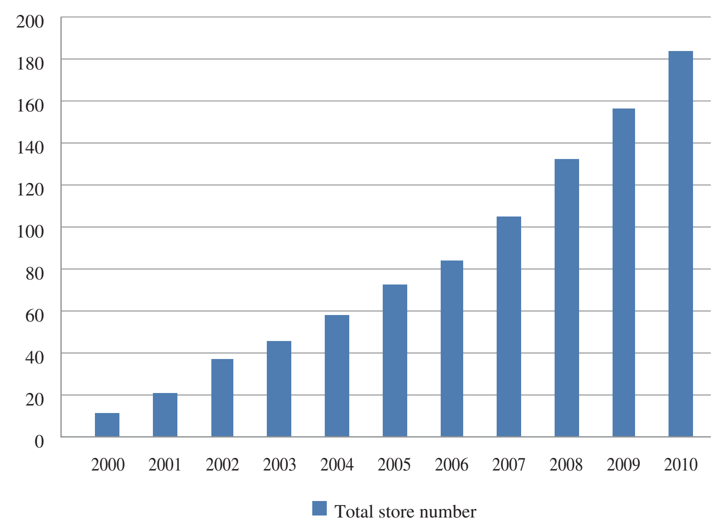
On the same day, concurrent with the establishment of their Taiwan joint venture, Groupe Auchan and Ruentex entered into a shareholders' agreement through Auchan and RT respectively, to establish our Company to hold their respective hypermarket businesses in China as a separate business from their joint venture in Taiwan. It was Groupe Auchan and Ruentex's vision to use our Company as their platform to develop the market leader in the hypermarket operations business in China under two well-recognised banners — the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners.

Business development

Ruentex and Groupe Auchan both began their China operations in Shanghai, the most affluent city in China at that time, as it was their strategy to build their hypermarket operations around the more prosperous coastal areas. Following the success of our Ultimate Controlling Shareholders' hypermarkets in Eastern China, we not only continued the expansion of our hypermarkets network to other more prosperous cities such as Qingdao, Yantai, Zhangjiagang, Ningbo, Xiamen, Guangzhou and Suzhou, but also began to open new stores in other selected regions across China.

The scale of our hypermarket complex operations has grown significantly over the years since our establishment in 2000. The following diagram sets out the growth in the number of our hypermarket complexes across China as at 31 December in each year since our establishment:

Total Store Number



As at the Latest Practicable Date, we operated a network of 156 "RT-Mart" hypermarkets and 41 "Auchan" hypermarkets in China.

Prior to December 2004, due to applicable requirements under PRC laws at the time, we established our hypermarket complexes by way of cooperative joint ventures with local PRC partners who are Independent Third Parties, save for their respective interests in our subsidiaries. As at the Latest Practicable Date, these local partners hold interests in nine of our operating subsidiaries in the PRC and are respectively: (i) Shanghai Wujiaochang (Group) Co., Ltd. (上海五角場集團有限公司) and Shanghai Food (Group) Co., Ltd. (上海食品集團有限公司); (ii) Hangzhou Shangtang Daguan Economic Cooperative Committee (杭州上塘鎮大關村經濟合作社) and Hangzhou Gongshu District Commercial Co., Ltd. (杭州市拱墅區商業總公司); (iii) Jiangsu Jiaotong Jianshe Group Co., Ltd. (江蘇交通建設集團有限公司); (iv) Jiangsu Hengshunjieyuan Investment Development Co., Ltd. (江蘇恒順傑源投資發展有限公司); (v) Changzhou Weixing Real Estate Co., Ltd. (常州市衛星實業公司); (vi) Wuxi New District Economic Development Corporation (無錫市新區經濟發展集團總公司) and Wuxi New District Nanzhan Property Business Co., Ltd. (無錫市郊區南站資產經營公司); (vii) Shanghai Zhaibei District State-owned Assets Investment Company (上海市閘北區國有資產投資公司); (viii)

Jinan People's Complex Co., Ltd. (濟南人民商場股份有限公司); and (ix) Zheng Wen Yong (鄭文湧). These local partners are either minority shareholders or cooperative partners and do not have any operational and management control over our subsidiaries. The operation and corporate governance of these corporate joint ventures are governed by the Law of the People's Republic of China on Chinese-Foreign Cooperative Joint Ventures (中華人民共和國中外合作經營企業法) and its implementation rules. For further details of our cooperative joint ventures, including their respective interests in our subsidiaries, please see "Appendix VI — Statutory and General Information — Further information about the Group — Our Subsidiaries" to this prospectus.

In the last few years, we have received various awards and accolades in recognition of our management and the quality of our hypermarkets. For our "Auchan" banner, such accolades include the 100 Best Human Resource Management companies of 2010 awarded by 51job.com, a well recognised online job search website, and the Retail Innovative Reward in 2010 awarded by the China Chain Franchise Association. For our "RT-Mart" banner, such awards include the Outstanding Taiwanese Enterprise Award for the years 2008-2010 (2008-2010年度優秀台資企業榮譽稱號) awarded by Shanghai-Taiwan Investment Enterprises Association (上海台灣同胞投資企業協會), the Outstanding Corporate Brand Award in 2010 (2010年度中國商業品牌卓越企業獎) awarded by China Commerce Association (中國商業聯合會) and the Gold Award for "RT-Mart" and Suppliers Satisfaction Award for Outstanding Retailer in 2010 (2010供應商綜合滿意領先零售商), awarded by Shanghai Business Information Centre (上海商情信息中心).

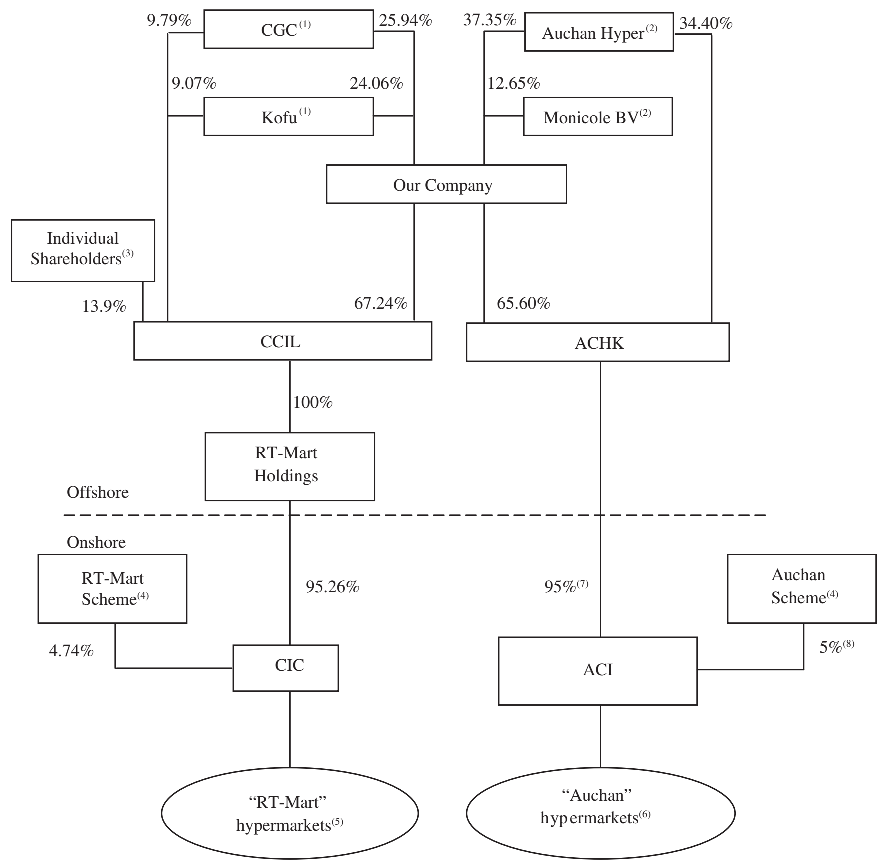
Harmonious partnership and unity between Auchan and RT over our affairs

Throughout their partnership, Auchan and RT have worked harmoniously and neither of them has exerted more influence over our Company's management and operations than the other since our establishment and throughout the Track Record Period. Auchan and RT have always passed our Company's board resolutions on a unanimous basis which reflects their cooperation as joint venture partners and unity as a controlling group in their influence over our affairs.

There is a dispute resolution mechanism set out in the Current Shareholders Agreement to manage the unlikely situation of a deadlock in any of the operating subsidiaries in respect of the reserved matters but this mechanism has never been activated as all decisions of the boards of our operating subsidiaries have always been determined harmoniously. The dispute resolution mechanism involves the establishment of internal arbitral committees comprising a representative from each of Auchan and RT for determination and, if necessary, the appointment of external experts, whose decisions are final and binding on Auchan and RT.

Corporate Structure Prior to Reorganisation

Our corporate structure prior to our Reorganisation is set out below:



Notes:

(1) CGC is owned by the following companies: 25.46% by Ruentex Development, 42.25% by Ruentex Industries, 15.51% by Sinopac, and 16.38% by Kofu and 0.4% by Chang-Ching, a company which is wholly-owned by independent third parties. Sinopac is indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu.

In connection with the Reorganisation in preparation for the Listing, Kofu entered into a loan agreement of US$500 million on 18 May 2011 with a syndicate of lending banks led by Mega International Commercial Bank to replace a loan of US$500 million entered into in October 2009. In addition, in connection with the proposed acquisition of 97.57% of the issued share capital of Nan Shan by Ruenchen, a company owned as to 80% by Ruentex Development, Ruentex Industries and their affiliates and as to 20% by Pou Chen Corporation, Ruentex Development, Ruentex Industries and CGC have entered into share pledges and undertakings in respect of our Shares and their interests in Intermediate Holding Companies through which they hold their interests in our Shares. Please see the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares" for further information.

(2) Monicole BV is wholly-owned by Sodefi S.A., which is wholly-owned by Auchan Hyper. Auchan Hyper is in turn wholly-owned by Groupe Auchan S.A.. Groupe Auchan S.A. is 61.88%-owned by Au Marche S.A.S, a company which is controlled by the Mulliez Family. The remaining interests in Groupe Auchan S.A. are held by other companies controlled by the Mulliez Family and the employees of Groupe Auchan S.A. under various employee share option schemes.

(3) Immediately prior to the Reorganisation, our Directors, senior management and supervisors and their respective associates, and those of our affiliates held approximately 5.45% of the shares in CCIL in aggregate. The remaining individual shareholders in CCIL are not connected persons of the Company but principally comprise members of our management and existing and previous employees and those of Ruentex.

(4) Please see the section headed "Business — Employees — Employee Trust Benefit Schemes" for more information on our Employee Trust Benefit Schemes.

(5) All our "RT-Mart" (大潤發) hypermarket business in China. Immediately prior to the Reorganisation, two of our subsidiaries, Shanghai RT-Mart (上海大潤發有限公司) and Jinan RT-Mart and one jointly controlled entity Suzhou Ruenhua Property Co., Ltd. (蘇州潤華置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties. The minority shareholder in Shanghai RT-Mart, Shanghai Zhabei District State-owned Assets Investment Company (上海市閘北區國有資產投資公司), is a company controlled by the Shanghai State-owned Assets Supervision and Administration Commission of the State Council. The minority shareholder in Jinan RT-Mart, Jinan People's Complex Co., Ltd. (濟南人民商場股份有限公司), is a company controlled by the State-owned Assets Supervision and Administration Commission of Jinan People's Government.

(6) All our "Auchan" (歐尚) hypermarket business in China, save for our five subsidiaries which are held directly by ACHK, being Tianjin Auchan Hypermarkets Co., Ltd., Beijing Immochan Co., Ltd. and Tianjin Immochan Co., Ltd. (which are under liquidation), and Wuxi Immochan Real Estate Co., Ltd. and Nanjing Jinshang Property Co., Ltd.. Immediately prior to the Reorganisation, six of our subsidiaries, Shanghai Auchan Hypermarket Co., Ltd. (上海歐尚超市有限公司), Hangzhou Auchan Hypermarket Co., Ltd. (杭州歐尚超市有限公司), Nanjing Jinshang Property Co., Ltd. (南京金尚置業有限公司), Nanjing Dongyuan Property Management Co., Ltd. (南京東源物業管理有限公司), Changzhou Immochan Real Estate Co., Ltd. (常州頤莫尚置業有限公司) and Wuxi Immochan Real Estate Co., Ltd. (無錫新尚置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties.

(7) As at 31 March 2011, ACHK's registered equity interest in ACI was USD285,000,000 representing 95% of ACI's total registered capital. ACHK's actual paid up capital was USD201,705,171.12 representing approximately 67.24% ACI's registered capital and approximately 97.48% of ACI's total paid up capital.

(8) As at 31 March 2011, the Auchan Scheme's registered equity interest in ACI was USD15,000,000 representing 5% of ACI's total registered capital. The Auchan Scheme's actual paid up capital was USD5,230,037.58 representing approximately 1.74% of ACI's registered capital and approximately 2.52% of ACI's total paid up capital.

OUR REORGANISATION

In 2010, Auchan and RT came to the view that in order to take us to our next stage of development, they should pursue a listing of our Shares on the Hong Kong Stock Exchange. Auchan and RT believed that the synergistic benefits generated through their cooperation could be further enhanced and developed by listing our Company. The principal issues considered by Auchan and RT to achieve such objective were as follows:

(a) *To prevent outflow of value as our Company owned less than 100% of our key operating subsidiaries.* Our "Auchan" and "RT-Mart" banners are operated by our two key operating subsidiaries, ACHK and CCIL respectively. Prior to the Reorganisation, our Company only owned 65.60% and 67.24% of ACHK and CCIL, respectively. As such, a substantial portion of our value remained with the minority shareholders of ACHK and CCIL.

(b) *To consolidate the interests of our key operating subsidiaries under our Company.* Prior to the Reorganisation, each of our key operating subsidiaries, ACHK and CCIL, was partially held by our Company. Groupe Auchan and Ruentex were entitled to exercise, or control the exercise of, 10% or more of the voting power of ACHK and CCIL respectively. Accordingly, as each of Groupe Auchan and Ruentex was entitled to exercise, or control the exercise of, 10% or more of the voting power of ACHK and CCIL, each of ACHK and CCIL would have become a connected person of our Company for the purpose of Rule 14A.11(5) of the Listing Rules. Transactions between our Company and each of our principal subsidiaries would therefore be deemed connected transactions under the Listing Rules. Auchan and RT therefore decided that to consolidate the interests of ACHK and CCIL, they should be wholly-owned by our Company.

(c) *Reinforcement of collective interests.* Since our Company's establishment, it had always been directly held by Auchan and RT. To further reinforce their position as the controlling group of our Company, particularly after the Global Offering when there will be other minority shareholders, it would be important to align the bulk of their economic interests in us and voice their collective interests from one platform. To achieve this, they decided to group the majority of their shareholdings under a single platform, A-RT, our immediate Controlling Shareholder, which would in turn control our Company before and after the Global Offering.

Auchan and RT undertook an exercise to reorganise our shareholding structure in preparation for the Global Offering.

The Reorganisation

In anticipation of the Global Offering and to organise the relationship between our Controlling Shareholders, Auchan and RT entered into the Current Shareholders Agreement on 12 December 2010 with a view to (i) creating A-RT, a new company holding the majority of the Shares in our Company, (ii) ensuring that our Company wholly-owns ACHK and CCIL, and (iii) establishing a management structure to enable Auchan and RT to continue the strategic cooperation of the "Auchan" and "RT-Mart" banners in a highly consensual manner in the interests of our Company.

The key terms under the Current Shareholders Agreement are set out below:

(a) *Shareholding.* The Reorganisation comprised a series of share swaps involving the transfer of shares in the Company, ACHK and CCIL in exchange for new shares in A-RT, where the conversion ratio adopted (based on arm's length negotiations between Auchan and RT and the results of an independent valuation to determine the relative values of ACHK and CCIL using certain methodologies) resulted in the current corporate structure of the Company's shareholders, whereby upon completion of the Global Offering, Auchan owns 51% of the issued share capital of A-RT and RT owns 49% of the issued share capital of A-RT. Further, A-RT shall own not less than 51% of the issued share capital of our Company.

(b) *Board compositions.* Auchan has the right to appoint a majority of the board of directors of A-RT. Auchan is entitled to nominate four Directors and RT is entitled to nominate two Directors to our Board. Auchan has the right to appoint a majority of the board of directors of ACHK and RT has the right to appoint a majority of the boards of directors of CCIL, RT-Mart Holdings and CIC. The parties intend that the composition of the respective boards of ACHK and CCIL will remain unchanged for at least three years after the Global Offering.

(c) *Management of A-RT.* To reflect the highly consensual manner of the strategic cooperation between the two banners, certain matters require the unanimous approval of the board of A-RT including, among others, A-RT's dividend policy, incurrence of significant debt by A-RT and any acquisition of our Shares or equity-related securities of our Company or any other assets. Our Directors have considered these matters and they are of the view that these are all important matters required for our business operations.

(d) *Management of our Company.* To reflect the highly consensual manner of the strategic cooperation between the two banners, and subject to any requirement of the Listing Rules, certain matters require the unanimous approval of our Directors nominated by Auchan and RT including, among others, our dividend policy, capital injections in subsidiaries, new issues of Shares or equity-related securities of our Company, our annual budget and operating and financing plans, and any expansion plans of our two banners outside of China. Our Directors have considered these matters and they are of the view that these are all important matters required for our business operations.

(e) *Management of RT-Mart Holdings, CCIL and ACHK.* To reflect the highly consensual manner of the strategic cooperation between the two banners, and subject to any requirement of the Listing Rules, certain matters at the level of RT-Mart Holdings, CCIL and ACHK require the approval of representatives of both Auchan and RT on their respective boards. The objectives of the reserved matters are to ensure that significant corporate actions proposed to be taken by each of our "Auchan" and "RT Mart" banners are discussed and agreed in a consensual manner. Our Directors have considered these matters and they are of the view that these are all important matters required for our business operations.

(f) *Exit from A-RT.* Auchan granted RT a put option (the ***Put Option***) in respect of all of the A-RT shares held by RT (the ***Put Option Shares***). The earliest time RT may exercise the Put Option is the third year after the Global Offering, subject to the terms and conditions of the Current Shareholders Agreement, and RT may only exercise its Put Option in respect of one third of the Put Option Shares during the first quarter of each year the right to exercise the Put Option Shares arises. The exercise price of each exercise of the Put Option shall be agreed by the parties by reference to the 12-month weighted average closing price of our Shares, taking into account any other assets and liabilities of A-RT.

If RT still owns shares in A-RT after the expiry of the Put Option, Auchan may (i) exchange such number of our Shares held by Auchan with RT's shares in A-RT, (ii) procure the sale of an agreed number of Shares held by A-RT to RT in the form of a repurchase of the relevant number of RT's A-RT shares by A-RT, or (iii) procure the winding up of A-RT so that A-RT's assets and liabilities will be allocated to Auchan and RT on a pro rata basis.

Change in control of RT

Upon a change in control of RT certain rights held by RT under the Current Shareholders Agreement may be terminated at any time, on determination by A-RT, in particular:

(a) RT's right to nominate one director to the board of directors in our Company, CCIL, ACHK and A-RT;

(b) RT's ability to require unanimous consent of directors appointed by RT and Auchan in relation to the provision of the following outside the normal course of business:

(i) Provision of any guarantee, bond or major indemnity to secure liabilities of obligations of a third party or the creation of encumbrances over the assets of our Company to secure the liabilities or obligations of a third party, subject to requirements under the Listing Rules;

(ii) Provision of any loan, advance or credit to any party not involved in the business of our Company, subject to requirements under the Listing Rules;

(iii) Approval of any transaction between our Company, CCIL and any of its direct or indirect subsidiaries and ACHK or any of its direct or indirect subsidiaries on the one hand, and RT, Auchan and their affiliates exceeding certain amount, subject to requirements under the Listing Rules; and

(iv) Approval of any dividend policies, subject to any stated dividend policy of the Company that has been publicly released; and

(c) RT's right to appoint a majority of the directors, and the chairman, chief executive officer and chief financial officer of CCIL and CIC, for a period expiring on the last day of the calendar year, three years following the Listing.

As a result of the loss of such rights of appointment by RT, governance rules governing the relationship between RT and Auchan in the Current Shareholders Agreement will also lapse. These governance rules relate in particular to (I) matters requiring unanimous approval by the board of A-RT, unanimous approval by our Directors nominated by Auchan and RT and approval of the board representatives of Auchan and RT in RT-Mart Holdings, CCIL and ACHK as set out in paragraphs (c), (d) and (e) of the section entitled "— The Reorganisation" (II) reporting requirements by CCIL and ACHK to the Company (III) broad guidelines on the agreed conduct by each of RT and Auchan and (IV) the composition of the board of directors at our Company, A-RT, CCIL, CIC and ACI levels.

Nomination rights and such matters requiring unanimous consent of directors appointed by RT and Auchan mentioned in (a) and (b) above will also cease in the event either of Auchan or RT (whichever is the minority partner at the relevant time) holds a direct and indirect shareholding interest of less than 20% in our Company.

The termination of such rights held by RT under the Current Shareholders Agreement, if determined by A-RT, will take effect on the earlier of (a) the last day of the calendar year, falling on the year three years following the Listing; or (b) the last day of the calendar year immediately following that during which the change of control shall have occurred, subject to the terms of the Current Shareholders Agreement.

Reference is made to (a) the Mega Pledge under the Kofu Loan; (b) the Undertaking and custodian account; and (c) the Loan Facilities secured by the Share Pledges of the Relevant Securities as described in the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares". In the worst case scenario whereby each of such arrangements were enforced against the parties thereto and all of the relevant shareholdings in our Company and the Intermediate Holding Companies through which Ruentex holds its interests in our Company were required to be sold, the remaining interest in the Company held by Ruentex would be Kofu's interest of 23.58% of the issued share capital of A-RT, and CGC will cease to be a shareholder of A-RT and our Company.

The scenario in which each of such arrangements are enforced against the parties thereto and all of the relevant shareholdings in our Company and the Intermediate Holding Companies through which Ruentex holds its interests in our Company are required to be sold based on the value of the Shares at the time, resulting in the remaining interest in our Company held by Ruentex being Kofu's interest of 23.58% of the issued share capital of A-RT after the Global Offering (without taking into account any exercise of the Over-allotment Option) would be highly unlikely for the following reasons:

(a) *The Kofu Loan.* The Kofu Loan was entered into on 18 May 2011 to replace a previous loan of US$500 million entered into by Kofu in October 2009 with a similar syndicate of banks led by Cathay United Bank. This in turn replaced a previous loan facility. Kofu has confirmed that in neither case was any security granted in connection with the relevant loans ever enforced. In addition, Kofu has undertaken to our Company and the Joint Sponsors that it will make timely payments under the Kofu Loan.

Based on the market capitalisation of our Company of HK$60,190 million (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range), Kofu's 9.10% interest in our Company (prior to the Global Offering) would be valued at approximately HK$4,808 million (equivalent to approximately US$617 million), i.e. in excess of the amount of the Kofu Loan of US$500 million.

As a result, even if Kofu were to default on the Kofu Loan such that the Mega Pledge is enforced, based on the market capitalisation of our Company upon Listing referred to above, the lending banks would only need to sell approximately 606,389,105 Shares (approximately 6.47% of the issued share capital of our Company upon Listing (without taking into account any exercise of the Over-allotment Option)) in order to repay the Kofu Loan.

The disposal of shares in A-RT or our Company by CGC or Kofu will not constitute a breach of the Current Shareholders Agreement.

(b) *The Undertaking and custodian account.* The Undertaking is subject to a provision that it remains subject to the provisions of the Listing Rules and, in particular, the lock-up provisions under the Listing Rules. As a result, this would restrict any disposal of the Shares under the Undertaking within the first 12 months after our Company's Listing. Thereafter, there can be no assurance for any listing applicant that any of its controlling shareholders will not sell their interests in the relevant company.

It is estimated that the maximum amount of the capital injections in Nan Shan over the next ten years will be approximately NT$30 billion in aggregate (equivalent to approximately HK$8.1 billion) of which NT$10 billion is required to be contributed to Nan Shan by the end of 2011. Of this NT$30 billion amount, NT$6 billion is to be contributed to Ruenchen by its shareholders in the form of cash. The Undertaking therefore relates to Ruentex Development and Ruentex Industries' obligations in respect of the remaining amount of NT$24 billion (equivalent to approximately HK$6.5 billion). As set out below, the Shares which are the subject of the Undertaking (representing CGC's entire attributable direct and indirect interest in our Company), would be valued at approximately HK$13,133 million based on the market capitalisation of our Company (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range).

Based on the market capitalisation of our Company upon Listing referred to above, CGC would only need to sell Shares representing approximately 49.28% of CGC's total attributable shareholding interest in our Company, representing approximately 1,007,255,915 Shares (approximately 10.75% of the issued share capital of our Company upon Listing (without taking into account any exercise of the Over-allotment Option)) to fulfil the Undertaking.

The terms of the custodian account only require the relevant shares in CGC to be placed in the custodian account. There are no provisions under the relevant documents relating to the forced sale of the securities held in the custodian account.

The disposal of shares in A-RT or our Company by CGC or Kofu will not constitute a breach of the Current Shareholders Agreement.

(c) *The Loan Facilities secured by the Share Pledges of the Relevant Securities.* (i) Ruentex Development and Ruentex Industries intend to conduct rights issues in order to raise funds to repay the Loan Facilities and have undertaken to our Company and the Joint Sponsors to use their reasonable endeavours to conduct the rights issues within six months from the date of the Loan Facility agreements and to use the net proceeds of the rights issues to repay the Loan Facilities; (ii) as part of the arrangements entered into in connection with the Acquisition, Ruentex Development and Ruentex Industries have entered into preliminary binding underwriting agreements with an underwriter in Taiwan to underwrite 50% of the NT$5 billion to NT$7 billion rights issues to be carried out by each of Ruentex Development and Ruentex Industries; and (iii) Ruentex Development and Ruentex Industries have undertaken to our Company and the Joint Sponsors in the event that the relevant loan to value of security ratio under either of the Loan Facilities exceeds 40%, they will repay an appropriate amount of the Loan Facilities such that the relevant loan to value of security ratio would fall below 40% and would not seek to provide security over additional shares in CGC, our Company or any other Intermediate Holding Companies through which they hold their respective interests in our Company.

Based on the market capitalisation of the Company of HK$60,190 million (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range), CGC's total interest in our Company attributable to the Relevant Securities (and therefore excluding Shares attributable to (a) the interests of Kofu in CGC which are held directly and through Sinopac and (b) the interests attributable to Chang-Ching) would be valued at approximately HK$10,890 million, i.e. considerably in excess of the aggregate amount of the Loan Facilities of NT$12.8 billion (equivalent to approximately HK$3.45 billion).

As a result, even if Ruentex Development and Ruentex Industries were to default on the Loan Facilities such that the lending banks created and enforced the Share Pledges, based on the market capitalisation of our Company upon Listing referred to above, the lending banks would only need to sell Relevant Securities representing approximately 26.28% of CGC's total attributable shareholding interest in our Company, representing approximately 537,203,155 Shares (approximately 5.73% of the issued share capital of our Company upon Listing (without taking into account any exercise of the Over-allotment Option)).

In light of the above, based on the market capitalisation of our Company (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range), the aggregate number of Shares in our Company which would need to be sold by CGC and Kofu in order to meet the financial obligations under (a), (b) and (c) above would be 2,150,848,175 Shares, representing approximately 22.96% of the entire issued share capital of our Company after the Global Offering (without taking into account any exercise of the Over-allotment Option). This would leave Ruentex with the following interests in the Shares:

(a) 23.58% interest in A-RT held by Kofu, representing approximately 12.24% indirect shareholding interest in our Company (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range, and without taking into account any exercise of the Over-allotment Option);

(b) 141,987,433 Shares held directly by Kofu, representing approximately 1.52% direct shareholding interest in our Company (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range, and without taking into account any exercise of the Over-allotment Option); and

(c) 499,518,431 Shares in which CGC has a direct or indirect attributable interest, representing a direct or indirect shareholding interest in our Company of approximately 5.33% (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range and without taking into account any exercise of the Over-allotment Option).

Based on the analysis above, Ruentex will control 19.09% of the effective attributable shareholding interest (direct and indirect) in our Company (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative offer price range and without taking into account any exercise of the Over-allotment Option). As this assumes the mid-point of the indicative offer price range, the analysis may change if the offer price differs materially from the mid-point of the indicative offer price range.

Details of the selected audited consolidated financial information of Ruentex Development and Ruentex Industries, respectively, as at and for the three years ended 31 December 2008, 2009 and 2010, extracted from the annual reports of the relevant companies prepared based on Taiwan financial reporting standards are set out below:

	As at and for the years ended 31 December[7]		
Ruentex Industries	**2008**	**2009**	**2010**
		NT$ ('000)	
Cash and cash equivalents	1,043,433	685,912	955,623
Current assets	5,866,394	5,310,956	6,373,006
Current liabilities	5,568,450	4,758,378	4,413,195
Inventories	2,336,044	1,826,038	1,696,776
Equity	11,710,180	13,669,940	14,344,831
Short term borrowings	2,414,368	1,411,302	1,071,312
Long term borrowings	3,134,690	2,709,537	4,004,788
Debt[1]	5,549,058	4,120,839	5,076,100
Net debt[2]	4,505,625	3,434,927	4,120,477
Total assets	21,232,745	21,983,942	23,593,087
Revenue	9,503,189	8,316,881	8,785,046
Gross profit	2,562,110	2,660,848	3,279,385
Profit from operations	958,810	1,239,239	1,899,239
Interest expense	195,027	109,669	60,035
Net profit	982,887	1,160,055	1,996,727
Cash flow — operating activities	487,370	816,095	1,279,407
Cash flow — investing activities	(929,183)	(174,253)	(782,330)
Cash flow — financing activities	518,238	(988,511)	(198,577)
Current ratio[3]	1.05	1.12	1.44
Net debt/equity[4]	0.38	0.25	0.29
Quick ratio[5]	0.63	0.73	1.06
Interest coverage[6]	4.92	11.30	31.64

Notes:

(1) Debt is calculated as the sum of short-term borrowings and long-term borrowings.

(2) Net debt is calculated as debt minus cash and cash equivalents.

(3) Current ratio is calculated as current assets divided by current liabilities.

(4) Net debt/equity is calculated as net debt divided by equity.

(5) Quick ratio is calculated as (current assets minus inventories) divided by current liabilities.

(6) Interest coverage is calculated as profit from operations divided by interest expense.

(7) Item (1) to item (6) above are calculated based on extracted data from the relevant annual reports of Ruentex Industries.

Ruentex Development	As at and for the years ended 31 December[7]		
	2008	2009	2010
	NT$ ('000)		
Cash and cash equivalents	4,145,874	2,524,873	2,723,186
Current assets	15,734,720	13,471,583	14,830,705
Current liabilities	10,771,764	8,202,900	10,882,783
Inventories	8,503,038	8,245,000	9,025,404
Equity	10,580,176	12,439,796	14,056,579
Short term borrowings	1,740,000	2,523,372	3,930,000
Long term borrowings	3,282,370	5,828,169	4,144,540
Debt[1]	5,022,370	8,351,541	8,074,540
Net debt[2]	876,496	5,826,668	5,351,354
Total assets	25,634,864	27,478,874	30,094,225
Revenue	22,692,740	14,995,677	15,244,129
Gross profit	2,527,843	2,790,096	2,552,719
Profit from operations	345,859	569,822	388,334
Interest expense	171,762	126,669	83,000
Net profit	840,822	709,502	1,163,528
Cash flow — operating activities	3,373,395	(342,096)	76,608
Cash flow — investing activities	(493,828)	(2,787,830)	(509,640)
Cash flow — financing activities	(479,267)	1,539,535	608,903
Current ratio[3]	1.46	1.64	1.36
Net debt/equity[4]	0.08	0.47	0.38
Quick ratio[5]	0.67	0.64	0.53
Interest coverage[6]	2.01	4.50	4.68

Notes:

(1) Debt is calculated as the sum of short-term borrowings and long-term borrowings.

(2) Net debt is calculated as debt minus cash and cash equivalents.

(3) Current ratio is calculated as current assets divided by current liabilities.

(4) Net debt/equity is calculated as net debt divided by equity.

(5) Quick ratio is calculated as (current assets minus inventories) divided by current liabilities.

(6) Interest coverage is calculated as profit from operations divided by interest expense.

(7) Item (1) to item (6) above are calculated based on extracted data from the relevant annual reports of Ruentex Development.

Based on the consolidated audited financial information of each of Ruentex Development and Ruentex Industries as at 31 December 2010 extracted from their respective published annual reports, their assets subject to pledge were NT$13,033,768,000 and NT$6,893,597,000 out of total assets of NT$30,094,225,000 and NT$23,593,087,000, respectively.

Auchan is aware of each of the arrangements under (a) the Mega Pledge under the Kofu Loan; (b) the Undertaking and custodian account; and (c) the Loan Facilities secured by the Share Pledges of the Relevant Securities. The management continuity of our Company will not be affected for at least 12 months after the Listing for the following reasons:

(a) *Transition period of 12 months from the Listing in the management of A-RT and our Company.* CGC will not sell its entire shareholdings in A-RT and our Company within 12 months from the Listing, as the FSC may only enforce the Undertaking subject to the lock-up requirements under the Listing Rules;

(b) *Intention of RT and Auchan to hold the shareholding interests of A-RT as a controlling group of shareholders.* The Current Shareholders Agreement contains a right of first refusal clause which allows for Auchan to purchase such shareholding interests held in A-RT by RT in the event the latter wishes to sell down. CGC is therefore not allowed to sell its shares in A-RT to any party unless such right of first refusal is waived by Auchan;

(c) *Intention of RT and Auchan to continue in the running of our Company in its best interests despite a change in control scenario in RT.* The Current Shareholders Agreement stipulates that during a period of 12 months from the date in which the majority of the directors of CCIL and CIC shall no longer be persons appointed by RT, RT and Auchan have undertaken to work and co-operate in good faith with A-RT, our Company and CCIL and any of its direct or indirect subsidiaries in ensuring a smooth and stable management with a view to preserving the overall profitability of the Company, and shall procure that each director and management within its control or appointed or nominated by it acts in the same way. Accordingly, even if RT ceases to have appointment rights in A-RT, our Company, CCIL and CIC, it is the intention of RT and Auchan to ensure the continued stability in our management despite a change in shareholdings by RT; and

(d) *Independent operations of our Company from its controlling shareholders.* The operations of the business of our Company as a hypermarkets operator in the PRC have been independent from its controlling shareholders RT and Auchan since the beginning of the joint venture more than ten years ago. It is the intention of RT and Auchan that such operations of our Company remain independent.

Completion of the Reorganisation

Completion of the Reorganisation took place on 13 May 2011. Following the Reorganisation and after the Global Offering, Groupe Auchan and Ruentex will continue to be the controlling shareholder group of our Company. Groupe Auchan and Ruentex will also be deemed to be "parties acting in concert" under the Takeovers Code following the Global Offering.

Our Company is not a special purpose vehicle formed for the purpose of acquiring a PRC domestic company, and Jun He Law Offices, our PRC legal advisers, have advised us that the M&A Rules and Related Clarifications are not applicable. Therefore, we are not required to obtain any approval from the CSRC in relation to the Reorganisation or our proposed listing.

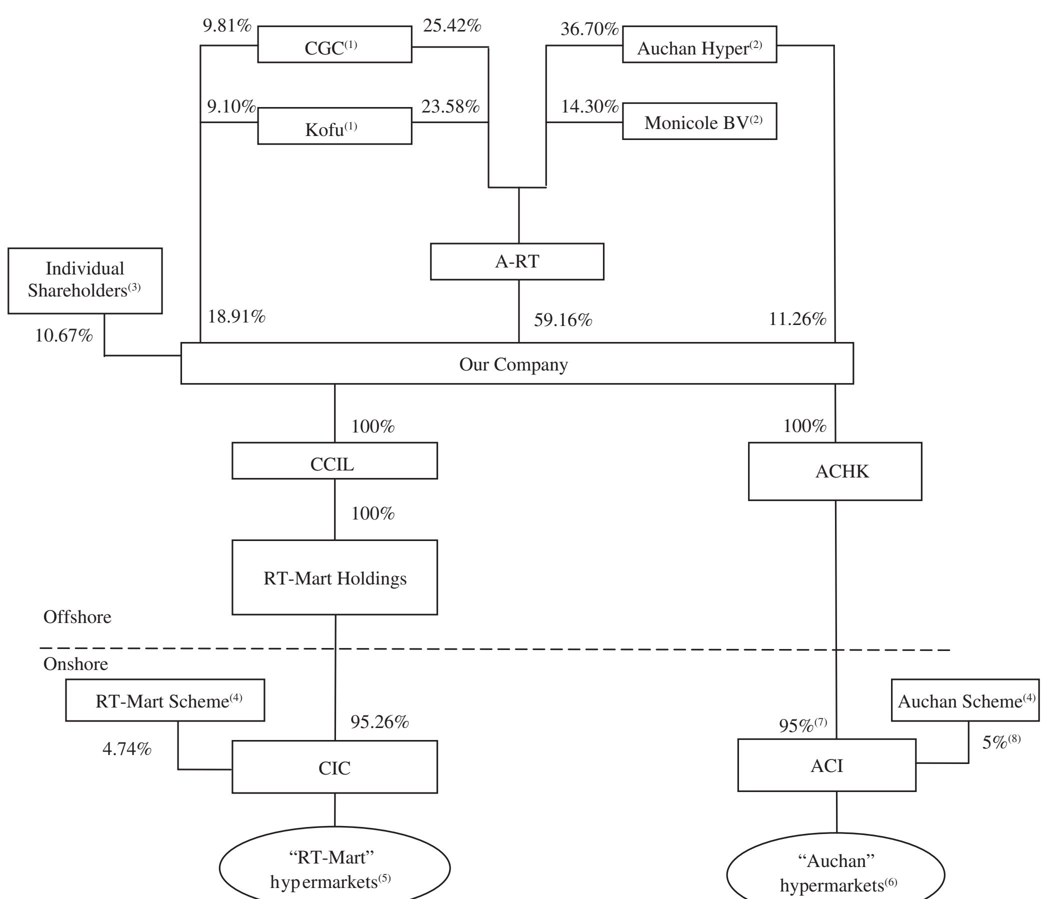
Based on the Notice on Review Decisions issued by the Ministry of Commerce on 30 March 2011, which does not prohibit the consolidation of the businesses of Groupe Auchan and Ruentex, and the advice of our PRC advisers, our Company is of the view that the Reorganisation has passed the audit of anti-trust conducted by the Ministry of Commerce.

Ruentex Development and Ruentex Industries have obtained the respective approvals from the Taiwan Investment Commission in connection with the Reorganisation on 14 June 2011.

GLOBAL OFFERING

Our corporate structure prior to the Global Offering

The following diagram shows our corporate structure immediately following completion of the Reorganisation and prior to the Global Offering:



Notes:

(1) CGC is owned by the following companies: 25.46% by Ruentex Development, 42.25% by Ruentex Industries, 15.51% by Sinopac, and 16.38% by Kofu and 0.4% by Chang-Ching, a company which is wholly-owned by independent third parties. Sinopac is indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu.

In connection with the Reorganisation in preparation for the Listing, Kofu entered into a loan agreement of US$500 million on 18 May 2011 with a syndicate of lending banks led by Mega International Commercial Bank to replace a loan of US$500 million entered into in October 2009. In addition, in connection with the proposed acquisition of 97.57% of the issued share capital of Nan Shan by Ruenchen, a company owned as to 80% by Ruentex Development, Ruentex Industries and their affiliates and as to 20% by Pou Chen Corporation, Ruentex Development, Ruentex Industries and CGC have entered into share pledges and undertakings in respect of our Shares and their interests in Intermediate Holding Companies through which they hold their interests in our Shares. Please see the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares" for further information.

(2) Monicole BV is wholly-owned by Sodefi S.A., which is wholly-owned by Auchan Hyper. Auchan Hyper is in turn wholly-owned by Groupe Auchan S.A. Groupe Auchan S.A. is 61.88%-owned by Au Marche S.A.S, a company which is controlled by the Mulliez Family. The remaining interests in Groupe Auchan S.A. are held by other companies controlled by the Mulliez Family and the employees of Groupe Auchan S.A. under various employee share option schemes.

(3) Immediately following completion of the Reorganisation, our Directors, senior management and supervisors and their respective associates, and those of our affiliates hold approximately 4.18% of our Company in aggregate. The remaining individual shareholders in the Company are not connected persons of the Company but principally comprise members of our management and existing and previous employees and those of Ruentex.

(4) Please see the section headed "Business — Employee Trust Benefit Schemes" for more information on our Employee Trust Benefit Schemes.

(5) All our "RT-Mart" (大潤發) hypermarket business in China. Immediately following completion of the Reorganisation, two of our subsidiaries, Shanghai RT-Mart and Jinan RT-Mart and one jointly controlled entity Suzhou Ruenhua Property Co., Ltd. (蘇州潤華置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties. The minority shareholder in Shanghai RT-Mart, Shanghai Zhabei District State-owned Assets Investment Company (上海市閘北區國有資產投資公司), is a company controlled by the Shanghai State-owned Assets Supervision and Administration Commission of the State Council. The minority shareholder in Jinan RT-Mart, Jinan People's Complex Co., Ltd. (濟南人民商場股份有限公司), is a company controlled by the State-owned Assets Supervision and Administration Commission of Jinan People's Government.

(6) All our "Auchan" (歐尚) hypermarket business in China, save for our five subsidiaries which are held directly by ACHK, Tianjin Auchan Hypermarkets Co., Ltd., Beijing Immochan Co., Ltd. and Tianjin Immochan Co., Ltd. (which are under liquidation), and Wuxi Immochan Real Estate Co., Ltd. and Nanjing Jinshang Property Co., Ltd. Immediately following completion of the Reorganisation, six of our subsidiaries, Shanghai Auchan Hypermarket Co., Ltd. (上海歐尚超市有限公司), Hangzhou Auchan Hypermarket Co., Ltd. (杭州歐尚超市有限公司), Nanjing Jinshang Property Co., Ltd. (南京金尚置業有限公司), Nanjing Dongyuan Property Management Co., Ltd. (南京東源物業管理有限公司), Changzhou Immochan Real Estate Co., Ltd. (常州頤莫尚置業有限公司) and Wuxi Immochan Real Estate Co., Ltd. (無錫新尚置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties.

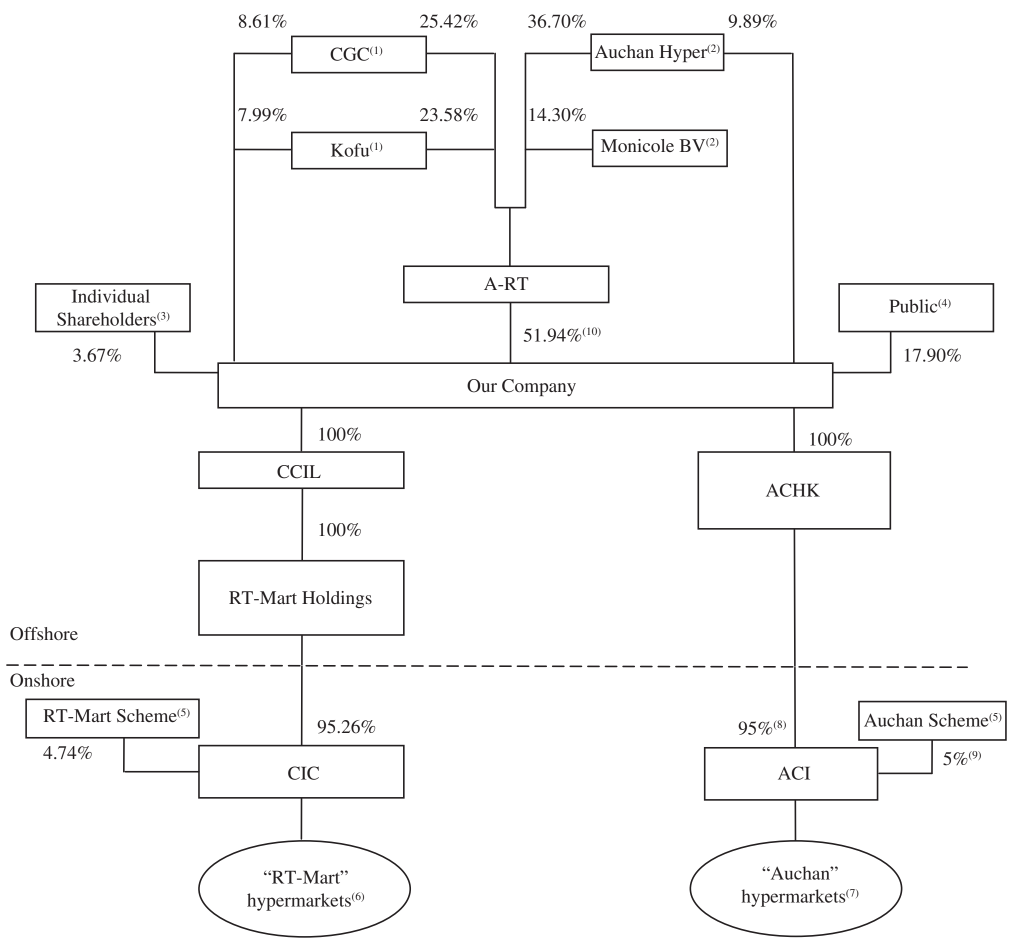
(7) As at 31 March 2011, ACHK's registered equity interest in ACI was USD285,000,000 representing 95% of ACI's total registered capital. ACHK's actual paid up capital was USD201,705,171.12 representing approximately 67.24% of ACI's registered capital and approximately 97.48% of ACI's total paid up capital.

(8) As at 31 March 2011, the Auchan Scheme's registered equity interest in ACI was USD15,000,000 representing 5% of ACI's total registered capital. The Auchan Scheme's actual paid up capital was USD5,230,037.58 representing approximately 1.74% of ACI's registered capital and approximately 2.52% of ACI's total paid up capital.

(9) Under the terms of the Current Shareholders Agreement, A-RT shall hold not less than 51% of the issued share capital of our Company (after any exercise of the Over-Allotment Option).

Our corporate structure following completion of the Global Offering

The following diagram shows our structure immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



Notes:

(1) CGC is owned by the following companies: 25.46% by Ruentex Development, 42.25% by Ruentex Industries, 15.51% by Sinopac, and 16.38% by Kofu and 0.4% by Chang-Ching, a company which is wholly-owned by independent third parties. Sinopac is indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu.

In connection with the Reorganisation in preparation for the Listing, Kofu entered into a loan agreement of US$500 million on 18 May 2011 with a syndicate of lending banks led by Mega International Commercial Bank to replace the loan of US$500 million entered into in October 2009. In addition, in connection with the proposed acquisition of 97.57% of the issued share capital of Nan Shan by Ruenchen, a company owned as to 80% by Ruentex Development, Ruentex Industries and their affiliates and as to 20% by Pou Chen Corporation, Ruentex Development, Ruentex Industries and CGC have entered into share pledges and undertakings in respect of our

Shares and their interests in Intermediate Holding Companies through which they hold their interests in our Shares. Please see the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares" for further information.

(2) Monicole BV is wholly-owned by Sodefi S.A., which is wholly-owned by Auchan Hyper. Auchan Hyper is in turn wholly-owned by Groupe Auchan S.A. Groupe Auchan S.A. is 61.88%-owned by Au Marche S.A.S, a company which is controlled by the Mulliez Family. The remaining interests in Groupe Auchan S.A. are held by other companies controlled by the Mulliez Family and the employees of Groupe Auchan S.A. under various employee share option schemes.

(3) Immediately following completion of the Global Offering, our Directors, senior management and supervisors and their respective associates and those of our affiliates will hold approximately 343,768,698 shares or approximately 3.67% of the issued share capital of our Company following completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(4) The publicly held Shares total 1,677,201,002 Shares, or 17.90% of our Company's enlarged share capital following completion of the Global Offering (assuming the Over-allotment Option is not exercised), and comprise (i) 1,143,848,000 Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) Shares held by independent individual shareholders that are not connected persons of the Company but principally comprise numbers of our management and existing and previous employees and those of Ruentex. Such independent individual shareholders collectively will hold approximately 533,353,002 shares or approximately 5.69% of the issued share capital of our Company following completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(5) Please see the section headed "Business — Employee Trust Benefit Schemes" for more information on our Employee Trust Benefit Schemes.

(6) All our "RT-Mart" (大潤發) hypermarket business in China. As at the Latest Practicable Date, two of our subsidiaries, Shanghai RT-Mart and Jinan RT-Mart and one jointly controlled entity Suzhou Ruenhua Property Co., Ltd. (蘇州潤華置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties. The minority shareholder in Shanghai RT-Mart, Shanghai Zhabei District State-owned Assets Investment Company (上海市閘北區國有資產投資公司), is a company controlled by the Shanghai State-owned Assets Supervision and Administration Commission of the State Council. The minority shareholder in Jinan RT-Mart, Jinan People's Complex Co., Ltd. (濟南人民商場股份有限公司), is a company controlled by the State-owned Assets Supervision and Administration Commission of Jinan People's Government.

(7) All our "Auchan" (歐尚) hypermarket business in China, save for our five subsidiaries which are held directly by ACHK, being Tianjin Auchan Hypermarkets Co., Ltd., Beijing Immochan Co., Ltd. and Tianjin Immochan Co., Ltd. (which are under liquidation), and Wuxi Immochan Real Estate Co., Ltd. and Nanjing Jinshang Property Co., Ltd.. As at the Latest Practicable Date, six of our subsidiaries, Shanghai Auchan Hypermarket Co., Ltd. (上海歐尚超市有限公司), Hangzhou Auchan Hypermarket Co., Ltd. (杭州歐尚超市有限公司), Nanjing Jinshang Property Co., Ltd. (南京金尚置業有限公司), Nanjing Dongyuan Property Management Co., Ltd. (南京東源物業管理有限公司), Changzhou Immochan Real Estate Co., Ltd. (常州頤莫尚置業有限公司) and Wuxi Immochan Real Estate Co., Ltd. (無錫新尚置業有限公司) are not wholly-owned by us and are partially held by Independent Third Parties.

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(10) Under the terms of the Current Shareholders Agreement, A-RT shall hold not less than 51% of the issued share capital of our Company (after any exercise of the Over-Allotment Option).

OVERVIEW

We are the largest and fastest growing hypermarket operator in China in terms of sales in 2010 and market share increase from 2008 to 2010, respectively, according to Euromonitor estimates. According to Euromonitor, our estimated market share increased from 10.6% in 2008 to 12.0% in 2010. Euromonitor has also estimated that we had the highest productivity amongst hypermarket operators in China in 2010 in terms of Sales per Average Number of Stores. Our annual Sales per Average Number of Stores were RMB313 million, RMB309 million and RMB323 million for 2008, 2009 and 2010, respectively. We believe that a key element of our success is our focus on customer satisfaction. To achieve this, we offer our customers a compelling value proposition encompassing (i) a comprehensive selection of high quality food and non-food merchandise; (ii) hypermarkets operating to international standards with a modern shopping environment and a welcoming ambience; and (iii) a complementary mix of convenient third party stores and amenities in our hypermarket complexes, such as casual dining restaurants, automated teller machines, pharmacies and dry-cleaners. Core to our strategy is to continuously strive to offer merchandise at the best value for money to our customers.

We operate our hypermarket business under two well-recognised banners — being the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners. Our Ultimate Controlling Shareholders, Groupe Auchan and Ruentex, opened their first hypermarkets in Shanghai in 1999 and 1998, respectively. In 2000, recognising the potential synergistic benefits their two banners could achieve, Groupe Auchan and Ruentex decided to enter into a joint venture arrangement to operate the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners in China together. Our Company was established on 13 December 2000 to carry out the vision of Groupe Auchan and Ruentex to develop the market leader in the hypermarket sector in China.

As at the Latest Practicable Date, we had a nationwide footprint with 197 hypermarket complexes across 21 out of 31 provinces, autonomous regions and municipalities in China. Out of these 197 hypermarket complexes, 136 are leased by us, 49 are owned by us and 12 are Contracted Stores. 16 out of the 136 leased hypermarket complexes are operated under the "Auchan" banner while the remaining 120 are operated under the "RT-Mart" banner. 25 out of the 49 owned hypermarket complexes are operated under the "Auchan" banner while the remaining 24 are operated under the "RT-Mart" banner. All Contracted Stores are operated under the "RT-Mart" banner. The sales areas of our hypermarkets range in size from approximately 6,000 sq.m. to 17,000 sq.m. with an average size of 8,800 sq.m. Each of our hypermarket complexes comprise our hypermarket and retail gallery offering a broad range of food and non-food merchandise, which we believe effectively caters to the needs of our customers and provides a comprehensive and enjoyable one-stop shopping experience. Our retail galleries are leased to and operated by third party tenants through which we generate rental income.

We believe that the selection of suitable locations for our hypermarket complexes has been critical to our success and is the focus of our expansion plans. We actively search for suitable locations for our new hypermarket complexes that meet our strict criteria and, subject to favourable market conditions, we will open new hypermarket complexes as and when we find suitable locations. For more information on our site selection criteria and process, please see the paragraph headed "— Selection of location for our hypermarket complexes". In particular, although we commenced our hypermarket operations in first tier cities such as Shanghai and Beijing, we have expanded our reach to populous second and lower tier cities such as Nanjing, Suzhou, Hangzhou, Ningbo, Jinan, Hefei, Dongguan, Wuhan, Changde, Shenyang, Mudanjiang, Xi'an and Lanzhou and in the suburban areas in first tier cities. We wish to be the early mover in each region which we expand into and take advantage of the opportunities that these under-penetrated regions can offer. During the Track Record Period, we opened a total of 90 hypermarket complexes in China, and subsequent to the end of the Track Record Period up to the Latest Practicable Date, we opened two additional hypermarket complexes. As at the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complex openings, through either signed leases or acquired land plots, and had 51 hypermarkets under development, which include properties we own and properties under secured leases in China. 46 of the 51 hypermarkets under development are under the "RT-Mart" banner, of which 40 are leased properties and 6 are owned properties. The remaining 5 of the 51 hypermarkets under development are under the "Auchan" banner, all of which are leased properties. The 51 hypermarkets under development are in various stages of construction. The exact amount of capital expenditure required to set up a hypermarket depends on a number of factors including, without limitation, whether it is located on owned or leased premises and the location and the size of the planned hypermarket. The 121 locations which we have identified and secured for our planned hypermarket openings are located in North-eastern China, Northern China, Central China Southern China and Eastern China under both the "RT-Mart" and "Auchan" banners. The establishment of new hypermarkets is subject to our obtaining various PRC approvals, licences and permits such as hygiene licences, fire department approvals and permits for the sale of certain regulated products. For details of the approvals, licences and permits required for the operation of our hypermarket business, please see the section headed "Regulations — Approvals, Licences and Permits".

Our hypermarkets are supported by advanced and customised information technology and operational management systems. These systems allow many of our procurement, sales and inventory control processes to be automated and produce accurate and real time information to support our business. As a result, we are able to procure our merchandise and manage our inventory efficiently to better respond to our customers' preferences and needs. We believe that our information technology and operational management systems allow us to maintain the efficiency of our business operations.

For the years ended 31 December 2008, 2009 and 2010, we recorded turnover of RMB37,852 million, RMB45,394 million and RMB56,168 million, respectively, representing a CAGR of 21.8% between 2008 and 2010. For the three months ended 31 March 2011, we recorded turnover of RMB19,824 million, representing an increase of 26.6% as compared to our turnover of RMB15,656 million in the corresponding period in 2010.

OUR COMPETITIVE STRENGTHS

We are the largest and fastest growing hypermarket operator in China

According to Euromonitor estimates, we are the largest hypermarket operator in China in terms of sales in 2010, with a total market share of 12% in the hypermarket sector. According to the same source, we are also the fastest growing hypermarket operator in China in terms of market share increase from 2008 to 2010. We believe that our scale of operations enables us to achieve significant economies of scale and obtain favourable purchasing terms from our suppliers, which allow us to offer our merchandise to our customers at competitive prices.

Based on Euromonitor data, the PRC hypermarket sector is expected to be the fastest growing segment in the PRC consumer grocery retailing industry. From 2010 to 2015, the PRC hypermarket sector is expected to grow at a CAGR of 15.4% in terms of sales, which compares to an expected CAGR of 9.1% for the total PRC grocery retail sector according to Euromonitor. A key feature of the PRC hypermarket sector is the low penetration rate of hypermarkets compared to more developed markets such as the United States and France. Based on Euromonitor data, hypermarkets in the PRC had a penetration rate of 2.4 stores per million people compared to 12.3 in the United States and 25.0 in France.

In view of our leading position in the PRC hypermarket sector and our ability to offer competitively priced merchandise to our customers, we are confident that our Company is well positioned to take advantage of the significant market potential of the PRC hypermarket industry.

We are the most productive hypermarket operator in China

According to Euromonitor estimates, we achieved the highest Sales per Average Number of Stores in 2010. We believe that our ability to achieve such level of productivity is largely due to a number of factors, including, among others: (i) our focus on offering a comprehensive range of products at the best value for money which allows us to attract and maintain a large number of consumers; (ii) the strategic locations of our hypermarket complexes in areas with high residential populations and traffic flow driving higher customer traffic to our hypermarket complexes; (iii) effective and efficient supply chain management which allows us to optimise our product mix; and (iv) our ability to efficiently allocate resources and appropriately incentivise our employees to achieve greater productivity.

Our dual banner model allows us to increase our geographical footprint and achieve deeper market penetration in China

We believe that Groupe Auchan and Ruentex were among the first players to enter the China hypermarket industry at the early stages of its development, and we believe that this gave us an “early mover” advantage and provided us with an in-depth understanding of the regional demands in the Chinese hypermarket industry as they evolved. As a result of our long-term commitment to providing quality merchandise at the best value for money, both our “Auchan” and “RT-Mart” banners have gained a widespread recognition as one of the leading hypermarket operators in China. We believe that our dual banner model has contributed to, and will continue to contribute to our growth and success.

Our dual banner model has created synergies within our Company, including:

— sharing of successful ideas and exchange of benefits in management systems and operational schemes and expertise;

— leveraging on information technology systems and sharing of technology expertise in improving operational efficiencies and reducing costs;

— implementation of best practices from our Ultimate Controlling Shareholders' international operations, and joint training of employees in store management systems and customer service; and

— coordinated teams providing broader coverage in the selection of new sites for our hypermarkets.

In addition, our strategy of operating under both the "Auchan" and "RT-Mart" banners has allowed us to develop a wide geographical footprint in many regions in China within a short period of time as we are able to attract a broad customer base due to the differences in customer appeal and banner loyalty of our dual "Auchan" and "RT-Mart" banners. We have therefore been able to tap into a large and diverse group of customers, and establish a significant presence in China, thereby increasing our revenue stream.

We have a comprehensive nationwide network of hypermarkets, which are well-established in strategic locations

We are a nationwide hypermarket operator with hypermarkets located in 21 out of 31 provinces, autonomous regions and municipalities in China and we have obtained an in-depth understanding of the needs and preferences of our customers at a local level. We believe our established nationwide network of hypermarkets is well-positioned to continue capitalising on the anticipated strong growth in consumer spending in China.

Our hypermarkets are located in strategic locations within residential retail districts of populous cities with a high flow of customer traffic. We believe that our careful choice of locations allows us to attract a high number and wide spectrum of consumers, which in turn generates a high volume of customers and number of transactions at each of our hypermarkets. Each of our principal executive offices under our "Auchan" and "RT-Mart" banners are responsible for identifying promising locations for our new hypermarket complexes. Shortlisted sites are centrally coordinated by our Operations Committee comprising senior management from both our "Auchan" and "RT-Mart" banners. As a result, we are able to implement our expansion strategies centrally and deploy our capital more effectively to support our growth.

In addition, we are able to leverage our knowledge and experience in operating in different parts of China to penetrate new locations in China in which we do not yet have a presence. As of the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complex openings either through signed leases or acquired land plots, and had 51 hypermarkets under development which includes properties we own and properties under secured leases in China. The 51 hypermarkets under development are in various stages of construction. Of these 51 hypermarkets under development, 35 hypermarkets under development are expected to commence operations in 2011 and the remaining hypermarkets are expected to commence operations in 2012. The remaining 70 out of the 121 hypermarkets in respect of which we have identified and secured locations for their planned hypermarket openings are currently expected to commence operations in 2012 or thereafter. The amount of capital expenditure required to set up a self-owned hypermarket complex typically ranges from approximately RMB230 million to RMB270 million. The amount of capital expenditure required to set up a hypermarket complex on leased premises typically ranges from approximately RMB55 million to RMB65 million. However, the exact amount required depends on factors such as the location and size of the planned hypermarket complex.

The 121 locations which we have identified and secured for our planned hypermarket openings are located in the following regions: 45 in Eastern China, 18 in Northern China, nine in North-eastern China, 20 in Central China and 29 in Southern China. The planned hypermarket complexes will be operated under “Auchan” or “RT-Mart” banners.

We intend to finance part of the development of these planned hypermarket complexes using the net proceeds from the Global Offering and utilise our internal resources and/or other means of financing including, without limitation, debt financing to finance the remaining part of such development.

In addition to the necessary business licences, operating hypermarkets in the PRC requires approvals, licences and permits such as hygiene licences, fire department approvals and permits for the sale of certain regulated products. For details of the approvals, licences and permits required for the operation of the hypermarket business, please see the section headed “Regulations — Approvals, Licences and Permits”. Generally, it takes three to six months to obtain the necessary approvals, licences and permits to commence operating a hypermarket, depending on various factors including the size of the hypermarket complex and the region in which it is located.

We have advanced and customised information technology systems

We believe that a key contributor to our growth is our in-depth understanding of local needs and our ability to respond quickly to changing consumer preferences. Each of our “Auchan” and “RT-Mart” banners has advanced and customised information technology systems used for procurement, sales and inventory management which enable us to identify and quickly react to changes in customer preferences by adjusting our product mix, stock levels and pricing in each of our hypermarkets, and effectively monitor and manage the performance of each of our hypermarkets.

Our information technology systems are built with a wide range of reliable data management tools and support key aspects of our business, including procurement, sales and inventory control. For example, our procurement system is programmed for automatic re-ordering. Our information technology systems also allow for real time response to sales data and other key performance indicators such as products-in-stock and inventory levels. Together with our supply chain management systems which are programmed to minimise product shortage and the occurrence of out of stock situations and to estimate our working capital requirements, we are able to operate efficiently and productively with minimal disruptions to our day to day operations. Our information technology systems also support our cash management, in-store systems, logistics systems, human resources and other administrative functions.

We are also able to derive other benefits from our information technology systems such as the ability to (i) monitor and analyse information collected from all of our hypermarkets on a daily basis, which allows us to manage our business in a timely and effective manner; and (ii) analyse and monitor current market trends. Further, as our information technology systems used for procurement, sales and inventory management are customised by our in-house information technology department and are therefore scalable, we have the flexibility to upgrade and tailor them to our specific needs to ensure that our business operations are adequately supported as we expand further. With our advanced and customised information technology systems, we believe that we are able to continuously improve our operations according to market demand while remaining flexible to respond to changes in our customers' needs and preferences.

Our experienced management team and motivated and well-trained employees have fostered a customer-oriented corporate culture

The hypermarket business is a consumer driven business and we are committed to offering the highest standards of customer service and the best shopping experience at our hypermarket complexes. Our experienced management team and motivated and well-trained employees have enabled us to successfully establish a customer-oriented corporate culture which provides a strong foundation to maintain and enhance our long term competitiveness.

As one of the world's leading hypermarket operators, Groupe Auchan has introduced and implemented many global best practices and international standards of operational excellence in our Company. Ruentex, a well respected Taiwan-based conglomerate, has provided us with a deep insight into the PRC retail market and local consumer trends and tastes. Members of our Board and our senior management team, comprising our executive Directors, our Chief Executive Officer, our Chief Financial Officer and the chief executive officers of our key operating subsidiaries originate from both Groupe Auchan and Ruentex and they have a proven track record in the retail industry and an in-depth understanding of the hypermarket business and local consumer preferences. Our senior management team has on average over 15 years of experience in the hypermarket business. They are dedicated to the sustainable growth of our business. We rely on their insight into the China hypermarket business and their ability to identify and secure strategic locations for the establishment of our hypermarkets to grow our business. Most of the members of our current senior management teams under both our "Auchan" and "RT-Mart" banners have been with us since the establishment of our Company in 2000. We believe that our stable senior management team has been critical in ensuring consistent application of our development and operating strategies and the provision of quality services over the years.

We believe that our employees are important to our success as the quality and efficiency of the services we provide are dependent on them. We focus on the development of our employees through the implementation of comprehensive training programmes to enhance employee loyalty, reduce attrition rates, improve skills and service standards and increase productivity. For example, we provide regular in-house training for our employees on operational expertise and customer service. We offer our employees performance-linked incentives through our Auchan Scheme and RT-Mart Scheme which enable our employees to directly participate in the success of our principal PRC operating subsidiaries. Please see the paragraph headed "— Employees — Employee Trust Benefit Schemes" of this section of the prospectus for more details on our Employee Trust Benefit Schemes.

OUR STRATEGIES

Our principal long-term goal is to further strengthen our leading market position in the hypermarket industry in China. We aim to achieve this goal by implementing the following strategies:

Further strengthen our market position by expanding our retail network

We intend to further enhance our leading position in the hypermarket business in China by increasing our market penetration and expanding our retail network. As the largest hypermarket operator in China in 2010 in terms of sales according to Euromonitor estimates, we believe that we are well-positioned to take advantage of the growth potential and opportunities offered by many regions in China. Our expansion plans have evolved from focusing on first-tier key cities such as Shanghai and Beijing to expanding in lower tier cities, such as Nanjing, Suzhou, Hangzhou, Ningbo, Jinan, Hefei, Dongguan, Wuhan, Changde, Shenyang, Mudanjiang, Xi An and Lanzhou and the suburban areas of first tier cities, where we foresee significant growth potential. During the Track Record Period, we opened a total of 90 hypermarket complexes in China, and subsequent to the end of the Track Record Period up to the Latest Practicable Date, we opened two additional hypermarket complexes. As at the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complex openings either through signed leases or acquired land plots, and had 51 hypermarkets under development which include properties we own and properties under secured leases in China.

The key factor affecting the expansion of our hypermarkets operations is the selection of suitable locations. We will continue to adopt a methodical and stringent approach in evaluating and selecting suitable locations for the establishment of new hypermarkets, such as local population density, accessibility, profitability and proximity to our competitors. For more information on our site selection criteria and process, please see the paragraph headed "— Selection of location for our hypermarket complexes". Further, in order to optimise our profitability, maintain our operational flexibility and ensure that our hypermarkets continue to be located in prime locations, we intend to continue our flexible strategy of owning or leasing our premises according to availability, cost and other considerations.

Continue to prioritise customer satisfaction through our customer oriented approach

Our strategy is to provide our customers with a comprehensive range of products at the best value for money, and maintain excellent customer service standards. In order to maintain and enhance our competitive position, we will continue to focus on our customers and prioritise their needs and preferences, and continue to provide value-added services, such as our in-house bakery and ready-to-eat delicatessen sections, to attract our customers to our hypermarkets. We also intend to provide new products and services targeted at mid to high-end consumers so as to attract more of such consumers to our hypermarkets. We will also continue to review and adjust the tenant mix at our retail galleries according to our understanding of customer preferences, to ensure that the product mix at our retail galleries caters to our customers' needs, enhances their shopping experience and maximises our rental return. We also plan to continue developing our own private label brand products as they offer our customers alternative merchandise at different price points.

We plan to leverage the combined knowledge of our dual "Auchan" and "RT-Mart" banners and rely on data collected to keep abreast of changes in consumption behaviour. Together with our in depth understanding of the PRC market, we intend to build on our current position and improve our customers' experience and satisfaction when shopping with us.

Appeal to our customers through improving and remodelling our hypermarket complexes

We plan to continue to improve and remodel our existing hypermarket complexes by undertaking renovations and upgrading works to address the changing needs and preferences of our customers and enhance their shopping experience. These efforts include (i) the remodelling of our hypermarket layout by optimising and/or expanding the sales floor area of our hypermarkets to further improve our merchandise offerings and customer flow within our hypermarkets; (ii) renovating and upgrading of the exterior facade and interiors of our hypermarket complexes; and (iii) regular improvement and maintenance works on our store decorations. Further, we adopt uniform standards for remodelling, upgrading and renovation works for our hypermarkets under each of our "Auchan" and "RT-Mart" banners, in order to maintain a consistent "Auchan" and "RT-Mart" store ambience for our customers.

We believe that these efforts not only make our hypermarket complexes more attractive to our customers and provide them with a more comprehensive and enjoyable shopping experience, but they also enhance the recognition of, and identification with, our "Auchan" and "RT-Mart" banners by our customers, thereby reinforcing customer loyalty.

Continue improving our operating efficiency and supply chain management

We plan to further improve our operating efficiency and supply chain management by:

— continuing to refine our management and store operating systems based on the performance of our hypermarkets and feedback from our customers and local management teams;

— investing further in our information technology and data management systems to improve productivity, time savings and increase our operating efficiency;

— continuing to strengthen our relationships with our key suppliers through strategic cooperation and closer coordination;

— expanding and upgrading our existing distribution centres to improve the efficiency of our inventory and supply management. We will also establish new distribution centres in strategic locations to serve our existing and new hypermarkets if it is cost effective and efficient to do so; and

— continuing to implement best practices of our Ultimate Controlling Shareholders' international operations, and from the know-how derived from regular visits to international hypermarket operators, in our store management systems and customer service standards.

Capture additional synergies through sharing operational and management expertise and systems between our two banners

We will seek to realise further synergies through sharing expertise and best practices and strategically adopting management and operating systems between our dual banners to further improve our hypermarket management at the individual store level and to differentiate ourselves from our competitors. We will also continue to leverage on both banners' information technology systems to improve our efficiency in procurement, sales and inventory management and logistics and reduce operating costs. Further, we intend to selectively capitalise on the strengths and expertise of our Company by conducting joint training sessions for employees under both banners and continue to selectively implement the best practices of our Ultimate Controlling Shareholders' international operations.

Maintain our corporate culture and continue to focus on training

Our employees are critical to our business. We have implemented clearly defined staff-training policies and assessment procedures and plan to continue investing in training programmes and other resources that enhance our employees' skills and productivity. We will continue to focus on providing training to our employees to develop their understanding of our customer oriented corporate culture and service quality standards to enable them to continue to meet our customers' changing needs and preferences. Through our in-house training centres, our employees not only receive comprehensive training on areas such as (i) responsibilities to customers on product quality and customer services; (ii) competitive pricing policies; and (iii) the operational procedures of our hypermarkets, but also obtain regular updates on developments in management and market trends.

We will continue to regularly review and update our employee compensation plans and bonuses based on their individual performance so that our employees are suitably incentivised.

We have a unified strategy to encourage a harmonious decision-making environment to align Shareholders' interests

We operate our "Auchan" and "RT-Mart" banners under the objectives set out in the above-mentioned strategies in a unified manner. Notwithstanding that some of our operational functions are separately handled by the principal executive offices and the relevant management team for each of the "Auchan" and the "RT-Mart" banners, each executive office and its management teams will have regard to the above strategies in performing their functions. In addition:

(a) all key management and operational matters of our Company require unanimous consent of all our Directors;

(b) the management teams for each of the "Auchan" and the "RT-Mart" banners have an agreed set of principles upon which business decisions are made, which include:

  (i) ensuring full reporting transparency and full compliance with the relevant procedures and deadlines;

  (ii) avoiding any unilateral declarations or actions by either banner;

  (iii) maintaining price competitiveness against the major competitors in the hypermarket business; and

  (iv) supporting each other when dealing with other parties, stakeholders and the media.

Our Operations Committee gives the management teams of each of the "Auchan" and the "RT-Mart" banners a platform to share key information and know-how on financial matters, information technology, human resources and operational matters such as site selection, products, logistics and sourcing. No voting will take place at the meetings of our Operations Committee but representatives from our "Auchan" and "RT-Mart" banners are encouraged to openly discuss issues which promotes a culture of resolving disputes in a unanimous manner. The members of our Operations Committee will then report their findings and/or suggestions to our Company's Chief Executive Officer who will then report the same to our Board on the relevant issue.

In addition, we have established an investment committee comprising our Executive Directors, certain members of our senior management, including the respective chief financial officers of our "Auchan" and "RT-Mart" banners and the financial controller and finance manager of "Auchan" and "RT-Mart", respectively (the ***Investment Committee***). The Investment Committee is a platform for open discussions on key matters regarding investments. Members of the Investment Committee meet to report, review and discuss, project status and performance and provide information to the Board.

We consider our overall marketing, expansion and operational strategies as a whole with the "Auchan" and the "RT-Mart" banners operating and developing from a unified set of strategies and agreed principles for our management and operations.

We believe that our dual banner model aligns Shareholders' interests and encourages Groupe Auchan and Ruentex to make decisions which benefit both banners and maximise profitability for us. Accordingly, we do not consider that this dual banner model gives rise to any risk of over-concentration of, or unhealthy competition among, our hypermarket complexes in any specific region. In particular, it is a key objective of our Operations Committee that there is effective communication between members on expansion plans to review new projects and to follow up on existing projects. The members of the Operations Committee are to keep in regular communication with each other and each project must have regard to the following parameters:

— no project considered by either banner can be located within 2.5 kilometres of an existing store or a project already approved to be operated by the other banner (unless agreed otherwise by both banners); and

— the banners are not to bid on the same project when one of them has already initiated discussions with the developer of the project or owner of the site.

As such, there is no specific criterion for determining under which banner a new hypermarket complex is operated so long as the above principles are met.

OUR BUSINESS

We operate hypermarket complexes in China comprising our hypermarkets and retail galleries. Our hypermarkets provide a comprehensive range of food and non-food merchandise with the aim of satisfying all of our customers' routine shopping needs. Our retail galleries offer merchandise and services which are complementary to the product offerings in our hypermarkets, including stores and services such as branded apparel stores, footwear stores, casual dining restaurants, pharmacies, dry-cleaners, banking services and other specialty stores.

We believe our integrated hypermarket and retail galleries format is a highly effective model that caters to the needs of our customers and provides a comprehensive and enjoyable one-stop shopping experience.

We operate in China under two well-recognised banners — "Auchan" (歐尚) and "RT-Mart" (大潤發). As at 31 December 2010, we were the largest hypermarket chain in China in terms of total sales in 2010, according to Euromonitor estimates. As at the Latest Practicable Date, we operated a network of 156 "RT-Mart" hypermarkets and 41 "Auchan" hypermarkets in China.

The "Auchan" banner, founded by Groupe Auchan, is well-known internationally. As at 31 December 2010, there were 416 hypermarkets worldwide operating under the "Auchan" banner and/or operated by Groupe Auchan, including the "Auchan" hypermarkets in China operated by us and "RT-Mart" hypermarkets in Taiwan operated by Groupe Auchan. The "RT-Mart" banner, founded by Ruentex, is well-known within the Greater China region with a strong presence in Taiwan. As at 31 December 2010, there were 22 "RT-Mart" hypermarkets in Taiwan.

We will continue to operate our hypermarkets in China under these two banners as we believe that our customers are accustomed to and have identified themselves with the "Auchan" and "RT-Mart" banners.

Retail network

Our existing stores

We are a nationwide hypermarket operator with hypermarket complexes located across 21 out of 31 provinces, autonomous regions and municipalities in China. We have been strategically focused in Eastern China and the more prosperous provinces, as well as in four other broad regions in the PRC, comprising Northern China, North-Eastern China, Central China and Southern China.

Our hypermarket complexes are located in populous cities within residential neighbourhoods or prime shopping districts, along major roads or otherwise readily accessible to public transport. We design our hypermarket complexes to provide parking facilities and well connected transport links. We also provide shuttle bus services for our customers to some of our hypermarket complexes. We believe that the strategic locations and accessibility of our hypermarket complexes improve brand visibility and customer traffic.

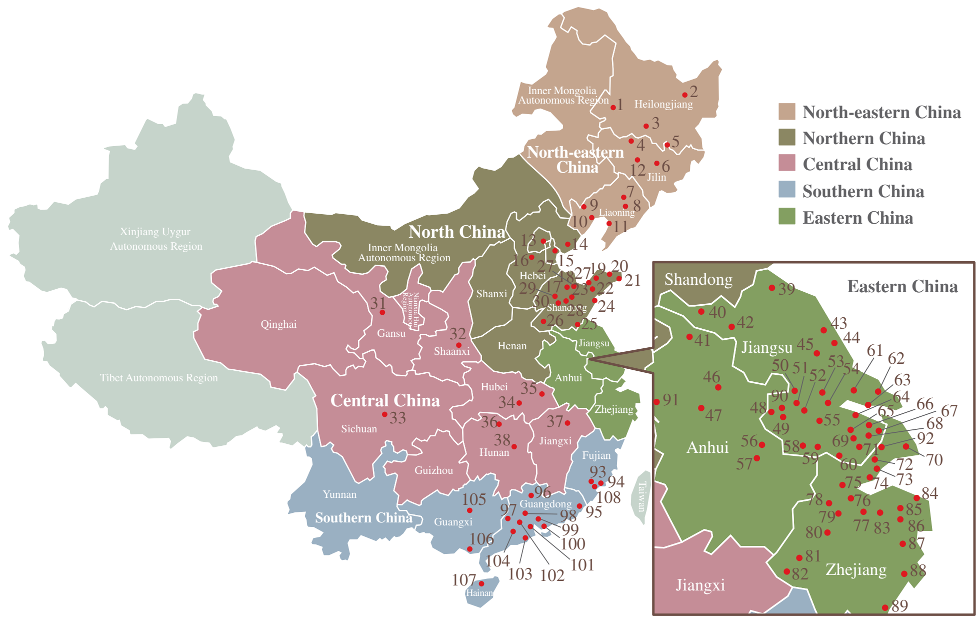
Contracted Stores

As at the Latest Practicable Date, we operated 12 Contracted Stores under our "RT-Mart" banner. We began arrangements to operate Contracted Stores with Contracted Store Owners in 1999, during the early stages of the development of the "RT-Mart" banner in the PRC. The circumstances leading to our entry into the Contracted Store arrangements vary. In certain cases, the Contracted Stores were set up by the Contracted Store Owners, who approached "RT-Mart" to enter into the contracting arrangements with them to benefit from using the set of trademarks, management know-how and operational expertise of the "RT-Mart" banner. In other cases, the Contracted Store Owners preferred the adoption of a Contracted Store model to leasing the relevant store to us in order to enjoy a fixed return for their stores. We believed that these viable arrangements could allow us to quickly expand in the PRC market and allow our banners to achieve faster penetration. We also believe that the "RT-Mart" trademarks, trade names, management know-how and operational expertise and systems could upgrade the branding, management and operations of these Contracted Stores, thereby achieving synergistic values. Under our arrangements with the Contracted Store Owners, we pay the Contracted Store Owners a fixed fee to allow us to operate the hypermarkets, applying our own trademarks, trade names, management know-how and operational expertise and systems. The Contracted Store Owners provide the store, equipment and facilities for us to carry out our hypermarket business in return for an annual fee, calculated as either a fixed amount or a fixed percentage of the store's sales revenue, and any remaining profit or loss relating to the operation of the store is attributable to us. As we bear the risks and rewards of the store's operation, the revenue, operating expenses and results relating to the operation of the Contracted Stores are included in our consolidated statements of comprehensive income on a line-by-line basis and the net profit or loss relating to the operation of the stores attributable to us is recorded as an amount due from or to the Contracted Store Owner, as applicable. Sales of inventories by us to the Contracted Stores are eliminated and the stores' inventories as of the reporting period end are incorporated in our consolidated statements of financial position. Prepaid cards bought by customers which may be used to purchase goods in our other stores are recorded as "advance receipts from customers" within "trade and other payables" in our consolidated statements of financial position, and a corresponding receivable from the Contracted Store is recognised. We had 13 Contracted Stores during the Track Record Period, one of which was converted to a leased store in June 2011. The total fixed fee paid to the Contracted Store Owners for the years ended 31 December 2008, 2009 and 2010, and the three months ended 31 March 2011 was approximately RMB115 million, RMB112 million, RMB100 million and RMB26 million, respectively. The revenue from the Contracted Stores for the years ended 31 December 2008, 2009 and 2010, and the three months ended 31 March 2011 was RMB6,906 million, RMB6,126 million, RMB6,085 million and RMB1,685 million, respectively.

While we do not have any ownership interest in the Contracted Stores, we are entitled to the revenue and responsible for the costs and expenses of these hypermarkets. We have not entered into labour contracts with the employees of the Contracted Stores and they are not employed by us. The store equipment and facilities of the Contracted Stores are also not owned by us. It is generally provided under the contracting arrangements between the Company's relevant subsidiaries and the Contracted Store Owners that (a) our operation of the Contracted Stores shall be in compliance with relevant laws and regulations; and (b) any rights, obligations and liabilities arising from or in relation to the operation of the Contracted Stores shall be enjoyed and assumed by the Company's contracting subsidiaries during the term of the relevant contracting arrangements. As such, our contracting subsidiaries will only be held liable, directly or indirectly, for losses and damages in relation to the operational activities of the Contracted Stores. The Contracted Store Owners are companies established in the PRC and are not related to any Controlling Shareholder, Director or senior management of our Company or their respective associates. We do not intend to enter into similar arrangements in the future or renew our existing arrangements when they expire. Our 12 Contracted Stores have an average remaining term of approximately 22 years, with expiry dates ranging from April 2015 to July 2042.

Please see "Appendix I — Accountants' Report" to this prospectus for details of the accounting treatment of the financial results, assets and liabilities of the Contracted Stores and the total fixed fee payable to, the Contracted Store Owners during the Track Record Period.

The following map shows the locations of our hypermarket complexes in China as at the Latest Practicable Date:



A total of 197[1] Stores

North-eastern China
A total of 19 RT-Mart stores

City/Town	No. of RT-Mart stores
1. Qiqihaer	2[2]
2. Jiamusi	1
3. Haerbin	2
4. Songyuan	1
5. Mudanjiang	1
6. Jilin	3
7. Shenyang	3
8. Anshan	2
9. Chaoyang	1
10. Jinzhou	1
11. Yingkou	1
12. Changchun	1

Northern China
A total of 29 stores, including 4 Auchuan stores and 25 RT-Mart stores

City/Town	No. of Auchuan stores	No. of RT-Mart stores
13. Beijing	4	1
14. Tangshan		1
15. Tianjin		2
16. Baoding		1
17. Jinan		4[2]
18. Zibo		1
19. Yantai		1
20. Weihai		1
21. Rongcheng		1
22. Laiyang		1
23. Qingzhou		1
24. Qingdao		4
25. Linyi		1
26. Jining		1
27. Weifang		1
28. Laiwu		1
29. Binzhou		1
30. Taian		1

Central China
A total of 12 stores, including 3 Auchuan stores and 9 RT-Mart stores

City/Town	No. of Auchuan stores	No. of RT-Mart stores
31. Lanzhou		1
32. Xi'an		1
33. Chengdu	3	
34. Jingzhou		1
35. Wuhan		1
36. Changde		1
37. Nanchang		1
38. Changsha		3

Southern China
A total of 25 RT-Mart stores

City/Town	No. of RT-Mart stores
93. Zhangzhou	1
94. Xiamen	1
95. Chaozhou	1
96. Shaoguan	1
97. Zhaoqing	1
98. Guangzhou	3
99. Dongguan	4
100. Shenzhen	1
101. Yangjiang	1
102. Foshan	3
103. Zhongshan	2
104. Jiangmen	1
105. Liuzhou	1
106. Beihai	1
107. Haikou	2
108. Jinjiang	1

Eastern China
A total of 112 stores, including 34 Auchuan stores and 78 RT-Mart stores

City/Town	No. of Auchuan stores	No. of RT-Mart stores
39. Lianyungang		1
40. Xuzhou		2[2]
41. Huaibei		1
42. Suqian		1
43. Yancheng		1
44. Jianhu		1
45. Xinghua		1
46. Huainan		1
47. Hefei		1
48. Nanjing	3	3[2]
49. Jurong		1
50. Yangzhou	1	2
51. Zhengjiang	1	1
52. Danyang	1	
53. Taixing		1
54. Jiangyin		1
55. Changzhou	3	3
56. Maanshan	1	1
57. Wuhu	2	1
58. Suyang		1
59. Yixing		2
60. Huzhou	1	1
61. Rugao		1
62. Tongzhou		1
63. Nantong	1	1[2]
64. Zhangjiagang	1	2
65. Wuxi	2	1[2]
66. Changshu	2	1[2]
67. Taicang		1
68. Kunshan	1	1
69. Suzhou	1	6
70. Shanghai	6	15[2]
71. Wujiang		2
72. Jiaxing	1	1[2]
73. Pinghu		1

City/Town	No. of Auchuan stores	No. of RT-Mart stores
74. Haiyan		1
75. Hangzhou	1	1
76. Changxing		1
77. Shaoxing	1	
78. Fuyang (Zhejiang)		1
79. Zhuji		1
80. Tonglu		1
81. Jiande		1
82. Quzhou		1
83. Shangyu		1
84. Zhoushan	1	
85. Cixi		1
86. Ningbo	2	1
87. Fenghua		1
88. Taizhou	1	
89. Ruian		1
90. Dongtai		1
91. Fuyang (Anhui)		1
92. Jiashan		1

Notes:

(1) The 197 stores above include the 12 Contracted Stores.

(2) Areas in which the Contracted Stores are located.

The following table sets out the details of our hypermarket complexes that were in operation as at 15 May 2011:

Region[(1)]	Number of hypermarket complexes		GFA of hypermarket complexes (sq.m.)	
	"Auchan" hypermarkets	*"RT-Mart" hypermarkets*	*"Auchan" hypermarkets*	*"RT-Mart" hypermarkets*[(2)]
Eastern China	34	77	1,349,958.54	1,938,068.58
Northern China	4	25	124,989.76	593,384.73
North-Eastern China	–	19	–	554,060.16
Central China	3	9	117,939.82	241,703.44
Southern China	–	25	–	638,994.26
Total	41	155	1,592,888.12	3,966,211.17

Notes:

(1) We define our regions as follows:

Eastern China: Shanghai, Jiangsu, Zhejiang, Anhui
Northern China: Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, western part of Inner Mongolia
North-Eastern China: Liaoning, Jilin, Heilongjiang, eastern part of Inner Mongolia
Central China: Hunan, Hubei, Jiangxi, Chongqing, Sichuan, Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang, Tibet
Southern China: Fujian, Guangdong, Guangxi, Hainan, Guizhou, Yunnan

(2) The GFA of our "RT-Mart" hypermarkets includes the GFA of our 13 Contracted Stores as at 15 May 2011.

The following sets out the number of our hypermarket complexes as at 31 December 2008, 2009, 2010 and 31 March 2011 and as at the Latest Practicable Date and the number of new stores opened in the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 and during the period between 31 March 2011 and the Latest Practicable Date:

	Total number of hypermarket complexes					Total number of hypermarket complexes opened				
	As at 31 December			As at 31 March	As at the Latest Practicable Date	Year ended 31 December			Three months ended 31 March	During the period between 31 March 2011 and the Latest Practicable Date
Banner	**2008**	**2009**	**2010**	**2011**		**2008**	**2009**	**2010**	**2011**	
"Auchan"	31	35	41	41	41	11	4	6	–	–
"RT-Mart"	101	121	143	154	156	16	20	22	11	2

We did not close any hypermarket complexes during the Track Record Period.

As at the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complex openings either through signed leases or acquired land plots, and had 51 hypermarket complexes under development which include properties we own and properties under secured leases in China. 46 of the 51 hypermarkets under development are under the “RT-Mart” banner, of which 40 are leased properties and 6 are owned properties. The remaining 5 of the 51 hypermarkets under development are under the “Auchan” banner, all of which are leased properties. The 51 hypermarket complexes under development are in various stages of construction. Of these 51 hypermarket complexes under development, 35 hypermarkets under development are expected to commence operations in 2011 and the remaining hypermarket complexes are expected to commence operations in 2012. The remaining 70 out of the 121 hypermarket complexes in respect of which we have identified and secured locations for their planned hypermarket openings are currently expected to commence operations in 2012 or thereafter. The majority of the hypermarkets operating under the “Auchan” banner are located on owned properties and the majority of the hypermarkets operating under the “RT-Mart” banner are located on leased properties, requiring a lower initial capital investment by us. As such, the “RT-Mart” hypermarkets have historically opened stores at a faster rate given the lower capital expenditure needs and the potentially greater choices in site selection as well as existing infrastructure being in place (in some cases), resulting in a higher number of stores under the “RT-Mart” banner. The amount of capital expenditure required to set up a self-owned hypermarket complex typically ranges from approximately RMB230 million to RMB270 million. The amount of capital expenditure required to set up a hypermarket complex on leased premises typically ranges from approximately RMB55 million to RMB65 million. However, the exact amounts required depend on factors such as the location and size of the planned hypermarket complex.

The 121 locations which we have identified and secured for our planned hypermarket complex openings are located in the following regions: 45 in Eastern China, 18 in Northern China, nine in North-eastern China, 20 in Central China and 29 in Southern China. The planned hypermarket complexes will be operated under “Auchan” or “RT-Mart” banners.

We intend to finance the development of these planned hypermarket complexes using the net proceeds from the Global Offering and from our internal resources and other means of financing including, without limitation, debt financing.

In addition to the necessary business licences for operating hypermarkets, operating hypermarkets in the PRC requires approvals, licences and permits such as hygiene licences, fire department approvals and permits for the sale of certain regulated products. For details of the approvals, licences and permits required for the operation of the hypermarket business, please see the section headed “Regulations — Approvals, Licences and Permits”. Generally, it takes three to six months to obtain the necessary approvals, licences and permits to commence operating a hypermarket, depending on various factors including the size of the hypermarket complex and the region in which it is located.

From 1 January 2011 to the Latest Practicable Date, we opened 13 new hypermarket complexes. Please see the paragraph headed “— Our Strategies — Further strengthen our market position by expanding our retail network” for more details of our expansion strategy.

Size and Design

The typical GFA of our hypermarket complexes ranges in size from approximately 35,000 sq.m. to 45,000 sq.m. The sales area of our hypermarkets ranges in size from approximately 6,000 sq.m. to 17,000 sq.m., with an average size of 8,800 sq.m. Our decision on the size of our hypermarket complexes is largely determined by the availability of suitable retail space. We design each of our hypermarket complexes to include car parking spaces for our customers to provide a convenient shopping experience. The size of the car parks in each of our hypermarket complexes is determined by the hypermarket complex's location, the availability of space and the amount of customer traffic that we anticipate.

We use standardised exterior designs for our hypermarkets under each of our "Auchan" and "RT-Mart" banners. We also employ uniform standards for the layout of our hypermarkets under each of our two banners, designed with the convenience of our customers and operational efficiency in mind to maintain quality levels while decreasing operating costs. Key features of our store layout include: (i) wide central aisle with a width of approximately five metres; (ii) grid design for our sales areas; and (iii) uniform location of products. In distinguishing our "Auchan" and "RT-Mart" hypermarkets, the exterior facade and layout design between our dual banners are separate and distinctive.

"Auchan" hypermarkets

"RT-Mart" hypermarkets

The GFA of our retail galleries ranges in size from approximately 4,000 sq.m. to 6,000 sq.m. Our retail galleries offer merchandise and services that complement the merchandise offering in our hypermarkets to increase our customers' convenience and satisfaction. For further information on our retail galleries, please see the paragraph headed "— Rental of retail spaces". Our tenants for our retail galleries include branded apparel stores, footwear stores, casual dining restaurants, pharmacies, dry-cleaners, banking services and other specialty stores.

Management and operation of our business

Our overall direction and business strategies are determined by our Directors. Our Directors are also responsible for the proper implementation of corporate governance policies, budget, performance of our companies, financial policies, the establishment of appropriate risk management measures, business expansion strategies and capital expenditure plans. Our executive Directors work closely with our principal executive offices in managing our nationwide network of hypermarket complexes. We have also established an Operations Committee which is comprised of members of our senior management and our other senior personnel. Our Operations Committee is in charge of the overall supervision of our operations and reports directly to our Chief Executive Officer.

The principal executive offices of each of our "Auchan" and "RT-Mart" banners are located in Shanghai. Our principal executive offices are primarily responsible for formulating policy, reviewing the merchandise and brand mix in our hypermarkets and retail galleries, cash flow and financial management, human resources and supervising our overall performance. In addition, specific teams in our principal executive offices are responsible for selecting potential sites for new stores and negotiation of land purchases or leases for our hypermarket complexes. These operational offices are managed by members of our senior management and our other senior personnel under the direct oversight of our Company's Operations Committee.

Our "Auchan" hypermarket complexes are placed under the direct oversight and supervision of our "Auchan" principal executive office. The store managers in our respective "Auchan" hypermarkets directly report to our "Auchan" principal executive office for the implementation of business management strategies.

Our "RT-Mart" hypermarket complexes are placed under the oversight of five regional offices in each of Eastern China, Northern China, North-Eastern China, Central China and Southern China which supervise the operations of our "RT-Mart" hypermarket complexes in their respective regions. Our "RT-Mart" regional offices will report to the principal executive office of our "RT-Mart" banner in Shanghai for the implementation of business management strategies.

Our hypermarket complexes

Our hypermarket complexes comprise our hypermarkets and retail galleries, offering a broad range of food and non-food merchandise.

Our hypermarkets

We adopt different operating models for our "Auchan" and "RT-Mart" hypermarkets with the same objective of providing quality merchandise and services to our customers.

Our "Auchan" hypermarkets operate by way of a decentralised management system whereby each hypermarket's local management team (comprising the store manager and the store division managers of the hypermarket) are given the commercial autonomy to manage the hypermarket in accordance with local needs and demands. Other than the implementation of general operational guidelines determined by our "Auchan" principal executive office in Shanghai, such as mix, range and positioning of merchandise within our "Auchan" hypermarkets, the local management team of each "Auchan" hypermarket is able to determine the type and quantity of certain categories of merchandise and the positioning of such merchandise within the hypermarket based on the needs of local customers without higher management approval.

Our "RT-Mart" hypermarkets are also managed by their local management teams but operate through a more centralised management system, whereby the mix, range and positioning of merchandise within our "RT-Mart" hypermarkets are planned and supervised by the respective "RT-Mart" regional offices. The local management teams of each "RT-Mart" hypermarket provide recommendations on local merchandise mix and volume to their respective regional office to ensure that local needs and preferences of our customers are captured and reflected in the local merchandise offering in each "RT-Mart" hypermarket.

The day-to-day operations of our "Auchan" and "RT-Mart" hypermarkets are handled at the level of the local management team and are supervised by our store managers. Our store managers are also responsible for supervising the regular quality control inspections of merchandise and the formulation of promotion strategies in their respective hypermarkets.

Our retail galleries

Our retail galleries located in our hypermarket complexes are managed by us, while our individual third party tenants remain responsible for their own merchandise and staff in their respective retail stores. Our principal executive offices manage our retail galleries centrally and make key decisions in respect of the mix of retailers, choice of tenants and the negotiation of leases. The daily maintenance of our retail galleries is managed by the respective local and regional management teams who are also in charge of rental collection, cleaning and security.

Selection of location for our hypermarket complexes

We believe that the selection of the location for our hypermarket complexes is crucial to the success of our operations. In the selection process, we carefully consider the following key factors:

— population density, customer traffic and vehicle traffic;

— customer accessibility;

— potential growth of local population;

— development potential and future development trends;

— estimated spending power of the population and local economy;

— profitability and payback period, estimated on the basis of the expected sales potential;

— marketing or strategic benefits;

— proximity and performance of competitors in the surrounding area; and

— site characteristics and suitability with the specifications of our building plans.

We conduct a thorough site review and analysis based on the above factors before we decide on the location of our hypermarket complexes. Our principal executive offices under our “Auchan” and “RT-Mart” banners are responsible for selecting potential sites for new “Auchan” and “RT-Mart” hypermarket complexes respectively. Shortlisted sites are centrally coordinated by our Operations Committee, comprising senior management from both our “Auchan” and “RT-Mart” banners, to avoid locating our new hypermarket complexes in the vicinity of our existing or other planned new hypermarket complexes.

Where land plots in suitable locations are available for acquisition, we prefer to acquire them to minimise the impact of any future increase in commercial real estate rent on our business, and potential operational disruptions in the event we are unable to renew our leases on commercially acceptable terms. Upon the purchase of a new location, we typically begin the development of our hypermarket complex as soon as possible in accordance with the requirements of the relevant PRC regulatory authorities. As at the Latest Practicable Date, we own the premises on which we operate 49 of our hypermarket complexes and two Contracted Stores.

As at the Latest Practicable Date, we operated 136 hypermarket complexes at premises leased by us. Our leases typically run for 20 years with the option to renew them for up to a further 20 years. The rental payment terms of our leases typically provide for (i) agreed fixed rental (which will be periodically adjusted at a predetermined rate); (ii) a fixed rental or a variable rental based on a percentage of our sales, whichever is higher; or (iii) a variable rental based on a percentage of our sales. Please see the paragraph headed “— Our Properties” for more details on our leasing arrangements.

As at the Latest Practicable Date, we also operated 12 Contracted Stores. Out of the 12 Contracted Stores, seven are located on properties leased by the Contracted Store Owners, three are located on properties owned by the Contracted Store Owners and one is located on a property owned by us. The remaining Contracted Store operates on two properties, of which one property is owned by us and the other is owned by the Contracted Store Owner. Please see the paragraph headed “— Our Business — Retail network” for more information about our Contracted Stores.

Our merchandise

The choice of merchandise offered at our hypermarkets is determined by reference to customer preferences. We aim to provide our customers with a comprehensive range of food and non-food merchandise from international and domestic brands at the best value for money. The determination of the merchandise volume and mix that we offer in our hypermarkets is generally controlled at three levels: (i) central control at our principal executive offices; (ii) regional control by the regional offices (in the case of our "RT-Mart" hypermarkets); and (iii) local control by each hypermarket's local management team.

For our "Auchan" hypermarkets, general merchandise mix available to each of our "Auchan" hypermarkets is centrally controlled by our "Auchan" principal executive office to ensure that inventories across each of our hypermarkets are standardised. The number of mandatory merchandise items (being standard merchandise we offer in each of our "Auchan" hypermarkets) and the total number of SKUs offered by each of our "Auchan" hypermarkets are based on separate catalogues detailing the specific brands and the general patterns of consumption behaviour. Merchandising mix and volume for additional merchandise offerings at each "Auchan" hypermarket are determined by the store's local management team. Our store's local management team have the commercial autonomy to decide on the local merchandise offering in their respective hypermarkets based on the needs and preferences of local customers.

For our "RT-Mart" hypermarkets, general merchandise mix, the number of mandatory merchandise items (being standard merchandise we offer in each of our "RT-Mart" hypermarkets) and the total number of SKUs available in each of our "RT-Mart" hypermarkets are similarly centrally controlled by our "RT-Mart" principal executive office which issues specific catalogues detailing such information to our five "RT-Mart" regional offices. Each regional office further determines additional merchandise to be offered by the "RT-Mart" hypermarkets in their region, with due consideration to local consumption patterns. At the individual store level, our store's local management team for each of our "RT-Mart" hypermarkets provide further input on the mix and volume of local merchandise to effectively cater to the local needs and preferences of our customers.

Using our information technology systems, we actively manage our inventory and regularly revise the assortment of products available at each of our hypermarkets. In this manner, we are able to localise our merchandise offering in response to local requirements and to meet the changing needs and preferences of our customers.

Merchandise categories

The merchandise offered at each of our hypermarkets can be divided into five broad categories: textile, electrical merchandise, bazaar, MCP and fresh products. Examples of merchandise under each of these categories are as follows:

— Textile: clothes, shoes and home textiles;

— Electrical merchandise: audio/video products, home appliances and consumer electronics;

— Bazaar: stationery, DVDs, sports and leisure products, electric bicycles and household products;

— MCP: dairy products, wine and beverages, personal and house cleaning products and grocery products; and

— Fresh products: vegetables and fruits, meat, seafood, bakery and pastries.

We believe that our comprehensive merchandise offering has enhanced our attractiveness to customers which we believe contributes to increased sales, brand loyalty and customer satisfaction.

Private label merchandise

In addition to brand name products, we also offer private label merchandise under each of our banners encompassing a variety of food and non-food categories which are produced by selected suppliers. We seek to offer our private label merchandise at different price points as compared to similar branded products. We believe that even though our private label merchandise only accounts for a relatively small percentage of our turnover, such products are important components of our business as we are able to include quality merchandise at attractive prices and maximise customer satisfaction by offering our customers alternative merchandise at different price points.

We maintain strict procedures and standards in selecting suppliers of our private label merchandise to ensure that such suppliers have obtained the relevant licenses and permits for the production of food and non-food merchandise. Our internal quality control teams verify all required licences and permits before we enter into supply agreements and continuously monitor the validity of such licences and permits. We also engage independent third parties to conduct supplier audits on our private label suppliers from time to time.

Merchandise return policy

Our customers have the right to return our merchandise if they are dissatisfied with them after their purchase. The merchandise return policy offered by our hypermarkets complies with relevant PRC laws and regulations. Our customers generally have seven days after purchase to return merchandise for a refund of cash or 15 days after purchase for an exchange. Certain merchandise, such as goods which cannot be resold for hygiene reasons, alcohol and fresh products, are not eligible for exchange or refund. The local management team of each of our hypermarkets is given the discretion to extend our merchandise return policy on a case by case basis. During the Track Record Period, the value of returned merchandise was insignificant.

Our pricing policies

General food and non-food merchandise

We strive to provide value for money merchandise to our customers. In order to ensure that prices of our general merchandise remain competitive, we regularly monitor the retail prices of similar merchandise offered by our competitors located in the same catchment area. Pricing comparisons are generally carried out by each of our hypermarkets individually unless we have hypermarkets of the same banner operating in close proximity or sharing the same catchment area. We adjust our prices from time to time to remain competitive compared to our local competitors. Due to our emphasis on controlling costs, relationship with our suppliers and our effective pricing strategy, we have been able to support our attractive pricing policy for our merchandise.

Private label merchandise

Our private label merchandise is generally priced lower than similar brand name products sold in our hypermarkets to offer our customers alternative products at different price points. Due to the absence of marketing and advertising expenses for such merchandise and the large volume of our orders, we can purchase our private label merchandise at relatively lower prices and, accordingly, offer such items to our customers at more attractive prices.

Merchandising and procurement strategy

We purchase substantially all of the merchandise sold in our hypermarkets from suppliers of domestic and international brands based in the PRC including merchandise from the PRC subsidiaries or affiliates of international suppliers.

We aim to provide a comprehensive range of quality merchandise at competitive prices to our customers. We believe that the quality of our suppliers plays an important part in our merchandising strategy. The selection of our suppliers for each of our banners is made centrally by our respective banners' supplier committees which meet regularly, and consist of senior management and representatives from our respective banner's procurement teams. The suppliers committees oversee and manage the quality of the merchandise supplied to ensure strict adherence to quality standards.

We consider the following factors in selecting our suppliers:

— quality of merchandise offerings;

— financial stability;

— merchandise selection;

— price competitiveness of merchandise;

— suitability of merchandise to local needs; and

— after-sales services.

Our supplier committees also conduct a strategic review of their respective banner portfolio and merchandise catalogues from time to time.

Our "Auchan" and "RT-Mart" banners negotiate and sign their respective suppliers contracts separately. For each of our suppliers, we generally use a standardised supply contract, typically with a term of one year.

Please see the paragraph headed "— Our Suppliers" for more information about our suppliers.

Rental of retail spaces

In addition to our hypermarket operations, we also manage retail galleries within our hypermarket complexes in which we lease store spaces to third party tenants. Our tenants offer products and services which are complementary to those offered in our hypermarkets, and include stores and services such as branded apparel stores, footwear stores, casual dining restaurants, pharmacies, dry-cleaners, banking services and other specialty stores. We believe that such an arrangement is complementary to our hypermarkets business and increases our customers' convenience and enhances their shopping experience. We believe that offering convenient one-stop shopping and a variety of merchandise will continue to attract customers to our hypermarket complexes.

The tenants operating the stores in our retail galleries are responsible for the inventory, management and sale of their own merchandise. We generally enter into annual lease arrangements with our gallery tenants based on our standard lease agreement, which sets out details of the leased area, the tenant's business, the rental duration and rent, payment arrangements, cooperation regarding expansion, decoration and maintenance, and responsibilities for ancillary costs such as design, decoration and fitting expenses. Rental is usually a fixed amount, although we may offer some of our tenants a variable rent which is linked to their monthly sales. Rental is usually collected monthly. Our local management team at each individual hypermarket complex oversees the day to day management of the retail gallery in its hypermarket complex, such as operating hours, marketing and promotion events, and provides cleaning and security services. We continually assess and review the mix and offerings at our retail galleries to ensure that our third party tenants meet our requirements and satisfy our customers' needs and preferences.

MARKETING AND PROMOTIONS

Our marketing strategy aims to increase customer loyalty and to attract new customers to our hypermarket complexes through a combination of direct advertising, promotion campaigns, customer membership programmes and the launch of co-branded credit cards.

To develop our marketing strategies, we conduct customer satisfaction surveys to collect market data relating to customer behaviour and feedback from customers. We also interview customers at our hypermarkets using questionnaires which cover, among others, pricing, their shopping experience, their product preferences and the effectiveness of our marketing efforts in comparison with our competitors. The information obtained from these surveys and questionnaires allows us to further improve our merchandising mix, marketing strategies and our pricing policies and thereby helps us to determine our expansion strategies. Customer suggestions and complaints are collated, analysed and addressed regularly.

Leaflets and promotional campaigns

Our marketing activities include the distribution of leaflets in our hypermarket complexes and direct mailing of such leaflets to members (under our "RT Mart" customer membership programme) and to households close to our hypermarket complexes to promote our promotional merchandise. We conduct a variety of sales and promotional campaigns within our hypermarkets. We also conduct such sales and promotional campaigns in conjunction with our third party gallery tenants from time to time. These initiatives are generally timed to coincide with the Chinese festive holidays and include seasonal sales during Chinese New Year, National Day and Mid-Autumn Festival holidays. During our sales and promotional campaigns, we offer our customers discounted goods, promotional vouchers and special seasonal products, such as Chinese New Year snacks and Mid-Autumn Festival mooncakes, to encourage greater patronage at our hypermarket complexes and increase sales.

Customer membership programmes

We launched our "RT-Mart" customer membership programme for our "RT-Mart" banner in 1998. Under this programme, members are issued membership cards which can be used in any of our "RT-Mart" hypermarkets to enjoy certain shopping privileges, such as discounted prices for selected merchandise and free delivery of merchandise subject to minimum spending requirements.

Our "RT-Mart" customer membership programme has the additional benefit of providing us with basic information on our members and statistics of their shopping history. Based on such information, we are able to analyse the shopping habits of our customers and continue to tailor and develop our merchandise assortment to meet their changing needs and preferences.

As at the Latest Practicable Date, we had approximately 15 million members under our "RT-Mart" customer membership programme. We are exploring the possibility of initiating a similar membership programme in our "Auchan" hypermarkets.

Co-branded credit cards

Each of our "Auchan" and "RT-Mart" banners has launched a co-branded credit card with banks in the PRC. Our "Auchan" hypermarkets introduced the "Red Bird" credit card issued by the Bank of China and the Shenzhen Development Bank in 2007 and our "RT-Mart" hypermarkets introduced the "CCB Long" credit card issued by China Construction Bank in 2008. Each of the co-branded credit cards carries our "Auchan" or "RT-Mart" banner and the name of the issuing bank.

We believe that such co-branded credit cards can further increase customer loyalty and enhance the image of our banners. They also enable us to maintain a database for direct marketing and sales promotions. Other than offering our co-branded cardholders the financial benefits of credit payment on their purchases, our co-branded credit cards also entitle our cardholders to certain shopping privileges.

Pre-paid cards

We issue pre-paid cards under each of our banners to cater to customers who prefer the convenience of using pre-paid cards and also to encourage our customers to purchase our pre-paid cards as gifts for family and friends. This improves sales at our hypermarkets. We began issuing pre-paid cards under the "Auchan" banner in 2006 and under the "RT-Mart" banner in 2005. Cash that we receive from the issuance of pre-paid cards is recorded under "advance receipts from customers" under trade and other payables on our balance sheet, but is not recognised as turnover until the customers pay for our goods or services using the balance carried in the pre-paid cards rather than other methods of payment such as cash or credit cards. Pre-paid cards for our "Auchan" banner hypermarkets issued through Shanghai Unionpay are also accounted for in the manner described above as we receive the cash when our "Oney" cards are sold to customers. However we also book a fee based on the amount used by our customers when the cards are used to purchase goods in our "Auchan" banner hypermarkets. Such fee paid to Shanghai Unionpay represents compensation for processing the transactions made using the pre-paid cards, because they incur certain expenses during the transaction, and is not a rebate to Shanghai Unionpay. We first engaged Shanghai Unionpay to issue our "Oney" cards in 2009 which was a commercial decision taking into account the costs, benefits and risks involved. Although the issuance of pre-paid cards does not immediately and directly increase sales, we believe that pre-paid cards bring stability to our turnover because customers are more incentivised to buy goods and services from our stores when there is no additional cash outlay when they pay for such goods and services with pre-paid cards. Our pre-paid cards typically have a one year validity period which we believe is in line with industry practice. Advance receipts from customers represent the unutilised balance of pre-paid cards sold to customers by us.

We are in the process of planning the implementation of the conditions as set out in the Notice and will have full implementation of the conditions once the detailed implementation rules and regulations are issued by the relevant PRC governmental departments. Our PRC legal advisers, Jun He Law Offices, expect that detailed implementation rules and regulations on the pre-paid cards will be issued in the near future and these rules and regulations will provide further details on the arrangement of issuing pre-paid cards based on the provisions stated in the Notice. Jun He Law Offices, our PRC legal advisers, are also of the view that under the relevant PRC laws and regulations, we are currently not required to apply for the competent authorities' approval or permit for our issuance of pre-paid cards.

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the balance of our pre-paid cards payable was approximately RMB2,062 million, RMB2,727 million, RMB4,046 million and RMB4,745 million, respectively. The amount of newly issued pre-paid cards and utilised amount of the pre-paid cards during the year or period in the Track Record Period is as follows:

	(RMB million)
Balance as at 1 January 2008	1,027
New cards issued	4,576
Utilised amount	3,541
Balance as at 31 December 2008	2,062
Balance as at 1 January 2009	2,062
New cards issued	5,916
Utilised amount	5,251
Balance as at 31 December 2009	2,727
Balance as at 1 January 2010	2,727
New cards issued	9,601
Utilised amount	8,282
Balance as at 31 December 2010	4,046
Balance as at 1 January 2011	4,046
New cards issued	4,165
Utilised amount	3,466
Balance as at 31 March 2011	4,745

For the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, our sales revenue from the use of pre-paid cards was RMB3,541 million, RMB5,251 million, RMB8,282 million and RMB3,466 million respectively, which comprised 9.4%, 11.6%, 14.7% and 17.5% of our turnover, respectively.

Please see the section headed "Risk Factors — Risks Relating to the Retail Industry in the PRC — PRC policies, laws and regulations prohibiting the issuance of pre-paid cards may have a material and adverse impact on our operations" for further details on our pre-paid cards.

Marketing expenses

During the Track Record Period, our total marketing expenses accounted for less than 1% of our total turnover.

CASH MANAGEMENT

Cash represents a significant proportion of our sales proceeds. Payment by our customers at our hypermarkets are handled by our cashiers at our check-out counters. We reconcile our cash proceeds received from our sales against receipts recorded in our point-of-sale systems in all of our hypermarkets on a daily basis, and we deposit our cash proceeds with banks typically on the next morning.

As we handle a significant amount of cash every day, we adopt stringent internal control procedures for the handling of cash in our hypermarkets. Our daily cash proceeds are only handled by our cashiers, and surveillance cameras are set up in all of our hypermarkets to monitor the activities around the cashiers' counters. We also conduct daily checks on our cash proceeds against the records of deposit of cash from the bank and sales reports to ensure that sales are properly recorded by the point-of-sale systems. Our Directors are of the view that there were no material internal control deficiencies in our cash management system during the Track Record Period. We have appointed an external advisory firm to perform certain agreed-upon procedures in relation to internal controls on selected business process level controls at selected stores, including our cash management system, and no major findings were identified. Please see the paragraph headed "— Internal Control" for more details.

We have also purchased insurance against loss by theft or robbery for excess cash held at our hypermarkets. As at the Latest Practicable Date, we have not experienced any significant loss of cash by theft or robbery.

INVENTORY MANAGEMENT

Our hypermarkets utilise a computerised inventory management system, which allows us to track the inventory level and movement of our SKUs on a real time basis. Our inventory management system also records specific information in respect of our inventory such as stock description, merchandise mix and positioning, prices and sales on an individual store basis. As the inventory management systems of all our "Auchan" and "RT-Mart" hypermarkets are synchronised with our respective "Auchan" and "RT-Mart" principal executive offices in Shanghai, we are able to share such information and data in real time, thereby allowing us to control our inventories across each banner's hypermarkets effectively. Further, each SKU in our hypermarkets is coded with a unique bar code, and details of such items will be instantly displayed on the screens of our check-out counters when scanned through a barcode scanner. All information on checked out merchandise is stored in our information technology systems and available to our principal executive offices immediately.

We place orders with our suppliers based on the results of our analysis of customer demand and merchandise mix requirements to fit our customers' preferences through our automated stock replenishment systems. Orders are placed based on data generated from our inventory management systems in relation to current inventory levels as well as forecasted and historical inventory and sales data. Our store managers are responsible for ordering the products in each of our hypermarkets. Given the wide range of merchandise we offer in our hypermarkets, we do not have standard inventory retention days for our inventories. We closely monitor our inventory levels to ensure that our inventories are optimised by adopting a first-in, first-out policy for all our merchandise. In particular, we actively monitor our food merchandise, and promptly dispose of food items when their shelf life has expired and they are no longer fit for sale.

Fresh products, such as fruit, vegetables, dairy products and bread, are generally ordered daily or every two days because of their short shelf life, while non-perishable products, such as frozen products, groceries and alcoholic beverages, are typically ordered less regularly. It takes an average of approximately two days to execute orders, from the point of placing the order to delivery. We strive to keep our inventory turnover days for all products to an optimum level.

All of our "RT-Mart" hypermarkets in our Eastern and Northern China regions are supported by two regional distribution centres located in Eastern and Northern China, respectively. As our distribution centres can accommodate large deliveries, they act as central delivery points for many of our suppliers in these regions, thereby reducing delivery delays and allowing us to better control our inventories in our "RT-Mart" hypermarkets. For more information on our distribution centres for our "RT-Mart" hypermarkets, please see the paragraph headed "— Distribution centres".

Distribution centres

Our hypermarkets are supported by a supply chain which aims to minimise out-of-stock products and transportation costs and maximise the selection of merchandise available to customers. We source most of our merchandise directly from manufacturers and suppliers.

All of our "RT-Mart" hypermarkets in Eastern and Northern China are supported by two regional distribution centres located in Eastern and Northern China, respectively, while a portion of our merchandise continues to be delivered by our suppliers directly to our hypermarkets in these regions. Our distribution centres in Eastern and Northern China commenced operations in 2005 and 2010 respectively. Orders are placed directly with our suppliers and products are delivered directly to the respective distribution centre for storage. Merchandise is delivered to each hypermarket based on each hypermarket's orders and stock levels. We believe our distribution centres enable us to better manage our retail distribution network and optimise the volume of products we purchase from our suppliers, thereby streamlining logistics and reducing our operating costs. Merchandise is delivered from our distribution centres to our hypermarkets using our own fleet of transport vehicles or third party transport companies. Our automated stock replenishment systems in our distribution centres work seamlessly with our inventory management systems in each of our "RT-Mart" hypermarkets in the respective regions, and these systems enable us to monitor, manage and respond to changes in customer demand and inventory levels efficiently. As at the Latest Practicable Date, we had two distribution centres for our "RT-Mart" hypermarkets under construction in our Southern and North-Eastern China regions. Barring unforeseen circumstances, we expect to commence operations of these distribution centres by the end of 2011.

We believe that our distribution centres have provided us with the following benefits:

— streamline and consolidate certain administrative functions, logistics procedures and manpower requirements from the individual hypermarket level into the distribution centre level;

— reduce costs by using our own in-house warehousing facilities in our distribution centres;

— reduce transportation costs by consolidating the delivery of merchandise from our suppliers to one location instead of individual deliveries to each of our hypermarkets, and consolidating delivery of various products from our distribution centres to each individual hypermarket; and

— better control over our inventory with reduced stock shortages in stores due to the use of our automated stock replenishment systems.

For our “RT-Mart” hypermarkets that are not served by a distribution centre, the individual store managers will place orders for merchandise directly with our suppliers which will deliver the merchandise ordered directly to the relevant hypermarket.

Currently, most of the merchandise offered in our “Auchan” hypermarkets are directly delivered to our “Auchan” hypermarkets by our suppliers. We are currently running a trial distribution centre for our “Auchan” hypermarkets in Eastern China for selected product lines.

QUALITY CONTROL

We apply a set of stringent internal and external quality control measures. We have established strict quality control procedures at all of our hypermarkets and distribution centres. In particular, we place a strong emphasis on ensuring that our food merchandise meets high quality and safety standards. Our stock receiving team at each distribution centre and at each hypermarket performs a series of daily checks on food merchandise upon delivery. These include checks on appearance, smell, packaging, date of production, expiry date, net weight and brand logo. Insofar as fresh products, dairy products and meats are concerned, approval documents and certificates have to be made available to us for verification before we can officially receive the products. The division managers at each hypermarket also conduct weekly checks on our food merchandise. These checks are based on standard criteria determined by our quality control department in our respective principal executive offices and are based on international standards set by independent third party organisations such as SGS SA. Our store managers at each hypermarket conduct monthly checks based on such guidelines to ensure high quality standards are maintained. Our commitment to maintaining high quality and safety standards also includes engaging external third parties to conduct regular and random quality checks on our food merchandise based on international standards.

Separately, we have adopted strict criteria for the selection of our suppliers to ensure that the products we sell are of high quality. We have a quality assurance group which conducts regular evaluations at our suppliers’ factories to ensure that their production standards for the merchandise we purchase from them meet our criteria. We also conduct regular checks on our suppliers’ factories for our private label merchandise. For food merchandise made on-site in our own bakery and delicatessen sections, we conduct hygiene checks and quality and safety checks based on SGS SA standards. In 2010, one of our “Auchan” hypermarkets in Shanghai obtained an ISO 22000 certification in food safety systems which is a testament to our stringent quality and safety standards.

In the view of our Directors, there are no product liability claims that would have any material and adverse impact on our operations or financial condition. Further, our supply contracts with our suppliers provide that all product liability in respect of any product supplied to us and sold in our hypermarkets will be borne by the suppliers. We have not suffered from any product liability claims which were, individually or on an aggregate basis, material during the Track Record Period. See “Risk Factors — Risks Relating to the Retail Industry in the PRC — We may be subject to product liability claims relating to defective products” for more details.

OUR CUSTOMERS

Our customers comprise mainly the customers of our hypermarkets and our retail galleries tenants. Due to the nature of our operations, the majority of our customers are individual residents living in the area surrounding our hypermarkets. Our hypermarket customers typically settle payments in cash or by electronic payment methods such as credit and debit cards. Please see “— Rental of retail spaces” in this section of the prospectus for details of our arrangements with tenants of our retail galleries.

None of our customers accounted for more than 5% of our turnover for the years or period during the Track Record Period.

OUR SUPPLIERS

Our purchases from our top five suppliers accounted for approximately 8.16%, 8.31%, 7.73% and 6.65% of our total purchases for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, respectively. All of our five largest suppliers have had relationships of more than 10 years with us. For more details on our criteria for selecting suppliers, please see the paragraph headed “— Merchandising and procurement strategy”.

The title and ownership of the merchandise pass from our suppliers to us upon receipt of the merchandise.

Our suppliers may assign their promoters to promote merchandise in our hypermarkets. These promoters are not under our payroll.

We usually enter into supply agreements of at least one year with our suppliers, subject to our standard terms and conditions. In most cases, when orders placed with a particular supplier exceed the agreed amount, we will be entitled to a percentage rebate or discount on the purchase price as agreed with the supplier. Our usual payment credit terms with our suppliers are no longer than 60 days.

None of our Directors or any of their respective associates (as defined in the Listing Rules) or, so far as our Directors are aware, any Shareholder who owned 5% or more of our issued Share capital as at the Latest Practicable Date, has any interest in any of our five largest suppliers for the years ended 31 December 2008, 2009 and 2010.

COMPETITION

The PRC retail market has become increasingly competitive in recent years. We believe the principal bases of competition in the PRC between hypermarket operators are pricing, range of brands and merchandise, and convenience of locations. Our key direct competitors include both domestic and international hypermarket operators such as the Brilliance Group, Carrefour, Wal-Mart, Tesco and China Resources Enterprise as well as several regional and local hypermarket operators. Each of these chains has an established presence in the PRC and is continuing to open hypermarkets and/or hypermarket complexes in the same cities where we have opened or intend to open our hypermarkets.

Although we also face competition for market share from all kinds of modern grocery retail formats and chain stores such as supermarkets, we believe that due to the difference in the business model between hypermarkets and such operators — hypermarket operators aim to provide low retail prices and a wide range of merchandise on a large scale to customers while other modern grocery retail formats operate on significantly smaller scales with higher priced merchandise and offer a smaller range of merchandise — the impact of such competition is not significant. In addition to competition from competing hypermarkets and other modern grocery retail formats, we also face competition from other retailers such as discount stores, department stores and specialist stores for non food products. In addition, although internet retail is not currently a major player in the retail industry in the PRC, we expect competition from internet retail to increase in the future as the market develops.

We believe that price will continue to be a key factor in determining our success, and competition may exert downward pressure on the pricing of our products. However, we believe that our scale of operations, operational efficiency, and focus on providing a comprehensive range of merchandise at the best value for money, as well as our ability to provide our customers with a convenient, comprehensive and enjoyable shopping experience, sets us apart from our competitors.

We believe that we enjoy strong recognition from our customers for each of our "Auchan" and "RT-Mart" banners and our customer-oriented approach in responding swiftly to customers' needs and preferences. In addition, we believe that we have a number of other competitive strengths, namely our size, geographical coverage and the speed at which we are growing in the PRC hypermarket sector, the strategic locations of our hypermarkets, our experienced management team and our motivated employees and our efficient operational management. For details of our competitive strengths, please see the paragraph headed "— Our Competitive Strengths".

INFORMATION TECHNOLOGY

We use an integrated information technology system that covers major aspects of our business, including procurement, sales and inventory management systems, in-store systems, financial management and other administrative systems. Our information technology systems provide for the real time exchange of accurate information between our hypermarket complexes, distribution centres, regional offices and principal executive offices, including detailed reports for each of our hypermarkets at the close of business everyday.

Our advanced and customised information technology systems used for procurement, sales and inventory management enable us to identify and quickly react to changes in customer preferences by adjusting our product mix, stock levels and pricing in each of our hypermarkets, and effectively monitor and manage the performance of each of our hypermarkets.

Our inventory management systems record specific information of our inventory such as stock description, merchandise mix and positioning, prices and sales on an individual store basis, and works with our automated stock replenishment systems in our distribution centres and hypermarkets to identify merchandise shortages or slow-moving merchandise in any of our individual hypermarkets in order to place the appropriate orders with suppliers on a timely basis. Such statistical information also enables us to analyse consumer preferences and adjust our merchandise mix where necessary. As such, our management is able to make efficient pricing and inventory management decisions. For our in-store management and operations, we utilise point of sale systems, which record sales of merchandise and generates receipts for such sales, allowing us to reconcile our cash and inventory through one database on a real-time basis.

Each of our principal executive offices utilises a centralised financial management system which performs functions of financial accounting, budgeting and statement management for our "Auchan" and "RT-Mart" banners. Our financial management systems also generate daily, monthly and annual sales and profitability reports. They allow for cross referencing of our financial data against our operating data and facilitate our budget analyses and accounting processes as well as the tracking of our key performance indicators. Part of our financial management and other operating systems are supported by Auchan International Technology, a subsidiary of our Ultimate Controlling Shareholder, Groupe Auchan. Please see the section headed "Relationship with our Controlling Shareholders and Connected Transactions" for more information.

EMPLOYEES

Staff

We had 69,628, 81,469, 96,804 and 94,588 employees as at 31 December 2008, 2009 and 2010 and the Latest Practicable Date, respectively. Our employees comprise in-store personnel, management, IT and administrative, finance, marketing, procurement, logistics personnel and Contracted Stores personnel who sign contracts directly with the Contracted Stores. The following table shows the number of our employees as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	No. of Employees	**% of total**
In-store personnel	80,521	85.44%
Management	1,966	2.09%
IT and Administrative	2,009	2.13%
Finance	838	0.89%
Marketing	204	0.22%
Procurement and Logistics	2,819	2.99%
Contracted Stores personnel	6,231	6.61%
Total	94,588	100%

Our employees' remuneration consists of a basic salary and performance-linked incentives. Our performance-linked incentives consist of additional remuneration payments determined based on each employee's performance and position as well as on a range of quantitative and qualitative performance measures, such as the number of stores opened, average sales per store, the number of customers per store or other relevant measures. We also have in place our Employee Trust Benefit Schemes in which our employees may participate. Please see the paragraph headed "— Employee Trust Benefit Schemes" for further details of our Employee Trust Benefit Schemes. Our remuneration policy seeks to attract and retain qualified employees primarily by offering competitive remuneration packages.

We enter into separate labour contracts with each of our employees, the terms and conditions of which are in compliance with relevant PRC labour laws and employment decrees. Our employees participate in various pension and benefit schemes organised by the relevant PRC municipal and provincial government under which we are required to make monthly contributions. The local government is responsible for the planning, management, and supervision of these schemes, including collecting and investing the contributions, and paying out pensions to retired employees.

As advised by Jun He Law Offices, our PRC legal advisers, we have complied with all of the relevant national and local labour and social welfare laws and regulations and have paid relevant contributions as required by such laws and regulations in all material aspects during the Track Record Period.

Training

We believe that our emphasis on training our employees improves our operations and efficiency as well as our customer service standards. It incentivises and encourages our employees to remain loyal to us and builds a strong corporate culture within our Group. Accordingly, we have put in place training programmes for our management and other employees to enhance their skills and productivity and improve their career development prospects.

As at the Latest Practicable Date, our "Auchan" banner had one training centre in Shanghai and our "RT-Mart" banner had a total of five regional training centres which are located in our Eastern China, Northern China, North-Eastern China, Central China and Southern China regions for the training of new employees as well as for conducting upgrading and career development programs for all levels of personnel. Management also receive additional managerial training and coaching.

Employee Trust Benefit Schemes

We have in place an employee trust benefit scheme for our employees, including our directors and senior management, under each of our "Auchan" and "RT-Mart" banners. The Auchan Scheme allows our "Auchan" employees to share the success of our key operating subsidiary ACI under our "Auchan" banner while the RT-Mart Scheme allows our "RT-Mart" employees to share the success of our key operating subsidiary CIC under our "RT-Mart" banner. The criteria for eligible participants in the Auchan Scheme and the RT-Mart Scheme include (a) such participant having been an employee of ACI, CIC or their respective subsidiaries (as the case may be) for at least six months (inclusive) up to the date of evaluation of the increase in the value of the operations (***business increase***) of ACHK or CIC (as the case may be) by independent experts; and (b) such participant remaining as an employee of ACI, CIC or their respective subsidiaries (as the case may be) on the date of transaction where the units of beneficial rights are allocated.

The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement. Under the trust arrangements, ACI and CIC will make cash payments on behalf of the employees for their relevant employer's contribution to the trust (***employer's contribution***), and our employees may make voluntary cash contributions to the trust (***employee's contribution***). The trustee of each scheme manages the funds in the trust by using a portion of the funds to invest in cash and cash equivalents (***cash-like assets***), and using the remaining funds to purchase equity interests (***share portion***) in ACI or CIC, as the case may be, in accordance with the rules of the respective schemes. Each employee is allocated units of beneficial rights in the trust based on their employer's contribution and employee's contribution by the relevant settlor under the respective terms of the Auchan Scheme and the RT-Mart Scheme. The employer's contributions to each of the employees are made by way of the respective company incentive policies under the Auchan Scheme and the RT-Mart Scheme, subject to certain conditions being met, including each employee being an eligible employee under the Auchan Scheme and the RT-Mart Scheme and that such employee would use such employer's contributions to purchase units of beneficial rights under the respective Auchan Scheme and RT-Mart Scheme. The amount of employer's contribution shall not exceed certain maximum limit amounts prescribed under the terms of each of the Auchan Scheme and the RT-Mart Scheme. The qualified employees may subscribe for units of beneficial rights once a year, typically in May or June each year. The value of the share portion of each beneficial unit is determined based on an independent evaluation of the business increase ratio of ACHK or CIC (as the case may be) by a group of independent experts, including an independent third party from one of the four major accounting firms which is not the Company's reporting accountants. The group of independent experts will issue an annual appraisal report on the business increase of ACHK or CIC (as the case may be), based on the independent evaluation. The trustee of the Auchan Scheme and the RT-Mart Scheme is Hwabao Trust Co., Ltd., a company incorporated in the PRC which is a subsidiary of Bao Steel Group Co., Ltd. and Zhejiang Zhoushan Finance Bureau. The settlor of the Auchan Scheme is Shanghai Auchan Information and Technique Development Co., Ltd., a company incorporated in the PRC which is wholly-owned by ACI. The settlor of the RT-Mart Scheme is Shanghai Rose Consulting Co., Ltd., a company incorporated in the PRC, which is wholly-owned by CIC.

Employees are permitted to dispose of units of beneficial rights which they hold in the relevant trust once a year, in accordance with the rules of the relevant scheme. The units of beneficial rights which are disposed of by such employees are either transferred to new participating employees that year or repurchased by the respective trusts according to the rules of the relevant scheme. As it is the intention of the settlors of the Auchan Scheme and the RT-Mart Scheme not to retain any beneficial rights in the respective trusts, where the trusts repurchase the beneficial units, the trustees will pay the selling employees a portion out of the trust's cash-like assets in the trust property, thereby reducing the size of the trust property. Subsequently, the beneficial units held by the settlors from such purchases will be automatically cancelled.

Under both schemes, returns attributable to the employer's contribution will be forfeited if employees withdraw their units of beneficial rights from the respective schemes within 5 years of allocation. Employees may withdraw their employee's contribution at any time without penalty. Under our RT-Mart Scheme, employees who are at the level of store managers and above are permitted to withdraw their beneficial rights only after retirement or after 25 years of service.

As at the Latest Practicable Date, 2.52% of ACI and 4.74% of CIC is held by the respective trusts under the Auchan Scheme and the RT-Mart Scheme, calculated based on the actual paid-in capital. Our Auchan Scheme and Ruentex Scheme are subject to a 15% limit of ACI and CIC's respective issued share capital. As at the Latest Practicable Date, none of our Directors are participants in the Auchan Scheme and the RT-Mart Scheme. However, certain directors of our subsidiaries are participants in the RT-Mart Scheme and their interests in beneficial rights in the RT-Mart Scheme is less than 0.01%. Nevertheless, such participants do not enjoy any preferential treatment as the treatment of all participants in the RT-Mart Scheme is equal and subject to internal policies implemented in the RT-Mart Scheme.

The Auchan Scheme and the RT-Mart Scheme are not subject to the requirements of Chapter 17 of the Listing Rules as these schemes do not contemplate the grant of any options over new shares or other new securities of our Company or any of our subsidiaries. Equity interests (rather than options over new equity interests) in ACI and CIC are issued to the trustees of each scheme and each qualified employee is allocated beneficial rights that they can dispose of for cash. Accordingly, no shares in ACI or CIC will be issued to any qualified employee and therefore no share options in ACI or CIC have been or will be granted to any qualified employee.

INSURANCE

We maintain different types of insurance policies to cover our operations, including comprehensive properties insurance, public safety liability insurance, employer liability insurance and employee health insurance. Our Directors are of the view that the current insurance coverage over our assets and operations is in line with industry standards and is adequate.

As advised by Jun He Law Offices, our PRC legal advisers, our insurance policies complies with the relevant laws and regulations in the PRC.

OUR INTELLECTUAL PROPERTY

Our hypermarkets operate under the Auchan, Auchan欧尚, , , , RT-Mart and 大润发 trademarks in the PRC. We have registered the relevant "RT-Mart" logos and devices in the PRC as trademarks. We have entered into a master trademark licence with our Ultimate Controlling Shareholder, Groupe Auchan, for the licence of certain "Auchan" trademarks used in our business. For details of our trademark licence agreement for our "Auchan" trademarks, please see the section headed "Relationship with our Controlling Shareholders and Connected Transactions". For further details of our registered trademarks and trademarks under registration, please see "Appendix VI — Statutory and General Information — Further information about our business — Intellectual Property Rights — Trademarks" to this prospectus.

OUR PROPERTIES

As at 15 May 2011, the total GFA of the properties occupied by us (excluding the 11 properties where the Contracted Stores are located that are owned or leased by the Contracted Store Owners) was 5,459,273.87 sq.m., among which 2,040,367.37 sq.m. were owned by us and 3,418,906.50 sq.m. were leased by us. Our typical lease term is approximately 20 years with the option to extend for up to 20 years, and the remaining term of our current leases range from 9 years to 20 years.

We believe that we have good title to the land and buildings owned by us and legitimate leasehold to the properties leased by us, save as disclosed below.

Land Use Rights

As at 15 May 2011, we have obtained land use rights to 67 parcels of land, with the site area of 1,487,129.89 sq.m. in aggregate. Land rights to 65 out of the 67 parcels of land have been granted to us and, as advised by our PRC advisers, we have good title to occupy, use, lease, transfer or otherwise dispose of such parcels of land.

Two out of our 67 parcels of land, on which our Auchan Zhongyuan hypermarket complex and one of its warehouses are located, are allocated land. Pursuant to certificates and approvals issued by the Shanghai Municipal Government in 1997 and 2001, respectively, we are entitled to use these parcels of land for commercial and industrial purposes. However, under relevant PRC laws and regulations, allocated land may only be used for non-commercial purposes. We have been advised by Jun He Law Offices, our PRC legal advisers, that this arrangement with respect to our use of allocated land does not comply with relevant PRC laws and regulations. Accordingly, we cannot assure you that the PRC authorities will not deem our Auchan Zhongyuan hypermarket complex and its warehouse to be in violation of the terms of our allocated land use rights. As a result, our land use rights certificates may be revoked or we may be required to convert the land into granted land by payment of an appropriate land premium for the land. The conversion price to be paid to convert the allocated land to granted land would be determined through public bidding or through negotiations with the price payable by taking into account various factors including, but not limited to, the results of negotiations with the competent land bureau, the sale price of other comparable land in Shanghai at the time of the conversion and the benchmark price for commercial land as published by the Ministry of Land and Resources of the PRC. However, the actual conversion price per sq.m. we would have to pay, if the competent land bureau were to require the conversion, may differ materially from our estimation. If the PRC authorities require the land to be converted, we may be required to pay the conversion price, which may be a substantial amount. According to oral consultations made with the Shanghai Land Bureau, the land authority in Shanghai, by our PRC legal advisers, the Shanghai Land Bureau confirmed that it will not impose any sanctions for our use of allocated lands for our Auchan Zhongyuan Store and one of our warehouses as it considered that the issuance dates of the land use rights certificates for such plots of land were earlier than the effective date of the relevant allocated land catalogue issued by the Ministry of Land and Resources of the PRC.

In addition to the 67 parcels of land referred to above, we have also entered into land use right grant contracts for nine parcels of land with the total site area of 541,486.69 sq.m. We are in the process of applying for land title certificates for such parcels of land.

Buildings and Construction Works

As at 15 May 2011, we have obtained title certificates for 52 buildings, with GFA of 1,538,164.13 sq.m. We have also passed the final inspection for six buildings with GFA of 225,669.51 sq.m. and are in the process of applying for the relevant title certificates. As advised by our PRC legal advisers, we are able to occupy, use, lease, transfer or otherwise dispose of such buildings with title certificates or which have passed final inspection.

In addition to the above, eight of our properties are undergoing development including six of our hypermarket complexes, one distribution centre and one office building, and as advised by our PRC legal advisers all necessary government approvals or permits for such development have been obtained as at the Latest Practicable Date.

Leased Properties

As at the Latest Practicable Date, 136 out of the 197 hypermarket complexes we operate are located on premises leased by us, and seven of the 12 Contracted Stores out of the 197 hypermarket complexes we operate are located on premises leased by the Contracted Store Owners. Accordingly, the lessor's possession of valid and enforceable building ownership rights, or of the relevant rights or authority to sub-lease such premises to us, is important to our business operation.

The following table shows the remaining terms under the lease agreements that we have entered into as at 31 December 2008, 2009, 2010, and the Latest Practicable Date in relation to the 136 hypermarkets we operate on premises leased by us:

	Number of lease agreements			
	As at 31 December			As at the Latest Practicable Date[1]
	2008[1]	2009[1]	2010[1]	
Below 5 years	—	—	—	—
5 years to 10 years	—	1	1	1
10 years to 15 years	22	27	35	35
15 years to 20 years	68	96	98	100
Above 20 years	—	—	—	—
Total	90	124	134	136

Note:

(1) These lease agreements do not include (i) the Contracted Stores we operated as at the Latest Practicable Date; and (ii) stores that have not been opened as at the Latest Practicable Date but for which we have entered into lease arrangements as at the respective dates.

The following table shows the remaining terms under the lease agreements that our Contracted Store Owners have entered into as at 31 December 2008, 2009, 2010, and the Latest Practicable Date in relation to the seven Contracted Stores we operate on premises leased by the Contracted Store Owners:

	Number of lease agreements			
	As at 31 December			As at the Latest Practicable Date[(1)]
	2008[(1)]	2009[(1)]	2010[(1)]	
Below 5 years	—	—	1	—
5 years to 10 years	2	2	2	2
10 years to 15 years	2	2	1	1
15 years to 20 years	1	1	1	1
Above 20 years	2	2	2	2
Total	7	7	7	7

Note:

(1) These lease agreements do not include the Contracted Stores that have been converted to leased or owned stores as at the Latest Practicable Date.

We believe that we have legitimate leasehold to the leased properties, save as set out below. As at the Latest Practicable Date:

- As we have not located landlords' title certificates for two of our leased hypermarket complexes, these landlords may lack requisite building ownership certificates to lease such leased hypermarket complexes to us, or such premises may be mortgaged. Nevertheless, we have been provided with the title certificates to the land for these properties and have also requested the relevant lessors to rectify the defective titles. The relevant lessors have agreed in the lease agreements entered into with us that they will assume liability for any damage caused by such defects. As a result, our PRC legal advisers are of view that the risk of our assuming liability for the use of buildings located on these premises is low;

- Four of our leased hypermarkets are located on land designated for restricted or non-commercial use or are allocated land. If our use of these land is found to be contrary to their designated use, the PRC authorities may claim the land from our landlords and evict us, which may require us to relocate to alternative premises or cease operations at those premises, and our business, financial condition and results of operations may be materially and adversely affected. In the event we are evicted from our current locations in such leased hypermarkets, we will use best efforts to relocate to alternative premises;

- The lease of 32 of our leased hypermarkets has not been registered with the relevant government registration authorities. Our PRC legal advisers are of the opinion that the effectiveness and enforceability of the lease agreements would not be affected by the failure to register the lease and we are protected as tenants by relevant PRC laws and regulations to legally occupy and use such leased hypermarkets in accordance with the lease agreements, unless the lessors do not have good title or have not obtained the requisite government approvals or permits to lease to us these leased hypermarkets under PRC laws. We have also requested the relevant lessors to rectify the defective titles. Furthermore, the relevant lessors have agreed in the lease agreements that they will assume liability for any damage caused by such defects.

Waiver from Certain Valuation Report Requirements

Owing to our substantial number of properties, we have applied to the SFC for an exemption and the Hong Kong Stock Exchange for a waiver from strict compliance with certain of the valuation report requirements contained in paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance and Rules 5.01 and 5.06 and paragraph 3(a) of Practice Note 16 of the Listing Rules, respectively. Please see the section headed "Waivers from Compliance with the Listing Rules and the Companies Ordinance" for further details of our property waiver application.

INTERNAL CONTROL

An internal control team and an internal audit function are set up and operational under the "RT-Mart" banner and the "Auchan" banner respectively. The internal control team under the "RT-Mart" banner conducts a number of routine and non-routine checks on operations and hypermarkets under the "RT-Mart" banner covering the key controls in business processes to help identify areas for continuous improvement. The internal audit function under the "Auchan" banner conducts its internal audit activities on the operations and hypermarkets under the "Auchan" banner covering the key business processes in accordance with the annual risk-based internal audit plan approved by the local audit committee under the "Auchan" banner and the audit committee of Groupe Auchan. We also plan to establish an internal audit function at the Company level within the first year after the Listing, to continuously evaluate and improve the effectiveness of risk management, internal control system, compliance and governance processes.

We have not obtained certain licenses and permits which we require for our business operations. Please refer to the paragraphs "– Operational Safety and Environmental Protections" and "– Operational Permits for Certain Products" for more details. We are in the process of obtaining these remaining licenses and permits (which includes certain hygiene licenses in respect of public safety and fire safety permits as well as permits for retail of salt and alcohol products) and the responsibilities of obtaining such licenses and permits and monitoring ongoing regulatory compliances in our "Auchan" and "RT-Mart" banners have been designated to the respective in-house legal teams under each banner, which are headed by the respective heads of the legal teams. The respective heads of the legal teams under both banners are also in charge of procuring all of the remaining licenses and permits from the relevant authorities. Our internal audit function will also be responsible for supervising such processes.

As is commonly the case, in preparation for the Listing, we have engaged an external advisory firm to carry out certain agreed-upon procedures and report the factual findings and recommendations in respect of our internal control systems. The external advisory firm's principal findings and recommendations are related to (i) the formalisation of formal policies and procedures; and (ii) the establishment and implementation of internal controls for selected areas encompassing corporate governance, finance, budgeting and accounting processes and other selected business processes.

Subsequently, the same external advisory firm was engaged to follow up and check the status of management action plans arising from the agreed-upon procedures. The results of the follow up conducted in May 2011 revealed that the majority of the management action plans have been implemented. For action plans that are still in progress, we have determined the deadline for implementation, of which most of the action plans will be implemented before the Listing. We do not consider the outstanding management action plans, which we are in the course of implementing, to be material to our operations or the adequacy of our internal controls systems as a whole. We have designated our relevant management team to implement the management action plans.

LEGAL AND COMPLIANCE

We conduct our operations and carry out our business in compliance with relevant PRC laws and regulations in all material aspects. Jun He Law Offices, our PRC legal advisers, have advised us that we have obtained all relevant material licences, permits, approvals and certificates from the relevant authorities to legitimately carry out our operations, save as disclosed in the section headed "Risk Factors — Risks Relating to Our Business — If we fail to obtain or renew the regulatory licences, approvals and permits we need in order to operate, our existing operations may be interrupted and our expansion plans may be materially and adversely affected".

Legal Proceedings

We are involved in legal proceedings from time to time, the nature of which are primarily customer claims, labour claims and supplier claims which are common in our industry and arises in the ordinary course of our business. However, we are not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on the results of our operations or financial condition.

As at the Latest Practicable Date, based on information available to us, the aggregate amount claimed under the outstanding legal proceedings against us is approximately RMB64 million, of which RMB20 million is in relation to a claim in which our subsidiary under the "Auchan" banner is acting as the plaintiff. These claims comprise 73 cases, among which 48 are claims under the "RT-Mart" banner and 25 are claims under the "Auchan" banner (***Current Proceedings***). The nature of the Current Proceedings include customer claims, labour claims, supplier claims, property lease claims, infringement of third parties' intellectual property rights and production quality claims. The range of claim amounts under the "RT-Mart" banner and the "Auchan" banner are approximately RMB400 to RMB2.3 million and RMB1,200 to RMB20 million, respectively. Out of these 73 cases, 68 cases involve an amount which is less than RMB1 million, four cases involve an amount of RMB1 million to RMB3 million and one case involves an amount which is more than RMB3 million. With respect to the largest claim of RMB20 million under the "Auchan" banner, our subsidiary under the "Auchan" banner is acting as the plaintiff claiming for its landlord's provision of the premises according to the relevant lease agreement after a lapse of the agreed deadline. The Directors are of the view that none of the claims under the Current Proceedings would have a material adverse effect on our results of operations or financial conditions.

OPERATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

Under PRC law, a hygiene license for the purposes of public safety must be obtained prior to the opening of a retail store. As at the Latest Practicable Date, we have obtained all necessary hygiene licenses in respect of public safety except for three hypermarket complexes, for which we are in the process of applying for or renewing the relevant hygiene licenses. Under PRC law, we may be subject to administrative penalties, including being imposed a fine of up to RMB800 for the lack of hygiene licenses for each of these three stores, and being ordered to cease operation of these three stores until we have obtained or renewed our public safety hygiene license.

We are also required to undergo a fire safety inspection and obtain an approval from the fire department before commencement of business of our hypermarket complexes. As at the Latest Practicable Date, our Group has obtained all necessary fire safety permits except for three hypermarket complexes for which we are in the process of applying for the relevant fire safety inspection or fire safety permits. Under PRC law, we may be subject to administrative penalties for the lack of fire safety permits for each of these three stores, including being imposed a fine of up to RMB300,000 for each of these three stores, and being ordered to cease operation of these three stores.

Save for the above, our Directors believe that the operational safety measures currently adopted by us is in line with the industry practice in the PRC and Jun He Law Offices, our PRC legal advisers, have confirmed that we have not breached any material PRC operational safety laws or regulations. Please see the section headed "Regulations" for further information on PRC laws and regulations applicable to our hypermarket complexes. We are in the process of processing all licenses applications in relation to operational safety and environmental protection and we expect to obtain a majority of such licenses before Listing. We will also use our best efforts to ensure that all licenses in relation to operational safety and environmental protection, which includes certain hygiene licenses in respect of public safety and fire safety permits, will be obtained for all of our new stores prior to the commencement of their respective operations.

So far as our Directors are aware, we have not breached any PRC environmental laws or regulations and were not subject to any administrative penalties in this respect.

OPERATIONAL PERMITS FOR CERTAIN PRODUCTS

Under PRC law, the retail of certain products such as salt and alcohol requires special permits to be issued by the relevant government authorities. As at the Latest Practicable Date, we were in the process of applying for permits for retail of salt for two of our hypermarkets and for retail of alcohol products for one of our hypermarkets. We may be ordered to apply for such permits within a grace period prescribed by the relevant government agencies, failing which we may be subject to administrative penalties including a fine of up to RMB2,000 for each of such stores, being ordered to stop retailing salt or alcohol products, or the income generated by such stores being confiscated. We are in the process of procuring all operational permits required for our products and we expect to obtain a majority of such permits before Listing. We will also use our best efforts to ensure that all operational permits, which includes such permits for retail of salt and alcohol products, will be obtained for all of our new stores prior to the commencement of their respective operations.

We previously sold tobacco products in our Contracted Stores as such stores hold the relevant licenses to sell tobacco products. However, our PRC legal advisers have advised that our hypermarket complexes are not permitted to retail tobacco products according to the Foreign Investment Guidance Catalogue. Prior to 13 June 2011, only the Contracted Stores operated under the "RT-Mart" banner sold tobacco products and all of those Contracted Stores possess licences to sell tobacco products. As advised by our PRC legal advisers, foreign enterprises, which are subject to the Foreign Investment Guidance Catalogue and regulation relating to tobacco monopoly, may be ordered to cease sales of tobacco products, and/or may be subject to the confiscation of profits generated therefrom as well as fines of an amount of up to 50% of the aforesaid revenue by the relevant authorities. During the Track Record Period, turnover from the sale of tobacco products by the Contracted Stores was minimal. During the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, revenue from the sale of tobacco products have amounted to less than 1% of our total sales of goods and were RMB232 million, RMB126 million, RMB153 million and RMB45.6 million, respectively. We have ceased all sales of tobacco products in the Contracted Stores since 13 June 2011.

So far as the Directors are aware and as confirmed by our PRC legal advisers, we have not breached any PRC environmental laws or regulations and have not been subject to any administrative penalties in this respect.

As at the Latest Practicable Date, we do not have all licenses in relation to operation safety and environmental protection and operational permits for our operations as some of these licenses and permits are missing and could not be located in the archives of the respective governmental authorities; and some of these licenses and permits have expired. We are in the process of applying for their renewal.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), A-RT, CGC, Kofu, Auchan Hyper and Monicole BV will be our Controlling Shareholders and CGC, Kofu, Auchan Hyper and Monicole BV will be beneficially interested in approximately 51.94% of the Company's issued share capital through A-RT. CGC, Kofu and Auchan Hyper also holds respectively 8.61%, 7.99% and 9.89% of the Company's issued share capital directly.

CGC is owned by the following companies: 16.38% by Kofu, 25.46% by Ruentex Development, 42.25% by Ruentex Industries, 15.51% by Sinopac and 0.4% by Chang-Ching. Chang-Ching is wholly-owned by independent third parties and Sinopac is indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu. Monicole BV is indirectly wholly-owned by Auchan Hyper, which is in turn wholly-owned by Groupe Auchan, one of our Ultimate Controlling Shareholders.

Pursuant to the Current Shareholders Agreement, Bruno Robert Mercier, Christophe Maurice Paule Marie Joseph Dubrulle, Philippe David Baroukh and Xavier Marie Alain Delom de Mezerac were nominated to the Board of Directors by our Controlling Shareholder, Auchan, and Cheng Chuan-Tai (鄭銓泰) and Huang Ming-Tuan (黃明端) were nominated to the Board of Directors by our Controlling Shareholder, RT. Our Directors nominated by Auchan also hold other positions and/or interests in companies under Groupe Auchan and our Directors nominated by RT also hold positions and/or interests in companies under Ruentex. For more details of the Current Shareholders Agreement, please see the section headed "Our History and Reorganisation — Our Reorganisation".

We operate hypermarkets in the PRC. We regard operators of hypermarkets, such as Brilliance Group, Carrefour, Wal-Mart, Tesco and China Resources Enterprise, other modern format grocery operators as our competitors. For details of the competition in the PRC retail market which we face, please see the section headed "Business — Competition".

As at 31 December 2010, Groupe Auchan, through its subsidiary, Auchan Hyper operates 416 hypermarkets worldwide, including our "Auchan" hypermarkets in China and "RT Mart" hypermarkets in Taiwan. As none of our Ultimate Controlling Shareholders and Controlling Shareholders, A-RT, CGC, Kofu, Auchan Hyper, Monicole BV, Groupe Auchan and Ruentex, operate any hypermarkets or supermarkets in the PRC other than hypermarkets under us, our Directors are of the view that none of our Ultimate Controlling Shareholders or Controlling Shareholders holds or conducts any business which competes, or is likely to compete, either directly or indirectly, with our business in the PRC.

Affiliates of Ruentex, one of our Ultimate Controlling Shareholders, have an indirect interest in Shanghai C-Store Convenience Chain Co., Ltd. (上海喜士多便利連鎖有限公司) (***Shanghai C-Store***), which operates a chain of approximately 500 convenience stores (***C-Store Convenience Stores***) in the PRC. Our Directors are of the view that the convenience store business model, including Shanghai C-Store, does not compete with our hypermarket complexes for the following reasons:

(1) Customer target — Convenience stores typically target the impulse buyer who need to make a fast and convenient purchase whereas hypermarkets target consumers looking for a "one-stop" shopping experience for their weekly to monthly shopping needs.

(2) Business model/size — Hypermarkets are significantly larger and more spaced out to tailor its target market (i.e. "one-stop" shoppers). According to Euromonitor, the standard size of a hypermarket is typically over 2,500 sq.m. and, as is the case with the Company's hypermarket complexes, can reach to as large as 8,800 sq.m. and over. The standard size of convenience stores is typically less than 400 sq.m. and can be as small as 70 sq.m. as is the case with C-store.

(3) Product range — Given the above, hypermarkets offer a significantly wider product range in terms of SKUs and product categories. Convenience stores typically only offer key daily and impulse needs, primarily tobacco, beverage and confectionary, and are not capable of offering the fresh grocery goods that large formats offer. In addition, products offered in convenience stores normally have different smaller packaging for the ease of instant consumption whereas hypermarkets offer larger or family packed products.

(4) Pricing — According to Euromonitor, convenience stores typically charge relatively higher retail selling prices for the convenience they offer as the impulse buyers they attract tend to be less price sensitive. Hypermarkets, however, due to their superior scale and different customer target, tend to have a relatively different pricing strategy of providing the "best value for money" as they are able to offer the lowest prices, even lower than many discounters, to consumers.

(5) Location — Given premium pricing, convenience stores are largely concentrated in prime business locations and within populous residential neighbourhoods in first and second tier cities. Hypermarkets are usually located either at off-central areas or as the anchor store in a shopping centre in first and second tier cities, or in easily accessible areas in third and fourth tier cities.

The C-Store Convenience Stores are excluded from our Group primarily because they are incompatible with our hypermarket business. We consider that the different business models and target customers mean hypermarkets and convenience stores operate in two different segments of the retail market and do not rely on each other or compete with each other. We consider that we are therefore capable of carrying on our hypermarket business independently of, and at arms length from, the C-Store Convenience Stores and we do not have any intention to acquire the C-Store Convenience Stores in the future.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders and our Company has entered into the Deed of Non-Competition in order to formalise the principles for the management of potential conflicts between them and to enhance our Company's corporate governance in connection with the Listing.

Pursuant to the Deed of Non-Competition, each of our Controlling Shareholders has irrevocably undertaken to our Company (for ourselves and on behalf of each other member of the Group) that during the Relevant Period (as defined below), it will not, and will use its best endeavours to procure that none of its Affiliates (as defined below) will, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) or as principal or agent, and whether on its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities, without our prior written consent (based on an affirmative vote of a majority of the members of the independent committee of the Board comprising the then serving independent non-executive Directors (the ***Independent Board Committee***)):

(a) carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any Competing Business (as defined below), whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise and whether for profit, reward or otherwise; and

(b) take any action which interferes with or disrupts or may interfere with or disrupt the business of the Group (that is, the operation of hypermarket complexes under the banners of "Auchan" and "RT-Mart" in the PRC, which comprise hypermarkets and retail galleries of individual retail stores) (the ***Business***), including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of the Group.

Notwithstanding the above, it has been agreed that each of our Controlling Shareholders and/or any of its Affiliates may:

(a) hold and/or be interested in, directly or indirectly, any shares or other securities or interest in our Company or, through our Company, in any shares or other securities or interest in any other member of our Group;

(b) hold and/or be interested in, directly or indirectly, any shares or other securities in any company which engages or is involved in, directly or indirectly, any Competing Business, provided that (i) such company is listed on a specified stock exchange (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), (ii) such shares or securities do not exceed 5% of such company's issued share capital and (iii) none of our Controlling Shareholders is entitled to appoint a majority of the directors of such company;

(c) make any investment, directly or indirectly, in any professionally managed investment fund or collective investment scheme which has or may acquire an interest in any Competing Business, provided that such investment fund or collective investment scheme is managed by professional investment managers who are independent of the Controlling Shareholders and/or any of their respective Affiliates; and

(d) directly or indirectly, own, operate, participate, invest in or carry on any Competing Business or have any interest, equity or otherwise, in any company, entity or firm which is engaged in any Competing Business where the Group does not pursue the business opportunity relating to such Competing Business as further described below.

Pursuant to the Deed of Non-Competition, each of our Controlling Shareholders has further irrevocably undertaken to our Company (for ourselves and on behalf of each other member of the Group) that if it or any of its Affiliates (the ***Offeror***) becomes aware of any opportunity relating to any Competing Business (***Business Opportunity***), the Offeror will give a written notice (the ***Offer Notice***) to our Company of the Business Opportunity as soon as practicable after the Offeror becomes aware of it and will provide or procure the provision of all information and documents possessed by the Offeror or its Affiliates in respect of the Business Opportunity to enable our Company to evaluate the Business Opportunity.

If we are interested in pursuing the Business Opportunity, we will give a written notice (the ***Notice of Interest***) to the Offeror within 15 business days of receipt of the Offer Notice indicating our interest in the Business Opportunity. The Offeror will use all reasonable endeavours to procure that the Business Opportunity will remain available for pursuit by our Company on terms and conditions which are not less favourable than those offered or made available to the Offeror for at least 30 Business Days from the date of the Notice of Interest.

The Offeror will be free to pursue its interest in the Business Opportunity and acquire the interest in the relevant Competing Business if, prior to such pursuit:

(a) the Offeror has received a notice from our Company stating that the Board (including a majority of the members of the Independent Board Committee who do not have, and are not deemed to have, a material interest in the relevant matter) has resolved that the Group will not pursue the Business Opportunity;

(b) the Offeror has received a notice from our Company stating that the Board (including a majority of the members of the Independent Board Committee who do not have, and are not deemed to have, a material interest in the relevant matter) has resolved that the Group is unable to make a decision whether to pursue the Business Opportunity within the required timeframe but has further resolved that it is nevertheless in the best interests of the Group and our Shareholders as a whole for the Offeror to be permitted to pursue the Business Opportunity and acquire the interest in the relevant Competing Business, provided that our Company is granted a call option to acquire such interest from the Offeror on commercially reasonable terms to be agreed between the parties;

(c) the Offeror has not received a Notice of Interest within the required timeframe; or

(d) the Offeror has received a Notice of Interest within the required timeframe but our Company has not taken such reasonable steps as are necessary to pursue the Business Opportunity by the end of the required timeframe.

The call option referred to in paragraph (b) above will constitute a connected transaction for our Company and we will comply with all applicable reporting, announcement and independent shareholders' approval requirements as required under the Listing Rules. The Offeror will provide such assistance to us as may be reasonably required to enable us to comply with the Listing Rules in relation to the grant and exercise of the call option.

The parties to the Deed of Non-Competition agree that where the Business Opportunity must be pursued faster than the timeframe specified in the Deed of Non-Competition due to time limitations imposed by third parties, the parties will agree to a reasonable timeframe in order to achieve and complete the procedure referred to above to ensure that the Business Opportunity may be duly pursued.

Each of the Controlling Shareholders has further undertaken:

(a) to provide us upon our request all information in its possession or the possession of any of its Affiliates relating to any relevant interest, engagement, involvement, participation, investment or support which is permitted under the Deed of Non-Competition;

(b) to provide us as soon as practicable upon our request a written confirmation in respect of compliance by it and its Affiliates with the terms of the Deed of Non-Competition and their respective consent to the inclusion of such confirmation in our annual report and all such information as may be reasonably requested by us for our review and enforcement of the Deed of Non-Competition; and

(c) that it will, and will procure that any of its Affiliates holding Shares from time to time will, excuse itself from, abstain from voting and not be counted as part of the quorum at any meetings of the Shareholders held for the consideration and approval of, and shall not approve any written resolution concerning, any matters referred to in the Deed of Non-Competition which have given or may give rise to actual or potential conflicts of interest.

The undertakings under the Deed of Non-Competition are conditional upon the fulfilment of the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering". Such undertakings are effective from the Listing Date and will terminate upon the expiry of the Relevant Period.

For the purposes of the Deed of Non-Competition:

(a) ***Affiliates*** means, in relation to a particular company, any person or entity which, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the company specified and for purposes of this definition, (i) the term ***control*** means any equity interest in a person or entity of 20% or more and (b) our Company or any of our subsidiaries or the interests of our Company or any of our subsidiaries will be disregarded;

(b) ***Competing Business*** means any business which, directly or indirectly, competes or is likely to compete with the Business in the PRC; and

(c) ***Relevant Period*** means the period commencing on the Listing Date and ending on the earlier of (i) the date on which our Controlling Shareholders and/or their Affiliates cease to be the controlling shareholders of our Company and (ii) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe our Group is capable of carrying on its business independently of our Controlling Shareholders and their associates thereof after the Listing Date for the following reasons:

Independence of Business

There is no competing business between our Controlling Shareholders or their associates and our Group.

Management Independence

Our management team is capable of managing our business independently from our Controlling Shareholders.

Operational Independence

Save as disclosed in this prospectus, we hold all material licences necessary for the operation of our business, and we have sufficient capital and employees to operate our business independently from our Controlling Shareholders. Our operational decisions are made independently by our management team led by our executive Directors and senior management. We have independent access to our suppliers and customers, and conduct our sales and marketing independently of our Controlling Shareholders. Our suppliers are appointed and selected by members of our Group based on its own criteria without the involvement of our Controlling Shareholders.

Financial Independence

We have our own financial management and relevant personnel who are independent from our Controlling Shareholders. We make our financial decisions independently and there are established financial management rules addressed to financial matters of our members. As at the Latest Practicable Date, all guarantees or financial assistance provided by our Controlling Shareholders to or for the benefit of our Group have been released.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, our Directors, supervisors, chief executive officer and substantial shareholders and those of our subsidiaries, any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will constitute a connected person. Upon the listing of our Shares on the Hong Kong Stock Exchange, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Immediately following the completion of the Global Offering, Auchan Hyper will hold more than 10% of our Company's share capital and hence remain as our substantial shareholder.

Accordingly, the following transactions between our Group on the one hand and Auchan Hyper and its associates on the other hand, which will continue after the listing of our Shares on the Hong Kong Stock Exchange, will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing Date, the following transaction will be regarded as continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

IT Services Agreement

Our subsidiary ACHK has entered into certain IT support and services arrangements with Auchan International Technology since its incorporation, a company established to provide IT support and services and which is controlled by our Controlling Shareholder, Auchan Hyper. Auchan International Technology provides outsourced IT financial reporting services to support ACHK's financial reporting and pricing data functions. The fees payable for these services are based on an agreed standard per hour rate and the actual number of hours worked. The fees paid by us to Auchan International Technology for these support services for the three years ended 31 December 2008, 2009 and 2010 were approximately RMB1 million, RMB5 million and RMB3 million, respectively. These arrangements were entered into in the ordinary and usual course of our business and are on normal commercial terms.

We intend to continue obtaining IT support and services from Auchan International Technology in the future, provided that Auchan International Technology continues to offer terms that are competitive compared with those offered by other providers of similar IT services. We will regularly review the fees and services provided by Auchan International Technology and evaluate our relationship on an ongoing basis.

The highest applicable percentage ratio under the Listing Rules in respect of the total fees to be paid to Auchan International Technology for their IT support and services for the three years ended 31 December 2011, 2012 and 2013 will be less than 0.1%. Accordingly, the IT services and support arrangements with Auchan International Technology constitute de minimis continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing Date, the following transactions will be regarded as continuing connected transactions subject to the reporting, announcement and annual review requirements, but exempt from independent shareholders' approval requirements under Rule 14A.34(1) of the Listing Rules.

License for use of the "Auchan" trademarks

Pursuant to a master trademark license agreement dated 13 December 2001 (the ***Auchan Trademark Agreement***) entered into between Groupe Auchan S.A. and ACHK, Groupe Auchan granted to ACHK a non-exclusive and non-transferable license of its Auchan trademarks for use in connection with our "Auchan" banner businesses in the PRC. Such licensing arrangements granted by Groupe Auchan for the use of "Auchan" trademarks is a group policy adopted by Groupe Auchan, which is implemented worldwide in its other hypermarket operations. The "Auchan" trademarks include Auchan, Auchan 欧尚 and (the ***Auchan Trademarks***). Under the terms of the Auchan Trademark Agreement, the license was granted for an initial period of three years for free, that is, until 13 December 2004, and thereafter at a fee of 0.3% of the total annual turnover (VAT included) of ACHK for a period not exceeding ten years. Pursuant to an amendment to the Auchan Trademark Agreement, both parties agreed that from 1 January 2007, the trademark license fee shall be 0.2% of the total income (VAT excluded) of ACHK for a period not exceeding ten years. Under the terms of the Auchan Trademark Agreement, the current term of the license expires on 14 May 2015, after which it is automatically renewed every ten years.

Trademark license agreements are usually for terms of more than ten years. Our "Auchan" hypermarkets rely on the Auchan Trademark in the course of our business and it would be time consuming and inefficient to renew the Auchan Trademark Agreement at regular intervals. Further, trademark licensing fees are commonly charged and payable on the basis of a percentage of gross turnover. Therefore our Directors, including our independent non-executive Directors, are of the view that an automatic renewal term of ten years is necessary and reasonable for the Auchan Trademark Agreement and that it is in our normal course of business to enter into a trademark license agreement of such duration, and confirm that the license fee is reasonable and on normal commercial terms and that the Auchan Trademark Agreement was entered into in the ordinary and usual course of our business and is fair and reasonable to our Company and Shareholders as a whole. The Directors, including our independent non-executive Directors, and the Joint Sponsors have also confirmed that (i) it is normal business practice for agreements in the nature of the Auchan Trademark Agreement to have a long duration and the incorporation of an initial fixed term was normal business practice to provide stability to our Company's business; and (ii) the terms of the Auchan Trademark Agreement are in the ordinary and usual course of the Company's business, on normal commercial terms, and the terms are fair and reasonable and are in the interest of shareholders as a whole.

The total fees paid by us to Groupe Auchan S.A. pursuant to the Auchan Trademark Agreement for the three years ended 31 December 2008, 2009 and 2010 were approximately RMB13 million, RMB10 million and RMB23 million, respectively.

It is anticipated that the annual fees payable by us to Groupe Auchan under the Auchan Trademark Agreement for the three years ending 31 December 2011, 2012 and 2013 will not exceed RMB38 million, RMB46 million and RMB59 million, respectively, and, therefore, the highest applicable percentage ratio under the Listing Rules will be, on an annual basis, more than 0.1% but less than 5%. Accordingly, the Auchan Trademark Agreement will constitute a continuing connected transaction subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Rule 14A.34(1) of the Listing Rules.

Annual Caps

Pursuant to Rule 14A.35(2) of the Listing Rules, we have set annual caps for the maximum amount of fees payable to Groupe Auchan of RMB38 million, RMB46 million and RMB59 million for the three years ending 31 December 2011, 2012 and 2013, respectively.

The annual caps have been estimated on the basis of (a) the historical fees paid to Groupe Auchan under the Auchan Trademark Agreement and (b) our estimated income for the years ending 31 December 2011, 2012 and 2013. The annual caps for the three years ending 31 December 2011, 2012 and 2013 are expected to increase as we expect the total income of ACHK to increase over the same period and the exchange rate between the Euro and the RMB will continue to fluctuate. We have taken into account exchange rate fluctuations since the license fee is payable in Euros. As the trademark license fee payable is calculated based on a percentage of ACHK's total income, and we expect the total income of ACHK to increase over the three years ending 31 December 2013, there is therefore an increasing trend of caps over the three years ending 31 December 2013. The estimated fees and annual caps disclosed in this section are not intended, and do not purport, to be an indication of our future performance or profitability and investors should not rely on the estimated fees and annual caps in deciding whether to invest in our Shares.

International agency agreement with Auchan International S.A.

Pursuant to an international agency agreement (the ***Auchan Agency Agreement***) which is valid for a term of three years, from 1 January 2011 to 31 December 2013, the Swiss Branch of Auchan International S.A. (***Auchan Switzerland***) agreed to provide our Company with certain services and assistance as an international service provider. As Auchan International S.A. is a subsidiary of our Ultimate Controlling Shareholder, Groupe Auchan, the Auchan Agency Agreement is a continuing connected transaction.

Under the terms of the Auchan Agency Agreement, our Company agreed to grant Auchan Switzerland, as agent, exclusive rights to provide our Group with the services of an international negotiator in connection with certain international services arrangements we have with international suppliers of merchandise and other small and medium suppliers of merchandise which may include international and PRC local suppliers. However, the Group does not provide services to any PRC local suppliers through agency arrangements provided by Auchan Switzerland. Our Group engaged Auchan Switzerland as our agent to provide such services as it is administratively more efficient for our Group to deal with one party rather than multiple suppliers and this ensures greater consistency in negotiations with the international, and other small and medium, suppliers of merchandise. It is common for Groupe Auchan's hypermarket operations to engage an agent to perform such services and Auchan Switzerland has been providing similar services to Groupe Auchan's other hypermarket operations in countries other than the PRC. The services provided by Auchan Switzerland include (i) negotiating the provision of our Group's expertise and assistance to such suppliers in areas such as marketing studies, international commercial action plans and access to our sales network; (ii) negotiating on the Group's behalf, the settlement of disputes within China with such suppliers as and when they arise; (iii) advising us on the suppliers' requirements for provision of such expertise and assistance; and (iv) collecting the payments (the ***Payments***) to be paid to us by the suppliers on our behalf.

The annual fees payable to Auchan Switzerland for providing such services are determined with reference to (i) all costs and expenses incurred by Auchan Switzerland in providing us with such services, and (ii) a Swiss fee required by Switzerland tax authorities. Pursuant to the terms of the Auchan Agency Agreement, Auchan Switzerland is entitled to deduct the fees payable to them from the Payments collected on our behalf. During the three years ended 31 December 2008, 2009 and 2010, the total fees paid to Auchan Switzerland by us were RMB130,000, RMB280,000 and RMB850,000, respectively. The total Payments (after deducting fees to Auchan Switzerland) made to us by Auchan Switzerland under the Auchan Agency Agreement for the three years ended 31 December 2008, 2009 and 2010 was approximately RMB5 million, RMB5 million and RMB27 million, respectively.

It is estimated that the annual value of the Payments (after deducting fees to Auchan Switzerland) payable to us by Auchan Switzerland under the Auchan Agency Agreement for the three years ended 31 December 2011, 2012 and 2013 will, on an annual basis, not exceed RMB40 million, RMB52 million and RMB68 million respectively, and therefore, the highest applicable percentage ratio under the Listing Rules will be, on an annual basis, more than 0.1% but less than 5%. Accordingly, the Auchan Agency Agreement will constitute a continuing connected transaction subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Rule 14A.34(1) of the Listing Rules.

The Auchan Agency Agreement was entered into in the ordinary and usual course of our business, and is on normal commercial terms following arm's length negotiations between us and Auchan Switzerland.

Annual Caps

Pursuant to Rule 14A.35(2) of the Listing Rules, we have set annual caps for the maximum amount of fees payable to Auchan Switzerland of RMB40 million, RMB52 million and RMB68 million for the three years ending 31 December 2011, 2012 and 2013, respectively.

The annual caps have been estimated on the basis of (a) the estimated volume of new services we will be providing to existing and new suppliers, (b) historical fees paid to Auchan Switzerland for their costs and expenses under the Auchan Agency Agreement and (c) historical Payments. The proposed annual caps for the three years ending 31 December 2011, 2012 and 2013 are expected to increase as we expect an increase in the total number of suppliers to which we provide services over the same period and the exchange rate between the Euro and the RMB will continue to fluctuate. We have taken into account the exchange rate fluctuations since the payments are payable to the Company in Euro. Given the increasing scale of our Group's operation, we expect the number of international suppliers (and other small and medium suppliers of merchandise) with which it enters into international services arrangements to increase over the three years ending 31 December 2013. Therefore, the payments we expect to receive, and accordingly the proposed annual caps, will increase over the three years ending 31 December 2013.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In respect of the Auchan Trademark Agreement and Auchan Agency Agreement described above, as the highest applicable percentage ratio as set out in the Listing Rules for each of the transactions is, on an annual basis, expected to be more than 0.1% but less than 5%, they are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules but exempt from independent shareholders' approval requirement as set out in Rules 14A.48 to 14A.54 of the Listing Rules. As described above, we expect these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. The Directors therefore consider that strict compliance with the announcement requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us. Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver expiring on 31 December 2013 pursuant to its discretion under Rule 14A.42(3) of the Listing Rules to exempt these continuing connected transactions from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules, subject to the following conditions in respect of the Auchan Trademark Agreement:

(a) upon expiry of the waiver, the Auchan Trademark Agreement will only continue if approved by our Company, in compliance with the Listing Rules requirements for continuing connected transactions, or our Company will obtain a fresh waiver;

(b) this prospectus will clearly disclose the bases of the licence fee calculation during the Track Record Period and going forward our Company will separately disclose in our future interim and annual financial statements, the bases of the licence fee calculation and related amounts;

(c) any change to the basis of calculating the total income of ACHK would be subject to shareholders' approval;

(d) our Directors, including our independent non-executive Directors, and the Joint Sponsors confirm that:

   (i) it is normal business practice for agreements in the nature of the Auchan Trademark Agreement to have a long duration and the incorporation of an initial fixed term was normal business practice to provide stability to our Company's business; and

   (ii) the terms of the Auchan Trademark Agreement are in the ordinary and usual course of the Company's business, on normal commercial terms, and the terms are fair and reasonable and are in the interest of our Shareholders as a whole.

We will, however, comply at all times with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in respect of these non-exempt continuing connected transactions. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

Confirmation from Directors

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for the transactions referred to in this section are fair and reasonable in the interests of the Shareholders as a whole.

Confirmation from the Joint Sponsors

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described in this section have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for the transactions referred to in this section are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

Our Board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Bruno Robert MERCIER, aged 51, is our Chief Executive Officer, an executive Director and chairman of our group subsidiaries operating under the "Auchan" banner. Mr. Mercier received an Engineering Degree from The Higher National Agronomic School awarded by the Ministry of National Education and the French Polytechnic Institute of Toulouse in France in 1983, and a Masters of Business Administration from INSEAD in 1988. He is responsible for our strategic direction and overall performance. Mr. Mercier has been our Director since 8 February 2001. He joined us in 1999 as a development director of our "Auchan" principal executive office in Shanghai, where he was responsible for the development and implementation of the business operations under our "Auchan" banner in the PRC. In 2002, Mr. Mercier underwent training as a store manager in our "Auchan" hypermarket in Changyang, the PRC. Upon completion of his training, he was appointed as the managing director of our subsidiary, ACI in the same year, where he was responsible for the development and implementation of its business plans and budget. Since 2007, Mr. Mercier has been the chairman of ACI and RT-Mart International, a company incorporated in Taiwan, and has been actively participating in the implementation of Groupe Auchan's vision in both companies. Mr. Mercier is also a director of certain of our subsidiaries, including ACHK, ACI, CCIL and RT-Mart Holdings as well as various other operating subsidiaries in the PRC under our "Auchan" banner.

Prior to joining us in 1999, Mr Mercier was with Groupe Auchan, one of our two Ultimate Controlling Shareholders, where he worked in an "Auchan" hypermarket store in France in 1998, being trained in all functions and roles of store operations including store manager. Mr. Mercier also has many years of experience gained from working in the retail and consulting industries from 1983 to 1998, notably with Groupe Pernod Ricard, a global wines and spirits producer, in its China and Thailand operations as well as with McKinsey & Company.

HUANG Ming-Tuan (黄明端), aged 55, is our executive Director and chairman of our group subsidiaries operating under the "RT-Mart" banner. Mr. Huang received a Masters of Business Administration from the College of Management, National Taiwan University in 1984. He is responsible for the overall strategic planning and management of our business. Mr. Huang has been our Director since 28 April 2011. He joined us in 2001 and has since been the chief executive officer of Shanghai RT-Mart where he is responsible for devising and implementing its overall strategies and the supervision of its business operations. Mr. Huang has been involved in our business and operational strategies since 2001 as the legal representative of the then directors of our Board, Ruentex Industries and Sinopac. Mr. Huang is also a director of certain of our subsidiaries, including CIC and Shanghai RT-Mart.

Prior to joining us in 2001, Mr. Huang was the general manager of Ruentex Industries from 1991 to 1997, where he was responsible for devising and implementing its overall strategies and the supervision of its business operations. From 1997 to 2001, Mr. Huang was the vice chairman of RT-Mart International. Ruentex Industries and Taiwan RT-Mart are companies under Ruentex, which is one of our two Ultimate Controlling Shareholders.

Non-executive Directors

CHENG Chuan-Tai (鄭銓泰), aged 56, is our non-executive Chairman. Mr. Cheng received a Masters of Business Administration from the College of Management, National Taiwan University in 1981. Mr. Cheng has been our Director since 28 April 2011. From 1992 to 1997, Mr. Cheng has been a general manager of Ruentex Construction & Development Co., Ltd, where he was in charge of overseeing its business operations. Mr. Cheng has been involved in our business and operational strategies since 2001 as the legal representative of the then directors of our Board, Ruentex Development and Kofu. Mr. Cheng has also been the chairman of Trend Laser Technology Co., Ltd., a company which is in the business of micro-machining services since 2001. He has also been a member of the coaching committee of RT-Mart International since 2001, where he is responsible for supervising and supporting its management team in the operations of hypermarkets in Taiwan.

Christophe Maurice Paule Marie Joseph DUBRULLE, aged 66, is our non-executive Director. Mr. Dubrulle has been our Director since 8 February 2001. From 1965 to 1982, Mr. Dubrulle was with Groupe Auchan, one of our two Ultimate Controlling Shareholders, whereby he worked in various operational and management positions including as regional manager for Paris and the Southern regions of France in 1974 and as sales manager for Paris and the Northern regions of France in 1980. From 1982 to 1993, Mr. Dubrulle was the chief executive officer (directeur général) of Leroy Merlin. From 1993 to 1996, he was the chief executive officer (directeur général) of Groupe Auchan S.A. and from 1996 to 2010, he was the chairman of the board of directors (président du directoire) of Groupe Auchan S.A. Since 2010, Mr. Dubrulle has been the chairman of the strategies and development committee (président du conseil de stratégies et développement) of the Adeo Group (Groupe Adeo), the chairman of the board of directors (président du conseil d'administration) of EDrive S.A., the director and chairman of the remuneration committee (président du comité rémunération) of Groupe Auchan S.A., and a director of certain companies under Groupe Auchan in Taiwan. Mr. Dubrulle is also a director of certain of our subsidiaries, including ACHK, CCIL and RT-Mart Holdings.

Philippe David BAROUKH, aged 53, is our Vice-Chairman and non-executive Director. Mr. Baroukh received a degree from the Political Education Institute in Aix en Provence (Institut d'Etudes Politiques d'Aix-en-Provence) in 1982. Mr. Baroukh has been our Director since 10 December 2010. Mr. Baroukh has been with Groupe Auchan, one of our two Ultimate Controlling Shareholders, since 1986, where he worked in various operational and management positions including as head of product procurement centre (chef de produit centrale d'achat), head of fresh produce sector (chef de secteur produits), manager (directeur), regional manager (directeur régional) and sales manager (directeur des ventes). From 2002 to 2010, he was the chief executive officer (directeur général) of Auchan France S.A. Since 2010, Mr. Baroukh has been the chief executive officer of Hypermarchés Auchan (directeur général Hypermarchés Auchan) and a member on the executive committee (membre du comité exécutif) of Groupe Auchan S.A.

Xavier Marie Alain DELOM DE MEZERAC, aged 55, is our non-executive Director. Mr. De Mézerac received a degree from ESSEC Business School (Diplôme de L'ESSEC, École Supérieure des Sciences Économiques et Commerciales) in 1978. Mr. De Mézerac has been our Director since 8 February 2001. From 1985 to 1993, Mr. De Mézerac was with the Corning group (***Corning***), a global speciality glass and ceramics producer, in its United States, Mexico and France operations, where he worked in various financial and management positions including as financial manager for Corning's Europe operations. From 1994 to 1997, Mr. De Mézerac was with Euro Disney S.A.S. as its chief financial officer. From 1997 to 1999, Mr. De Mézerac was with Alcatel Alsthom S.A. as its deputy chief financial officer. Since 1999, Mr. De Mézerac has been with Groupe Auchan where he is the chief financial officer and a member of the executive committee. He is also a director of our subsidiary, ACHK.

Independent non-executive Directors

Karen Yifen CHANG (張挹芬), aged 47, is our independent non-executive Director. Ms. Chang received a Bachelor degree in Arts in English Literature from Fu-Jen Catholic University in Taiwan in 1986 and a Master of Business Administration degree from the George Washington University in Washington D.C. in the United States in 1988. Ms. Chang has been our Director since 27 June 2011 and is also currently the chief executive officer and executive director of Pou Sheng International (Holdings) Limited (***Pou Sheng***), a sportswear retailer in the PRC, which is a subsidiary of Yue Yuen Industrial Holdings Limited (***Yue Yuen)***. Pou Sheng and Yue Yuen are listed on the Main Board of the Stock Exchange. Yue Yuen is a subsidiary of Pou Chen, which is a company listed on the Taiwan Stock Exchange. Pou Chen and Ruentex and its affiliates are shareholders of Ruenchen and partners in the consortium for the acquisition of Nan Shan. Ms. Chang is primarily responsible for overseeing the overall strategies, planning and day-to-day operations and management of the Pou Sheng group. She is also a director of various subsidiaries under the Pou Sheng group. Prior to joining Pou Sheng in 2007, Ms. Chang has many years of financial management and investment banking experience gained from working with KPMG in Washington DC and Los Angeles in the United States as well as Jardine Fleming, Merrill Lynch and Credit Suisse in Shanghai and Hong Kong from 1992 to 2006. She has also worked for Semiconductor Manufacturer International Corporation from 2003 to 2004 as Assistant Vice President of Finance.

HE Yi (何毅), aged 57, is our independent non-executive Director. Mr. He studied management and strategy from HEC International Business School (École des Hautes Études Commerciales) from 1989 to 1991. Mr. He has been our Director since 27 June 2011 and is also currently a director of Essilor International (Compagnie Générale d'Optique), listed on the NYSE-Euronext stock exchange. From 1978 to 1989, he was a representative of the People's Republic of China Embassy in France, Paris where he was successively in charge of consular affairs, cultural affairs, protocol, relations with media and cooperation in administrative matters between the PRC and France. From 1991 to 1996, he joined the Danone Group's Shanghai subsidiary as a general manager. Mr. He joined the Essilor Group as the chief executive office of Shanghai Essilor Optical Co., Ltd. in 1996 and has been the chairman of Essilor (China) Holding Company and a director of Essilor International since 2010.

Desmond MURRAY, aged 55, is our independent non-executive Director. Mr. Murray graduated with a Bachelor of Commerce from the University College Dublin in 1976 and is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Murray has been our Director since 27 June 2011. He was an audit partner in PricewaterhouseCoopers Hong Kong from 1987 to 2000. Since withdrawing from practice with PricewaterhouseCoopers, Mr. Murray has taken on a number of non-executive directorships. These include two major retailers in Ireland and Clear Media Limited, a company listed on the Main Board of the Stock Exchange, for which he is also chairman of its audit committee. He also acts as a business consultant to a number of smaller businesses. While working with PricewaterhouseCoopers, Mr. Murray advised boards and audit committees of companies listed in Hong Kong, both as an audit partner and as an adviser in relation to both internal audit and corporate governance. He was Honorary Consul for Ireland in Hong Kong from 1996 to 1999.

Save as disclosed herein, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there are no other material matters relating to our directors that need to be brought to the attention of our Shareholders. Save as disclosed in this prospectus, none of our Directors has any other directorships in listed companies.

SENIOR MANAGEMENT

Jean-Patrick PAUFICHET, aged 58, is the Chief Financial Officer of our Company and the group of subsidiaries operating under our “Auchan” banner in China. He is responsible for the financial, controlling and legal matters of our operations under our “Auchan” banner”. Prior to joining us in 2004, Mr. Paufichet has been with Groupe Auchan, one of our two Ultimate Controlling Shareholders. From 1978 to 2004, Mr. Paufichet has held various positions in Groupe Auchan’s operations worldwide, including the position of chief financial officer of Groupe Auchan’s operations in the United States and Poland, store manager of certain “Auchan” hypermarkets in Italy and France and group controller for Groupe Auchan’s operations in France and Italy. Mr. Paufichet is also a director of certain of our subsidiaries, including ACHK and ACI as well as various other operating subsidiaries in the PRC under our “Auchan” banner. Mr. Paufichet received a degree from ESSEC Business School (Diplôme de L’ESSEC, École Supérieure des Sciences Économiques et Commerciales) in 1977.

HSU Sheng-Yu (徐盛育), aged 55, is the chief financial officer of our group of subsidiaries operating under our “RT-Mart” banner in China. He is responsible for the financial, controlling and legal matters of our operations under our “RT-Mart” banner. Prior to joining us in 1999, Mr. Hsu has been with Ruentex, one of our two Ultimate Controlling Shareholders. From 1983 to 1999, Mr. Hsu held various positions in Ruentex’s operations in Taiwan, including the position of finance manager, vice general manager, general manager and chairman in Ruentex Industries, Xinye Construction Co., Ltd (興業建設股份有限公司), Ruentex Construction and Engineer Co., Ltd (潤泰營造股份有限公司) and Runhong Engineering Co., Ltd (潤弘工程股份有限公司) respectively. Mr. Hsu is also a director of our subsidiary, Shanghai RT-Mart.

Olivier SOULE-DE-BAS, aged 46, is the chief executive officer of ACI. He is responsible for the strategic direction and overall performance of ACI. Prior to joining us in 2007, Mr. Soule-De-Bas has been with Groupe Auchan, one of our two Ultimate Controlling Shareholders. From 1986 to 1997, Mr. Soule-De-Bas held various positions in Groupe Auchan's operations in France, including the position of section manager, financial controller and division manager. From 1997 to 2005, Mr. Soule-De-Bas was based in China and was involved in the initial stages of the establishment of our "Auchan" hypermarkets in China where he worked as a financial controller. He also worked as a store manager and a general manager respectively during this period. From 2005 to 2007, Mr. Soule-De-Bas was based in Taiwan where he was the chief financial officer of RT-Mart International. Mr. Soule-De-Bas received a degree of Higher Accounting and Financial Education from the Education Ministry in Bordeaux in France in 1990 (DESCF).

CHIANG Yeong-Fang (蔣永芳), aged 54, is the chief executive officer of our group of subsidiaries operating under our "RT-Mart" banner in China, where his responsibilities include the management of hypermarkets complexes as well as the formulation of strategies for our business operations under our "RT-Mart" banner. Prior to joining us in 2001, Mr. Chiang has been with Ruentex, one of our two Ultimate Controlling Shareholders. From 2000 to 2001, Mr. Chiang was the vice-general manager of Ruentex Industries, where he was responsible for general operational matters of the group of companies under Ruentex Industries, including procurement, operational efficiency management of the group's factories, human resource and administration. From 1979 to 2000, Mr. Chiang was a career army officer with the army of the Republic of China. Mr. Chiang is also a director of our subsidiary, Shanghai RT-Mart.

Thierry MACQUART, aged 47, is the director of buying office of ACI and a full-time coach for store managers under our "Auchan" banner in China. Prior to joining us in 1998, Mr. Macquart was a store manager with Casino Guichard-Perrachon S.A., a French retail group which operates hypermarkets and supermarkets from 1989 to 1991. From 1991 to 1992, he was the general manager of SA Majref, a French supermarket. Mr. Macquart joined Groupe Auchan in 1992 where he held various positions in its operations in France, including the position of food section manager and non-food division manager.

CHEN Shun-Loong (陳順隆), aged 59, is the bazaar manager of our group of subsidiaries operating under our "RT-Mart" banner in China, where his responsibilities include the purchasing of non-food merchandise under our "RT-Mart" hypermarkets merchandise offering. Prior to joining us in 2001, Mr. Chen has been with Ruentex, one of our two Ultimate Controlling Shareholders from 1997 to 2001, where he was the purchasing manager for "RT-Mart" hypermarkets in Taiwan. From 1978 to 1996, he worked in the Yulong group, a car manufacturer, where he started as an engineer and rose through the ranks to become its vice president, in which he was primarily responsible for its manufacturing division and sales.

SHYU Yi-Sheng (徐宜生), aged 52, is the grocery manager of our group of subsidiaries operating under our "RT-Mart" banner in China, where his responsibilities include planning and the formulation of sourcing strategies, sourcing, supervision of the assortment structure of our "RT-Mart" hypermarkets, as well as conducting training for grocery buyers under our "RT-Mart" banner in China. Prior to joining us in 1999, Mr. Shyu worked in a Japanese supermarket from 1987 to 1991 as a floor manager, where he was is in charge of its general operations. From 1991 to 1996, Mr. Shyu worked in the Makro group, a wholesaler and distributor, as an operation store manager and subsequently, a store general manager in its Taiwan store, where he was, in charge of the overall supervision of its operations. From 1997 to 1999, Mr. Shyu was an operations director for the Trust-Mart group in Taiwan, where he was responsible for its operational planning, strategies and expansion.

MONG Ling-Chun (孟令軍), aged 61, is the general manager of our fresh food division for our group of subsidiaries operating under our "RT-Mart" banner in China, where his responsibilities include controlling of fresh food imports, procurement, pricing and supervision of the quality of fresh food under our "RT-Mart" hypermarkets merchandise offering. Mr. Mong also conducts training for fresh food managers under our "RT-Mart" banner. Prior to joining our Group in 1997, he worked as a wholesaler of fish from 1978 to 1990. From 1990 to 1995, Mr. Mong was with the Makro group, as a merchandise manager, where he was in charge of the merchandising of fish and diary food. From 1996 to 2001, Mr. Mong was with Ruentex, one of our two Ultimate Controlling Shareholders, where he was involved in the preparation and planning of the establishment of "RT-Mart" hypermarkets in Taiwan and subsequently in China.

COMPANY SECRETARY

HO Siu Pik (何小碧), *ACIS, ACS (PE)*, aged 47, is the company secretary of our Company. Ms. Ho is a director of Corporate Services Division of Tricor Services Limited and an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho has over 20 years of experience in the company secretarial area. Ms. Ho is currently the joint company secretary of China Molybdenum Company Limited (stock code: 3993) and SITC International Holdings Company Limited (stock code: 1308) and was the joint company secretary of Sands China Ltd. (stock code: 1928) from 14 October 2009 to 13 April 2011.

AUDIT COMMITTEE

We have established a Board audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls.

The audit committee currently consists of five non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai (鄭銓泰), Mr. Xavier Marie Alain Delom de Mezerac, Ms. Karen Yifen Chang (張挹芬), Mr. He Yi (何毅) and Mr. Desmond Murray. It is currently chaired by Mr. Desmond Murray, an independent non-executive Director.

REMUNERATION COMMITTEE

We have established a Board remuneration committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on our Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The remuneration committee currently consists of five non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai (鄭銓泰), Mr. Philippe David Baroukh, Ms. Karen Yifen Chang (張挹芬), Mr. He Yi (何毅) and Mr. Desmond Murray. It is currently chaired by Mr. Cheng Chuan-Tai (鄭銓泰), a non-executive Director.

NOMINATION COMMITTEE

We have established a Board nomination committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships.

The nomination committee currently consists of five non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai (鄭銓泰), Mr. Philippe David Baroukh, Ms. Karen Yifen Chang (張挹芬), Mr. He Yi (何毅) and Mr. Desmond Murray. It is currently chaired by Mr. Philippe David Baroukh, a non-executive Director.

OPERATIONS COMMITTEE AND INVESTMENT COMMITTEE

In addition, we have established an Operations Committee and an Investment Committee.

Our Operations Committee is a platform for the management teams of each of the “Auchan” and the “RT-Mart” banners to share key information and know-how on financial matters, information technology, human resources and operational matters such as site selection, products, logistics and sourcing.

Our Investment Committee is a platform for open discussions on key matters regarding investments. Members of the Investment Committee meet to report, review, discuss, project status and performance and provide information to the Board.

The members of our Operations Committee and Investment Committee include our executive Directors, our Chief Financial Officer and certain members of the senior management of our Company and our subsidiaries.

For more details of our Operations Committee and Investment Committee, please refer to the section headed “Business — Our Strategy — We have a unified strategy to encourage a harmonious decision-making environment to align Shareholders’ interests”.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 were approximately RMB1.9 million, RMB1.3 million, RMB1.6 million and RMB0.8 million, respectively.

The aggregate remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Company's five highest paid individuals for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 were approximately RMB8.8 million, RMB9.3 million, RMB11.5 million and RMB3.8 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2008, 2009 and 2010, by any member of our Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 31 December 2011 to be approximately RMB14 million.

Compliance Adviser

We have appointed Anglo Chinese Corporate Finance Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will provide advice to us when consulted by us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, immediately following the completion of the Global Offering (and without taking into account any Shares which may be sold pursuant to the exercise of the Over-allotment Option), the following persons will have an interest or a short position in the Shares or underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Number and class of shares[(1)]	Approximate percentage of interest in our Company immediately after the completion of the Global Offering
A-RT	Beneficial owner	4,865,338,686 (L)	51.94%
Auchan Hyper[(2)]	Interest in a controlled corporation and beneficial owner	5,791,757,452 (L)	61.82%
Groupe Auchan S.A.[(3)]	Interest in a controlled corporation	5,791,757,452 (L)	61.82%
Au Marche S.A.S[(4)]	Interest in a controlled corporation	5,791,757,452 (L)	61.82%
Mulliez Family[(5)]	Interest in controlled corporations	5,791,757,452 (L)	61.82%
Kofu[(6)]	Beneficial owner	748,376,538 (L)	7.99%
CGC[(7)]	Beneficial owner	807,024,010 (L)	8.61%
Ruentex Industries[(8)]	Interest in a controlled corporation	807,024,010 (L)	8.61%
Ruentex Development[(9)]	Interest in controlled corporations	807,024,010 (L)	8.61%
Mr. Yin Chung Yao[(10)]	Interest in controlled corporations	748,376,538 (L)	7.99%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) A-RT is 36.70%-owned by Auchan Hyper, therefore Auchan Hyper is deemed to be interested in all the Shares in which A-RT is interested in by virtue of Part XV of the SFO.

(3) Auchan Hyper is wholly-owned by Groupe Auchan S.A., therefore Groupe Auchan is deemed to be interested in all the Shares in which Auchan Hyper is interested in by virtue of Part XV of the SFO.

(4) Groupe Auchan S.A. is 61.88%-owned by Au Marche S.A.S, therefore Au Marche S.A.S is deemed to be interested in all the Shares in which Groupe Auchan S.A. is interested in by virtue of Part XV of the SFO.

(5) Au Marche S.A.S is wholly-owned by the Mulliez Family through certain intermediate holding companies. No one member of the Mulliez Family is able to exert a dominant influence over other members in their voting rights in Au Marche S.A.S. The Mulliez Family is collectively represented by a member of the family, who plays an administrative role and is similarly unable to exert a dominant influence over other members of the Mulliez Family and does not control Au Marche S.A.S.

(6) Kofu has a direct beneficial interest of 7.99% in the Company.

(7) CGC has a direct beneficial interest of 8.61% in the Company.

(8) CGC is 42.25%-owned by Ruentex Industries, therefore Ruentex Industries is deemed to be interested in all the Shares in which CGC is interested in by virtue of Part XV of the SFO.

(9) CGC is 15.51%-owned by Sinopac, and Sinopac is 49.06%-owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the Shares in CGC in which Sinopac is interested in by virtue of Part XV of the SFO. CGC is 25.46%-owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the Shares in which CGC is interested in by virtue of Part XV of the SFO.

(10) Kofu is wholly-owned by Mr. Yin Chung Yao, through certain controlled corporations.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of the Company as at the date of this prospectus and immediately following the completion of the Global Offering:

As at the date of this prospectus

	Number of Shares	HK$
Authorised share capital	20,000,000,000 Shares of HK$0.30 each	6,000,000,000
Issued share capital	8,224,279,700 Shares of HK$0.30 each	2,467,283,910

Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)

	Number of Shares	HK$
Existing issued share capital	8,224,279,700 Shares of HK$0.30 each	2,467,283,910
Total number of new Shares issued pursuant to the Global Offering	1,143,848,000 new Shares of HK$0.30 each	343,154,400
Total issued Shares on completion of the Global Offering	9,368,127,700 Shares of HK$0.30 each	2,810,438,310

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lien of the whole or part of a dividend on shares in accordance with the Articles;

(c) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the paragraph headed "— General Mandate to Repurchase Shares" below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the ***Applicable Period***); and

(iii) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Applicable Period.

For further details of this general mandate, please see "Appendix VI — Statutory and General Information — Further Information About the Group — Resolutions of our shareholders" to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering", our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Appendix VI — Statutory and General Information — Further Information About Our Group — Repurchases of our own Shares" to this prospectus.

This general mandate to repurchase Shares will expire:

(i) at the conclusion of our next annual general meeting; or

(ii) at the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please see "Appendix VI — Statutory and General Information — Further Information About Our Group — Repurchases of our own Shares" to this prospectus.

THE CORNERSTONE PLACING

As part of the International Offering, we and the Joint Global Coordinators have entered into cornerstone placing agreements with each of the investors described below (the ***Cornerstone Investors*** and each a ***Cornerstone Investor***), pursuant to which the Cornerstone Investors have agreed to acquire, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of approximately HK$3,267.6 million (US$420 million) (the ***Cornerstone Placing***). Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares to be acquired by the Cornerstone Investors would be approximately 578,334,500 representing (i) approximately 6.17% of the Shares in issue and outstanding upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 50.56% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

The Cornerstone Investors are Independent Third Parties and none of them is related to any other Cornerstone Investors. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or before 14 July 2011.

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering and through the Joint Global Coordinators or their respective affiliates in their capacities as International Underwriters of the relevant portion of the Global Offering. None of the Cornerstone Investors will acquire any Offer Shares under the Global Offering, other than pursuant to the respective cornerstone placing agreement entered into by each of them. The Offer Shares will rank *pari passu* with the fully paid Shares then in issue. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any representation on the Board nor will any of the Cornerstone Investors become our substantial shareholder. All Shares to be held by the Cornerstone Investors will be counted as part of the public float of our Company.

The Offer Shares to be acquired by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering".

CORNERSTONE INVESTORS

We and the Joint Global Coordinators have entered into cornerstone placing agreements with the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors has been provided by each of the relevant Cornerstone Investors in connection with the Cornerstone Placing.

Arisaig Asia

Arisaig Asia Consumer Fund Limited (***Arisaig Asia***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of

HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Arisaig Asia would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Arisaig Asia is an investment fund incorporated in the British Virgin Islands. The investment adviser of Arisaig Asia is Arisaig Partners (Asia) Pte Ltd (***Arisaig Partners***), a company organised and operating under the laws of Singapore. Arisaig Partners, with its head-office in Singapore, is an independent investment management company founded in October 1996. Arisaig Partners' focus is exclusively on listed, consumer staples businesses in emerging markets. As of 31 May 2011, Arisaig Partners has approximately US$2.7 billion under management, of which over US$2.1 billion is in Arisaig Asia, US$380 million in Arisaig Africa Fund and US$190 million in Arisaig Latin America Fund.

Brookside

Brookside Capital Trading Fund, L.P. (***Brookside***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Brookside would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Brookside is a limited partnership formed under the laws of Delaware, United States of America whose ultimate controlling shareholder is Brookside Capital Management, LLC. As of 31 March 2011, Brookside had approximately US$9 billion in assets. The investment adviser to the Brookside Fund is Brookside Capital, LLC (***Brookside Capital***), the public equity affiliate of Bain Capital, LLC. Brookside Capital's investment process involves in-depth strategic and financial analysis, with an emphasis on the analysis of industry dynamics, competitive position and management capability and identification of operational improvements to determine the "intrinsic value" of potential investments.

Carmignac Gestion (acting for and on behalf of its mutual funds)

Carmignac Gestion has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Carmignac Gestion would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Carmignac Gestion is incorporated in France whose principal activities are asset management. It is an independent Asset Management Company headquartered in Paris, approved in France and regulated by the AMF. With over 50 billion euros of assets under management as of April 2011, Carmignac Gestion offers 19 global specialised or diversified funds, as well as a mandate management offering.

Gaoling Fund

The Gaoling Fund has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$544.6 million (US$70 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that the Gaoling Fund would acquire would be 96,389,060, representing (i) approximately 1.03% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 8.43% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

The Gaoling Fund is a limited partnership incorporated in Cayman Islands. It is an Asia focused fund managed by Hillhouse Capital Management, Ltd. (***Hillhouse***). Hillhouse manages capital for world-class institutional investors, concentrating on making equity investments over a long term investment horizon. Hillhouse takes a research intensive, bottoms-up approach to investing that is highly focused on business fundamentals. As of 31 May 2011, Hillhouse has approximately US$5.6 billion under management.

General Atlantic

General Atlantic Singapore Fund Pte. Ltd (***General Atlantic***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$544.6 million (US$70 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that General Atlantic would acquire would be 96,389,000, representing (i) approximately 1.03% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 8.43% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

General Atlantic, incorporated in Singapore, is a private equity fund based in Singapore that makes and holds investments in growth companies in Asia, including China, Hong Kong, India, Singapore and other regions of Asia. It is part of the General Atlantic private equity group, a leading global growth equity firm providing capital and strategic support for growth companies.

GIC

The Government of Singapore Investment Corporation Pte Ltd (***GIC***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that GIC would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

Maxwell Hill Investments

Maxwell Hill Investments (Cayman Islands) Limited (***Maxwell Hill Investments***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Maxwell Hill Investments would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Maxwell Hill Investments is a wholly-owned subsidiary of Khazanah Nasional Berhad (***Khazanah***). Khazanah is the investment holding arm of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government of Malaysia and to undertake strategic investments. Khazanah was incorporated under the Companies Act 1965 on 3 September 1993 as a public limited company. The share capital of Khazanah is owned by the Minister of Finance (Incorporated), a body incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957. Khazanah has stakes in more than 50 companies with assets valued in excess of US$35 billion. Khazanah is also the state agency responsible for strategic cross border investments. These companies are involved in various sectors such as power, telecommunications, banking, automotive, airport management, infrastructure, property development, broadcasting, semiconductor, investment holding, research technology and venture capital. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Berhad, Tenaga Nasional Berhad, CIMB Group Holdings Berhad, Axiata Group Berhad, Proton Holdings Berhad, Malaysian Airline System Berhad, Malaysia Airports Holdings Berhad and UEM Land Holdings Berhad.

Owl Creek

Owl Creek Asset Management L.P. (***Owl Creek***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Owl Creek would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Owl Creek is an investment firm with over US$6.7 billion under management and operates as a bottom-up value investor, searching for event-driven investments across industries and across all parts of a company's capital structure. Jeffrey Altman launched Owl Creek in 2002 and is the managing partner. He is joined by Daniel Krueger, Jeffrey Lee, and Shai Tambor as partners on the investment team and by Daniel Sapadin as partner and Chief Operating Officer. Owl Creek has offices in New York, Hong Kong and London.

Tiger Global

Tiger Global, L.P., Tiger Global Master Fund, L.P., and Tiger Global II SPV II Ltd. (together, ***Tiger Global***) has agreed to subscribe for such number of Shares (rounded down to the nearest board lot of 500 Shares) which may be acquired for up to approximately HK$311.2 million (US$40 million) at the Offer Price. Assuming an Offer Price of HK$5.65 (being the low end of the Offer Price range stated in this prospectus), the total number of Offer Shares that Tiger Global would acquire would be 55,079,500, representing (i) approximately 0.59% of the Shares in issue and outstanding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) approximately 4.82% of the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

Each of Tiger Global, L.P., Tiger Global Master Fund, L.P., and Tiger Global II SPV II Ltd. is managed by Tiger Global Management, LLC, which is in turn controlled by Charles P. Coleman III. Tiger Global, L.P. is a limited partnership established in Delaware, United States. Tiger Global Master Fund, L.P. is a limited partnership which is established in the Cayman Islands. Tiger Global II SPV II Ltd. is an exempted company incorporated in the Cayman Islands. The Tiger Global funds invest in public and private securities across a variety of industries and geographies. The funds have invested in numerous market leading consumer and technology companies, both in China and worldwide.

CONDITIONS PRECEDENT

The obligation of the Cornerstone Investors to acquire the Offer Shares under the cornerstone placing agreements is subject to, among other things, the following conditions precedent:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the time and date as specified in these Underwriting Agreements or as subsequently varied by agreement of the parties thereto;

(ii) neither of the Underwriting Agreements having been terminated; and

(iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Other than the Gaoling Fund and General Atlantic, each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares or any interest in any company or entity holding any of the Shares acquired by it pursuant to the Cornerstone Placing. Each of the Gaoling Fund and General Atlantic has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of one year following the Listing Date, dispose of any of the Shares or any interest in any company or entity holding any of the Shares acquired by it pursuant to the Cornerstone Placing.

You should read this section in conjunction with our audited and reviewed consolidated financial statements, including notes thereto, as set forth in "Appendix I — Accountants' Report" to this prospectus. The financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please see the section headed "Risk Factors".

For the purpose of this section, unless the context otherwise requires, references to 2008, 2009 and 2010 refer to the year ended 31 December, of such year, and references to 2011 refer to the three months ended 31 March 2011.

OVERVIEW

We are the largest and fastest growing hypermarket operator in China in terms of sales in 2010 and market share increase over the Track Record Period respectively, according to Euromonitor estimates. According to Euromonitor, our estimated market share increased from 10.6% in 2008 to 12.0% in 2010. Euromonitor has also estimated that we had the highest productivity amongst hypermarket operators in China in 2010 in terms of Sales per Average Number of Stores. Our Sales per Average Number of Stores was RMB313 million, RMB309 million and RMB323 million for 2008, 2009 and 2010, respectively, and RMB97 million and RMB103 million for the three months ended 31 March 2010 and 2011, respectively.

We operate our hypermarket business under two well-recognised banners — being the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners. As at the Latest Practicable Date, we had a nationwide footprint with 197 hypermarket complexes across 21 out of 31 provinces, autonomous regions and municipalities in China. Out of these 197 hypermarket complexes, 136 are leased by us, 49 are owned by us and 12 are Contracted Stores. 16 out of the 136 leased hypermarket complexes are operated under the "Auchan" banner while the remaining 120 are operated under the "RT-Mart" banner. 25 out of the 49 owned hypermarket complexes are operated under the "Auchan" banner while the remaining 24 are operated under the "RT-Mart" banner. All Contracted Stores are operated under the "RT-Mart" banner. The sales areas of our hypermarkets range in size from approximately 6,000 sq.m. to 17,000 sq.m. with an average size of 8,800 sq.m. Each of our hypermarket complexes comprise of our hypermarket and retail gallery offering a broad range of food and non-food merchandise.

Our Ultimate Controlling Shareholders, Groupe Auchan and Ruentex, opened their first hypermarkets in Shanghai in 1999 and 1998, respectively. In 2000, recognising the potential synergistic benefits their two banners could achieve, Groupe Auchan and Ruentex decided to enter into a joint venture arrangement to operate the “Auchan” and “RT-Mart” banners in China together. Our Company was established on 13 December 2000 to carry out the vision of Groupe Auchan and Ruentex to develop the market leader in the hypermarket sector in China.

We have opened hypermarkets in first tier cities such as Shanghai and Beijing as well as populous second or lower tier cities such as Nanjing, Suzhou, Hangzhou, Ningbo, Jinan, Hefei, Dongguan, Wuhan, Changde, Shenyang, Mudanjiang, Xi’an and Lanzhou and in the suburban areas in first tier cities. We wish to be an early mover in each region which we expand into and take advantage of the opportunities that these under-penetrated regions can offer. During the Track Record Period, we opened a total of 90 hypermarket complexes in China, and subsequent to the end of the Track Record Period up to the Latest Practicable Date, we opened two additional hypermarket complexes. As at the Latest Practicable Date, we had identified and secured 121 locations in China for our planned hypermarket complexes openings, through either signed leases or acquired land plots, and had 51 hypermarkets under development, which includes properties we own and properties under secured leases in China. 46 of the 51 hypermarkets under development are under the “RT-Mart” banner, of which 40 are leased properties and six are owned properties. The remaining five of the 51 hypermarkets under development are under the “Auchan” banner, all of which are leased properties.

In addition, we manage retail galleries within our hypermarket complexes, which are leased to and operated by third party tenants. We generate rental income from leasing stores in our retail galleries to such third party tenants.

In 2008, 2009 and 2010, we recorded turnover of RMB37,852 million, RMB45,394 million and RMB56,168 million, respectively, representing a CAGR of 21.8% between 2008 and 2010. For the three months ended 31 March 2011, we recorded turnover of RMB19,824 million, representing an increase of 26.6% as compared to our turnover of RMB15,656 million in the corresponding period in 2010.

CERTAIN DEFINITIONS

Unless otherwise indicated, the following definitions apply within this section.

- ***Operating Margin*** is defined as profit from operations divided by turnover.

- ***Gross Profit Margin*** is defined as gross profit divided by turnover.

BASIS OF PRESENTATION

The financial statements of the companies comprising our Group for the Track Record Period are prepared in accordance with HKFRS and on the historical cost basis. The preparation of financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements made by management in the application of HKFRS that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 30 of the Accountants' Report included as Appendix I to this prospectus.

Subsidiaries that were historically acquired or disposed of are consolidated using the purchase method of accounting from or to their effective dates of acquisition or disposal, being the respective dates on which our Group obtained control or ceased to have control over such subsidiaries. All income, expenses and unrealised gains resulting from intercompany transactions and intercompany balances within our Group are eliminated on consolidation in full. Unrealised losses resulting from intercompany transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Factors affecting comparability of our financial statements

During the Track Record Period, our profit attributable to non-controlling interests was attributable to (i) interests in ACHK and CCIL held by our Controlling Shareholders, (ii) interests in ACI and CIC arising from our Employee Trust Benefit Schemes and (iii) the interest held by an independent third party in our subsidiary, Jinan RT-Mart. As part of the Reorganisation, our Company acquired the remaining interests in ACHK and CCIL from our Controlling Shareholders. As a result, our equity interest in ACHK and CCIL increased from 65.6% and 67.24%, respectively, to 100.0% and 100.0%, respectively. Based on our Group structure after the Reorganisation completed on 13 May 2011, our profit attributable to non-controlling interests will only include those attributable to (i) interests in ACI and CIC arising from our Employee Trust Benefit Schemes and (ii) the interest held by an independent third party in our subsidiary, Jinan RT-Mart, and may not be comparable to our Financial Statements for the Track Record Period. For further details of the Reorganisation, please see the section headed "Our History and Reorganisation".

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic conditions of China in general

The retail business is particularly sensitive to economic developments. Economic growth in China over the past three decades has led to substantial growth in disposable income and has resulted in increased purchasing power and greater demand for goods in addition to basic necessities. Since the introduction of reforms by the Chinese government in 1978 to raise productivity and improve personal income, the economy in China has grown rapidly. Real GDP has grown at a CAGR of 11.2% between 2005 and 2010, and despite the challenges faced by the global economy in late 2008 and in 2009, economic growth has remained strong in China and real GDP growth stood at 10.3% in 2010. During the Track Record Period, the number of our stores increased from 105 at the start of 2008 to 195 as at 31 March 2011, and our turnover increased from RMB37,852 million in 2008 to RMB56,168 million in 2010, and from RMB15,656 million for the three months ended 31 March 2010 to RMB19,824 million for the three months ended 31 March 2011. As our network of hypermarkets is nationwide, covering 21 out of the 31 provinces, autonomous regions and municipalities in China, the economic conditions of China, as reflected by the level of disposable income of the Chinese population in particular, have a significant impact on our results of operations. In addition, any future or perceived fluctuation in the growth of the Chinese economy could affect consumer spending and consumer habits, which in turn could materially affect our financial condition and results of operations.

Expansion of our hypermarket network

Our ability to increase our sales and our profitability is directly affected by the total number of hypermarkets we operate. Since establishing our Company in 2000, we had expanded our network to a total of 197 stores as at the Latest Practicable Date. We expanded our hypermarket network from 105 to 132 stores in 2008, from 132 to 156 stores in 2009, from 156 to 184 stores in 2010 and from 184 to 195 stores during the three months ended 31 March 2011, representing an increase of 35 stores compared to 160 stores as at 31 March 2010. Our strategy is to continue expanding our network by opening stores in populous second and lower tier cities such as Nanjing, Suzhou, Hangzhou, Ningbo, Jinan, Hefei, Dongguan, Wuhan, Changde, Shenyang, Mudanjiang, Xi'an and Lanzhou and in the suburban areas in first tier cities. Our turnover has increased at a CAGR of 21.8% between 2008 and 2010 while we were able to maintain the efficiency of our staff and our sales per sq.m. with substantial growth driven by the continued expansion of our hypermarket network. In 2010, approximately 12.7% of turnover from sales of goods was derived from a total of 52 stores opened in 2009 and 2010.

Region	Number of stores							
	Years ended 31 December						Three months ended 31 March	
	2008		2009		2010		2011	
	New Stores	Stores opened prior to 2008	New Stores	Stores opened prior to 2009	New Stores	Stores opened prior to 2010	New Stores	Stores opened prior to 2011
Eastern China(1)	18	60	14	78	15	92	4	107
Northern China(2)	1	15	4	16	4	20	4	24
North-Eastern China(3)	2	12	1	14	2	15	2	17
Central China(4)	3	6	1	9	2	10	—	12
Southern China(5)	3	12	4	15	5	19	1	24
Total	27	105	24	132	28	156	11	184

Notes:
We define our regions as follows:

(1) Eastern China: Shanghai, Jiangsu, Zhejiang, and Anhui

(2) Northern China: Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, and the western part of Inner Mongolia

(3) North-Eastern China: Liaoning, Jilin, Heilongjiang, and the eastern part of Inner Mongolia

(4) Central China: Hunan, Hubei, Jiangxi, Chongqing, Sichuan, Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang and Tibet

(5) Southern China: Fujian, Guangdong, Guangxi, Hainan, Guizhou and Yunnan

Our ability to continue to secure prime locations is a key factor to our success. As we expand our hypermarket network, we will need to secure more locations through ownership or long-term leases, as determined on a case-by-case basis. In recent years property prices have fluctuated but overall have increased significantly in China. This is particularly so for retail locations. As a result, we expect our cost of securing new locations for our new stores, whether through ownership or through long-term leases, to increase in the near future. In addition, we also expect rental expenses for our existing leased store premises to increase. Most of our current leases have a term of 20 years with an option to renew for up to a further 20 years. We believe this to an extent reduces our exposure to the fluctuations of the real estate rental market as changes to our rental rates are governed by our lease agreements. However, when our current leases expire we will need to re-negotiate the leases with the relevant landlords, who may seek to impose a much higher rental rate or more onerous conditions. Please see the section headed “Risk Factors — Risks Relating to Our Business — We may not be able to find suitable locations for new hypermarkets on commercially acceptable terms, if at all”.

Furthermore, our turnover growth can vary according to the level of maturity of our stores, which could drive our results of operations as we expand our hypermarket network. The amount of turnover a store generates depends on its stage of operation. Generally, turnover generated by a new store is lower at its initial stage of operation and tends to increase after the first two years of operation as the store gains customer loyalty and market recognition. Following this initial stage, growth in the turnover of a store will also depend on various factors such as the level of customer traffic, quality of store management, extent of redecoration and renovation, and rate of growth in the local economy.

Sales volume

Our sales volume is an important factor driving our results of operations. We increase our sales volume by driving customer traffic and average transaction size at our hypermarkets, which we achieve by (i) providing our customers with an enjoyable one-stop shopping experience, excellent customer service and amenities, (ii) offering a comprehensive range of products at the best value for money and (iii) strategically locating our hypermarket complexes in areas with a high residential population and traffic level.

Increased sales volume affects our results of operations as it (i) enables us to benefit from economies of scale in procurement and (ii) drives our operating margin through our ability to leverage our fixed cost base.

Our turnover in 2008, 2009 and 2010 was RMB37,852 million, RMB45,394 million and RMB56,168 million, respectively, representing a CAGR of 21.8% between 2008 and 2010, and our operating margin was 4.0%, 4.3% and 4.4% in 2008, 2009 and 2010, respectively, reflecting the effect of increased sales volume on our results of operations. Our turnover for the three months ended 31 March 2011 was RMB19,824 million, representing an increase of 26.6% over the corresponding period in 2010. Our operating margin was 5.9% and 5.8% for the three months ended 31 March 2010 and 2011, respectively, as the effect of increased sales volume was offset by an increase in operating costs mainly due to PRC government policies on wages, increased taxes and surcharges, and the opening of 11 new stores in the three months ended 31 March 2011.

Competition

The pricing and demand for our products are affected by the intensity of the competition we face. The hypermarket industry in the PRC is highly competitive. Our key direct competitors include both domestic and international hypermarket operators such as the Brilliance Group, Carrefour, Wal-Mart, Tesco and China Resources Enterprise, as well as several regional and local hypermarket operators. Each of these chains has an established presence in the PRC and is continuing to open hypermarkets and/or hypermarket complexes in the same cities where we have opened or intend to open our hypermarkets. Competition from them is likely to exert a downward pressure on the pricing of our merchandise. This is particularly the case since we strive to deliver the best value for money to our customers. Competition not only affects pricing, but also affects our sales volume since the establishment of a competitor's store close to one of our stores may divert some of our customer traffic.

In addition to competition from other competing hypermarket operators, we also face competition from other retailers. We face competition from other retailers such as grocery stores, supermarkets and traditional wet markets for food products, and competition from other retailers such as discount stores, department stores and specialist stores for non food products. In addition, although internet retail is not currently a major player in the retail industry in the PRC, we expect more competition from internet retail in the future as the market for it develops. We expect competition from other hypermarket operators and other retailers to further intensify as the retail industry grows and such increased competition may adversely affect our business and results of operations. Please see the section headed "Business — Competition".

Product Mix

We offer an extensive range of products in a number of segments at our hypermarkets including textiles, electrical merchandise, bazaar, MCP and fresh food. We strive to provide the best value for money for our customers and respond to the needs and tastes of our customers by optimising the range of products we offer in order to attract and maintain a large pool of customers. Changes in the mix of products we sell can impact our sales and operating profit as the gross profit margins may vary across different categories of products and different products. Such margins may vary for a number of reasons, including supply and demand factors, inflation, competition and purchase cost. Our gross profit margin is affected by the adjustments to product mix that we make to adapt to the changing needs of our customers.

Seasonality

Our hypermarket business is susceptible to seasonal fluctuations and follows traditional seasonal shopping patterns in China. We typically record a higher level of sales during holidays such as the New Year holiday, the Chinese New Year holiday, the Labour Day holiday, Dragonboat Festival, Mid-Autumn Festival, and the National Day holiday. In advance of peak selling periods, particularly the Chinese New Year holiday, our operating cashflow generally decreases as we purchase additional inventory and we incur additional expenses to carry out marketing and advertising activities. Our peak sales period is the first quarter as the Chinese New Year holiday is generally in January or February, and impacts our level of inventory, trade payables and working capital starting in the fourth quarter since we begin our preparations one to two months ahead of time.

Operational expenses and costs

Our store operating costs include, among others, rental expenses, utilities, maintenance and advertising expenses. These costs and expenses fluctuate and differ from store to store depending on a variety of factors and are affected by inflation. Inflation increases our operating costs, which in turn may adversely affect our results of operations. In addition, the increase in fixed operating costs arising from the opening of new stores could have a material adverse effect on our operating margin. In general, we expect our operational expenses as a percentage of sales to be higher for new stores than for mature stores. This is due to the fact that we incur significant pre-operation expenses to open a new store while turnover at a new store is initially generally lower than at a mature store. In addition, we carry out periodic redecorations and renovations of our stores, which we believe are important in maintaining and enhancing the image of our stores and in attracting customers. In our experience, redecorations and renovations generally lead to increases in turnover. However, during redecorations and renovations, we may incur significant expenses and may also experience disruptions to our normal operations which may affect our turnover.

Taxation

On 16 March 2007, the National People's Congress of the PRC promulgated and adopted the new EIT Law which imposed a uniform income tax rate of 25% on all domestic and foreign-invested enterprises in the PRC, effective 1 January 2008. As a result, our PRC subsidiaries were subject to a statutory enterprise income tax rate of 25% for 2008, 2009, 2010 and the three months ended 31 March 2011. For further details of the new EIT Law and its other implications for us, please see the section headed "— Description of Selected Income Statement Line Items — Income tax".

On 18 October 2010, the State Council issued Notice 35, which unifies the UMCT and Education Levy on domestic enterprises and foreign investment enterprises in the PRC, effective 1 December 2010. The UMCT and Education Levy are calculated based on the total amount of business tax, value added tax and consumption tax paid by each taxpayer. The UMCT rates for enterprises in cities, counties and other areas are seven percent, five percent and one percent, respectively. The Education Levy rate is three percent. We have been subject to the UMCT and Education Levy for the month of December 2010 and the three months ended 31 March 2011, and will continue to be subject to such tax and surcharge going forward.

During the Track Record Period, certain of our subsidiaries benefited from tax holidays and concessions. Please see the paragraph headed "— Description of Selected Income Statement Line Items — Income tax" and Note 5 of the Accountants' Report as set forth in Appendix I to this prospectus for further details. Any change to the PRC tax policies or laws applicable to us may affect our financial condition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our principal accounting policies, which are important for an understanding of our financial condition and results of operations, are set out in detail in Note 1 of the Accountants'

Report included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as judgements by our management relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. We believe the following are our most significant critical accounting policies and our accounting policies involving the most significant estimates and judgements used in preparation of our financial statements.

Depreciation

We state investment property and other property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of 3-30 years, after taking into account the estimated residual value. We review annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on our historical experience with similar assets and taking into account anticipated technology changes.

Inventories

Inventories comprise merchandise purchased for resale and are stated at the lower of cost and net realisable value. We determine the cost of merchandise on a weighted average basis. The cost of merchandise comprises goods purchase cost after deducting discounts and payments from suppliers except where such payments represent a reimbursement of identifiable expenditure incurred by us or relate to services provided by us which provide identifiable benefits to the suppliers separate from our purchase of the supplier's goods. Net realisable value of inventories is the estimated selling price in the ordinary course of business. We base these estimates on the current market condition and the historical experience of selling merchandise of similar nature, which may change significantly as a result of competitor actions in response to severe industry cycles. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect our net asset value. We reassess the estimates at each balance sheet date.

Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. We carefully evaluate tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for all unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the losses and deductible temporary differences can be utilised. The amount of deferred tax recognised requires judgement by management as to whether sufficient taxable profits will be available to allow the related tax benefit to be used.

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of aging analysis and evaluation of collectability. Any increase or decrease in the impairment losses for bad and doubtful debts would affect the consolidated statements of comprehensive income in future years.

RESULTS OF OPERATIONS

The table below sets out selected financial information for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Turnover	37,852	45,394	56,168	15,656	19,824
Cost of sales	(30,763)	(36,814)	(45,200)	(12,784)	(16,093)
Gross profit	7,089	8,580	10,968	2,872	3,731
Other revenue	259	277	274	56	150
Store operating costs	(4,635)	(5,502)	(7,289)	(1,657)	(2,282)
Administrative expenses	(1,186)	(1,402)	(1,479)	(351)	(445)
Profit from operations	1,527	1,953	2,474	920	1,154
Finance costs	(147)	(149)	(83)	(22)	(17)
Profit before taxation	1,380	1,804	2,391	898	1,137
Income tax	(364)	(550)	(777)	(287)	(320)
Profit for the year/period	1,016	1,254	1,614	611	817
Profit attributable to:					
Equity shareholders of the Company	680	811	1,031	396	522
Non-controlling interests	336	443	583	215	295
Profit for the year/period	1,016	1,254	1,614	611	817

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Turnover. Our turnover is derived from sales of goods and rental income. Turnover from sales of goods is net of value added tax and other applicable sales taxes after deducting any trade discounts. We derive our turnover primarily from sales of goods at our hypermarkets. For sales of goods, we purchase our merchandise from our suppliers and resell the merchandise in our hypermarkets. We derive our rental income from renting gallery space in hypermarket complexes to operators of businesses that we believe are complementary to our stores. Please see the section headed "Business" for more information on sales of goods and rental of gallery space.

Our turnover is affected by the total number of stores in operation during the financial period in review. We opened 27, 24 and 28 new hypermarkets in 2008, 2009 and 2010, respectively, and we opened 11 stores during the three months ended 31 March 2011. We had a total of 132, 156, 184 and 195 stores as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively.

Our sales of goods are typically highest in the first quarter and typically lowest in the second quarter as the Chinese New Year holiday, our peak sales season, is typically in January or February. Please see the paragraph headed "— General Factors Affecting Our Results of Operations — Seasonality".

The following table sets forth a breakdown of our turnover from sales of goods and rental income for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2008		2009		2010		2010 (unaudited)		2011	
	(RMB million)	% of total turnover	(RMB million)	% of total turnover	(RMB million)	% of total turnover	(RMB million)	% of total turnover	(RMB million)	% of total turnover
Sale of goods	37,115	98.1	44,445	97.9	54,924	97.8	15,358	98.1	19,450	98.1
Rental income	737	1.9	949	2.1	1,244	2.2	298	1.9	374	1.9
Total turnover	37,852	100.0	45,394	100.0	56,168	100.0	15,656	100.0	19,824	100.0

The following table sets forth our customer number and average transaction size for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
Customer number [1] *(million)*	521.43	599.15	670.30	186.47	188.43
Average transaction size *(RMB)*	71.18	74.18	81.94	82.36	103.22
Turnover from sales of goods ***(RMB million)***	37,115	44,445	54,924	15,358	19,450

Note:

(1) In terms of number of transactions.

Cost of sales. Cost of sales consists of: (i) costs related to the sale of goods, which includes the cost of merchandise that we purchase from our suppliers for resale net of rebates from suppliers, and provisions for slow-moving inventory and (ii) direct costs related to our gallery rentals, which include business tax and maintenance.

Other revenue. Other revenue consists of income from the disposal of packaging materials, interest income, service income and government grants. Income from the disposal of packaging materials represents our sale of packaging materials to recycling companies. Service income represents revenue from the provision of parking area, playground facilities, advertising and promotion space to parties other than our suppliers. Government grants represent subsidies received from local authorities, for example, for establishing a hypermarket complex in a particular locality.

Store operating costs. Store operating costs represent the costs attributable to the operations of our stores and primarily consist of personnel expenses, rental expenses, contractual expenses paid to Contracted Store Owners, expenses for utilities, maintenance, advertising, shuttle bus services and cleaning, and depreciation and amortisation of property, plant and equipment for our stores. Store operating costs also include the expenses related to the opening of new stores, as reflected by increases in costs such as utilities, personnel expenses and rental expenses, among others. Our store operating costs include tax and surcharges under Notice 35, which unifies the UMCT and Education Levy on domestic enterprises and foreign investment enterprises in the PRC, effective 1 December 2010. We have been subject to the UMCT and Education Levy since 1 December 2010 and will continue to be subject to such tax and surcharge going forward.

Administrative expenses. Administrative expenses include expenses related to the operations of our headquarters and primarily consist of personnel expenses, advertising, travelling expenses, depreciation and amortisation of property, plant and equipment for our headquarters, royalties paid for consulting services, business tax and other expenses.

Finance costs. Finance costs primarily consist of interest expenses on borrowings.

Income tax. We are subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions where our subsidiaries are domiciled and operate.

Under the new EIT Law that was passed by the National People’s Congress on 16 March 2007 and became effective 1 January 2008, China adopted a uniform tax rate of 25% for all enterprises (including foreign-invested enterprises) and revoked the previous tax exemption, reduction and preferential treatments applicable to foreign-invested enterprises. All of our operating subsidiaries are located in the PRC and were subject to a statutory enterprise income tax rate of 25% in 2008, 2009, 2010 and 2011 pursuant to the new EIT Law, except for the subsidiaries described below.

In accordance with the transitional provisions, our subsidiary, Suzhou Concord Warehousing Co., Ltd., was subject to income tax rates of 18%, 20%, 22% and 24% for 2008, 2009, 2010 and 2011, respectively, and will be subject to an income tax rate of 25% thereafter. Our subsidiary, Shanghai Rose Consulting Co., Ltd. was subject to income tax at 12.5% for the two years from 2008 to 2009, and 25% thereafter.

Our effective tax rate, calculated as our income tax expenses divided by our profit before tax, was approximately 26.4%, 30.5% and 32.5% in 2008, 2009 and 2010, respectively, and 32.0% and 28.1% for the three months ended 31 March 2010 and 2011, respectively.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Three months ended 31 March 2011 compared to the three months ended 31 March 2010

Turnover. For the three months ended 31 March 2011, our turnover was RMB19,824 million, an increase of RMB4,168 million, or 26.6%, from RMB15,656 million for the corresponding period in 2010.

The following table sets forth a breakdown of our turnover by types of turnover:

	Three months ended 31 March	
	2010	2011
	(unaudited)	
	(RMB million)	
Sales of goods	15,358	19,450
Rental income	298	374
Total turnover	15,656	19,824

The following table sets forth a breakdown of our turnover from sales of goods by time of store opening:

	Three months ended 31 March		Increase from 31 March 2010 to 31 March 2011
	2010	2011	2011
	(RMB million)		%
Stores opened prior to 2009	13,832	15,620	12.9
Stores opened in 2009	1,310	1,642	25.3
Stores opened in 2010	216(1)	1,668(2)	672.2
Stores opened in 2011 (until 31 March 2011)	—	520	—
	15,358	19,450	26.6

Notes:

(1) Includes only stores opened during the three months ended 31 March 2010.

(2) Includes all stores opened during the year ended 31 December 2010.

For the three months ended 31 March 2011, our turnover from sales of goods was RMB19,450 million, an increase of RMB4,092 million, or 26.6%, from RMB15,358 million for the corresponding period in 2010. This increase was primarily attributable to the increase in sales at mature stores opened prior to 2009 and new stores opened in 2010. Sales from stores opened prior to 2009, stores opened in 2009, stores opened in 2010 and stores opened during the three months ended 31 March 2011 accounted for 43.7%, 8.1%, 35.5% and 12.7%, respectively, of the total growth in turnover from sale of goods for the three months ended 31 March 2011 as compared to the corresponding period in 2010.

Turnover from sales of goods from stores opened prior to 2009 increased 12.9%, mainly due to improved store management and an improved product mix to cater to customer needs and trends. Turnover from sales of goods from stores opened in 2009 increased significantly due to the maturing of these stores in 2010 and during the three months ended 31 March 2011. Turnover from sales of goods from stores opened in 2010 increased as the sales of goods for the three months ended 31 March 2011 included the turnover from sales of goods of all stores opened in 2010. Stores opened during the three months ended 31 March 2011 also contributed to the growth in turnover from sales of goods as we opened a total of 11 stores during the three months ended 31 March 2011. Our Sales per Average Number of Stores was RMB103 million for the three months ended 31 March 2011 as compared to RMB97 million for the corresponding period in 2010.

For the three months ended 31 March 2011, our turnover from rental income was RMB374 million, an increase of RMB76 million, or 25.5%, from RMB298 million for the corresponding period in 2010. This increase was primarily attributable to an increase in rentable area from new store openings and an increase in rental income from existing stores as a result of better management of tenant mix.

Cost of sales. For the three months ended 31 March 2011, our cost of sales was RMB16,093 million, an increase of RMB3,309 million, or 25.9%, from RMB12,784 million as compared to the corresponding period in 2010. This increase was due to the corresponding increase in sales.

Gross profit. For the three months ended 31 March 2011, our gross profit was RMB3,731 million, an increase of RMB859 million, or 29.9%, from RMB2,872 million for the corresponding period in 2010. Our gross profit margin increased to 18.8% for the three months ended 31 March 2011 from 18.3% for the corresponding period in 2010. The increase in our gross profit margin was a result of a greater increase in turnover of 26.6% as compared to the increase in cost of sales of 25.9%, reflecting (i) a better product mix which carried a higher profit margin and (ii) economies of scale due to our increased sales volume.

Other revenue. For the three months ended 31 March 2011, our other revenue was RMB150 million, an increase of RMB94 million, or 167.9%, from RMB56 million for the corresponding period in 2010. This increase was primarily attributable to an increase in government grants because we received our government grants earlier in the year in 2011 as compared to 2010. As a result, such government grants were included in the results for the three months ended 31 March 2011.

Store operating costs. For the three months ended 31 March 2011, our store operating costs were RMB2,282 million, an increase of RMB625 million, or 37.7%, from RMB1,657 million for the corresponding period in 2010. This increase was primarily attributable to (i) an increase in personnel expenses, (ii) an increase in rental expenses and depreciation and amortisation of property and equipment at our stores and (iii) the effect of the additional surcharges and taxes due to the UMCT and Education Levy effective 1 December 2010. The increase in personnel expenses was primarily due to an increase in staff to accommodate our new store openings and an increase in wages of staff at our stores in response to the 12th 5-year plan of China's National People's Congress which resulted in a significant increase in wages in the industry generally. The increase in rental expenses and depreciation and amortisation of property, plant and equipment was attributable to the increase in number of stores resulting from the expansion of our hypermarket network.

Administrative expenses. For the three months ended 31 March 2011, our administrative expenses were RMB445 million, an increase of RMB94 million, or 26.8%, from RMB351 million for the corresponding period in 2010. This increase was primarily attributable to an increase in personnel expenses due to an increase in the number of administrative staff to accommodate the expansion of our hypermarket network.

Profit from operations. For the three months ended 31 March 2011, our profit from operations was RMB1,154 million, an increase of RMB234 million, or 25.4%, from RMB920 million for the corresponding period in 2010. Our operating margin decreased slightly to 5.8% for the three months ended 31 March 2011 from 5.9% for the corresponding period in 2010. The decrease in operating margin was primarily due to a significant increase in store operating costs mainly due to (i) an increase in personnel expenses and (ii) the opening of 11 new stores during the three months ended 31 March 2011.

Finance costs. For the three months ended 31 March 2011, our finance costs were RMB17 million, a decrease of RMB5 million, or 22.7%, from RMB22 million for the corresponding period in 2010. This decrease was primarily due to a decrease in the overall effective interest rate on our borrowings due to a higher proportion of USD denominated loans, which have a lower effective interest rate compared to our RMB denominated loans.

Profit before tax. As a result of the foregoing reasons, for the three months ended 31 March 2011, our profit before tax was RMB1,137 million, an increase of RMB239 million, or 26.6%, from RMB898 million for the corresponding period in 2010.

Income tax expense. For the three months ended 31 March 2011, our income tax expense was RMB320 million, an increase of RMB33 million, or 11.5%, from RMB287 million for the corresponding period in 2010. Our effective income tax rate was 28.1% for the three months ended 31 March 2011 compared to 32.0% for the corresponding period in 2010, primarily due to the more stable pattern of profitability of our new stores as our unrecognised tax losses are generally attributable to new stores in the initial stage of operation.

Profit for the period. For the three months ended 31 March 2011, our profit for the period was RMB817 million, an increase of RMB206 million, or 33.7%, from RMB611 million for the corresponding period in 2010.

Profit attributable to equity shareholders of the Company. For the three months ended 31 March 2011, our profit attributable to equity shareholders of the Company was RMB522 million, an increase of RMB126 million, or 31.8%, from RMB396 million for the corresponding period in 2010.

Profit attributable to non-controlling interests. For the three months ended 31 March 2011, profit attributable to non-controlling interests was RMB295 million, an increase of RMB80 million, or 37.2%, from RMB215 million for the corresponding period in 2010. The profit attributable to non-controlling interests was attributable to (i) interests in ACHK and CCIL held by our Controlling Shareholders, (ii) interests in ACI and CIC arising from our Employee Trust Benefit Schemes and (iii) the interest held by an independent third party in our subsidiary, Jinan RT-Mart.

Year ended 31 December 2010 compared to year ended 31 December 2009

Turnover. In 2010, our turnover was RMB56,168 million, an increase of RMB10,774 million, or 23.7%, from RMB45,394 million in 2009.

The following table sets forth a breakdown of our turnover by types of turnover:

	Year ended 31 December	
	2009	2010
	(RMB million)	
Sales of goods	44,445	54,924
Rental income	949	1,244
Total turnover	45,394	56,168

The following table sets forth a breakdown of our turnover from sales of goods by time of store opening:

	Year ended 31 December		Increase from 2009
	2009	2010	to 2010
	(RMB million)		%
Stores opened prior to 2009	43,048	47,960	11.4
Stores opened in 2009	1,397	4,775	241.8
Stores opened in 2010	—	2,189	—
	44,445	54,924	23.6

In 2010, our turnover from sales of goods was RMB54,924 million, an increase of RMB10,479 million, or 23.6%, from RMB44,445 million in 2009. This increase was primarily attributable to the high contributions to growth in sales from both stores opened prior to 2009 and the 24 stores opened in 2009, with a smaller contribution from the addition of new stores in 2010. Sales from stores opened prior to 2009, stores opened in 2009 and stores opened in 2010 accounted for 46.9%, 32.2% and 20.9%, respectively, of the total growth in turnover from sales of goods in 2010.

Same Store Sales Growth from 2009 to 2010 was 11.4%, reflecting the increase in sales of goods of stores opened prior to 2009, mainly due to improved store management and an improved product mix to cater to customer needs and trends. Turnover from sales of goods from stores opened in 2009 increased by 241.8% from 2009 to 2010, mainly due to the effect of having a full year of operation in 2010 since many of these stores were opened towards the end of 2009. Stores opened in 2010 also contributed to the growth in turnover from sales as we opened a total of 28 stores in 2010. Our Sales per Average Number of Stores was RMB323 million in 2010.

In 2010, our turnover from rental income was RMB1,244 million, an increase of RMB295 million, or 31.1%, from RMB949 million in 2009. This increase was primarily attributable to an increase in rentable area from both new store openings and additions of gallery space at our existing stores.

Cost of sales. In 2010, our cost of sales was RMB45,200 million, an increase of RMB8,386 million, or 22.8%, from RMB36,814 million in 2009. This increase was due to the corresponding increase in sales.

Gross profit. In 2010, our gross profit was RMB10,968 million, an increase of RMB2,388 million, or 27.8%, from RMB8,580 million in 2009. Our gross profit margin increased to 19.5% in 2010 from 18.9% in 2009. The increase in our gross profit margin was a result of a greater increase in turnover of 23.7% as compared to the increase in cost of sales of 22.8%, reflecting (i) a better product mix, (ii) a higher proportion of turnover attributable to rental income and (iii) economies of scale due to our increased purchase volume.

Other revenue. In 2010, our other revenue was RMB274 million, a decrease of RMB3 million, or 1.1%, from RMB277 million in 2009. This decrease was primarily attributable to a decrease in interest income, partially offset by an increase in income from disposal of packaging materials. The decrease in interest income reflects the increase in pledged deposits that occurred only in 2009 which did not continue in 2010.

Store operating costs. In 2010, our store operating costs were RMB7,289 million, an increase of RMB1,787 million, or 32.5%, from RMB5,502 million in 2009. This increase was primarily attributable to an increase in personnel expenses and an increase in depreciation and amortisation of property and equipment at our stores. The increase in personnel expenses was primarily due to an increase in staff to accommodate our new store openings and an increase in wages of staff at our stores in response to the 12th 5-year plan of China's National People's Congress which resulted in a significant increase in wages in the industry generally. The increase in depreciation and amortisation of property, plant and equipment was attributable to the increase in number of stores from the expansion of our hypermarket network.

Administrative expenses. In 2010, our administrative expenses were RMB1,479 million, an increase of RMB77 million, or 5.5%, from RMB1,402 million in 2009. This increase was primarily attributable to an increase in personnel expenses due to an increase in the number of administrative staff to accommodate the expansion of our hypermarket network.

Profit from operations. In 2010, our profit from operations was RMB2,474 million, an increase of RMB521 million, or 26.7%, from RMB1,953 million in 2009. Our operating margin increased slightly to 4.4% in 2010 from 4.3% in 2009. The increase in operating margin primarily reflects our ability to leverage our fixed cost base as a result of increased sales volume, partially offset by the increase in operating costs due to the expansion of our hypermarket network.

Finance costs. In 2010, our finance costs were RMB83 million, a decrease of RMB66 million, or 44.3%, from RMB149 million in 2009. This decrease was primarily due to (i) a decrease in the overall effective interest rate on our borrowings due to a higher proportion of USD denominated loans, which have a lower effective interest rate compared to our RMB denominated loans, and (ii) a decrease in our total borrowings.

Profit before tax. As a result of the foregoing reasons, in 2010, our profit before tax was RMB2,391 million, an increase of RMB587 million, or 32.5%, from RMB1,804 million in 2009.

Income tax expense. In 2010, income tax expense was RMB777 million, an increase of RMB227 million, or 41.3%, from RMB550 million in 2009. Our effective income tax rate was 32.5% in 2010 compared to 30.5% in 2009, primarily due to an increase in our PRC dividend withholding tax of RMB62 million, partially offset by a decrease in losses for which no deferred tax asset was recognised. The decrease in losses reflects the increase in profitability of our new stores as these losses are generally attributable to new stores in the initial stage of operation.

Profit for the year. In 2010, our profit for the year was RMB1,614 million, an increase of RMB360 million, or 28.7%, from RMB1,254 million in 2009.

Profit attributable to equity shareholders of the Company. In 2010, our profit attributable to equity shareholders of the Company was RMB1,031 million, an increase of RMB220 million, or 27.1%, from RMB811 million in 2009.

Profit attributable to non-controlling interests. In 2010, profit attributable to non-controlling interests was RMB583 million, an increase of RMB140 million, or 31.6%, from RMB443 million in 2009. The profit attributable to non-controlling interests was attributable to (i) interests in ACHK and CCIL held by our Controlling Shareholders, (ii) interests in ACI and CIC arising from our Employee Trust Benefit Schemes and (iii) the interest held by an independent third party in our subsidiary, Jinan RT-Mart.

Year ended 31 December 2009 compared to year ended 31 December 2008

Turnover. In 2009, our turnover was RMB45,394 million, an increase of RMB7,542 million, or 19.9%, from RMB37,852 million in 2008.

The following table sets forth a breakdown of our turnover by types of turnover:

	Year ended 31 December	
	2008	2009
	(RMB million)	
Sales of goods	37,115	44,445
Rental income	737	949
Total turnover	37,852	45,394

The following table sets forth a breakdown of our turnover from sales of goods by time of store opening:

	Year ended 31 December		Increase from 2008 to 2009
	2008	2009	
	(RMB million)		%
Stores opened prior to 2008	35,625	37,605	5.6
Stores opened in 2008	1,490	5,443	265.3
Stores opened in 2009	—	1,397	—
	37,115	44,445	19.7

In 2009, our turnover from sales of goods was RMB44,445 million, an increase of RMB7,330 million, or 19.7%, from RMB37,115 million in 2008. This increase was primarily attributable to the growth in sales of the 27 stores opened in 2008, with a smaller contribution from stores opened prior to 2008 due to the general downturn in the PRC as a result of the financial crisis in late 2008 and early 2009. The addition of new stores in 2009 also contributed to the overall growth in turnover from sales of goods, reflecting the expansion of our hypermarket network, primarily in Eastern China, Northern China and Southern China. Sales from stores opened prior to 2008, stores opened in 2008 and stores opened in 2009 accounted for 27.0%, 53.9% and 19.1%, respectively, of the total growth in turnover from sales of goods in 2009.

Same Store Sales Growth from 2008 to 2009 was 5.6%, reflecting the increase in sales of goods of stores opened prior to 2008, mainly due to improved store management and an improved product mix to cater to customer needs and trends, the effect of which was partially offset by the global financial crisis in late 2008 and early 2009. Turnover from sales of goods from stores opened in 2008 increased by 265.3% from 2008 to 2009, mainly due to the effect of having a full year of operation in 2009. Stores opened in 2009 also contributed to the growth in turnover from sales of goods as we opened a total of 24 stores in 2009. Our Sales per Average Number of Stores was RMB309 million in 2009.

In 2009, our turnover from rental income was RMB949 million, an increase of RMB212 million, or 28.8%, from RMB737 million in 2008. This increase was primarily attributable to an increase in rentable area from both new store openings and additions of gallery space at our existing stores.

Cost of sales. In 2009, our cost of sales was RMB36,814 million, an increase of RMB6,051 million, or 19.7%, from RMB30,763 million in 2008. This increase was due to the corresponding increase in sales.

Gross profit. In 2009, our gross profit was RMB8,580 million, an increase of RMB1,491 million, or 21.0%, from RMB7,089 million in 2008. Our gross profit margin remained relatively stable, increasing slightly to 18.9% in 2009 from 18.7% in 2008.

Other revenue. In 2009, our other revenue was RMB277 million, an increase of RMB18 million, or 6.9%, from RMB259 million in 2008. This increase was primarily attributable to an increase in government grants and interest income, partially offset by a decrease in income from the disposal of packaging materials. The increase in government grants was due to the increase in our income as certain of our subsidies are tax refunds calculated as a percentage of taxes paid.

Store operating costs. In 2009, our store operating costs were RMB5,502 million, an increase of RMB867 million, or 18.7%, from RMB4,635 million in 2008. This increase was primarily attributable to an increase in personnel expenses, rental expenses and depreciation and amortisation. The increase in personnel expenses was primarily due to an increase in store staff to accommodate our new store openings. The increase in rental expenses was primarily due to an increase in the number of stores from the expansion of our hypermarket network as well as an increase in rental rates overall. The increase in depreciation and amortisation of property and equipment was attributable to the expansion of our hypermarket network, offset by the impact of a reassessment of the useful lives of our property, plant and equipment in 2009 which resulted in a decrease in depreciation expenses. See Note 11(v) of the Accountants' Report included as Appendix I to this prospectus for details about the reassessment.

Administrative expenses. In 2009, our administrative expenses were RMB1,402 million, an increase of RMB216 million, or 18.2%, from RMB1,186 million in 2008. This increase was primarily attributable to an increase in personnel expenses primarily due to an increase in administrative staff in line with new store openings as part of the continued expansion of our hypermarket network.

Profit from operations. In 2009, our profit from operations was RMB1,953 million, an increase of RMB426 million, or 27.9%, from RMB1,527 million in 2008. Our operating margin increased to 4.3% in 2009 from 4.0% in 2008. The increase in operating margin primarily reflects our ability to leverage our fixed cost base due to increased sales volume. In addition, there was a positive impact on our operating margin due to the reassessment of the useful lives of certain assets which reduced our depreciation expenses.

Finance costs. In 2009, our finance costs were RMB149 million, increasing slightly by RMB2 million, or 1.4%, from RMB147 million in 2008. This slight increase was due to an increase in borrowings, largely offset by the lower effective interest rates on both our USD denominated and RMB denominated borrowings.

Profit before tax. As a result of the foregoing reasons, in 2009 our profit before tax was RMB1,804 million, an increase of RMB424 million, or 30.7%, from RMB1,380 million in 2008.

Income tax. In 2009, income tax expense was RMB550 million, an increase of RMB186 million, or 51.1%, from RMB364 million in 2008. Our effective income tax rate was 30.5% in 2009 compared to 26.4% in 2008. The increase in effective tax rate was primarily due to an increase in losses from new stores in the initial stage of operation for which no deferred tax asset was recognised. New stores have a lower turnover in the initial stage of operation before they reach a stage of higher turnover as they develop customer loyalty and market recognition.

Profit for the year. In 2009, our profit for the year was RMB1,254 million, an increase of RMB238 million, or 23.4%, from RMB1,016 million in 2008.

Profit attributable to equity shareholders of the Company. In 2009, our profit attributable to equity shareholders of the Company was RMB811 million, an increase of RMB131 million, or 19.3%, from RMB680 million in 2008.

Profit attributable to non-controlling interests. In 2009, profit attributable to non-controlling interests was RMB443 million, an increase of RMB107 million, or 31.8% from RMB336 million in 2008. The profit attributable to non-controlling interests was attributable to (i) interests in ACHK and CCIL held by our Controlling Shareholders, (ii) interests in ACI and CIC arising from our Employee Trust Benefit Schemes and (iii) the interest held by an independent third party in our subsidiary, Jinan RT-Mart.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our liquidity requirements principally through a combination of cash flow from operations and bank borrowings. Our principal uses of cash have been, and are expected to continue to be, operational costs and capital investments for the opening of new stores for the continued expansion of our hypermarket network and renovation and redecoration of existing stores.

The table below sets forth our cash flow for the periods indicated:

Cash flow

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Net cash generated from operating activities	2,324	3,610	4,898	3,245	3,838
Net cash used in investing activities	(2,926)	(2,991)	(3,743)	(866)	(1,222)
Net cash generated from/(used in) financing activities	1,073	(483)	(604)	(412)	(626)
Net increase in cash and cash equivalents	471	136	551	1,967	1,990
Cash and cash equivalents, as stated in the cash flow statement at beginning of year/period	2,198	2,590	2,685	2,685	3,281
Effect of foreign exchange rate changes, net	(79)	(41)	45	(2)	2
Cash and cash equivalents, as stated in the cash flow statement at end of year/period	2,590	2,685	3,281	4,650	5,273

Cash flow from operating activities

For the three months ended 31 March 2011, we had a net cash inflow from operating activities in the amount of RMB3,838 million. This was primarily a result of net cash generated from operating activities before working capital changes in the amount of RMB1,504 million and an increase in working capital of RMB2,507 million. The increase in working capital consisted of (i) a decrease in inventories of RMB2,647 million and (ii) and increase in trade and other payables of RMB4 million, partially offset by an increase in trade and other receivables of RMB144 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB173 million. The decrease in inventories was due to the high volume of sales during the Chinese New Year holiday. The increase in trade and other receivables was due to the increase in rental prepayments for our new store projects.

In 2010, we had a net cash inflow from operating activities in the amount of RMB4,898 million. This was primarily a result of net cash generated from operating activities before working capital changes in the amount of RMB3,614 million and an increase in working capital in the amount of RMB1,968 million. The increase in working capital consisted of an increase in trade and other payables of RMB4,551 million and a decrease in bank deposits pledged for purchase of inventories of RMB81 million, partially offset by an increase in inventories of

RMB2,237 million and an increase in trade and other receivables of RMB427 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB684 million. The increase in trade and other payables, inventories, and trade and other receivables reflects the increased sales volume at our existing stores and new store openings from the expansion of our hypermarket network.

In 2009, we had a net cash inflow from operating activities in the amount of RMB3,610 million. This was primarily a result of net cash generated from operating activities before working capital changes in the amount of RMB2,757 million and an increase in working capital in the amount of RMB1,319 million. The increase in working capital consisted of an increase in trade and other payables of RMB1,669 million and a decrease in restricted bank deposits of RMB43 million, partially offset by (i) an increase in inventories of RMB216 million, (ii) an increase in trade and other receivables of RMB96 million, and (iii) an increase in bank deposits pledged for purchase of inventories of RMB81 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB466 million. The smaller increases in trade and other payables, inventories, and trade and other receivables in 2009 as compared to 2008 reflect the late timing of Chinese New Year in 2010 which meant that more of the preparations for the peak sales in Chinese New Year were carried out in the beginning of 2010 rather than the end of 2009.

In 2008, we had a net cash inflow from operating activities in the amount of RMB2,324 million. This was primarily a result of net cash generated from operating activities before working capital changes in the amount of RMB2,244 million and an increase in working capital in the amount of RMB481 million. The increase in working capital consisted of an increase in trade and other payables of RMB2,471 million, partially offset by (i) an increase in inventories of RMB1,721 million, (ii) an increase in trade and other receivables of RMB226 million, and (iii) an increase in restricted bank deposits of RMB43 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB404 million less income tax refund of RMB3 million. The increase in trade and other payables, inventories, and trade and other receivables was primarily due to the increased sales volume at our existing stores and new store openings from the expansion of our hypermarket network.

Cash flow from investing activities

Net cash used in investing activities for the three months ended 31 March 2011 was RMB1,222 million, primarily reflecting payment for fixed assets which included buildings, land-use rights, store equipment and leasehold improvements in connection with the renovation and upgrade of stores opened prior to 31 December 2010, the stores opened between 31 December 2010 and 31 March 2011, and the store projects in progress as at 31 March 2011. The effect of this payment was partially offset by a decrease in bank deposits pledged for the purchase of fixed assets of RMB50 million and interest received from bank deposits of RMB19 million.

Net cash used in investing activities in 2010 was RMB3,743 million, primarily reflecting payment for the purchase of fixed assets in the amount of RMB3,807 million, which included buildings, land-use rights, store equipment and leasehold improvements in connection with the renovation and upgrade of stores opened prior to 2010, stores opened in 2010 and store projects in progress as at 31 December 2010. We opened 15 new stores in Eastern China, two new stores in North-Eastern China, four new stores in Northern China, two new stores in Central China and five in Southern China, for a total of 28 stores. The effect of such payment on net cash used in investing activities was partially offset by interest received from bank deposits of RMB50 million.

Net cash used in investing activities in 2009 was RMB2,991 million, primarily reflecting (i) payment for the purchase of fixed assets of RMB2,942 million, which included buildings, land-use rights, store equipment and leasehold improvements in connection with the renovation and upgrade of stores opened prior to 2009, stores opened in 2009 and store projects in progress as at 31 December 2009 (as we opened 14 new stores in Eastern China, one new store in North-Eastern China, four new stores in Northern China, one new store in Central China and four new stores in Southern China, for a total of 24 stores) and (ii) payment of RMB76 million, net of cash acquired, relating to the acquisition of our subsidiaries Taizhou Auchan Hypermarkets Co., Ltd. in 2008 and Shanghai Jiji Commercial and Trading Co., Ltd. and Jiangsu Bairuen Logistics Co., Ltd. in 2009. The effect of these payments on net cash used in investing activities was partially offset by interest received from bank deposits of RMB80 million.

Net cash used in investing activities in 2008 was RMB2,926 million, primarily reflecting payment for the purchase of fixed assets of RMB3,022 million, which included buildings, land-use rights, store equipment and leasehold improvements in connection with the renovation and upgrades of stores opened prior to 2008, stores opened in 2008 and store projects in progress as at 31 December 2008 (as we opened 18 new stores in Eastern China, two new stores in North-Eastern China, one new store in Northern China, three new stores in Central China and three new stores in Southern China, for a total of 27 stores). The effect of this payment on net cash used in investing activities was partially offset by interest received from bank deposits of RMB53 million.

Cash flow from financing activities

Net cash used in financing activities for the three months ended 31 March 2011 was RMB626 million, primarily as a result of (i) dividends paid to shareholders of the Company of RMB418 million, (ii) dividends paid to non-controlling shareholders of RMB239 million and (iii) the repayment of bank loans of RMB189 million which represented debt incurred from short-term credit facilities and overdrafts that were primarily for working capital purposes, partially offset by our proceeds from bank loans of RMB224 million.

Net cash used in financing activities in 2010 was RMB604 million, primarily as a result of (i) proceeds from bank loans of RMB1,795 million mainly to refinance debt incurred from short-term credit facilities and overdrafts that were primarily for working capital purposes, as reflected by our repayment of bank loans of RMB1,990 million and (ii) a cash injection from non-controlling interests of RMB127 million from our Employee Trust Benefit Schemes, partially offset by (i) dividends paid to shareholders of the Company of RMB315 million, (ii) dividends paid to non-controlling shareholders of RMB180 million and (iii) interest paid on bank loans and overdrafts of RMB83 million.

Net cash used in financing activities in 2009 was RMB483 million, primarily as a result of (i) proceeds from bank loans of RMB2,929 million mainly to refinance debt incurred from short-term credit facilities and overdrafts that were primarily for working capital purposes, as reflected by our repayment of bank loans of RMB3,020 million and (ii) a cash injection from non-controlling interests of RMB203 million, of which RMB201 million was from our Employee Trust Benefit Schemes and RMB2 million was from shareholders of our subsidiary, Jinan RT-Mart, partially offset by (i) dividends paid to shareholders of the Company of RMB257 million, (ii) interest paid on bank loans and overdrafts of RMB149 million and (iii) dividends paid to non-controlling shareholders of RMB142 million.

Net cash generated from financing activities in 2008 was RMB1,073 million, primarily as a result of (i) proceeds from bank loans of RMB4,302 million mainly to refinance debt incurred from short-term credit facilities and overdrafts that were primarily for working capital purposes, as reflected by our repayment of bank loans of RMB3,320 million, (ii) proceeds from the issue of Shares of RMB158 million to shareholders of the Company for their capital injections and (iii) a cash injection from non-controlling interests of RMB83 million contributed by Auchan Hyper in proportion to its shareholding in ACHK, partially offset by interest paid on bank loans and overdrafts of RMB147 million.

Net current liabilities

The following table sets forth our current assets, current liabilities and net current liabilities as at the dates indicated:

	As at 31 December			As at 31 March	As at 31 May
	2008	**2009**	**2010**	**2011**	**2011**
					(unaudited)
			(RMB million)		
Current assets					
Inventories	4,930	5,146	7,383	4,736	4,973
Trade and other receivables	2,512	2,609	3,307	3,386	3,270
Restricted and pledged bank deposits	43	180	50	—	15
Cash and cash equivalents	2,630	2,799	3,462	5,273	4,638
	10,115	10,734	14,202	13,395	12,896
Current liabilities					
Trade and other payables	12,817	14,448	20,050	19,084	17,933
Bank loans and overdrafts	2,330	2,462	2,401	2,237	3,450
Income tax payables	131	175	244	375	139
	15,278	17,085	22,695	21,696	21,522
Net current assets/(liabilities)	(5,163)	(6,351)	(8,493)	(8,301)	(8,626)

We had net current liabilities of approximately RMB5,163 million, RMB6,351 million, RMB8,493 million and RMB8,301 million as at 31 December 2008, 2009 and 2010 and 31 March 2011. As at 31 May 2011, being the latest practicable date for determining our net current liabilities, we had current assets of approximately RMB12,896 million, current liabilities of approximately RMB21,522 million and net current liabilities of approximately RMB8,626 million. The nature of our business of hypermarket operations is such that the majority of our liabilities are short-term, consisting mainly of (i) trade and other payables and (ii) short-term bank borrowings, coupled with our generally low amount of trade receivables as we are primarily a cash-based business, the combination of which resulted in our net current liability position for the Track Record Period. Our Directors are of the view that our net current liabilities position is typical for a hypermarket business operator and that we will continue to maintain a net current liabilities position after Listing.

In particular, as (i) we typically do not need to pay our suppliers for our purchases for up to 60 days after such purchases and (ii) our other payables are balances from advance receipts from customers which include the pre-paid cards issued to our customers, at any given point of time, we have a significant balance of trade and other payables, which contributes to our net current liabilities position. Trade payables increased during the Track Record Period principally due to increases in trade payables to suppliers as we expanded our business.

Our short-term borrowings primarily reflect drawdowns on (i) offshore long-term credit facilities used for our capital injections onshore and (ii) onshore short-term credit facilities for working capital purposes.

Our net current liabilities decreased to RMB8,301 million as at 31 March 2011 from RMB8,493 million as at 31 December 2010. This decrease was primarily due to a decrease in trade and other payables since the balance of trade and other payables is typically higher than usual at the end of the year due to preparations for the Chinese New Year holiday.

Our net current liabilities increased to RMB8,493 million as at 31 December 2010 from RMB6,351 million as at 31 December 2009. This increase was mainly related to the relatively low balance of trade and other payables at the end of 2009 compared to 2010 due to the late timing of Chinese New Year in 2010 compared to 2011, which resulted in a buildup of trade and other payables in early 2010 than in the end of 2009.

Our net current liabilities increased to RMB6,351 million as at 31 December 2009 from RMB5,163 million in 2008. This increase was due to the higher number of stores opened at the end of 2009 as compared to 2008, resulting in an accumulation of trade and other payables at the end of 2009.

WORKING CAPITAL SUFFICIENCY

Our Directors confirm that we have sufficient working capital for our requirements for at least 12 months from the date of this prospectus, taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations.

INVENTORY ANALYSIS

Our inventories consist primarily of store merchandise purchased from our suppliers. As at 31 December 2008, 2009 and 2010 and 31 March 2011, we had inventories of RMB4,930 million, RMB5,146 million, RMB7,383 million and RMB4,736 million, respectively. Our average inventories, calculated as the sum of the beginning of the year/period balance and the year/period-end balance divided by two, in 2008, 2009 and 2010 and for the three months ended 31 March 2011 were RMB4,070 million, RMB5,038 million, RMB6,265 million and RMB6,060 million, respectively. The increase in average inventories from 2008 to 2010 was primarily due to the overall increase in the number of stores from the expansion of our business operations.

The following table sets out a summary of our average inventory turnover for the periods indicated:

	Year ended 31 December			Three months ended 31 March
	2008	**2009**	**2010**	**2011**
Turnover of inventory (days)[1]	48.4	50.0	50.7	33.9

Note:

(1) Turnover of inventory is calculated as the average inventory for the year/period, divided by cost of inventories charged to profit and loss for the year/period, and multiplied by the 365 days for the years ended 31 December 2008, 2009 and 2010 and 90 days for the three months ended 31 March 2011.

Turnover days of inventory remained relatively stable in 2008, 2009 and 2010, increasing slightly from 48.4 days in 2008 to 50.7 days in 2010 due to (i) fluctuation in accordance with the timing of the Chinese New Year holiday since we normally increase our inventory several months ahead of time in preparation for the Chinese New Year holiday season and the timing of the Chinese New Year holiday differs every year and (ii) the timing of the openings of new stores.

Turnover days of inventory decreased to 33.9 days for the three months ended 31 March 2011 from 50.7 days for the year ended 31 December 2010 primarily due to the fact that the balance of inventories is typically higher than usual at the end of year due to our buildup of inventories for the Chinese New Year holiday season.

TRADE AND OTHER RECEIVABLES

As at 31 December 2008, 2009 and 2010 and 31 March 2011, our balance of trade and other receivables was RMB2,893 million, RMB3,078 million, RMB3,867 million and RMB 3,785 million, respectively. We do not have a significant amount of trade receivables as substantially all of our sales are paid at the time of purchase by cash and debit cards. As at 31 December 2008, 2009 and 2010 and 31 March 2011, our balances of trade receivables were RMB66 million, RMB50 million, RMB131 million and RMB99 million, respectively. The balances of trade receivables in our consolidated statements of financial position primarily represent the receivables from credit card sales.

The following table sets forth the turnover of our trade receivables for the periods indicated:

	Year ended 31 December			Three months ended 31 March
	2008	2009	2010	2011
Turnover of trade receivables (days)[1]	0.66	0.48	0.60	0.53

Note:

(1) Turnover of trade receivables is calculated as the average trade receivables for the year/period, divided by sales of goods for the year/period and multiplied by 365 days for 2008, 2009 and 2010, and 90 days for the three months ended 31 March 2011. Average trade receivables is calculated as the sum of the beginning of the year/period balance and the year/period-end balance, divided by two.

Our average trade receivables for the years ended 31 December 2008, 2009 and 2010 were RMB67 million, RMB58 million and RMB91 million, respectively, and RMB115 million for the three months ended 31 March 2011.

Other receivables primarily include prepayments for rent and fixed assets, amounts due from Contracted Stores and Contracted Store Owners, amounts due from other debtors and value-added tax receivables. Contracted Stores are hypermarkets we operate under arrangements which the Contracted Store Owner is entitled to an annual fee, calculated as either a fixed amount or a fixed percentage of the store's turnover, and any remaining profit or loss is attributable to us.

Amounts due from Contracted Stores are primarily in respect of the unutilised balance of pre-paid cards sold by the Contracted Stores, which may be used by customers to purchase goods in certain of our other stores.

Amounts due from Contracted Store Owners comprise advances made by us to certain Contracted Store Owners, which relate to deposits in connection with our acquisition of certain of our Contracted Stores, and Contracted Stores' profit attributable to us.

Amounts due from other debtors primarily include advances to staff, prepayments for utilities and miscellaneous expenses relating to our daily operation.

TRADE AND OTHER PAYABLES

Trade and other payables primarily consist of trade payables, advance receipts from customers, construction costs payable, and accruals and other payables. As at 31 December 2008, 2009 and 2010 and 31 March 2011, our balance of trade and other payables was RMB12,817 million, RMB14,448 million, RMB20,050 million and RMB19,084 million, respectively.

Our trade payables represent the portion of purchase prices payable to our suppliers. Our usual payment credit terms with our suppliers are no longer than 60 days. As at 31 December 2008, 2009 and 2010 and 31 March 2011, we had trade payables of RMB7,869 million, RMB9,081 million, RMB12,060 million and RMB11,331 million, respectively.

An aging analysis of the trade payables as at the dates indicated, is as follows:

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
	(RMB million)			
Due within 6 months	7,674	8,910	11,706	10,828
Due after 6 months but within 12 months	195	171	354	503
	7,869	9,081	12,060	11,331

Our average trade payables, calculated as the sum of the beginning of the year/period balance and the year/period-end balance divided by two, for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 were RMB7,020 million, RMB8,475 million, RMB10,571 million and RMB11,696 million, respectively.

The following table sets forth the turnover of our trade payables for the periods indicated.

	Year ended 31 December			Three months ended 31 March
	2008	**2009**	**2010**	**2011**
Turnover of trade payables (days)[1]	83.4	84.2	85.5	65.5

Note:

(1) Turnover of trade payables is calculated as the average trade payables for the year, divided by cost of inventories charged to profit and loss for the year/period and multiplied by 365 days for the years ended 31 December 2008, 2009 and 2010 and 90 days for the three months ended 31 March 2011.

Our turnover of trade payables may not accurately reflect the actual days of turnover of trade payables during the year as (i) average trade payables is calculated using balances at the beginning and end of each year close to Chinese New Year, at which times trade payables balances are at their peak as a result of our inventory buildup in preparation for the Chinese New Year holiday, and (ii) the calculation compares the cost of inventories charged to profit and loss, which is net of value added tax, and trade payables, which are inclusive of value added tax.

Turnover of trade payables remained stable in 2008, 2009 and 2010, with a slight increase from 83.4 days in 2008 to 84.2 days in 2009, and to 85.5 days in 2010, primarily due to the variances in the timing of the Chinese New Year holiday and the timing of the openings of our new stores.

Turnover of trade payables decreased to 65.5 days for the three months ended 31 March 2011 from 85.5 days for the year ended 31 December 2010 primarily due to the fact that the balance of trade payables is typically higher than usual at the end of year due to our buildup of inventories for the Chinese New Year holiday season.

Advance receipts from customers represent the unutilised balance of pre-paid cards sold to customers by us. As at 31 December 2008, 2009 and 2010 and 31 March 2011, the balance of our pre-paid cards payable was approximately RMB2,062 million, RMB2,727 million, RMB4,046 million and RMB4,745 million, respectively. For further details, please see the section headed "Risk Factors — Risks Relating to the Retail Industry in the PRC — PRC policies, laws and regulations prohibiting the issuance of pre-paid cards may have a material and adverse impact on our operations". When customers use these cards for their purchases at our stores, the pre-paid amounts recorded in our accounts will be debited. The redemption period for our pre-paid cards is one year unless a renewal request is made to extend it for another year. During the Track Record Period, advance receipts from customers increased significantly as a result of the increasing number of pre-paid cards issued to our customers in response to increasing customer demand.

Construction costs payables mainly represent amounts due to suppliers and contractors relating to the purchase of equipment or construction of buildings for both new store openings and remodelling of existing stores. As at 31 December 2008, 2009 and 2010 and 31 March 2011, our balance of construction costs payables was RMB1,110 million, RMB1,311 million, RMB1,613 million and RMB1,304 million, respectively.

Accruals and other payables mainly represent the deposits received from gallery tenants, payables relating to our employee payroll and welfare, and payables for value-added tax and business tax. As at 31 December 2008, 2009 and 2010 and 31 March 2011 our balance of accruals and other payables was RMB1,241 million, RMB1,265 million, RMB1,609 million and RMB1,621 million, respectively.

INDEBTEDNESS

The table below sets forth our borrowings as at the dates indicated:

	As at 31 December			As at 31 March	As at 31 May
	2008	2009	2010	2011	2011
					(unaudited)
			(RMB million)		
Current:					
Unsecured bank overdrafts	40	114	181	—	20
Bank loans repayable within one year or on demand					
— Secured(1)	653	427	81	81	429
— Unsecured(2)	1,637	1,921	2,139	2,156	3,001
Sub-total current	2,330	2,462	2,401	2,237	3,450
Non-current(3):					
Bank loans repayable after 1 year but within 2 years					
— Secured(1)	73	71	93	93	89
— Unsecured(2)	15	88	20	20	25
Bank loans repayable after 2 year but within 5 years					
— Secured(1)	172	86	63	63	69
— Unsecured(2)	45	25	5	5	—
Bank loans repayable after 5 years					
— Secured(1)	44	—	—	—	—
Sub-total non-current	349	270	181	181	183
Total bank loans and overdrafts	2,679	2,732	2,582	2,418	3,633

Notes:

(1) Secured bank loans carried interest at annual rates ranging from 4.71% to 8.44%, 1.35% to 5.18%, 4.78% to 5.18%, of 5.18%, and 5.18% to 5.85% as at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, respectively.

(2) Unsecured bank loans carried interest at annual rates ranging from 2.95% to 7.74%, 1.05% to 5.76%, 1.08% to 5.76%, 1.10% to 5.76% and 1.07% to 6.63% as at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, respectively. Unsecured bank loans with carrying amounts of RMB820 million, RMB984 million, RMB1,679 million, RMB820 million and nil were guaranteed by related parties as at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, respectively.

(3) Non-current bank loans are carried at amortised cost and are not expected to be settled within one year.

Our total bank loans amounted to RMB2,679 million, RMB2,732 million, RMB2,582 million, RMB2,418 million and RMB3,633 million as at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, respectively.

Our secured bank loans are secured by the following of our assets:

	As at 31 December			As at 31 March	As at 31 May
	2008	2009	2010	2011	2011
					(unaudited)
			(RMB million)		
Restricted and pledged bank deposits	—	42	—	—	15
Investment property	274	216	178	176	175
Other property, plant and equipment	674	341	188	184	181
Land use rights	712	415	308	306	305
	1,660	1,014	674	666	676

All of our borrowings during the Track Record Period were denominated in RMB, except for loans incurred by our subsidiaries outside of the PRC, which were denominated in US dollars. As at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, our total RMB denominated borrowings were RMB1,859 million, RMB1,707 million, RMB903 million, RMB572 million and RMB1,652 million, respectively. As at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, our total US dollar denominated bank loans were RMB820 million, RMB1,025 million, RMB1,679 million, RMB1,846 million and RMB1,981 million, respectively.

Our RMB denominated bank loans included bank loans bearing interest at rates ranging from 3.00% to 8.44% per annum as at 31 December 2008, from 3.00% to 5.76% per annum as at 31 December 2009, and from 3.00% to 5.76% per annum as at 31 December 2010, from 4.78% to 5.76% per annum as at 31 March 2011 and from 4.78% to 6.63% per annum as at 31 May 2011, respectively.

Our US dollar denominated bank loans included bank loans bearing interest at rates ranging from 2.95% to 6.48% per annum as at 31 December 2008, from 1.05% to 2.73% per annum as at 31 December 2009, and from 1.08% to 1.40% per annum as at 31 December 2010, from 1.10% to 1.40% per annum as at 31 March 2011 and from 1.07% to 1.40% per annum as at 31 May 2011, respectively.

The amount of our borrowings and their respective effective interest rates are set forth by currency in the table below as at the dates indicated:

	As at 31 December						As at 31 March		As at 31 May	
	2008		2009		2010		2011		2011 (unaudited)	
	(RMB million)	Effective[(1)] Interest Rate (%)	(RMB million)	Effective[(1)] Interest Rate (%)	(RMB million)	Effective[(1)] Interest Rate (%)	(RMB million)	Effective[(1)] Interest Rate (%)	(RMB million)	Effective[(1)] Interest Rate (%)
RMB denominated	1,859	6.07	1,707	4.69	903	4.80	572	5.02	1,652	5.84
USD denominated	820	3.63	1,025	1.24	1,679	1.22	1,846	1.23	1,981	1.19
Total	2,679	5.32	2,732	3.39	2,582	2.47	2,418	2.12	3,633	3.30

Note:

(1) Effective interest rate is calculated as the weighted average interest rate of our outstanding loans as at the date.

As at 31 December 2008, 2009 and 2010, 31 March 2011 and 31 May 2011, our un-utilised loan facilities were RMB1,557 million, RMB2,810 million, RMB3,794 million, RMB3,253 million and RMB2,375 million, respectively.

As at 31 May 2011, our loans repayable within a year amounted to RMB3,450 million. We intend to settle these loans with the proceeds from the Global Offering, bank borrowings and internal cash.

The agreement which one of our subsidiaries, ACHK, entered into for one of our banking facilities (a US$200 million revolving credit facility (***ACHK Revolving Facility***) of which US$126 million has been drawn down as at 31 May 2011, being the latest practicable date for determining our indebtedness) contains two specific terms in relation to the borrower (ACHK): (i) if Groupe Auchan ceases to have 35% voting control of ACHK or ceases to own, directly or indirectly, at least 35% of the issued share capital of ACHK, or (ii) if further to the occurrence of an initial public offering in respect of the share capital of our Company, the public float of our Company (as the guarantor of the revolving credit facility) exceeds 25% of the shares then issued by our Company, the lenders at their own discretion, with not less than 30 days notice to the borrower, can cancel their commitment and demand the outstanding amounts to be become due and payable immediately. We intend to repay the outstanding balance of this revolving credit facility within 30 days after the Listing using the proceeds from the Global Offering. At the time of Listing the public float of our Company is estimated to be 19.38% (assuming the exercise of the Over-allotment Option).

As at 31 May 2011, being the latest practicable date for determining our indebtedness, we had total borrowings of RMB3,633 million, all of which are bank borrowings. As at 31 May 2011, we had total banking facilities of RMB6,014 million, of which RMB2,375 million were unutilised. As of the date of this prospectus, we do not intend to incur any material debt through external debt financing that is not in the ordinary course of business in the foreseeable future after Listing.

CONTINGENT LIABILITIES

Legal claims

As at 31 March 2011, certain suppliers and customers have commenced legal actions against us in respect of disputes on purchase agreements. The total amount claimed is RMB44 million. As at 31 March 2011, the legal actions were ongoing, with most of the actions not yet set for trial dates. We do not believe that the amounts payable in respect of these claims, if any, will be material to our results of operations.

Financial guarantees issued

As at 31 December 2008, 2009 and 2010 and 31 March 2011, we have issued guarantees to banks to secure facilities of RMB45 million, RMB45 million, RMB45 million and nil granted to third party landlords under an agreement which expired on 24 March 2011. As at the end of the respective reporting periods, we do not consider it probable that a claim will be made against us under any of the guarantees. No provision was therefore made by us in this respect as at 31 December 2008, 2009 and 2010 and 31 March 2011. On 11 May 2011, we issued a guarantee to secure a banking facility for ACHK for up to US$200 million. Prior to 11 May 2011, such banking facility was guaranteed by Groupe Auchan S.A., one of our two Ultimate Controlling Shareholders.

Save as disclosed in this prospectus, as at 31 May 2011, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities. Except as disclosed above and otherwise in this prospectus, as at 31 May 2011, being the latest practicable date for determining our indebtedness, we did not have any material contingent liability or guarantees.

CAPITAL COMMITMENTS

Our capital commitments are primarily related to capital investments in buildings, leasehold improvements and store equipment for our new stores for our planned store openings in line with the expansion of our hypermarket network.

The following table sets forth our capital commitments outstanding as at the dates indicated:

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	(RMB million)			
Contracted for	262	547	1,652	1,198
Authorised but not contracted for	1,012	1,768	1,369	3,117
	1,274	2,315	3,021	4,315

The steady increase in capital commitments reflects capital investments for the 24 and 28 stores opened in 2009 and 2010, respectively, the 11 stores opened between 31 December 2010 and 31 March 2011 and our planned hypermarket complex openings.

As at 31 March 2011, our contracted for but not provided for capital commitments amounted to RMB1,198 million. We intend to settle these capital commitments with proceeds from the Global Offering, bank borrowings and cash generated from operations.

OPERATING LEASES

The following table sets forth the total future minimum lease payments under non-cancellable operating leases as at the dates indicated:

	As at 31 December			As at 31 March
	2008	2009	2010	2011
	(RMB million)			
Within 1 year	492	481	642	818
After 1 year but within 5 years	1,576	1,985	3,020	2,833
After 5 years	2,666	3,602	5,105	4,994
	4,734	6,068	8,767	8,645

Our operating leases primarily relate to leases of land and buildings for our hypermarkets, including our Contracted Stores. 98, 117, 140 and 148 of our hypermarkets were operated under operating leases as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. These leases typically run for an initial period of twenty years with an option to renew the lease for up to a further twenty years after that date.

CAPITAL EXPENDITURE

Our capital expenditure requirements primarily relate to the expansion of our store network. We have funded our historical capital expenditure through internally generated cash and bank and other borrowings. In 2008, 2009 and 2010 and the three months ended 31 March 2011, our capital expenditure was RMB3,312 million, RMB3,070 million, RMB3,811 million and RMB1,210 million, respectively.

The following table sets forth our historical capital expenditure for the periods indicated:

	Year ended 31 December			Three months ended 31 March
	2008	2009	2010	2011
	(RMB million)			
Buildings	353	204	87	25
Leasehold improvements	66	72	93	3
Store equipment	456	1,089	764	238
Office equipment	237	347	289	89
Motor vehicles	4	25	7	2
Construction in progress	1,930	829	2,046	694
Investment property	70	75	118	92
Land use rights	196	429	407	67
	3,312	3,070	3,811	1,210

As at the Latest Practicable Date, we have identified and secured 121 locations in China for our planned openings through either signed leases or acquired land plots, of which there were 51 locations with hypermarkets under development as at that date. We expect to incur substantial capital expenditure in connection with these projects.

However, our current plans with respect to future capital expenditure are subject to change based upon the evolution of our business plan, including market conditions and our outlook on future business conditions. Other than as required by law and the Listing Rules, we do not undertake any obligation to publish updates of our capital expenditures plans. Please see the section headed "Forward Looking Statements".

We expect to finance our capital expenditures in 2011 through a combination of operating cash flows, our net proceeds from the Global Offering and bank loans. Cash requirements relating to our expansion plans may vary significantly based on market opportunities. Our ability to satisfy our capital expenditure requirements may be affected by our financial condition and results of operations and the liquidity of the international and domestic financial markets. We cannot assure you that we will be able to complete our expansion plan on terms acceptable to us or at all or that we will have sufficient financial resources to complete our expansion plans.

FINANCIAL INSTRUMENTS

We do not employ any financial instruments for hedging purposes.

OFF BALANCE SHEET TRANSACTIONS

Except for the commitments, financial guarantee and outstanding litigations set forth above, we have not entered into any other off-balance sheet transactions or arrangements.

MARKET RISKS

In the normal course of business, we are exposed to various types of market risks, including the following:

Inflation risk

Inflation in the PRC has not had a material impact on our results of operations in recent years. According to the National Bureau of Statistics of the PRC, the change in the Consumer Price Index in the PRC was 5.9%, (0.7)% and 3.3% for 2008, 2009 and 2010, respectively.

Foreign exchange rate risk

Our operating activities are principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, we consider our exposure to foreign currency risk is not significant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent us from satisfying sufficient foreign currency demand and we may not be able to pay dividends in foreign currencies to our Shareholders.

Interest rate risk

Cash at bank, restricted and pledged bank deposits and interest-bearing borrowings are the major types of financial instruments of ours that are subject to interest rate risk. Cash at bank is with variable interest rates ranging from 0.36%~1.71%, 0.36%~1.71%, 0.36%~2.25% and 0.40%~2.60% per annum as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. Restricted bank deposits are held for amounts to be contributed to our Employee Trust Benefit Schemes. Pledged bank deposits are held for securing bank loans, letters of guarantee and bank acceptance bills.

Our interest-bearing borrowings and interest rates are set out in the table below as at the dates indicated:

	Interest Rate	As at 31 December			As at 31 March
		2008	2009	2010	2011
		(RMB million)			
Fixed rate borrowings.	1.35% to 7.32%	802	893	541	391
Variable rate borrowings.	1.05% to 8.44%	1,877	1,839	2,041	2,027
		2,679	2,732	2,582	2,418

As we have no significant interest-bearing assets, our exposure to changes in market interest rates relates primarily to our bank loans with floating interest rates. We have not used any interest rate swaps to hedge our cash flow interest rate risk.

Credit risk

Credit risk in respect of trade receivables is limited as the balances mainly arise from credit card sales. Credit terms are offered in rare cases to corporate customers with whom we have an established and ongoing relationship.

We have conducted a review of the profitability and cash flows of Contracted Stores and consider the receivables from both Contracted Stores and Contracted Store Owners recorded in our consolidated statements of financial position to be fully recoverable.

The maximum exposure to credit risk is represented by the carrying amount of each monetary asset in the consolidated statements of financial position, which primarily includes our trade and other receivables.

Liquidity risk

We aim to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

DIVIDENDS AND DIVIDEND POLICY

Our Board has absolute discretion as to whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. Our Company currently intends to pay dividends of not less than 30% of the annual distributable profit attributable to our Shareholders commencing with respect to the year ending 31 December 2011. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

During the Track Record Period, we declared dividends in the amount of RMB261 million, nil and RMB735 million in 2008, 2009 and 2010, respectively, to the shareholders of our Company. The dividend of RMB735 million declared in 2010 has already been settled. You should note that historical dividend distributions are not indicative of our future dividend distribution policy. In addition, the declaration and payment of dividends may be limited by legal restrictions or financial instruments that we may enter into in the future. Under the current PRC tax laws and regulations, dividends paid by companies incorporated in the PRC to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax unless reduced by a tax treaty or arrangement. Under an arrangement between the PRC and Hong Kong we are entitled to a reduced withholding tax rate of 5% on dividends which we received from our subsidiaries in the PRC. Our PRC dividend withholding tax was nil, RMB22 million and RMB84 million for the years ended 31 December 2008, 2009 and 2010, respectively, and RMB15 million for the three months ended 31 March 2011.

SPECIAL DISTRIBUTION

We have declared a Special Distribution on 10 June 2011 to our Shareholders as at 10 June 2011 in an amount of US$174 million (approximately RMB1,128 million), which is equal to 69.9% of our profit for the year ended 31 December 2010. We expect to pay the Special Distribution to our Shareholders before the Listing Date with cash generated from operating activities. After taking into account our current cash balance and our anticipated cash flows from operating activities, we believe we will have sufficient working capital to pay the Special Distribution at that time.

The Special Distribution was not determined in accordance with our dividend policy as described in the paragraph headed "— Dividends and Dividend Policy". Investors of Shares will not participate in the Special Distribution. The Special Distribution is not an indication of our future dividend policy.

DISTRIBUTABLE RESERVES

Under the Companies Ordinance, our Company may pay dividends out of profit of our Company in accordance with the provisions of our Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, our Company will be able to pay its debts as and when they fall due in the ordinary course of business.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out in Appendix II to this prospectus to illustrate the effect of the Global Offering on our consolidated net tangible assets as at 31 March 2011 as if they had taken place on that date.

RECONCILIATION OF APPRAISED PROPERTY VALUES WITH NET BOOK VALUES

Disclosure of the reconciliation between the valuation of the interests in properties attributable to us and such property interests in our consolidated statements of financial position as at 31 March 2011 contained in the Accountants' Report set out in Appendix I to this prospectus, as required under Rule 5.07 of the Listing Rules, is set forth below.

	As at 31 March 2011
	(RMB million)
Building included in property, plant and equipment	3,761
Investment property	1,744
Construction in progress	655
Land use rights	2,627
Net book value as at 31 March 2011	8,787
Movement from 31 March 2011 to 15 May 2011	
Add: Additions during the period	147
Less: Depreciation and amortisation during the period	65
Net book value as at 15 May 2011	8,869
Valuation surplus	9,188
Valuation as at 15 May 2011	18,057

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2011

We forecast the consolidated profit of the Company for the year ending 31 December 2011 to be, in the absence of unforeseen circumstances, not less than RMB1,786 million (equivalent to approximately HK$2,149 million) and the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 to be, in the absence of unforeseen circumstances, not less than RMB1,414 million (equivalent to approximately HK$1,701 million).

Our Directors have prepared the forecast of the consolidated profit of the Company and the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 based on the audited consolidated results of the Group for the three months ended 31 March 2011, the unaudited consolidated results based on management accounts of the Group for the one month ended 30 April 2011, and a forecast of the consolidated results of the Group for the remaining eight months ending 31 December 2011.

Our forecast consolidated profit of the Company and forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 shown above have been stated after deduction of such portion of the estimated offering expenses, being approximately RMB43 million (approximately HK$52 million), as we expect to be charged to the Company's consolidated statement of comprehensive income for the year ending 31 December 2011.

The profit forecast has been prepared on the bases of bases and assumptions set out in "Appendix III — Profit Forecast" to this prospectus, and on the basis of the accounting policies consistent in all material respects with those currently adopted by us as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 31 March 2011, being the date as at which our latest audited consolidated financial statements were prepared as set out in "Appendix I — Accountants' Report" to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Save for the details relating to the ACHK Revolving Facility in the paragraph headed "— Indebtedness", we confirm that, as at the Latest Practicable Date, there is no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see the section headed "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$7,099 million (assuming an Offer Price of HK$6.43 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering (assuming the Over-allotment Option is not exercised).

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

— approximately 50% of the net proceeds (or approximately HK$3,549 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used for establishing new hypermarket complexes in the PRC to further strengthen our leading market position;

— approximately 30% of the net proceeds (or approximately HK$2,130 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used to (i) make partial repayment in 2011 of certain of our secured and unsecured US dollar denominated banking facilities (US$305.5 million outstanding as at 31 May 2011), including all amounts drawn under the ACHK Revolving Facility (such loans with interest rates of 1.07% to 1.40% taken up for working capital purposes); and (ii) to the extent sufficient proceeds are available after the repayment described in paragraph (i) above make partial repayment in 2011 of certain of our secured and unsecured RMB denominated bank loans repayable within 2011 (such loans with interest rates of 4.78% to 6.44%, taken up for working capital purposes);

— approximately 15% of the net proceeds (or approximately HK$1,065 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range), out of which (i) 9% of the net proceeds will be used for the upgrading and re-modelling of our existing hypermarket complexes and acquiring ownership of the properties of some of our existing hypermarket complexes; (ii) 5.5% of the net proceeds will be used for establishing new distribution centres and the upgrading of our existing distribution centres; and (iii) 0.5% of the net proceeds will be used for upgrading our information technology and data management systems and hardware; and

— approximately 5% of the net proceeds (or approximately HK$355 million, assuming an Offer Price of HK$6.43 per Share, being the mid-point of the indicative Offer Price range) will be used for working capital purposes.

Methods of remitting net proceeds to into the PRC

A large portion of the net proceeds we receive from the Global Offering is expected to be remitted into the PRC after the Global Offering and our Company may do so either through:

— equity investments into our PRC subsidiaries; or

— the provision of shareholders' loans to our PRC subsidiaries.

Regulations applicable to Ruentex Industries and Ruentex Development

As Ruentex Industries and Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, are incorporated in Taiwan and our PRC subsidiaries are "foreign invested entities" in the PRC, certain PRC and Taiwan regulations are relevant to them in respect of the remission of the net proceeds from the Global Offering into the PRC.

The Taiwan/Mainland Investments Regulations

We refer to the section headed "Risk Factors — Risks Relating to Our Business — If Ruentex Development and/or Ruentex Industries are not granted approval by the Taiwan Investment Commission in order to comply with the Taiwan/Mainland Investment Regulations, Ruentex Industries and/or Ruentex Development, both being under Ruentex, one of our Ultimate Controlling Shareholders, may have to reduce their respective shareholding in our Company. If such reduction is not completed in a timely and orderly manner, our future expansion plans in the PRC may be materially and adversely affected" in respect of the impact of the Taiwan/Mainland Investment Regulations on Ruentex Industries and/or Ruentex Development and the potential impact on their respective shareholding in our Company upon completion of the Global Offering and the remission of net proceeds raised from the Global Offering to our PRC subsidiaries in the form of equity investments.

Ruentex Industries and Ruentex Development's approved investment in the PRC

The full amount of Ruentex Industries' and Ruentex Development's existing investments in our Group have been approved by the Taiwan Investment Commission pursuant to the Taiwan/Mainland Investment Regulations. Ruentex Industries and Ruentex Development have confirmed to our Company that, except for their investments in the PRC subsidiaries of our Company and Ruentex Industries' investment in Shanghai Ruentsang International Trading Limited and Shanghai Ruenyao Textiles Development Limited, Ruentex Industries and Ruentex Development presently do not hold any other investments in the PRC.

Shareholders' loans are not subject to the Taiwan/Mainland Investment Regulations

Notwithstanding the requirements imposed by the Taiwan/Mainland Investment Regulations, Lee and Li, Attorneys-at-Law, our Taiwan legal advisers, are of the opinion that the provision of funds in the form of loan to a PRC entity does not fall within the scope of "PRC investment activities" as defined in the Taiwan/Mainland Investment Regulations and therefore neither Ruentex Industries nor Ruentex Development is required to obtain approval from or make any post-filing with the Taiwan Investment Commission for (i) inter-company loans provided to CIC and/or ACI or our other subsidiaries in the PRC by our Company (the ***Inter-Company Loans***), and (ii) any subsequent loans made by CIC and/or ACI or our other subsidiaries in the PRC to our other PRC subsidiaries using the funds received from the Inter-Company Loans.

PRC regulations regarding Foreign Invested Investing Enterprises

We have been advised by Jun He Law Offices, our PRC legal advisers, that CIC and ACI are "foreign invested investing enterprises" in the PRC. Accordingly, these two companies can borrow foreign debt, including shareholders' loans from our Company up to an amount equal to six times of their respective paid-in registered capital. As at the Latest Practicable Date, the paid-in capital of CIC and ACI was US$226,701,909 and US$206,935,209, respectively. CIC and ACI can in turn lend (in the form of a shareholders' loan) monies to our other PRC subsidiaries for a maximum amount equal to the difference between their registered capital and total investment amount (the ***Loan Limit***). Alternatively, we can make loans directly from our Company to our other subsidiaries in the PRC, subject to the relevant subsidiary's Loan Limit. All such shareholders' loans will only be subject to filing with the local foreign exchange authority in the PRC.

Our PRC legal advisers have advised that shareholders' loans are a common way for foreign invested companies in the PRC to obtain capital from their foreign shareholders and that the relevant PRC laws and regulations allow such shareholders' loans and they are a typical way for offshore companies to remit money into their PRC foreign invested entities. Based on PRC laws and Jun He Law Offices' advice, it is permitted by law and common practice for foreign invested companies in the PRC to typically set a difference between their total investment amount and registered capital when incorporating foreign-invested companies such that they are able to borrow foreign debts (including shareholders' loans) from their foreign shareholders within such gap. In the case of foreign invested enterprises such as ACI and CIC, they are permitted to borrow up to six times of their respective paid up registered capital under PRC law. The foreign debts borrowed within such gap are not subject to any prior regulatory approvals except for the filing formalities with local foreign exchange administration authority. Our PRC legal advisers are of the view that such investments are in compliance with relevant PRC laws and regulation, subject to such amounts of shareholders' loan not exceeding the gap between the total investment and registered capital of these foreign invested companies.

As at the Latest Practicable Date, the maximum amount that our Company can lend to CIC and ACI in the form of shareholders' loan is US$2,601,822,708 and the maximum amount our Company or CIC and ACI can lend to our other PRC subsidiaries ranges from US$800 million to US$1,033 million.

Application for approval of increase in Approved Investment Amount

To provide us with maximum flexibility, Ruentex Industries and Ruentex Development have confirmed that they have respectively applied to the Taiwan Investment Commission for approval of an increase in their respective Approved Investment Amounts prior to the Listing, based on the high-end of the estimated offering price. We confirmed that we will make an announcement on the outcome of the Taiwan Investment Commission application. Based on the advice from our Taiwan legal adviser, in normal cases, we could expect that such approval can be obtained within two months of the filing of our application if all required documents are in order. In addition, our Taiwan legal adviser also advised that based on their past experiences in assisting other Taiwanese companies to apply for prior approval from the Taiwan Investment Commission in connection with their investments in the PRC, in normal cases, so long as a Taiwanese company meets the criteria prescribed by the Taiwan/Mainland Investment Regulation and all the required application documents are in order, there should be no major legal obstacles preventing such Taiwanese company from obtaining approval from the Taiwan Investment Commission. In the meantime and until the relevant approval from the Taiwan Investment Commission is obtained, we can continue to remit the net proceeds from our Global Offering in the form of shareholders' loans to our PRC subsidiaries up to the relevant amounts permitted under PRC regulations governing foreign invested enterprises.

Arrangements entered into in connection with the acquisition of Nan Shan by Ruenchen

In addition, in connection with the proposed acquisition of 97.57% of the issued share capital of Nan Shan by Ruenchen, a company owned as to 80% by Ruentex Development, Ruentex Industries and their affiliates and as to 20% by Pou Chen, Ruentex Development, Ruentex Industries and CGC have entered into share pledges and undertakings in respect of our Shares and their interests in Intermediate Holding Companies through which they hold their interests in our Shares. It is not expected that the arrangements pursuant to such arrangements would materially and adversely affect the ability of Ruentex Development and/or Ruentex Industries to reduce their shareholdings in the Company should they fail to obtain the above approval of the Taiwan Investment Commission. Please see the section headed "Risk Factors — Risks Relating to Our Business — Enforcement of the pledges given by one of our Ultimate Controlling Shareholders, Ruentex, in respect of our Shares and/or the shares in Intermediate Holding Companies through which it holds its interests in our Shares could materially and adversely affect the prevailing market price of our Shares" for further details of such arrangements.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

If the Over-allotment Option is exercised, we will allocate the additional proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in short-term demand deposits and/or money market instruments.

HONG KONG UNDERWRITERS

The Hongkong and Shanghai Banking Corporation Limited
UBS AG, Hong Kong Branch
Citigroup Global Markets Asia Limited
BNP Paribas Capital (Asia Pacific) Limited
China International Capital Corporation Hong Kong Securities Limited
Morgan Stanley Asia Limited
Goldman Sachs (Asia) L.L.C.
KGI Capital Asia Limited
Yuanta Securities (Hong Kong) Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 30 June 2011. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and subject to the conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein (including any additional Shares which may be made available pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing the Offer Price), the Hong Kong Underwriters have agreed severally but not jointly or jointly and severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(A) there shall have developed, occurred or come into effect any event or series of events, matters or circumstances concerning or relating to:

(1) any event, or a series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency, war, calamity, crisis, outbreak of disease or epidemic, economic sanctions (in whatever form, directly or indirectly), labour dispute, strike, lock-out, fire, explosion, flooding, earthquake, civil commotion, volcanic eruption, riot, public disorder, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency, act of God or act of terrorism) in or affecting the United Kingdom, France, the European Union, Japan, the PRC, Hong Kong, Taiwan or the United States (each, a ***Relevant Jurisdiction***); or

(2) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial or economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a revaluation of the Renminbi against any foreign currency), in or affecting any Relevant Jurisdiction; or

(3) the imposition of any moratorium, suspension or restriction in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the Tokyo Stock Exchange; or

(4) any general moratorium on commercial banking activities, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services or procedures in or affecting any Relevant Jurisdiction; or

(5) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(6) a change or development involving a prospective change in taxation, exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in or affecting any Relevant Jurisdiction; or

(7) any contravention by any member of the Group of the Listing Rules or applicable laws, rules or regulations,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (1) is or will be or is likely to result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group, taken as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares or dealings in the Shares in the secondary market; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable to proceed with or market the Hong Kong Public Offering or the Global Offering on the terms and in the manner contemplated by this prospectus; or (4) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in any material respect in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice of any of the Joint Global Coordinators:

(1) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering or the Global Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms and/or any notices, announcements or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering or the Global Offering (including any supplement or amendment thereto) are not fair and honest in any material respect and based on reasonable grounds or, where appropriate, based on reasonable assumptions; or

(2) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom; or

(3) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than any of the Hong Kong Underwriters or the International Underwriters); or

(4) there shall have occurred any event, act or omission which gives or is likely to give rise to any material liability of (a) our Company pursuant to the indemnities given by our Company under the Hong Kong Underwriting Agreement or (b) any of the Relevant Shareholders pursuant to any indemnities given by them in favour of the Hong Kong Underwriters; or

(5) there shall have occurred any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, results of operations, condition or position, financial or otherwise, or performance, of the Group taken as a whole; or

(6) there has been any breach of, or any matter or event rendering untrue, incorrect, inaccurate or misleading in any respect, any of the representations, warranties or undertakings given (a) by our Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement or (b) by any of the Relevant Shareholders in favour of the Hong Kong Underwriters or the International Underwriters; or

(7) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(8) any non-compliance of this prospectus (or any other documents issued or used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or

(9) there is an order or petition for the winding up or liquidation of any Group company or any composition or arrangement made by any such Group company with its creditors or a scheme of arrangement entered into by any such Group company or any resolution for the winding-up of any such Group company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any such Group company or anything analogous thereto occurring in respect of any such Group company; or

(10) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC in circumstances where the matter to be disclosed, in the absolute opinion of the Joint Global Coordinators, is or is likely to be materially adverse to the marketing for or the implementation of the Global Offering; or

(11) any action, suit, claim (whether or not any such claim involves or results in any action or proceeding), demand, investigation, judgment, award and proceeding (in each case whether joint or several) of any third party (***Action***) being threatened or instigated against any member of our Group or any Director, any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any Action against any executive Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such Action; or

(12) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-Allotment Option) pursuant to the terms of the Global Offering; or

(13) the chairman, chief executive officer or chief financial officer of our Company vacating his office.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

By our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (the ***First Six-Month Period***) (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07(1), each of our Controlling Shareholders has undertaken to the Hong Kong Stock Exchange that, except pursuant to the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder(s) of the Shares will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the expiration date of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the ***Second Six-Month Period***), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances it would cease to be our controlling shareholder (as defined in the Listing Rules).

Each of our Controlling Shareholders has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or other securities of our Company beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) when it receives any indications, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or securities will be disposed of, immediately inform us in writing of any such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement published in accordance with Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders.

Undertakings to the Hong Kong Underwriters

Undertakings by our Company

We have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement that, we will:

(a) not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement up to and including the date of the expiry of the First Six-Month Period:

(I) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or contract or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, any Shares or any other securities of our Company or any interest in any of the foregoing); or

(II) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of our Company, or any interest in any of the foregoing; or

(III) enter into any transaction with the same economic effect as any transaction described in paragraphs (I) or (II) above; or

(IV) offer to or agree to, or announce any intention to enter into, any transaction described in paragraphs (I), (II) or (III) above,

whether any such transaction described in paragraphs (I), (II) or (III) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the allotment or issue of Shares or such other securities of our Company, will be completed within the First Six-Month Period); and

(b) in the event that, at any time during the Second Six-Month Period, our Company enters into any of the transactions specified in paragraph (a) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

Undertakings by the Relevant Shareholders

Each of the Relevant Shareholders has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that, save as pursuant to the Stock Borrowing Agreement, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters) and unless in compliance with the Listing Rules it will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will:

(A) at any time during the First Six-Month Period:

(1) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create a pledge, charge, lien, mortgage, security interest, claim, pre-emption right, equity interest, third party right or interest or right similar to the foregoing (***Encumbrance***) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company) held by it as of the date of the Hong Kong Underwriting Agreement; or

(2) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or

(3) enter into any transaction with the same economic effect as any transaction described in (1) or (2) above; or

(4) offer to or agree to, or announce any intention to enter into, any transaction described in (1), (2) or (3) above,

whether any such transaction described in (1), (2) or (3) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the First Six-Month Period); and

(B) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (A)(1), (2) or (3) above or offer to or agree to or announce any intention to enter into any such transactions if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, the Relevant Shareholders will cease to be controlling shareholders (as the term is defined in the Listing Rules) of our Company; and

(C) until the expiry of the Second Six-Month Period, in the event that it enters into any such transactions or offers to or agrees to, or announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of our Company.

Each of the Relevant Shareholders has further undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that, if at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months from the Listing Date, it shall (i) if and when it pledges or charges any securities or interests in the securities of our Company beneficially owned by it, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of securities so pledged or charged; and (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of such pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications.

We have agreed and undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that upon receiving such information in writing from any of the Relevant Shareholders, we shall, as soon as practicable, notify the Hong Kong Stock Exchange and make a public disclosure in relation to such information in accordance with Rule 2.07C of the Listing Rules.

Undertakings by other Shareholders

Each of Huang Ming-Tuan, Cheng Chuan-Tai, Hsu Sheng-Yu, Chiang Yeong-Fang, Chen Shun-Loong, Shyu Yi-Sheng, Mong Ling-Chun, Wong Yee Fan, Tseng Ta-Mon and Liu Chung Hsien has undertaken to the Joint Global Coordinators (for themselves and on behalf of each of the Underwriters) that, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of each of the Underwriters) at any time during the First Six-Month Period and unless in compliance with the requirements of the Listing Rules he, she or it will not and will procure that none of his, her or its associates or companies controlled by him, her or it or any nominee or trustee holding in trust for him, her or it will:

(1) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company) held by it as of the date of the undertaking; or

(2) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or

(3) enter into any transaction with the same economic effect as any transaction described in (1) or (2) above; or

(4) offer to or agree to, or announce any intention to enter into, any transaction described in (1), (2) or (3) above,

whether any such transaction described in (1), (2) or (3) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the First Six-Month Period).

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally but not jointly or jointly and severally agree to procure purchasers for or failing which to purchase, the International Offer Shares. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, the Over-allotment Option, exercisable within 30 days from the last day for lodging applications under the Hong Kong Public Offering (the last day for exercise of the Over-allotment Option being 6 August 2011) to require us to allot and issue up to 171,577,000 additional Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 2.5% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. The International Underwriters will receive an underwriting commission of 2.5% on the Offer Price of the International Offer Shares offered under the International Offering. In addition, we may pay to the Joint Bookrunners (for their account only) a discretionary incentive fee of up to 0.25% of the Offer Price multiplied by the total number of Offer Shares (subject to the Over-allotment Option). For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate commissions and fees, together with listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$251 million (assuming an Offer Price of HK$6.43, being the mid-point of the indicative offer price range and assuming that the Over-allotment Option is not exercised) in total and are payable by us. The Underwriters have agreed to reimburse us for a portion of the expenses we incur in connection with the Global Offering.

Hong Kong Underwriters' Interests in our Company

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any other member of our Group.

Following completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

Joint Sponsors' Independence

The Joint Sponsors and their affiliates, as significant global financial market participants, from time to time carry out transactions with our Group, including advisory and ordinary course lending transactions.

Each of HSBC and UBS satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Citi does not satisfy the independence criteria for sponsors as set out in Rule 3A.07 of the Listing Rules because (1) an affiliate of Citi is currently engaged as the financial adviser and sole lead arranger on financing to a joint venture company controlled by Ruentex and its affiliates (the ***subject company***) in connection with a proposed conditional acquisition; and (2) the Chairman of an affiliate of Citi and a member of the transaction team for Citi's sponsor engagement has conditionally agreed to take on a position at the subject company.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 114,385,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "— The Hong Kong Public Offering"; and

(ii) the International Offering of an aggregate of 1,029,463,000 International Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong), in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act.

HSBC, UBS and Citi are the Joint Global Coordinators and Joint Sponsors of the Global Offering. HSBC, UBS, Citi, BNP Paribas, CICC, Morgan Stanley and Goldman Sachs are the Joint Bookrunners and Joint Lead Managers of the Global Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 114,385,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.22% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph headed "— Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) up to the total value of pool B. Investors should be aware that the allocation ratios for applications in pool A and applications in pool B may be different. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 57,192,500 Hong Kong Offer Shares, being the number of Hong Kong Offer Shares initially available under each pool, are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment under the Listing Rules. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the clawback requirements set out in paragraph 4.2 of Practice Note 18 to the Listing Rules on the following basis. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 10 times or more but less than 30 times, (ii) 30 times or more but less than 50 times, and (iii) 50 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 171,577,500 Offer Shares (in the case of (i)), 228,770,000 Offer Shares (in the case of (ii)) and 400,347,000 Offer Shares (in the case of (iii)), representing approximately 15%, 20% and 35% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-Allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer

Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$7.20 per Offer Share in addition to the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the maximum price of HK$7.20 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth in the section headed "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

We are initially offering 1,029,463,000 Offer Shares under the International Offering, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 10.99% of our Company's enlarged issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) within 30 days from the last day for lodging of applications under the Hong Kong Public Offering (the last day for the exercise of the Over-allotment Option being 6 August 2011), to require us to allot and issue up to 171,577,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 1.80% of our enlarged issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Global Offering, UBS (or its affiliates or any person acting for it) as stabilising manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate Shares or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Please refer to the section headed "Information about this Prospectus and the Global Offering — Stabilisation and Over-allotment Option" in this prospectus for details regarding stabilisation, over-allocation and stock borrowing arrangements in connection with the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, 8 July 2011, and in any event on or before Wednesday, 13 July 2011, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$7.20 per Offer Share and is expected to be not less than HK$5.65 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at **www.hkex.news.hk** and our Company at **www.sunartretail.com** notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the year ending 31 December 2011 and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Joint Global Coordinators, will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering are expected to be announced on Thursday, 14 July 2011 in the manner set forth in the section headed "How to Apply for Hong Kong Offer Shares — Publication of Results".

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$7,099 million, assuming an Offer Price of HK$6.43 per Offer Share, being the mid-point of the indicative offer price range (or if the Over-allotment Option is exercised in full, approximately HK$8,176 million, assuming an Offer Price of HK$6.43 per Offer Share, being the mid-point of the indicative offer price range.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been duly agreed between us and the Joint Global Coordinators (on behalf of the Underwriters) and the execution and delivery of the price determination agreement on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Wednesday, 13 July 2011, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares — Dispatch/ Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" has not been exercised.

1. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form, if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not within the United States (within the meaning of Regulation S) or are a person described in paragraph h(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors or those who have obtained approval from competent regulatory authorities).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (**www.eipo.com.hk**), in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be stamped with the company chop (bearing the company name) and signed by a duly authorised officer, who must state his or her representative capacity.

If your application is made through a duly authorised attorney, our Company, the Joint Global Coordinators, the Underwriters and their respective agents and nominees, each severally as our agent(s), may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.

The number of joint applicants may not exceed four.

We, the Joint Global Coordinators, or the designated **White Form eIPO** Service Provider (where applicable), or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Save under the circumstances permitted under the Listing Rules, the Hong Kong Offer Shares are not available to existing beneficial owners of our Shares, or Directors or chief executive of our Company or any of our subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or our subsidiaries or persons who will become our connected persons immediately upon completion of the Global Offering or are within the United States (within the meaning of Regulation S) (other than a person described in paragraph h(3) of Rule 902 of Regulation S) or persons who do not have a Hong Kong address.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for International Offer Shares under the International Offering, but may not do both.

2. CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

You may apply for the Hong Kong Offer Shares by using one of the following channels:

- using a **WHITE** Application Form — use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name;

- instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website of **www.eipo.com.hk**. Use **White Form eIPO** if you want the Hong Kong Offer Shares to be registered in your name;

- using a **YELLOW** Application Form — use a **YELLOW** application form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account;

- instead of using a **YELLOW** Application Form, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

3. WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on 4 July 2011 until 12:00 noon on 7 July 2011:

Any of the following addresses of the Hong Kong Underwriters:

The Hongkong and Shanghai Banking Corporation Limited	Level 15 1 Queen's Road Central Hong Kong
UBS AG, Hong Kong Branch	52/F Two International Finance Centre 8 Finance Street Central, Hong Kong
Citigroup Global Markets Asia Limited	50th Floor, Citibank Tower Citibank Plaza, 3 Garden Road Central, Hong Kong
BNP Paribas Capital (Asia Pacific) Limited	Room 6415, 64th Floor Two International Finance Centre 8 Finance Street Central, Hong Kong
China International Capital Corporation Hong Kong Securities Limited	29th Floor One International Finance Centre 1 Harbour View Street Central, Hong Kong
Morgan Stanley Asia Limited	46th Floor International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Goldman Sachs (Asia) L.L.C.	68th Floor, Cheung Kong Centre 2 Queen's Road Central Hong Kong
KGI Capital Asia Limited	41st Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Yuanta Securities (Hong Kong) Company Limited	23rd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong

or any one of the following branches of:

(i) **The Hongkong and Shanghai Banking Corporation Limited**

District	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central
	Hay Wah Building Branch	G/F, Hay Wah Building 71-85 Hennessy Road Wan Chai
	North Point Branch	G/F, Winner House 306-316 King's Road North Point
Kowloon	Mong Kok Branch	Basement & U/G 673, Nathan Road Mong Kok
	Kwun Tong Branch	No. 1, Yue Man Square Kwun Tong
New Territories	Shatin Plaza Branch	Shop 49, Level 1, Shatin Plaza 21-27 Sha Tin Centre Street Sha Tin

(ii) **The Bank of East Asia, Limited**

District	Branch Name	Address
Hong Kong Island	Main Branch	10 Des Voeux Road Central
	Wanchai Branch	Shop A-C, G/F Easey Commercial Building 253-261 Hennessy Road Wanchai
Kowloon	Yaumatei Branch	G/F, 526 Nathan Road
	Kwun Tong Branch	7 Hong Ning Road
New Territories	Tsuen Wan Branch	239-243 Sha Tsui Road
	Metro City Plaza Branch	Shop 243, Level 2 Metro City Plaza I Tseung Kwan O

(iii) **Industrial and Commercial Bank of China (Asia) Limited**

District	Branch Name	Address
Hong Kong Island	Sheung Wan Branch	Shop F, G/F Kai Tak Commercial Building 317-319 Des Voeux Road Central Sheung Wan
	Causeway Bay Branch	Shop A, G/F, Jardine Center 50 Jardine's Bazaar Causeway Bay
Kowloon	Hung Hom Branch	Shop 2A, G/F Hung Hom Shopping Mall 2-34E Tak Man Street Hung Hom
	Mongkok Branch	G/F., Belgian Bank Building 721-725 Nathan Road Mongkok
	Kwun Tong Branch	Shop 5&6, 1/F Crocodile Center 79 Hoi Yuen Road Kwun Tong
New Territories	Yuen Long Branch	G/F., 197-199 Castle Peak Road Yuen Long

(iv) **Standard Chartered Bank (Hong Kong) Limited**

District	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central Central
	Quarry Bay Branch	G/F, Westlands Gardens 1027 King's Road Quarry Bay
Kowloon	Yaumatei Branch	G/F-1/F, Ming Fong Bldg. 564 Nathan Road Yaumatei
	Mei Foo Stage I Branch	G/F, 1C Broadway Mei Foo Sun Chuen Stage I Lai Chi Kok

District	Branch Name	Address
New Territories	Shatin Centre Branch	Shop 32 C, Level 3 Shatin Shopping Arcade Shatin Centre 2-16 Wang Pok Street, Shatin
	Tuen Mun Town Plaza Branch	Shop No. G047-G052 Tuen Mun Town Plaza Phase I Tuen Mun

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on 4 July 2011 until 12:00 p.m. on 7 July 2011 from:

(1) the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) your stockbroker, who may have such Application Forms and this prospectus available.

4. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

Each application must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out in the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out in the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name. This name must either be pre-printed on the cheque, or be endorsed on the back by a person authorized by the bank. This account name must be your name. If it is a joint application, the account name must be the same as the name of the first-named applicant;
- be payable to "**HSBC Nominees (Hong Kong) Limited — Sun Art Public Offer**";
- be crossed "Account payee only"; and
- not be post-dated.

Your application will be rejected if your cheque:

- does not meet all these requirements; or
- is dishonoured on its first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be issued by a licensed bank in Hong Kong and have your name certified on the back by a person authorized by the bank. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the banker's cashier order must be the same as the name of the first-named applicant;
- be payable to "**HSBC Nominees (Hong Kong) Limited — Sun Art Public Offer**";
- be crossed "Account payee only";
- be in Hong Kong dollars; and
- not be post-dated.

Your application will be rejected if your banker's cashier order:

- does not meet all these requirements; or
- is dishonoured on its first presentation.

Lodge the Application Form in one of the collection boxes by the time and at one of the locations set out in the paragraph headed "— When May Applications be Made".

In order for an application made on a **YELLOW** Application Form to be valid:

you, as the applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(a) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) If the application is made by an individual CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

(a) the Application Form must contain the names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(b) the CCASS Investor's participant I.D. must be inserted in the appropriate box on the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, our Company, the Joint Global Coordinators, the Underwriters and their respective agents and nominees, each severally as our agent(s), may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. We and the Joint Global Coordinators, in the capacity as our agents, or their agents or nominees, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

5. HOW TO APPLY USING WHITE FORM eIPO

General

(i) If you are an individual, you may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria as set forth in the paragraph headed "Who can apply for Hong Kong Offer Shares". If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(ii) Detailed instructions for application through the **White Form eIPO** service are set forth on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(iii) If you give **electronic application instructions** through the designated website at **www.eipo.com.hk**, you will have authorised the designated **White Form eIPO** Service Provider to apply on the terms and conditions set forth in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(iv) In addition to the terms and conditions set forth in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set forth on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(v) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our registrars.

(vi) You may submit an application through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(vii) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(viii) **Warning:** The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. **Our Company, our Directors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.**

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form. Please see the paragraph headed "— How Many Applications May You Make" below.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "SUN ART RETAIL GROUP LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in the section headed "Additional Terms and Conditions of the Hong Kong Public Offering — Refund of Application Monies" shall be made pursuant to the arrangements described in the section headed "Additional Terms and Conditions of the Hong Kong Public Offering — If your Application for Hong Kong Offer Shares is Successful (in Whole or in Part) — (c) If you apply through White Form eIPO".

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted **electronic application instructions** through the **White Form eIPO** service may or may not depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

6. HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our Hong Kong Share Registrar.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions in respect of a minimum of 500 Hong Kong Offer Shares. Such instructions in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on 7 July 2011.

7. HOW MANY APPLICATIONS MAY YOU MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give electronic application instructions to HKSCC via CCASS (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for **each** beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed and will be rejected.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

For further information, please see the section headed "Additional Terms and Conditions of the Hong Kong Public Offering — Multiple Applications".

8. WHEN MAY APPLICATIONS BE MADE

(a) Applications using WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on 7 July 2011, or, if the application lists are not open on that day, then by the time and date stated in the sub-paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited, The Bank of East Asia, Limited, Industrial and Commercial Bank of China (Asia) Limited and Standard Chartered Bank (Hong Kong) Limited (see the paragraph headed "— Where to collect the Application Forms" above) at the specified times on the following dates:

4 July 2011 — 9:00 a.m. to 4:30 p.m.
5 July 2011 — 9:00 a.m. to 4:30 p.m.
6 July 2011 — 9:00 a.m. to 4:30 p.m.
7 July 2011 — 9:00 a.m. to 12:00 noon

(b) White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on 4 July 2011 until 11:30 a.m. on 7 July 2011 or such later time as described under the sub-paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on 7 July 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" below.

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

You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set forth in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on 7 July 2011, or such later time as described under the sub-paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.**

(c) Electronic Application Instructions to HKSCC via CCASS

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give electronic applications to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares on their behalf.

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

4 July 2011 — 9:00 a.m. to 8:30 p.m. *(note)*
5 July 2011 — 8:00 a.m. to 8:30 p.m. *(note)*
6 July 2011 — 8:00 a.m. to 8:30 p.m. *(note)*
7 July 2011 — 8:00 a.m. *(note)* to 12:00 noon

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on 4 July 2011 until 12:00 noon on 7 July 2011 (24 hours daily, except the last application day).

(d) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on 7 July 2011 except as provided in the sub-paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" below.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made after 3 August 2011.

(e) Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 7 July 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$7.20 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Shares you will pay HK$3,636.29. The Application Forms have tables showing the exact amount payable for numbers of Shares up to 57,192,500 Shares. Your application must be for a minimum of 500 Shares. Applications must be in one of the numbers set out in the tables in the Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the amount payable upon application for the Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange (as the case may be) and the SFC transaction levy and Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

10. PUBLICATION OF RESULTS

Our Company expects to release and announce the Offer Price on 14 July 2011, and expects to release and announce the level of indications of interest in the International Offering, level of applications in the Hong Kong Public Offering and basis of allotment under the Hong Kong Public Offering on 14 July 2011 in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on our website at **www.sunartretail.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk**. The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be made available at the times and date and in the manner specified below:

- on our website at **www.sunartretail.com and the website of the Stock Exchange at www.hkexnews.hk** on 14 July 2011;

- on our Hong Kong Public Offering results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on 14 July 2011 to 12:00 midnight on 20 July 2011. The user of our Hong Kong Public Offering results of allocations website at **www.iporesults.com.hk** will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their application has been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from 14 July 2011 to 17 July 2011; and

- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from 14 July 2011 to 16 July 2011 at all the receiving bank branches and sub-branches at the address set out in the paragraph headed "— Where to Collect the Application Forms".

11. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

Refund cheques for surplus application monies (if any) under **WHITE** or **YELLOW** Application Forms and Share certificates for successful applicants under **WHITE** Application Forms and **White Form eIPO** will be posted and/or available for collection (as the case may be) on 14 July 2011.

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

Further information on arrangements for the dispatch/collection of share certificates and refunds of application monies is set out in the section headed "Additional Terms and Conditions of the Hong Kong Public Offering — If your Application for Hong Kong Offer Shares is successful (in whole or in part) and — Refund of Application Monies".

12. COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the Offer Shares are expected to commence on Friday, 15 July 2011.

The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares is 6808.

13. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

1. EFFECT OF MAKING AN APPLICATION

(a) You should note that by completing and submitting the Application Form, among other things:

(i) you **agree** with our Company, and each shareholder of our Company, and our Company agrees with each of our shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles;

(ii) you **agree** with our Company and each shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;

(iii) you **confirm** that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set forth in any supplement to this prospectus;

(iv) you **agree** that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters and any of their respective directors, officers, employees, agents or advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in the prospectus and any supplement to the prospectus (and only then to the extent such liability is held to exist by a court with competent jurisdiction);

(v) you **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally or provisionally) any Offer Shares under the International Offering nor otherwise participated in the International Offering;

(vi) you **agree** to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Hong Kong Share Registrar, the receiving bankers and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

(vii) **instruct** and **authorise** our Company and/or the Joint Global Coordinators (or their respective agents or nominees), as agents of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) (for applicants on a **WHITE** Application Form) or in the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form), as required by the Memorandum of Association and the Articles, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(viii) **undertake** to sign all documents and to do all things necessary to enable you (for applicants on a **WHITE** Application Form) or the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form) to be registered as the holder of the Hong Kong Offer Shares to be allotted to you, and as required by the Memorandum of Association and the Articles and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(ix) **warrant** the truth and accuracy of the information contained in your Application Form;

(x) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xi) **agree** without prejudice to any other rights which you may have that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xii) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xiii) **represent**, **warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S under the US Securities Act) or a person described in paragraph h(3) of Rule 902 of Regulation S under the U.S. Securities Act when completing the Application Form;

(xiv) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to you under the application; and

(xv) **agree** that the processing of your application, including the dispatch of refund cheque(s) (if any), may be done by any of our Company's receiving bankers and is not restricted to the bank at which your application was lodged.

(b) If you apply by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the offer price per Offer Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, by crediting your designated bank account;

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

  - **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

  - **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

  - **undertakes** and **confirms** that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and has not received or been placed or allocated (including conditionally or provisionally) any Offer Shares under the International Offering nor otherwise participated in the International Offering;

  - (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;

  - (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by our Company, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of the Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's electronic application instructions and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set forth in this prospectus and agrees to be bound by them;

- **confirms** that that person has received a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- **agrees** that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters and any of their respective directors, officers, employees, agents or advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in the prospectus and any supplement to the prospectus (and only then to the extents such liability is held to exist by a court with competent jurisdiction);

- **agrees** to disclose that person's personal data to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Hong Kong Share Registrar, the receiving bankers and/ or their respective advisers and agents and any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable on or before 3 August 2011, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before 7 July 2011, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before 3 August 2011 if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees Limited is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering made available by our Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- **agrees** with our Company, for ourselves and for the benefit of each of our shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

(c) If you apply by using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, you shall be deemed to have accepted the following conditions:

That you, the applicant:

- **applies** for the desired number of Hong Kong Offer Shares on the terms and conditions of this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** subject to the Memorandum of Association and the Articles of our Company;

- **undertakes** and **agrees** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- declares that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the **White Form eIPO** Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;

- **undertakes** and **confirms** that the applicant and the person for whose benefit the applicant is applying have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Offering, nor otherwise participated in the International Offering;

- **understands** that this declaration and representation will be relied upon by our Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;

- **authorises** our Company to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set forth in this prospectus) to send any share certificates by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any Share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus;

- **request** that e-Refund payment instructions (if any) will be dispatched to the application payment account, if the applicant paid the application monies from a single bank account;

- **request** that refund cheque (if any) will be dispatched to the address specified in application instructions to the designated **White Form eIPO** Service Provider by ordinary post and at applicant's own risk, if the applicant used multi-bank accounts to pay the application monies;

- **has read** the terms and conditions and application procedures set forth on the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus and agrees to be bound by them;

- **represents**, **warrants** and **undertakes** that the applicant, and any persons for whose benefit the applicant is applying are non-U.S. person(s) outside the United States (as defined in Regulation S under the US Securities Act) when completing and submitting the Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S under the US Securities Act or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and

- **agrees** that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

In addition, by completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct** and **authorise** our Company, the Joint Global Coordinators as agents for our Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Memorandum of Association and the Articles and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**;

- **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set forth in any supplement to this prospectus;

- **agree** that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorised to submit the application as that other person's agent;

- **undertake** and **confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Offering;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **agree** to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the share registrars, the receiving bankers and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

- **agree** with our Company and each Shareholder of our Company, and our Company agrees with each of its Shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles;

- **agree** with our Company and each Shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;

- **represent** and **warrant** that you understand that the Shares have not been and will not be registered under the US Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of rule 902 of Regulation S;

- **confirm** that you have read the terms and conditions and application procedures set forth in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** and agree to be bound by them;

- **undertake** and **agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**.

Our Company, the Joint Global Coordinators, the Underwriters and their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

2. MULTIPLE APPLICATIONS

(a) It will be a term and condition of all applications that by completing and delivering an Application Form, you (and if you are joint applicants, each of you jointly and severally):

- (if the application is made for your own benefit) **warrant** that the application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the application is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorised to sign the Application Form as that other person's agent.

(b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;

- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;

- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service for more than 57,192,500 Shares, being 50% of the Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

(c) **All** of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

3. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set forth in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf may not be revoked on or before 3 August 2011 unless a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before 7 July 2011, except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company, the Joint Global Coordinators or the designated White Form eIPO** Service Provider (where applicable) or their agents and nominees to reject or accept your application:

Our Company, the Joint Global Coordinators (as agents for our Company) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company and the Joint Global Coordinators, in their capacity as our Company's agents, and our agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

  - within three weeks from the closing date of the application lists; or
  - within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  - you make multiple applications or are suspected of making multiple applications;
  - you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering. By filling in any of the Application Forms or applying by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, you agree not to apply for the Hong Kong Offer Shares as well as Offer Shares in the International Offering. Reasonable steps will be taken to

identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received the Hong Kong Offer Shares in the Hong Kong Public Offering;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set forth in the designated website at **www.eipo.com.hk**;

- your payment is not made correctly;

- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;

- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

- our Company or the Joint Global Coordinators believe that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;

- if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offering for subscription (that is 57,192,500 Offer Shares);

- the Underwriting Agreements do not become unconditional; or

- the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement are/is terminated in accordance with their respective terms.

You should also note that you may apply for Shares under the Hong Kong Public Offering or indicate an interest for Shares under the International Offering, but may not do both.

4. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$7.20 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary document of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applications on **WHITE** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service: (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the number of the Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **YELLOW** Application Forms: Share certificates for the Shares successfully applied for will be deposited into CCASS as described below; and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data could also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application (if any) under **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service; and Share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service are expected to be posted on or before 14 July 2011. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 14 July 2011 or such other date as notified by us in the newspapers as the date of collection/dispatch of e-Refund payment instructions/refund cheques/Share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant who opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address as specified on your Application Form on 14 July 2011, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above. If you have applied 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of dispatch, which is expected to be on 14 July 2011 by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on 14 July 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — Publication of Results" on 14 July 2011. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on 14 July 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you apply through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 14 July 2011, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on 14 July 2011, by ordinary post and at your own risk.

For applicants who apply through the **White Form eIPO** service by paying the application monies through a single bank account, if the applicant's application is wholly or partially unsuccessful and/or the final offer price is lower than the maximum Offer Price initially paid on the applicant's application, e-Refund payment instructions (if any) will be dispatched to the application payment account on or before 14 July 2011.

For applicants who apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts, if the applicant's application is wholly or partially unsuccessful and/or the final Offer Price is lower than the maximum offer price initially paid on the applicant's application, refund cheque(s) will be sent to the address specified in the applicant's application instructions to the designated **White Form eIPO** Service Provider on or before 14 July 2011, by ordinary post and at the applicant's own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set forth above in the section headed "How to Apply for Hong Kong Offer Shares — How to Apply Using White Form eIPO — Additional Information".

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- No temporary documents or evidence of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on 14 July 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to make available the Offer Price on 14 July 2011 and to make available the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — Publication of Results" and to publish the basis of allotment of the Hong Kong Offer Shares in the newspapers on 14 July 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on 14 July 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on 14 July 2011. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on 14 July 2011. No interest will be paid thereon.

5. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reasons, our Company will refund your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of refund cheques will be retained for our benefit.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$7.20 per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest. Please see the section headed "How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies".

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Global Coordinators, cheques for applications for certain small denominations of the Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on 14 July 2011 in accordance with the various arrangements as described in this section.

6. PERSONAL DATA

The section of the Application Form entitled "Personal Data" applies to any personal data held by our Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. SECTION 40 OF THE COMPANIES ORDINANCE

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 July 2011

The Directors
Sun Art Retail Group Limited

The Hongkong and Shanghai Banking Corporation Limited
UBS AG, Hong Kong Branch
Citigroup Global Markets Asia Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Sun Art Retail Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 (the "Relevant Period"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2008, 2009 and 2010 and 31 March 2011, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 4 July 2011 (the "Prospectus").

The Company was incorporated in Hong Kong on 13 December 2000 as a company with limited liability under the Hong Kong Companies Ordinance.

All companies comprising the Group have adopted 31 December as their financial year end date. As at the date of this report, no audited financial statements have been prepared for the Company's subsidiaries, Concord Champion International Limited, Concord Champion Limited, Sinostar Limited, Rose Springs International Limited, Shenyang Ruenliang Warehousing Co., Ltd., Yunnan Ruentex Commercial Co., Ltd., Putian Ruende Commercial Co., Ltd., Zaozhuang RT-MART Commercial Co., Ltd., Shanghai Baoshan Luodian RT-MART Commercial and Trading Co., Ltd., Xiaogan RT-MART Commercial Co., Ltd., Ganzhou RT-MART Commercial Co., Ltd., Zhenjiang Jingkou Ruenjing Commercial Co., Ltd., Yangzhou Ruenhan Commercial Co., Ltd., Hefei Baohe RT-MART Commercial Co., Ltd., Fuzhou Jinrong RT-MART Commercial Co., Ltd., Shenyang

Sujiatun RT-MART Commercial Co., Ltd., Mianyang RT-MART Commercial and Trading Co., Ltd., Suzhou Ruenping Commercial Co., Ltd., Haerbin Daowai RT-MART Commercial Co., Ltd., Changzhou Guanhe RT-MART Commercial Co., Ltd. and Kunshan Ruenliang Commercial Co., Ltd., as they are either not subject to statutory audit requirements in the Cayman Islands and the British Virgin Islands, were incorporated after 31 December 2010, or had no operation from their date of incorporation and are therefore not subject to a statutory audit requirement in the People's Republic of China (the "PRC"). Rose Springs International Limited and Shenyang Ruenliang Warehousing Co., Ltd. were dissolved in 2010. Concord Champion Limited was dissolved in 2011. Details of the other companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in note 32 of Section B. The statutory financial statements of these companies were prepared in accordance with either Hong Kong Financial Reporting Standards ("HKFRSs"), for those companies incorporated in Hong Kong, or the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC for those companies incorporated in the PRC.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("the Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 March 2011.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the Group's consolidated results and cash flows for the Relevant Period, and the state of affairs of the Group and the Company as at 31 December 2008, 2009 and 2010 and 31 March 2011.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the three months ended 31 March 2010, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. FINANCIAL INFORMATION

1. Consolidated Statements of Comprehensive Income

	Section B Note	Year ended 31 December			Three months ended 31 March	
		2008	2009	2010	2010	2011
		RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Turnover	2	37,852	45,394	56,168	15,656	19,824
Cost of sales		(30,763)	(36,814)	(45,200)	(12,784)	(16,093)
Gross profit		7,089	8,580	10,968	2,872	3,731
Other revenue	3	259	277	274	56	150
Store operating costs		(4,635)	(5,502)	(7,289)	(1,657)	(2,282)
Administrative expenses		(1,186)	(1,402)	(1,479)	(351)	(445)
Profit from operations		1,527	1,953	2,474	920	1,154
Finance costs	4(a)	(147)	(149)	(83)	(22)	(17)
Profit before taxation	4	1,380	1,804	2,391	898	1,137
Income tax	5(a)	(364)	(550)	(777)	(287)	(320)
Profit for the year/period		1,016	1,254	1,614	611	817
Other comprehensive income for the year/period						
Exchange differences on translation of financial statements of entities outside the PRC		(63)	(41)	67	(1)	24
Total comprehensive income for the year/period		953	1,213	1,681	610	841
Profit attributable to:						
Equity shareholders of the Company		680	811	1,031	396	522
Non-controlling interests		336	443	583	215	295
Profit for the year/period		1,016	1,254	1,614	611	817
Total comprehensive income attributable to:						
Equity shareholders of the Company		640	784	1,071	395	539
Non-controlling interests		313	429	610	215	302
Total comprehensive income for the year/period		953	1,213	1,681	610	841
Earnings per share						
Basic and diluted	9	RMB3.40	RMB3.83	RMB4.88	RMB1.87	RMB2.47

The accompanying notes form part of this Financial Information.

2. Consolidated Statements of Financial Position

	Section B Note	At 31 December 2008	At 31 December 2009	At 31 December 2010	At 31 March 2011
		RMB million	RMB million	RMB million	RMB million
Non-current assets					
Fixed assets:	11				
— Investment property		942	1,436	1,678	1,744
— Other property, plant and equipment		7,047	8,521	10,554	11,282
— Land use rights		1,774	2,243	2,582	2,627
		9,763	12,200	14,814	15,653
Intangible assets	12	—	10	10	10
Goodwill	13	84	99	99	99
Trade and other receivables	15	381	469	560	399
Deferred tax assets	21	171	156	168	167
		10,399	12,934	15,651	16,328
Current assets					
Inventories	14	4,930	5,146	7,383	4,736
Trade and other receivables	15	2,512	2,609	3,307	3,386
Restricted and pledged bank deposits	16	43	180	50	—
Cash and cash equivalents	17	2,630	2,799	3,462	5,273
		10,115	10,734	14,202	13,395
Current liabilities					
Trade and other payables	18	12,817	14,448	20,050	19,084
Bank loans and overdrafts	19	2,330	2,462	2,401	2,237
Income tax payables	5(c)	131	175	244	375
		15,278	17,085	22,695	21,696
Net current assets/(liabilities)		(5,163)	(6,351)	(8,493)	(8,301)
Total assets less current liabilities		5,236	6,583	7,158	8,027

The accompanying notes form part of this Financial Information.

	Section B Note	At 31 December 2008	2009	2010	At 31 March 2011
		RMB million	RMB million	RMB million	RMB million
Non-current liabilities					
Bank loans	19	349	270	181	181
Other financial liabilities	20	92	87	87	87
Deferred tax liabilities	21	7	34	70	85
		448	391	338	353
Net assets		4,788	6,192	6,820	7,674
Capital and reserves					
Share capital	22(c)	1,713	1,713	1,713	1,713
Reserves	22(d)	1,478	2,292	2,690	3,229
Total equity attributable to equity shareholders of the Company		3,191	4,005	4,403	4,942
Non-controlling interests		1,597	2,187	2,417	2,732
Total equity		4,788	6,192	6,820	7,674

The accompanying notes form part of this Financial Information.

3. Statements of Financial Position of the Company

	Section B Note	At 31 December 2008	At 31 December 2009	At 31 December 2010	At 31 March 2011
		RMB million	RMB million	RMB million	RMB million
Non-current assets					
Investments in subsidiaries	32	1,504	1,502	1,457	1,442
Current assets					
Trade and other receivables	15	257	—	470	76
Cash and cash equivalents	17	2	2	18	10
		259	2	488	86
Current liabilities					
Trade and other payables	18	257	—	426	18
Net current assets		2	2	62	68
Net assets		1,506	1,504	1,519	1,510
Capital and reserves					
Share capital	22(a)	1,713	1,713	1,713	1,713
Reserves	22(a)	(207)	(209)	(194)	(203)
Total equity		1,506	1,504	1,519	1,510

The accompanying notes form part of this Financial Information.

4. Consolidated Statements of Changes in Equity

	Section B Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	Exchange reserve	Statutory reserve	Retained profits	Total		
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2008		1,555	—	28	95	932	2,610	1,371	3,981
Change in equity for 2008:									
Profit for the year		—	—	—	—	680	680	336	1,016
Other comprehensive income		—	—	(40)	—	—	(40)	(23)	(63)
Total comprehensive income		—	—	(40)	—	680	640	313	953
Issue of new shares	22(c)	158	—	—	—	—	158	—	158
Cash injection from non-controlling shareholders (i)		—	—	—	—	—	—	83	83
Increase in equity interest in subsidiary (ii)		—	44	—	—	—	44	(44)	—
Profit appropriation		—	—	—	45	(45)	—	—	—
Dividend declared in respect of the previous year	22(b)	—	—	—	—	(261)	(261)	—	(261)
Dividends declared and payable to non-controlling shareholders (iii)		—	—	—	—	—	—	(126)	(126)
Balance at 31 December 2008		1,713	44	(12)	140	1,306	3,191	1,597	4,788
Change in equity for 2009:									
Profit for the year		—	—	—	—	811	811	443	1,254
Other comprehensive income		—	—	(27)	—	—	(27)	(14)	(41)
Total comprehensive income		—	—	(27)	—	811	784	429	1,213
Cash injection from non-controlling shareholders		—	—	—	—	—	—	2	2
Cash injection from Employee Trust Benefit Schemes (iv)	4(b)	—	30	—	—	—	30	171	201
Profit appropriation		—	—	—	71	(71)	—	—	—
Dividends declared and payable to non-controlling shareholders (iii)		—	—	—	—	—	—	(12)	(12)
Balance at 31 December 2009		1,713	74	(39)	211	2,046	4,005	2,187	6,192
Change in equity for 2010:									
Profit for the year		—	—	—	—	1,031	1,031	583	1,614
Other comprehensive income		—	—	40	—	—	40	27	67
Total comprehensive income		—	—	40	—	1,031	1,071	610	1,681
Cash injection from Employee Trust Benefit Schemes (iv)	4(b)	—	62	—	—	—	62	65	127
Profit appropriation		—	—	—	180	(180)	—	—	—
Dividend declared in respect of the previous year	22(b)	—	—	—	—	(735)	(735)	—	(735)
Dividends declared and payable to non-controlling shareholders (iii)		—	—	—	—	—	—	(445)	(445)
Balance at 31 December 2010		1,713	136	1	391	2,162	4,403	2,417	6,820

The accompanying notes form part of this Financial Information.

	Section B Note	Attributable to equity shareholders of the Company: Share capital	Capital reserve	Exchange reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2011		1,713	136	1	391	2,162	4,403	2,417	6,820
Change in equity for three months ended 31 March 2011:									
Profit for the period		—	—	—	—	522	522	295	817
Other comprehensive income		—	—	17	—	—	17	7	24
Total comprehensive income		—	—	17	—	522	539	302	841
Cash injection from Employee Trust Benefit Schemes (iv)	4(b)	—	—	—	—	—	—	13	13
Balance at 31 March 2011		1,713	136	18	391	2,684	4,942	2,732	7,674
Unaudited:									
Balance at 1 January 2010		1,713	74	(39)	211	2,046	4,005	2,187	6,192
Change in equity for three months ended 31 March 2010:									
Profit for the period		—	—	—	—	396	396	215	611
Other comprehensive income		—	—	(1)	—	—	(1)	—	(1)
Total comprehensive income		—	—	(1)	—	396	395	215	610
Balance at 31 March 2010		1,713	74	(40)	211	2,442	4,400	2,402	6,802

The accompanying notes form part of this Financial Information.

Notes:

(i) During 2008, the Company's subsidiary, Auchan (China) Hong Kong Limited ("ACHK") increased its issued share capital. United States Dollar ("USD") 12 million (RMB83 million) was contributed by the non-controlling shareholder, Auchanhyper SA, in proportion to its shareholding in ACHK.

(ii) Pursuant to share transfers between the shareholders of the Company's subsidiary, Concord Champion International Limited ("CCIL") on 26 November 2008, the Company's equity interest in CCIL increased from 65.6% to 67.24% and its share of the consolidated net assets of CCIL increased by RMB44 million as a result.

(iii) Dividends declared and payable during the Relevant Period to the non-controlling shareholders of the Company's subsidiaries, ACHK, CCIL, Concord Investment (China) Co., Ltd. ("CIC") and People's RT-MART Limited Jinan, respectively, are as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million (unaudited)**	**RMB million**
ACHK	—	—	21	—	—
CCIL	125	—	378	—	—
CIC	—	11	43	—	—
People's RT-MART Limited Jinan	1	1	3	—	—
	126	12	445	—	—

(iv) The excess of the capital injected by the Group's Employee Trust Benefit Schemes to the Group's subsidiaries, Auchan (China) Investment Co., Ltd. ("ACI") and CIC, over the attributable share of their consolidated net assets acquired is credited to capital reserve.

The accompanying notes form part of this Financial Information.

5. Consolidated Cash Flow Statements

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Operating activities					
Profit before taxation	1,380	1,804	2,391	898	1,137
Adjustments for:					
Depreciation	715	821	1,116	261	332
Amortisation of					
— land use rights	48	58	68	15	22
— intangible assets	—	1	1	—	—
Finance costs	147	149	83	22	17
Interest income	(53)	(80)	(50)	(14)	(19)
Loss on disposal of property, plant and equipment	7	4	5	—	15
	2,244	2,757	3,614	1,182	1,504
Changes in working capital:					
(Increase)/decrease in inventories	(1,721)	(216)	(2,237)	1,563	2,647
Change in bank deposits pledged for purchase of inventory	—	(81)	81	31	—
Change in restricted bank deposit	(43)	43	—	—	—
Increase in trade and other receivables	(226)	(96)	(427)	(37)	(144)
Increase in trade and other payables	2,471	1,669	4,551	595	4
Cash generated from operations	2,725	4,076	5,582	3,334	4,011
Income tax paid	(404)	(466)	(684)	(89)	(173)
Income tax refund received	3	—	—	—	—
Net cash generated from operating activities	2,324	3,610	4,898	3,245	3,838

The accompanying notes form part of this Financial Information.

	Section B Note	Year ended 31 December			Three months ended 31 March	
		2008	2009	2010	2010	2011
		RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Investing activities						
Payment for the purchase of fixed assets		(3,022)	(2,942)	(3,807)	(881)	(1,293)
Change in bank deposits pledged for the purchase of fixed assets		—	(57)	7	—	50
Proceeds from sale of property, plant and equipment		50	15	8	1	2
Payment for the purchase of intangible assets		—	(11)	(1)	—	—
Interest received		53	80	50	14	19
Payment for acquisition of subsidiaries, net of cash acquired		(7)	(76)	—	—	—
Net cash used in investing activities		(2,926)	(2,991)	(3,743)	(866)	(1,222)
Financing activities						
Proceeds from issue of shares		158	—	—	—	—
Cash injection from non-controlling interests		83	203	127	—	13
Proceeds from bank loans		4,302	2,929	1,795	710	224
Repayment of bank loans		(3,320)	(3,020)	(1,990)	(1,100)	(189)
Interest paid		(147)	(149)	(83)	(22)	(17)
Change in bank deposits pledged for bank loans		—	(42)	42	—	—
Repayment of other financial liabilities		(3)	(5)	—	—	—
Dividend paid to shareholders of the Company		—	(257)	(315)	—	(418)
Dividends paid to non-controlling shareholders		—	(142)	(180)	—	(239)
Net cash generated from/(used in) financing activities		1,073	(483)	(604)	(412)	(626)
Net increase in cash and cash equivalents		471	136	551	1,967	1,990
Cash and cash equivalents at 1 January		2,198	2,590	2,685	2,685	3,281
Effect of foreign exchange rate changes		(79)	(41)	45	(2)	2
Cash and cash equivalents at 31 December/March	17	2,590	2,685	3,281	4,650	5,273

The accompanying notes form part of this Financial Information.

B. NOTES TO FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the requirements of the Hong Kong Companies Ordinance. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued certain new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ending 31 December 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year ending 31 December 2011 are set out in Note 31.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2010 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation of the Financial Information

(i) Basis of preparation and presentation

The Financial Information comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a jointly controlled entity.

(ii) Basis of measurement

The Financial Information is prepared on the historical cost basis and is presented in Renminbi ("RMB"), rounded to the nearest million (unless otherwise stated), as the Group's hypermarkets are all located in the People's Republic of China ("PRC"). The functional currency of the Company's operating subsidiaries is RMB. The functional currency of the Company is USD.

(iii) Use of estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 30.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activities of the entity.

The results and assets and liabilities of jointly controlled entities are incorporated in the Financial Information using the proportionate consolidation method. The Group's share of the income, expenses, assets and liabilities of jointly controlled entities, other than transactions and balances between the Group and jointly controlled entities, are combined with the Group's similar items in the Financial Information on a line-by-line basis. Transactions and balances between the Group and the jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities.

(e) Hypermarkets operated under Contracted Store arrangement

The Group operates certain hypermarkets through Contracted Store arrangements ("Contracted Stores") under which the hypermarket owner ("Contracted Store Owner") provides the store, equipments and facilities for use by the Group to carry out the Group's hypermarket business and in return is entitled to an annual fee, calculated as either a fixed amount or a fixed percentage of the store's sales revenue, and any remaining profit or loss relating to the operation of the store is attributable to the Group. As the Group bears the risks and rewards of the store's operation, the revenue, operating expenses and results relating to the operation of the Contracted Stores are included in the Group's consolidated statements of comprehensive income on a line-by-line basis and the net profit or loss relating to the operation of the stores attributable to the Group is recorded as an amount due from or to the Contracted Store Owner, as applicable. Sales of inventories by the Group to the Contracted Stores are eliminated and the stores' inventories as of the reporting period end are incorporated in the Group's consolidated statements of financial position. Prepaid cards bought by customers which may be used to purchase goods in other stores of the Group are recorded as "advance receipts from customers" within "trade and other payables" in the Group's consolidated statements of financial position, and a corresponding receivable from the Contracted Store is recognised.

(f) Goodwill

Goodwill arises upon the acquisition of subsidiaries. All business combinations are accounted for by applying the purchase method. Goodwill represents the excess of the fair value of the consideration transferred over the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(k)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Investment property

Areas within hypermarket buildings owned by the Group which are held to earn rental income and/or for capital appreciation are classified as investment property. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses (see note 1(k)). Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of 10-30 years. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Estimates in respect of certain items of investment property were revised with effect from 1 January 2009 (see note 11(v)).

Areas within hypermarket buildings leased by the Group which are sublet to earn rental income are classified as other property, plant and equipment (see note 1(h)).

(h) Other property, plant and equipment

(i) Owned assets

Buildings held for own use which are situated on land held under land use rights and other property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (see note 1(k)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see note 1(w)). Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss on the date of retirement or disposal.

Construction in progress is stated at cost less impairment losses (see note 1(k)). Cost comprises direct costs of construction during the year/period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on construction in progress.

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

The estimated useful lives adopted for the purpose of calculating depreciation during the Relevant Period are as follows:

	2009, 2010 & three months ended 31 March 2011	**2008**
• Buildings	10-30 years	$6^2/_3$-30 years
• Leasehold improvements	5-20 years	5-30 years
• Store equipment	4-10 years	3-10 years
• Office equipment	3-5 years	3-5 years
• Motor vehicles	5-8 years	5-8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Estimates in respect of certain items of property, plant and equipment were revised with effect from 1 January 2009 (see note 11 (v)).

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses (see note 1(k)).

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives are as follows:

• Software	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land use rights is amortised on a straight-line basis over the period of the lease term.

(k) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial difficulty.

If any such evidence exists for trade and other receivables carried at cost or amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— investment property;

— other property, plant and equipment;

— land use rights;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of goods after deducting discounts and payments from suppliers, except where such payments represent a reimbursement of identifiable expenditure incurred by the Group or relate to services provided by the Group which provide identifiable benefits to the suppliers separate from the Group's purchase of the supplier's goods. Supplier payments include cash or its equivalent in form (e.g. credits applied to future purchases). Net realisable value is the estimated selling price in the ordinary course of business.

The cost of inventories is calculated using the weighted average basis.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Group derecognises trade and other receivables when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of trade and other receivables are transferred.

(n) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Interest-bearing borrowings are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Trade and other payables are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

(p) Restricted and pledged bank deposits

Restricted deposits represent amounts held by bank which are restricted for use in relation to the Group's Employee Trust Benefit Schemes.

Pledged bank deposits represent amounts held by banks as security for issuance of bills payable, letters of guarantee and bank loans. Upon maturity of the bills payable, letters of guarantee and bank loans the cash becomes available for use by the Group.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans, contributions to the Group's Employee Trust Benefit Schemes, and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(s) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to a business combination, or to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(t)(ii) below, if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

(i) Sales of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service income

Service income is recognised in profit or loss when the services are delivered.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(v) Translation of foreign currencies

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 TURNOVER

The principal activity of the Group is the operation of hypermarkets in the PRC. Turnover represents the sales value of goods supplied to customers and rental income from leasing areas in the hypermarket buildings. The amount of each significant category of revenue recognised in turnover during the Relevant Period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million (unaudited)**	**RMB million**
Sales of goods	37,115	44,445	54,924	15,358	19,450
Rental income	737	949	1,244	298	374
	37,852	45,394	56,168	15,656	19,824

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenues.

3 OTHER REVENUE

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million (unaudited)**	**RMB million**
Service income	96	81	82	25	43
Disposal of packaging materials	76	48	64	16	24
Interest income	53	80	50	14	19
Government grants	34	68	78	1	64
	259	277	274	56	150

Government grants represent subsidies received from local authorities.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Interest expense on borrowings					
— wholly repayable within five years	133	141	75	20	15
— wholly repayable after five years	14	8	8	2	2
	147	149	83	22	17

(b) Staff costs

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Salaries, wages and other benefits	1,674	2,051	2,806	649	886
Contributions to defined contribution retirement plans (i)	144	191	253	56	82
Contributions to Employee Trust Benefit Schemes (ii)	99	141	188	40	54
	1,917	2,383	3,247	745	1,022

(i) Contributions to defined contribution retirement plans

The Group participates in pension schemes organised by the PRC government whereby the Group is required to pay annual contributions based on the statutory percentage of the average salary level in the cities where the Group's employees are employed. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

(ii) Contributions to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of CIC and its subsidiaries ("the RT-Mart Scheme") and an Employee Trust Benefit Scheme for employees of ACHK and its subsidiaries ("the Auchan Scheme"). Under each scheme, an annual profit sharing contribution, calculated based on the consolidated results of CIC for the RT-Mart Scheme, and on the consolidated results of ACHK for the Auchan Scheme, and the number of eligible employees, is payable to two trusts, the beneficial interests in which are allocated to participating eligible employees in accordance with the relevant Employee Trust Benefit Scheme rules. The trusts are administered by independent trustees and invest the amounts received in either cash or equity of CIC in the case of the RT-Mart Scheme, or cash or equity of ACI in the case of the Auchan Scheme, respectively. The annual profit sharing contributions are accrued in the year in which the associated services are rendered by the eligible employees.

In addition to the annual profit sharing contributions made by the Group, subject to certain conditions, eligible employees are entitled to acquire additional beneficial interests in the relevant Employee Trust Benefit Scheme trust using their own funds.

(c) Other items

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million (unaudited)**	**RMB million**
Cost of inventories	30,713	36,750	45,127	12,765	16,070
Depreciation					
— assets leased out under operating leases					
— investment property	55	68	94	24	26
— other property, plant and equipment	92	106	127	31	39
— other assets	568	647	895	206	267
	715	821	1,116	261	332
Amortisation					
— land use rights	48	58	68	15	22
— intangible assets	—	1	1	—	—
	48	59	69	15	22
Operating lease charges					
(i) contingent rents					
— assets leased for own use	95	142	236	71	110
— assets sublet to others	33	45	58	16	23
(ii) minimum lease payments					
— assets leased for own use	441	566	674	139	195
— assets sublet to others	44	84	101	22	28
(iii) fees to Contracted Store Owners	115	112	100	27	26
Total	728	949	1,169	275	382

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Loss on disposal of property, plant and equipment	7	4	5	—	15
Net foreign exchange (gain)/loss	(14)	2	(17)	3	9
Auditors' remuneration	18	17	24	6	6
Donations	56	10	9	1	1
Rental income from investment properties					
— gross	(213)	(274)	(380)	(88)	(120)
— direct operating expenses	13	18	23	6	8
Net	(200)	(256)	(357)	(82)	(112)

5 INCOME TAX

(a) Income tax in the consolidated statements of comprehensive income represents:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Current tax — Hong Kong Profits Tax					
Provision for the year/period	—	—	—	—	—
Current tax — PRC income tax					
Provision for the year/period	408	508	747	272	304
Under-provision in respect of prior years	1	2	6	7	—
Tax refund	(3)	—	—	—	—
	406	510	753	279	304
Deferred tax					
(Origination)/reversal of temporary differences *(note 21)*	(42)	40	24	8	16
	364	550	777	287	320

(i) The Company and its subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the two years ended 31 December 2008 and 2009. The provision for Hong Kong Profits Tax for the year ended 31 December 2010 and the three months ended 31 March 2011 is calculated at 16.5% of the estimated assessable profits. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(iii) On 16 March 2007, the PRC government enacted the new Enterprise Income Tax law ("new EIT law"), which unified the income tax rate to 25% for all companies incorporated in the PRC. The new EIT law was effective as of 1 January 2008. The new EIT law and its relevant regulations provide a 5-year transition period from its effective date for those companies which were established before 16 March 2007 and which were entitled to a preferential lower tax rate under the then effective tax laws and regulations, as well as grandfathering certain tax holidays granted under the previous tax law. In accordance with the transitional provisions, the Group's subsidiary, Suzhou Concord Warehousing Co., Ltd. is subject to income tax rates of 18%, 20%, 22%, and 24% for 2008, 2009, 2010 and 2011 respectively, and 25% thereafter and the Group's subsidiary, Shanghai Rose Consulting Co., Ltd. is subject to income tax at 12.5% for the two years from 2008 to 2009 and 25% thereafter. All other PRC subsidiaries are subject to income tax at 25% during the Relevant Period.

(iv) The new EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received. On 27 October 2009, the State Administration of Taxation issued Guoshuihan [2009] No. 601 ("Circular 601") which clarified that a "beneficial owner" under a tax treaty is determined not purely by its place of legal registration but also by other factors which depend on the specific facts and circumstances and significant judgment may be involved.

Since the Group can control the quantum and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 31 December 2008, 2009 and 2010 and 31 March 2011, deferred tax liabilities of RMB nil, RMB22 million, RMB58 million and RMB73 million, respectively, have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the PRC in the foreseeable future. The deferred tax liabilities as at 31 December 2008, 2009 and 2010 and 31 March 2011 were calculated at the withholding tax rates of 10%, 10%, 5% and 5%, respectively. On 1 May 2010, CIC received an advance ruling from its tax authority in-charge confirming that the reduced withholding tax rate of 5% would be applied on its dividends to RT-Mart Holdings Limited. The valid period of the ruling is from 1 May 2010 to 30 April 2013.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Profit before taxation	1,380	1,804	2,391	898	1,137
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	345	451	598	225	284
Tax concessions	(17)	(16)	(1)	—	—
Non-deductible expenses	8	6	51	19	30
PRC dividend withholding tax	—	22	84	2	15
Current year/period losses for which no deferred tax asset was recognised	58	95	65	39	14
Utilisation of previously unrecognised tax losses	(28)	(10)	(26)	(5)	(23)
Tax refund	(3)	—	—	—	—
Under-provision in respect of prior years	1	2	6	7	—
Actual tax expenses	364	550	777	287	320

(c) Income tax payables in the consolidated statements of financial position represent:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Balance at beginning of the year/period	126	131	175	175	244
Under-provision in respect of prior years	1	2	6	7	—
Provision for current income tax for the year/period	408	508	747	272	304
Payment during the year/period	(404)	(466)	(684)	(89)	(173)
Income tax payables at the end of the year/period	131	175	244	365	375

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

Year ended 31 December 2008

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Bruno Robert Mercier	—	1,493	188	215	1,896
Non-executive directors					
Christian Clerc-Batut	—	—	—	—	—
Christophe Maurice Paule Marie Joseph Dubrulle	—	—	—	—	—
Vianney Mulliez	—	—	—	—	—
Xavier Marie Alain Delom de Mezerac	—	—	—	—	—
Concord Greater China Limited	—	—	—	—	—
Kofu International Limited	—	—	—	—	—
Ruentex Development Co., Ltd.	—	—	—	—	—
Ruentex Industries Limited	—	—	—	—	—
Sinopac Global Investment Limited	—	—	—	—	—
Total	—	1,493	188	215	1,896

Year ended 31 December 2009

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Bruno Robert Mercier	—	1,053	127	116	1,296
Non-executive directors					
Christian Clerc-Batut	—	—	—	—	—
Christophe Maurice Paule Marie Joseph Dubrulle	—	—	—	—	—
Vianney Mulliez	—	—	—	—	—
Xavier Marie Alain Delom de Mezerac	—	—	—	—	—
Concord Greater China Limited	—	—	—	—	—
Kofu International Limited	—	—	—	—	—
Ruentex Development Co., Ltd.	—	—	—	—	—
Ruentex Industries Limited	—	—	—	—	—
Sinopac Global Investment Limited	—	—	—	—	—
Total	—	1,053	127	116	1,296

Year ended 31 December 2010

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Bruno Robert Mercier	—	1,244	155	151	1,550
Non-executive directors					
Christian Clerc-Batut	—	—	—	—	—
Christophe Maurice Paule Marie Joseph Dubrulle	—	—	—	—	—
Vianney Mulliez	—	—	—	—	—
Xavier Marie Alain Delom de Mezerac	—	—	—	—	—
Concord Greater China Limited	—	—	—	—	—
Kofu International Limited	—	—	—	—	—
Ruentex Development Co., Ltd.	—	—	—	—	—
Ruentex Industries Limited	—	—	—	—	—
Sinopac Global Investment Limited	—	—	—	—	—
Total	—	1,244	155	151	1,550

Three months ended 31 March 2010 (Unaudited)

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Bruno Robert Mercier	—	278	38	151	467
Non-executive directors					
Christian Clerc-Batut	—	—	—	—	—
Christophe Maurice Paule Marie Joseph Dubrulle	—	—	—	—	—
Vianney Mulliez	—	—	—	—	—
Xavier Marie Alain Delom de Mezerac	—	—	—	—	—
Concord Greater China Limited	—	—	—	—	—
Kofu International Limited	—	—	—	—	—
Ruentex Development Co., Ltd.	—	—	—	—	—
Ruentex Industries Limited	—	—	—	—	—
Sinopac Global Investment Limited	—	—	—	—	—
Total	—	278	38	151	467

Three months ended 31 March 2011

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Bruno Robert Mercier	—	361	53	397	811
Non-executive directors					
Christophe Maurice Paule Marie Joseph Dubrulle	—	—	—	—	—
Vianney Mulliez	—	—	—	—	—
Xavier Marie Alain Delom de Mezerac	—	—	—	—	—
Philippe David Baroukh	—	—	—	—	—
Concord Greater China Limited	—	—	—	—	—
Kofu International Limited	—	—	—	—	—
Ruentex Development Co., Ltd.	—	—	—	—	—
Ruentex Industries Limited	—	—	—	—	—
Sinopac Global Investment Limited	—	—	—	—	—
Total	—	361	53	397	811

No directors of the Company waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to independent non-executive directors during the Relevant Period as the independent non-executive directors were not appointed during the Relevant Period.

During the Relevant Period, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 7 below as an inducement to join or upon joining the Group or as compensation for loss of office.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group during the Relevant Period, 1, nil, nil, 1 and 1 are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other 4, 5, 5, 4 and 4 individuals are as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	5,311	7,669	9,770	1,979	2,002
Contributions to retirement schemes	803	638	675	172	190
Discretionary bonus	819	957	1,073	471	771
Share based payments	—	—	—	—	—
Profit sharing contributions	—	—	—	—	—
	6,933	9,264	11,518	2,622	2,963

During the Relevant Period, the emoluments of the 4, 5, 5, 4 and 4 individuals with the highest emoluments are within the following bands:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
Nil to HKD1,000,000 (equivalent to RMB842,000)	—	—	—	4	4
HKD1,000,001 to HKD1,500,000 (equivalent to RMB842,001 to RMB1,263,000)	—	—	—	—	—
HKD1,500,001 to HKD2,000,000 (equivalent to RMB1,263,001 to RMB1,684,000)	2	1	—	—	—
HKD2,000,001 to HKD2,500,000 (equivalent to RMB1,684,001 to RMB2,105,000)	1	4	1	—	—
HKD2,500,001 to HKD3,000,000 (equivalent to RMB2,105,001 to RMB2,526,000)	1	—	2	—	—
HKD3,000,001 to HKD3,500,000 (equivalent to RMB2,526,001 to RMB2,947,000)	—	—	1	—	—
HKD3,500,001 to HKD4,000,000 (equivalent to RMB2,947,001 to RMB3,368,000)	—	—	1	—	—
	4	5	5	4	4

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB nil for the years ended 31 December 2008 and 2009, a loss of RMB7 million for the year ended 31 December 2010, and a profit of RMB nil for the three months ended 31 March 2010 and 2011, respectively, which has been dealt with in the financial statements of the Company.

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Amount of consolidated profit attributable to equity shareholders dealt with in the Company's financial statements.	—	—	(7)	—	—
Dividends from subsidiaries attributable to the profits of the previous financial year, approved and received during the year/period	261	—	803	—	—
Company's profit for the year/period *(note 22(a))*	261	—	796	—	—

Details of dividends paid and payable to equity shareholders of the Company are set out in note 22(b).

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average of 200,005,200, 211,485,200, 211,485,200, 211,485,200 and 211,485,200 ordinary shares in issue and fully paid up for the three years ended 31 December 2008, 2009 and 2010 and each of the three months ended 31 March 2010 and 2011, respectively.

Weighted average number of ordinary shares

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
Issued ordinary shares at 1 January	188,525,200	211,485,200	211,485,200	211,485,200	211,485,200
Effect of issue of additional shares *(note 22(c))*	11,480,000	—	—	—	—
Weighted average number of ordinary shares for the year/period.	200,005,200	211,485,200	211,485,200	211,485,200	211,485,200

There were no dilutive potential ordinary shares during the Relevant Period and therefore diluted earnings per share is equivalent to basic earnings per share.

10 SEGMENT REPORTING

The Group is organised, for management purpose, into business units based on the banner under which the hypermarkets are operated. As all of the Group's hypermarkets are located in the PRC, have similar economic characteristics, and are similar in respect of products and services provided and customer type, the Group has one reportable operating segment which is the operation of hypermarkets in the PRC.

11 FIXED ASSETS

	Buildings	Leasehold improvements	Store equipment	Office equipment	Motor vehicles	Construction in progress	Sub-total	Investment property	Land use rights	Total fixed assets
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Cost:										
At 1 January 2008	1,963	1,023	2,633	432	45	524	6,620	592	1,731	8,943
Additions	353	66	456	237	4	1,930	3,046	70	196	3,312
Additions through acquisition of subsidiaries *(note 23)*	—	—	—	—	—	130	130	—	40	170
Transfer from construction in progress	539	388	448	45	16	(1,865)	(429)	429	—	—
Disposals	(46)	(1)	(52)	(49)	(4)	—	(152)	—	—	(152)
At 31 December 2008	2,809	1,476	3,485	665	61	719	9,215	1,091	1,967	12,273
At 1 January 2009	2,809	1,476	3,485	665	61	719	9,215	1,091	1,967	12,273
Additions	204	72	1,089	347	25	829	2,566	75	429	3,070
Additions through acquisition of subsidiaries *(note 23)*	88	49	25	5	—	—	167	—	98	265
Transfer from construction in progress	533	111	13	2	—	(1,146)	(487)	487	—	—
Disposals	—	(11)	(52)	(10)	(7)	—	(80)	—	—	(80)
At 31 December 2009	3,634	1,697	4,560	1,009	79	402	11,381	1,653	2,494	15,528
At 1 January 2010	3,634	1,697	4,560	1,009	79	402	11,381	1,653	2,494	15,528
Additions	87	93	764	289	7	2,046	3,286	118	407	3,811
Transfer from construction in progress	650	213	392	92	24	(1,589)	(218)	218	—	—
Disposals	(1)	(13)	(48)	(9)	(6)	—	(77)	—	—	(77)
At 31 December 2010	4,370	1,990	5,668	1,381	104	859	14,372	1,989	2,901	19,262
At 1 January 2011	4,370	1,990	5,668	1,381	104	859	14,372	1,989	2,901	19,262
Additions	25	3	238	89	2	694	1,051	92	67	1,210
Transfer from construction in progress	328	46	237	36	8	(655)	—	—	—	—
Disposals	—	(68)	(69)	(75)	(2)	—	(214)	—	—	(214)
At 31 March 2011	4,723	1,971	6,074	1,431	112	898	15,209	2,081	2,968	20,258

	Buildings	Leasehold improvements	Store equipment	Office equipment	Motor vehicles	Construction in progress	Sub-total	Investment property	Land use rights	Total fixed assets
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Accumulated depreciation:										
At 1 January 2008	(451)	(283)	(666)	(194)	(9)	—	(1,603)	(94)	(145)	(1,842)
Charge for the year	(141)	(140)	(289)	(83)	(7)	—	(660)	(55)	(48)	(763)
Disposals	3	1	44	45	2	—	95	—	—	95
At 31 December 2008	(589)	(422)	(911)	(232)	(14)	—	(2,168)	(149)	(193)	(2,510)
At 1 January 2009	(589)	(422)	(911)	(232)	(14)	—	(2,168)	(149)	(193)	(2,510)
Charge for the year	(140)	(126)	(346)	(131)	(10)	—	(753)	(68)	(58)	(879)
Disposals	—	11	39	8	3	—	61	—	—	61
At 31 December 2009	(729)	(537)	(1,218)	(355)	(21)	—	(2,860)	(217)	(251)	(3,328)
At 1 January 2010	(729)	(537)	(1,218)	(355)	(21)	—	(2,860)	(217)	(251)	(3,328)
Charge for the year	(176)	(200)	(436)	(194)	(16)	—	(1,022)	(94)	(68)	(1,184)
Disposals	—	12	42	7	3	—	64	—	—	64
At 31 December 2010	(905)	(725)	(1,612)	(542)	(34)	—	(3,818)	(311)	(319)	(4,448)
At 1 January 2011	(905)	(725)	(1,612)	(542)	(34)	—	(3,818)	(311)	(319)	(4,448)
Charge for the period	(57)	(51)	(136)	(56)	(6)	—	(306)	(26)	(22)	(354)
Disposals	—	67	61	68	1	—	197	—	—	197
At 31 March 2011	(962)	(709)	(1,687)	(530)	(39)	—	(3,927)	(337)	(341)	(4,605)
Net book value:										
At 31 December 2008	2,220	1,054	2,574	433	47	719	7,047	942	1,774	9,763
At 31 December 2009	2,905	1,160	3,342	654	58	402	8,521	1,436	2,243	12,200
At 31 December 2010	3,465	1,265	4,056	839	70	859	10,554	1,678	2,582	14,814
At 31 March 2011	3,761	1,262	4,387	901	73	898	11,282	1,744	2,627	15,653

(i) All the Group's fixed assets are located in the PRC.

(ii) Land use rights represent the fees and related expenses in obtaining land use rights for periods ranging from 30 to 70 years. As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Group had not obtained land use rights certificates for certain land use rights with an aggregate carrying amount of RMB203 million, RMB69 million, RMB181 million and RMB159 million, respectively. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these land use rights as at 31 December 2008, 2009 and 2010 and 31 March 2011.

(iii) As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Group had not obtained property ownership certificates for certain buildings with an aggregate carrying amount of RMB497 million, RMB937 million, RMB963 million and RMB997 million, respectively. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2008, 2009 and 2010 and 31 March 2011.

(iv) As set out in note 1(g), the Group has applied the cost model for its investment properties. The directors have estimated the fair value of the investment properties as at 31 December 2008, 2009 and 2010 and 31 March 2011 to be RMB1,665 million, RMB2,341 million, RMB4,001 million and RMB4,166 million, respectively, using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

(v) Following its experience from remodelling certain stores which indicated that the usage of certain property, plant and equipment and investment property was longer than management's previous estimation, management conducted a re-assessment of the useful lives of the Group's property, plant and equipment and investment property and as a result changed its estimates of the useful lives and residual values of certain property, plant and equipment and investment property from 1 January 2009. The effect of these changes on depreciation expense for the years ended 31 December 2009 and 2010 and the expected effect for future periods is as follows:

	2009	**2010**	**2011**	**2012**	**2013**	**Thereafter**
	RMB million	**RMB million**	**RMB million**	**RMB million**	**RMB million**	**RMB million**
(Decrease)/increase in depreciation expense	(193)	(193)	(191)	(181)	(1)	516

(vi) The Group leases out investment properties and certain other property, plant and equipment within the hypermarket buildings under operating leases which typically run for an initial period of 1 to 3 years. The Group's total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	At 31 December			**At 31 March**
	2008	**2009**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million**
Within 1 year	675	830	1,047	761
After 1 year but within 5 years	296	457	560	545
After 5 years	73	125	183	133
	1,044	1,412	1,790	1,439

In addition to the minimum amounts disclosed above, certain lessees have commitments to pay additional rent to the Group if their sales revenue exceeds predetermined levels. Contingent rental receivables are not included in the above as it is not possible to estimate the amounts which may be receivable by the Group.

12 INTANGIBLE ASSETS

	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Software cost:				
At 1 January	6	6	17	18
Additions	—	11	1	—
	6	17	18	18
Accumulated amortisation				
At 1 January	(6)	(6)	(7)	(8)
Amortisation for the year/period	—	(1)	(1)	—
	(6)	(7)	(8)	(8)
Net book value				
At 1 January	—	—	10	10
At 31 December/31 March	—	10	10	10

The amortisation charge is recognised in administrative expenses in the consolidated statements of comprehensive income.

13 GOODWILL

	RMB million
Cost	
As at 1 January 2008	76
Additions through acquisition of subsidiary *(note 23)*	8
As at 31 December 2008	84
Additions through acquisition of subsidiaries during 2009 *(note 23)*	15
As at 31 December 2009 and 2010 and 31 March 2011	99

Goodwill arose on the acquisition of subsidiaries and there is no individual cash-generating unit to which the goodwill allocated is significant to the Financial Information. No impairment of goodwill was recognised for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011.

14 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Trading merchandise	4,930	5,146	7,383	4,736

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Carrying amount of inventories sold	30,697	36,748	45,116	12,761	16,063
Write down of inventories	16	2	11	4	7
	30,713	36,750	45,127	12,765	16,070

The carrying amount of inventories carried at net realisable value at 31 December 2008, 2009 and 2010 and 31 March 2011 is RMB72 million, RMB83 million, RMB116 million and RMB123 million, respectively. All inventories are expected to be sold within one year.

15 TRADE AND OTHER RECEIVABLES

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Non-current				
Rental prepayments	381	469	560	399
Current				
Trade receivables	66	50	131	99
Amounts due from Contracted Stores:				
— related parties *(note 27)*	344	196	148	86
— others	506	348	289	170
Amounts due from Contracted Store Owners				
— related parties *(note 27)*	140	258	353	383
— others	91	47	88	100
Other amounts due from related parties *(note 27)*	18	27	37	45
Other debtors	352	418	506	482
Value-added tax receivables	349	390	441	615
Prepayments:				
— IPO costs	—	—	—	26
— rentals	326	482	561	853
— fixed assets	320	393	753	527
Sub-total current	2,512	2,609	3,307	3,386
Trade and other receivables	2,893	3,078	3,867	3,785

The Group's trade receivables relate to credit card sales, the aging of which is within one month, and credit sales to corporate customers, the aging of which is within three months.

The amounts due from Contracted Stores as at 31 December 2008, 2009 and 2010 and 31 March 2011 include RMB574 million, RMB623 million, RMB663 million and RMB604 million, respectively, in respect of the unutilised balance of prepaid cards sold by the Contracted Stores which may be used by customers to purchase goods in certain of the Group's other stores. Such balances are also included in "Advance receipts from customers" within "Trade and other payables" (note 18). The remaining balances relate to trading balances arising from the sale of inventories by the Group to the Contracted Stores.

The amounts due from Contracted Store Owners comprise advances made by the Group to certain Contracted Store Owners and the Contracted Stores' profit attributable to the Group (see note 1(e)). These amounts are not expected to be recovered within one year.

Rental prepayments may be offset against future rentals due to landlords of hypermarket premises leased by the Group in accordance with the relevant lease agreements.

Except for the balances due from Contracted Store Owners and prepayments made for fixed assets, which will be transferred to the relevant asset category upon receipt of the assets, all of the trade and other receivables classified as current assets are expected to be recovered within one year. Details of the Group's credit policy are set out in note 24 (a).

	The Company			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Prepaid IPO costs	—	—	—	26
Dividends receivable from subsidiaries	257	—	470	50
	257	—	470	76

16 RESTRICTED AND PLEDGED BANK DEPOSITS

Bank deposits have been restricted or pledged as guarantees for:

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Contribution to RT-Mart Scheme	43	—	—	—
Bank loans	—	42	—	—
Bank acceptance bills	—	81	—	—
Letters of guarantee	—	57	50	—
	43	180	50	—

The pledged bank deposits are released upon settlement of the relevant bank loans, bank acceptance bills and guarantees.

17 CASH AND CASH EQUIVALENTS

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Deposits with banks within 3 months of maturity	569	603	480	1,596
Cash at bank and on hand	2,061	2,196	2,982	3,677
Cash and cash equivalents in the consolidated statements of financial position	2,630	2,799	3,462	5,273
Bank overdrafts *(note 19)*	(40)	(114)	(181)	—
Cash and cash equivalents in the consolidated cash flow statements	2,590	2,685	3,281	5,273

	The Company			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Deposits with banks within 3 months of maturity	—	—	—	10
Cash at bank and on hand	2	2	18	—
	2	2	18	10

18 TRADE AND OTHER PAYABLES

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Current				
Trade payables	7,869	9,081	12,060	11,331
Advance receipts from customers	2,062	2,727	4,046	4,745
Amounts due to Contracted Store Owners	28	9	—	1
Amounts due to related parties *(note 27)*	125	55	37	58
Construction costs payable	1,110	1,311	1,613	1,304
Dividends payable	382	—	685	24
Accruals and other payables	1,241	1,265	1,609	1,621
Trade and other payables	12,817	14,448	20,050	19,084

	The Company			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Dividends payable	257	—	420	—
Accruals and other payables	—	—	6	18
Trade and other payables	257	—	426	18

All trade and other payables are expected to be settled within one year.

Advance receipts from customers represents the unutilised balance of prepaid cards sold by the Group.

An ageing analysis of trade payables is as follows:

	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Due within 6 months	7,674	8,910	11,706	10,828
Due after 6 months but within 12 months	195	171	354	503
	7,869	9,081	12,060	11,331

19 BANK LOANS AND OVERDRAFTS

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Current				
Unsecured bank overdrafts	40	114	181	—
Bank loans repayable within 1 year or on demand				
— Secured	653	427	81	81
— Unsecured	1,637	1,921	2,139	2,156
Sub-total current	2,330	2,462	2,401	2,237
Non-current				
Bank loans repayable after 1 year but within 2 years				
— Secured	73	71	93	93
— Unsecured	15	88	20	20
Bank loans repayable after 2 years but within 5 years				
— Secured	172	86	63	63
— Unsecured	45	25	5	5
Bank loans repayable after 5 years				
— Secured	44	—	—	—
Sub-total non-current	349	270	181	181
Total bank loans and overdrafts	2,679	2,732	2,582	2,418

The non-current bank loans are carried at amortised cost and are not expected to be settled within one year.

Unsecured bank loans carried interest at annual rates ranging from 2.95% to 7.74%, 1.05% to 5.76%, 1.08% to 5.76% and 1.10% to 5.76% as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. Unsecured bank loans with carrying amount of RMB820 million, RMB984 million, RMB1,679 million and RMB820 million were guaranteed by related parties as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively (note 27).

Secured bank loans carried interest at annual rates ranging from 4.71% to 8.44%, 1.35% to 5.18%, 4.78% to 5.18% and of 5.18% as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. Secured bank loans are secured by the following assets of the Group:

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Pledged bank deposits	—	42	—	—
Investment property	274	216	178	176
Other property, plant and equipment	674	341	188	184
Land use rights	712	415	308	306
	1,660	1,014	674	666

20 OTHER FINANCIAL LIABILITIES

Other financial liabilities represent capital contributed in cash by the third-party shareholders of certain subsidiaries of the Group which are cooperative joint ventures in the PRC. In accordance with the respective agreements, these shareholders do not have any entitlement to the profit or loss of the subsidiaries, other than a prescribed annual return. The total annual prescribed returns of RMB21 million, RMB22 million and RMB22 million for the years ended 31 December 2008, 2009 and 2010, and the prescribed returns of RMB5 million (unaudited) and RMB5 million for the three months ended 31 March 2010 and 2011 are included in finance costs in the consolidated statements of comprehensive income.

21 DEFERRED TAX ASSETS AND LIABILITIES

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Period are as follows:

	Tax losses	Fair value adjustment in relation to business combinations	Depreciation charges in excess of depreciation allowances	PRC dividend withholding tax	Accruals and other timing differences	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 January 2008	8	(3)	69	—	48	122
(Charged)/credited to profit or loss.	6	(1)	24	—	13	42
At 31 December 2008 . . .	14	(4)	93	—	61	164
At 1 January 2009	14	(4)	93	—	61	164
Acquisition of subsidiaries *(note 23)*	3	(5)	—	—	—	(2)
(Charged)/credited to profit or loss.	10	(1)	(1)	(22)	(26)	(40)
At 31 December 2009 . . .	27	(10)	92	(22)	35	122
At 1 January 2010	27	(10)	92	(22)	35	122
(Charged)/credited to profit or loss.	(19)	—	(3)	(36)*	34	(24)
At 31 December 2010 . . .	8	(10)	89	(58)	69	98
At 1 January 2011	8	(10)	89	(58)	69	98
(Charged)/credited to profit or loss.	(2)	—	(3)	(15)	4	(16)
At 31 March 2011	6	(10)	86	(73)	73	82

* The amount includes the provision of withholding tax on profits of the PRC subsidiaries for 2010 amounting to RMB84 million and the reversal of deferred tax liabilities on withholding tax in respect of dividends paid during 2010 amounting to RMB48 million.

(b) Reconciliation to the consolidated statements of financial position:

	At 31 December			At 31 March
	2008	**2009**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million**
Net deferred tax assets	171	156	168	167
Net deferred tax liabilities	(7)	(34)	(70)	(85)
	164	122	98	82

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB355 million, RMB692 million, RMB826 million and RMB790 million as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively, as it is not probable that future taxable profits against which these losses can be utilised will be available in the subsidiaries concerned.

The unused tax losses can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

	At 31 December			At 31 March
	2008	**2009**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million**
2009	2	—	—	—
2010	22	22	—	—
2011	21	20	21	17
2012	90	86	67	67
2013	220	184	179	163
2014	—	380	300	268
2015	—	—	259	220
2016	—	—	—	55
	355	692	826	790

(d) Deferred tax liabilities not recognised

No deferred tax liabilities were provided on post-2007 undistributed profits of the Group's PRC subsidiaries for which the Group has no plan to distribute them outside the PRC in the foreseeable future. As at 31 December 2008, 2009 and 2010 and 31 March 2011, such undistributed profits amounted to RMB nil, RMB737 million, RMB222 million and RMB353 million, respectively.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the years/periods are set out as follows:

The Company:

	Share capital	Exchange reserves	Retained earnings	Total
	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2008	1,555	(175)	61	1,441
Change in equity for 2008:				
Profit for the year	—	—	261	261
Other comprehensive income	—	(93)	—	(93)
Total comprehensive income	—	(93)	261	168
Issue of shares during the year	158	—	—	158
Dividends declared	—	—	(261)	(261)
Balance at 31 December 2008	1,713	(268)	61	1,506
Change in equity for 2009:				
Profit for the year	—	—	—	—
Other comprehensive income	—	(2)	—	(2)
Total comprehensive income	—	(2)	—	(2)
Balance at 31 December 2009	1,713	(270)	61	1,504
Change in equity for 2010:				
Profit for the year	—	—	796	796
Other comprehensive income	—	(46)	—	(46)
Total comprehensive income	—	(46)	796	750
Dividends declared	—	—	(735)	(735)
Balance at 31 December 2010	1,713	(316)	122	1,519
Change in equity for the three months ended 31 March 2011				
Profit for the period	—	—	—	—
Other comprehensive income	—	(9)	—	(9)
Total comprehensive income	—	(9)	—	(9)
Balance at 31 March 2011	1,713	(325)	122	1,510
Unaudited:				
Balance at 1 January 2010	1,713	(270)	61	1,504
Change in equity for the three months ended 31 March 2010				
Profit for the period	—	—	—	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	—
Balance at 31 March 2010	1,713	(270)	61	1,504

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year/period:

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Dividend in respect of the previous financial year, approved during the year/period	261	—	735	—	—
Dividend per share	RMB1.23	—	RMB3.48	—	—

Pursuant to the resolutions of the Board of Directors dated 10 December 2008, 16 April 2010 and 10 December 2010, cash dividends of RMB261 million, RMB306 million and RMB429 million were declared to the shareholders of the Company, respectively.

The directors consider that the dividends declared during the Relevant Period are not indicative of the future dividend policy of the Group.

(c) Share capital

(i) Authorised and issued share capital

	2008		2009		2010		2011	
	No. of shares	RMB million	No. of shares	RMB million	No. of shares	RMB million	No. of shares	RMB million
Authorised:								
Ordinary shares USD1 each	211,485,200	1,713	211,485,200	1,713	211,485,200	1,713	211,485,200	1,713
Ordinary shares, issued and fully paid:								
At 1 January	188,525,200	1,555	211,485,200	1,713	211,485,200	1,713	211,485,200	1,713
Issued and fully paid during the year/period	22,960,000	158	—	—	—	—	—	—
At 31 December/31 March	211,485,200	1,713	211,485,200	1,713	211,485,200	1,713	211,485,200	1,713

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Increase in authorised share capital

By an ordinary resolution passed on 25 June 2008, the Company's authorised ordinary share capital was increased to USD211,485,200 by the creation of an additional 22,960,000 ordinary shares of USD1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

On 13 May 2011, the shareholders approved to further increase the Company's authorised share capital to USD316,318,450 (RMB2,057 million) by the issue of an additional 104,833,250 shares of USD1 each, ranking pari passu with the existing shares of the Company.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the excess of the consideration received from non-controlling interests over the carrying amount of the relevant subsidiaries' net assets acquired by the non-controlling interests.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(v).

(iii) Statutory reserve

The statutory reserve represents statutory reserves which are appropriated by the Group's PRC subsidiaries ("PRC Companies"). According to the relevant laws and regulations for foreign investment enterprises and the articles of association for the said PRC Companies, profits of the PRC Companies, as determined in accordance with the accounting rules and regulations in the PRC, are available for distribution in the form of cash dividends to investors after the PRC Companies have (1) satisfied all tax liabilities; (2) offset losses in previous years; and (3) made appropriation to the statutory reserve funds, including general reserve fund and enterprise expansion fund.

(e) Distributability of reserves

The aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of section 79B of the Hong Kong Companies Ordinance was RMB61 million, RMB61 million, RMB122 million and RMB122 million as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively.

(f) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-equity ratio. This ratio is calculated as debt divided by shareholders' equity. The Group defines debt as loans, borrowings and other financial liabilities, less restricted and pledged bank deposits and cash and cash equivalents.

There were no changes in the Group's approach to capital management during the Relevant Period.

The debt-to-equity ratios at 31 December 2008, 2009 and 2010 and 31 March 2011 were as follows:

	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Loans and borrowings *(note 19)*	2,679	2,732	2,582	2,418
Other financial liabilities *(note 20)*	92	87	87	87
	2,771	2,819	2,669	2,505
Less: Cash and cash equivalents	(2,630)	(2,799)	(3,462)	(5,273)
Restricted and pledged bank deposits	(43)	(180)	(50)	—
Net debt/(asset)	98	(160)	(843)	(2,768)
Total equity	4,788	6,192	6,820	7,674
Debt/(asset)-to-equity ratio	2%	(3%)	(12%)	(36%)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 BUSINESS COMBINATIONS

On 7 July 2008, 20 January 2009 and 6 November 2009 the Group completed its acquisitions of 100% equity interests in Taizhou Auchan Hypermarkets Co., Ltd. ("TZ Auchan") (note 27), Shanghai Jiji Commercial and Trading Co., Ltd. ("Shanghai Jiji") and Jiangsu Bairuen Logistics Co., Ltd. ("Jiangsu Bairuen") for cash consideration of USD12 million (approximately RMB78 million), RMB13 million and RMB14 million, respectively. These acquisitions were made to expand the Group's business. The principal activities of TZ Auchan, Shanghai Jiji and Jiangsu Bairuen are the operation of hypermarkets.

The allocations of the purchase considerations to the fair values of the net assets of TZ Auchan, Shanghai Jiji and Jiangsu Bairuen as at 7 July 2008, 20 January 2009 and 6 November 2009, respectively, are as follows:

	TZ Auchan	Shanghai Jiji	Jiangsu Bairuen
	RMB million	RMB million	RMB million
Cash and cash equivalents	1	1	20
Deferred tax assets	—	3	—
Trade and other receivables	4	—	25
Land use rights	40	98	—
Property, plant and equipment	130	88	79
Bank loans and borrowings	—	(71)	—
Deferred tax liabilities	—	(5)	—
Trade and other payables	(105)	(104)	(122)
Goodwill *(note 13)*	8	3	12
Consideration	78	13	14

These acquisitions did not have any significant impact on the consolidated revenue or result of the Group for the years of acquisition concerned.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Financial assets of the Group include cash and cash equivalents, restricted and pledged bank deposits and trade and other receivables. Financial liabilities of the Group include loans and borrowings and trade and other payables.

The Company's board of directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

The Group's cash and bank deposits are held with banks located in the PRC and Hong Kong which management believes are of high credit quality. Accordingly, the Group's credit risk is primarily attributable to trade and other receivables. Management monitors the exposures to credit risk on an ongoing basis.

Credit risk in respect of trade receivables is limited as the balances mainly arise from credit card sales. Credit terms are offered in rare cases to corporate customers with whom the Group has an established and ongoing relationship.

Rental prepayments are placed with various landlords in the PRC and may be offset against future rental charges during the lease periods.

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Group has net receivables due from the Contracted Store Owners amounting to RMB231 million, RMB305 million, RMB441 million and RMB483 million, respectively (note 15), of which RMB140 million, RMB258 million, RMB353 million and RMB383 million relate to Contracted Stores owned by a related party. As set out in note 15, the Group also has trading balances with the Contracted Stores. Pursuant to the agreements between the Group and the Contracted Store Owners, the Group manages and operates the Contracted Stores, and has unrestricted access to the financial information of the stores. The directors have conducted a review of the profitability and cash flows of the Contracted Stores and consider the receivables from both the Contracted Stores and the Contracted Store Owners recorded in the Group's consolidated statements of financial position to be fully recoverable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Except for the financial guarantees given by the Group as set out in note 26 (b), the Group or the Company does not provide any other guarantees which would expose the Group or the Company to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group had net current liabilities of RMB5,163 million, RMB6,351 million, RMB8,493 million and RMB8,301 million as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. The Group generated net cash from operating activities amounting to RMB2,324 million, RMB3,610 million, RMB4,898 million and RMB3,838 million for the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, respectively, and had RMB1,557 million, RMB2,810 million, RMB3,794 million and RMB3,253 million of unutilised loan facilities available as at 31 December 2008, 2009 and 2010 and 31 March 2011. In view of the profitability, operating cash flows and availability of loan facilities of the Group, the directors consider the Group will have adequate liquid funds for its working capital and capital expenditure requirements for the foreseeable future.

The following are the contractual maturities of the Group's financial liabilities at each reporting date, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	At 31 December 2008 Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Financial statement carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million
Loans and borrowings	2,512	358	51	2,921	2,679
Trade and other payables	12,817	—	—	12,817	12,817
Other financial liabilities	—	—	92	92	92
At 31 December 2008	15,329	358	143	15,830	15,588

	At 31 December 2009 Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Financial statement carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million
Loans and borrowings	2,498	285	—	2,783	2,732
Trade and other payables	14,448	—	—	14,448	14,448
Other financial liabilities	—	—	87	87	87
At 31 December 2009	16,946	285	87	17,318	17,267

	At 31 December 2010 Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Financial statement carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million
Loans and borrowings	2,424	192	—	2,616	2,582
Trade and other payables	20,050	—	—	20,050	20,050
Other financial liabilities	—	—	87	87	87
At 31 December 2010	22,474	192	87	22,753	22,719

	At 31 March 2011 Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Financial statement carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million
Loans and borrowings	2,250	190	—	2,440	2,418
Trade and other payables	19,084	—	—	19,084	19,084
Other financial liabilities	—	—	87	87	87
At 31 March 2011	21,334	190	87	21,611	21,589

(c) Interest rate risk

(i) Interest rate profile

Cash at bank, restricted and pledged bank deposits and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk.

Cash at bank is with variable interest rates ranging from 0.36%~1.71%, 0.36%~1.71%, 0.36%~2.25% and 0.40%~2.60% per annum as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. Restricted bank deposits are held for amounts to be contributed to the Group's Employee Trust Benefit Schemes. Pledged bank deposits are held for securing bank loans, letters of guarantee and bank acceptance bills.

The Group's interest-bearing borrowings and interest rates as at 31 December 2008, 2009 and 2010 and 31 March 2011 are set out as follows:

	Interest rate	At 31 December 2008	At 31 December 2009	At 31 December 2010	At 31 March 2011
		RMB million	RMB million	RMB million	RMB million
Fixed rate borrowings	1.35% to 7.32%	802	893	541	391
Variable rate borrowings	1.05% to 8.44%	1,877	1,839	2,041	2,027
		2,679	2,732	2,582	2,418

(ii) Sensitivity analysis

The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A general increase/decrease of 100 basis points in interest rates prevailing at the reporting dates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained earnings by approximately RMB14 million, RMB14 million, RMB15 million and RMB4 million for each of the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at each reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the Relevant Period.

(d) Foreign currency risk

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group's exposure to foreign currency risk is not significant. The Group does not employ any financial instruments for hedging purposes.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demand and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(e) Fair value

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2008, 2009 and 2010 and 31 March 2011, except for the amounts due from/to related parties which have no fixed repayment terms. Given these terms, it is not meaningful to disclose the fair value of such balances.

25 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding and not provided for in the financial statements were as follows:

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Contracted for	262	547	1,652	1,198
Authorised but not contracted for	1,012	1,768	1,369	3,117
	1,274	2,315	3,021	4,315

(b) Operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Within 1 year	492	481	642	818
After 1 year but within 5 years	1,576	1,985	3,020	2,833
After 5 years	2,666	3,602	5,105	4,994
	4,734	6,068	8,767	8,645

The Group leases certain land and buildings under operating leases. The leases typically run for an initial period of fifteen to twenty years, with an option to renew the lease after that date. The Group has the option to cancel the leases on payment of a penalty at various stages of the initial lease periods depending on the terms of the specific leases concerned.

In addition to the minimum rental payments disclosed above, for some of the hypermarkets leased, the Group has commitments to pay additional rent of a proportion of turnover if the turnover generated exceeds the predetermined levels. Contingent rental payables are not included in the above as it is not possible to estimate the amounts which may be payable.

26 CONTINGENCIES

(a) Legal claims

As at 31 March 2011, certain suppliers and customers have commenced legal actions against the Group in respect of disputes on purchase agreements. The total amount claimed is RMB44 million. As at 31 March 2011, the legal actions were ongoing, with most of the actions not yet set for trial dates. The directors do not believe that the amounts payable in respect of these claims, if any, will be material to the Financial Information.

(b) Financial guarantees issued

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the Group has issued guarantees to banks to secure facilities of RMB45 million, RMB45 million, RMB45 million and RMB nil granted to third party landlords.

As at the end of the respective reporting periods, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. No provision was therefore made by the Group in this respect as at 31 December 2008, 2009 and 2010 and 31 March 2011.

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	The Group				
	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Short-term employee benefits	13	18	24	6	6
Post-employment benefits	—	—	—	—	—
	13	18	24	6	6

Total remuneration is included in "staff costs" (see note 4(b)).

(b) Identity of related parties

During the Relevant Period, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship
Ruentex	Ultimate joint controlling shareholder
Groupe Auchan S.A.	Ultimate joint controlling shareholder
Auchanhyper SA	Subsidiary of Groupe Auchan S.A.
Auchan International S.A.	Subsidiary of Groupe Auchan S.A.
Auchan France Croix	Subsidiary of Groupe Auchan S.A.
Auchan Global Service	Subsidiary of Groupe Auchan S.A.
Auchan International Technology	Subsidiary of Groupe Auchan S.A.
RT-Mart International Limited	Subsidiary of Groupe Auchan S.A.
C & Chain Limited Shanghai	Subsidiary of Ruentex
Kunshan Ruenfu Commercial and Trading Co., Ltd. ("Kunshan Ruenfu") and its subsidiaries	Controlled by close family member of a key management personnel of a subsidiary
Mr. Samuel Yin	Substantial shareholder of Ruentex Development Co., Ltd. and Ruentex Industries Limited, two entities under Ruentex, one of the two Ultimate Controlling Shareholders of the Company
Hwabao Trust Co., Ltd.	Trustee of RT-Mart and Auchan Scheme trusts

(c) Related party transactions

In addition to the related party information disclosed elsewhere in the notes to the Financial Information, the Group entered into the following material related party transactions during the Relevant Period.

	The Group				
	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Recurring transactions:					
IT services fee payable (i)	1	5	3	1	1
Expenses payable (ii)	49	46	46	16	15
Agency fees receivable (iii)	5	5	27	3	7
Trademark fee payable (iv)	13	10	23	7	8
Fees to Contracted Store Owners (v)	2	2	2	1	1
Contributions to Employee Trust Benefit Schemes trusts *(note 4)*	99	141	188	40	54
Non-recurring transactions:					
Sale of merchandise (vi)	40	34	36	9	8
Purchase of property, plant and equipment	51	39	39	36	—

(i) IT services fee payable represents the fee charged by Auchan International Technology for IT support and services provided.

(ii) Expenses payable primarily relate to personnel costs paid by subsidiaries of Auchanhyper SA on behalf of the Group, which are reimbursed and expensed by the Group.

(iii) Agency fees receivable relate to amounts collected from international suppliers by Auchan International S.A. on behalf of the Group, net of fees payable to Auchan International S.A.

(iv) Trademark fee payable represents the fee charged by Groupe Auchan S.A. for the grant of licenses to the Group to use the Auchan trademarks.

(v) These represent fees payable to Kunshan Ruenfu, the owner of certain Contracted Stores (see note 1 (e)).

(vi) Sales of merchandise to C & Chain Limited Shanghai were made at the Group's original purchase cost.

In addition to the above transactions, during the Relevant Period:

(a) Groupe Auchan S.A. acted as guarantor of certain of the Group's short-term bank loans amounting to RMB642 million, RMB686 million, RMB762 million and RMB820 million as at 31 December 2008, 2009 and 2010 and 31 March 2011, respectively. Such guarantee has been released as at the date of this report.

(b) Mr. Samuel Yin acted as guarantor of certain of the Group's short-term bank loans amounting to RMB178 million, RMB298 million and RMB917 million as at 31 December 2008, 2009 and 2010, respectively. Such guarantee had been released as at 31 March 2011.

(c) The Group acquired TZ Auchan from Auchanhyper SA for a cash consideration of RMB78 million on 7 July 2008 (note 23). The acquisition price was determined based on the fair value of TZ Auchan's assets and liabilities as at the date of acquisition.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business. The directors expect that those transactions listed above as "recurring" will continue after the listing of the Company's shares on the Stock Exchange.

(d) Related party balances

	The Group			
	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Amounts due from subsidiaries of Groupe Auchan S.A.	7	17	26	35
Amount due from C & Chain Limited Shanghai	11	10	11	10
Amounts due from Kunshan Ruenfu and its subsidiaries in respect of Contracted Stores	484	454	501	469
Amounts due to Groupe Auchan S.A.	81	4	2	1
Amounts due to subsidiaries of Groupe Auchan S.A.	44	51	35	57

The above balances are all trade in nature.

28 JOINTLY CONTROLLED ENTITY

The Group's subsidiary, RT-MART Limited Shanghai ("Shanghai RT-Mart") together with an independent third party established Suzhou Ruenhua Property Co., Ltd. ("SZ Ruenhua") pursuant to a joint venture agreement whereby Shanghai RT-Mart and the third party share proportionately assets, liabilities of SZ Ruenhua and the operating results generated from the assets and liabilities of their respective share. SZ Ruenhua is incorporated in the PRC and the Group owns 80% of its issued share capital.

The income and expenses of SZ Ruenhua attributable to the Group relate to transactions with subsidiaries of the Group and have been eliminated on consolidation. Particulars of SZ Ruenhua's proportionate assets and liabilities included in the Financial Information of the Group are as follows:

	At 31 December			At 31 March
	2008	2009	2010	2011
	RMB million	RMB million	RMB million	RMB million
Non-current assets	126	185	179	244
Current assets	45	34	38	—
Current liabilities	(135)	(183)	(181)	(206)
Net assets	36	36	36	38

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2008, 2009 and 2010 and 31 March 2011, the directors consider the Group is jointly controlled by Groupe Auchan S.A. and Ruentex ultimately.

30 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Depreciation

Investment properties and other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technology changes.

(b) Provision for inventories

The Group reviews the carrying amounts of the inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and net realisable value. Management estimates the net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's net asset value.

(c) Impairment losses on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. Any increase or decrease in the impairment losses for bad and doubtful debts would affect the consolidated statements of comprehensive income in future years.

(d) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments and interpretations and one new standard which are not yet effective for the Relevant Period and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
Amendments to HKFRS 7, *Financial instruments: Disclosures*	1 July 2011
Amendments to HKAS 12, *Income taxes*	1 January 2012
HKFRS 9, *Financial instruments*	1 January 2013
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 18, *Investments in associates and joint ventures*	1 January 2013
HKAS 27, *Separate financial statements*	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

32 INTEREST IN SUBSIDIARIES

	The Company			
	At 31 December			**At 31 March**
	2008	**2009**	**2010**	**2011**
	RMB million	**RMB million**	**RMB million**	**RMB million**
Unlisted shares, at cost	1,504	1,502	1,457	1,442

The principal activity of the Company is investment holding.

Particulars of the Group's principal subsidiaries are as follows:

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Held directly by the Company:								
CCIL	(ii)	6 December 2000	67.24%	67.24%	67.24%	67.24%	Investment holding	USD112
ACHK	(i)	10 January 2001	65.60%	65.60%	65.60%	65.60%	Investment holding	USD216
Shanghai Art Management and Service Co., Ltd.	(xv)	16 August 2004	100.00%	100.00%	100.00%	100.00%	Consulting Service	USD0.1
Held directly or indirectly by CCIL:								
Concord Champion Limited	(iii)	25 September 1996	67.24%	67.24%	67.24%	—	Investment holding	—
Sinostar Limited	(iii)	27 March 1997	67.24%	67.24%	67.24%	67.24%	Investment holding	USD1
RT-MART Limited Shanghai	(vii)/(xvii)	23 April 1997	67.24%	64.67%	64.05%	64.05%	Retailing	USD30
Jiangsu Bairuen Logistics Co., Ltd.	(v)	8 February 1999	—	64.67%	64.05%	64.05%	Retailing	RMB1
Jiaxing Xiuzhou Commercial Co., Ltd.	(vi)	24 February 2000	—	—	64.05%	64.05%	Retailing	RMB15
Rose Springs International Limited	(iv)	17 March 2000	67.24%	67.24%	—	—	Investment holding	—
People's RT-MART Limited Jinan	(viii)	27 March 2000	64.36%	61.90%	61.31%	61.31%	Retailing	USD21
Shanghai Rose Consulting Co., Ltd.	(vii)	11 August 2000	67.24%	64.67%	64.05%	64.05%	Consulting	USD0.4
Qingdao Ruentex Enterprises Co., Ltd.	(vii)	17 November 2000	67.24%	64.67%	64.05%	64.05%	Retailing	RMB200
Wuhan RT-MART Jianghan Hypermarket Development Co., Ltd.	(vii)	27 July 2001	67.24%	64.67%	64.05%	64.05%	Retailing	USD8
Shenyang Ruentex Commercial Co., Ltd.	(vii)	15 August 2001	67.24%	64.67%	64.05%	64.05%	Retailing	USD9
Haerbin RT-MART Commercial Co., Ltd.	(vii)	8 April 2002	67.24%	64.67%	64.05%	64.05%	Retailing	USD8
Kunshan Ruenhua Commercial Co., Ltd.	(vii)	20 September 2002	67.24%	64.67%	64.05%	64.05%	Retailing	RMB165
Shenyang RT-MART Commercial Co., Ltd.	(vii)	6 November 2002	67.24%	64.67%	64.05%	64.05%	Retailing	USD7
Shanghai Jiji Commercial and Trading Co., Ltd.	(v)	12 February 2003	—	64.67%	64.05%	64.05%	Retailing	RMB10
Suzhou Ruenrui Commercial Co., Ltd.	(vii)	24 February 2003	67.24%	64.67%	64.05%	64.05%	Retailing	RMB9
Foshan Shunde RT-MART Commercial Co., Ltd.	(vii)	14 April 2003	67.24%	64.67%	64.05%	64.05%	Retailing	USD7
Suzhou Concord Warehousing Co., Ltd.	(vii)	19 December 2003	67.24%	64.67%	64.05%	64.05%	Warehousing	USD31
Concord Investment (China) Co., Ltd.	(vii)	23 March 2005	67.24%	64.67%	64.05%	64.05%	Investment holding	USD227
Changshu Concord Property Co., Ltd.	(vii)	2 December 2005	67.24%	64.67%	64.05%	64.05%	Property development and leasing	USD7

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group 2008	2009	2010	2011	Principal activities	Registered capital/ issued and fully paid up capital (million)
Shanghai Minhang RT-MART Commercial and Trading Co., Ltd.	(vii)	20 July 2006	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Huainan RT-MART Commercial and Trading Co., Ltd.	(vii)	31 August 2006	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Beihai RT-MART Commercial Co., Ltd.	(vii)	28 September 2006	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Taixing Ruentex Commercial Co., Ltd.	(vii)	30 November 2006	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Qingdao Chunyang RT-MART Commercial Co., Ltd.	(vii)	28 December 2006	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Jilin Ruentex Commercial Co., Ltd.	(vii)	17 January 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shanghai Fengxian RT-MART Commercial and Trading Co., Ltd.	(vii)	19 January 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Guangzhou Tianmei Ruenfu Commercial Co., Ltd.	(vii)	13 March 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Hainan RT-MART Commercial Co., Ltd.	(vii)	20 March 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Changde RT-MART Commercial Co., Ltd.	(vii)	29 March 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD1
Zhuji RT-MART Commercial Co., Ltd.	(vii)	13 April 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Tangshan Ruenliang Commercial and Trading Co., Ltd.	(vii)	21 May 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Taian Shenguotou Property Co., Ltd.	(vi)	1 June 2007	—	—	64.05%	64.05%	Property development, leasing, and retailing	RMB40
Rugao RT-MART Commercial Co., Ltd.	(vii)	4 June 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shaoguan RT-MART Commercial Co., Ltd.	(vii)	18 June 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Jingzhou RT-MART Commercial Co., Ltd.	(vii)	5 July 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shenzhen RT-MART Commercial Co., Ltd.	(vii)	17 July 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Hangzhou Yongfeng RT-MART Hypermarket Co., Ltd.	(vii)	19 July 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Shanghai Jiading RT-MART Commercial and Trading Co., Ltd.	(vii)	27 July 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Laiwu RT-MART Commercial Co., Ltd.	(vi)	8 August 2007	—	—	64.05%	64.05%	Retailing	USD5
Changzhou Changhong RT-MART Commercial Co., Ltd.	(vii)	20 August 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Hefei Qingxi RT-MART Commercial Co., Ltd.	(vii)	22 August 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Wujiang Ruentex Commercial Co., Ltd.	(vii)	29 August 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Nanchang Xihu RT-MART Commercial Co., Ltd.	(vii)	30 August 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Foshan Nanhai Ruenliang Commercial Co., Ltd.	(vii)	21 September 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
RT-Mart Holdings Limited	(ix)	26 October 2007	67.24%	67.24%	67.24%	67.24%	Investment holding	USD112
Tongzhou Ruentex Commercial Co., Ltd.	(vii)	29 November 2007	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Haerbin Ruenfu Commercial Co., Ltd.	(vii)	11 January 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Qiqiha'er Ruentex Commercial Co., Ltd.	(vii)	18 January 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shanghai Zhabei Nanqu RT-MART Commercial and Trading Co., Ltd.	(vii)	27 February 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Pinghu RT-MART Commercial Co., Ltd.	(vii)	28 February 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Lianyungang Ruenliang Commercial and Trading Co., Ltd.	(vii)	3 March 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Fenghua RT-MART Commercial Co., Ltd.	(vii)	4 March 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shanghai Minhang Huacao RT-MART Commercial and Trading Co., Ltd.	(x)	21 March 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Cixi RT-MART Commercial and Trading Co., Ltd.	(vii)	26 March 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD7
Qingdao Jimo Zhenhua RT-MART Commercial Co., Ltd.	(viii)	8 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Lanzhou RT-MART Commercial Co., Ltd.	(vii)	8 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Tianjin Changhu RT-MART Commercial Co., Ltd.	(viii)	10 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Xi'an RT-MART Hypermarket Co., Ltd.	(vii)	11 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Anqing RT-MART Commercial Co., Ltd.	(vii)	23 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Anshan RT-MART Commercial Co., Ltd.	(viii)	25 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Tonglu RT-MART Commercial Co., Ltd.	(vii)	30 April 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD6
Huai'an Ruentex Commercial Co., Ltd.	(vii)	6 May 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD1

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Suqian Ruenliang Commercial Co., Ltd.	(vii)	14 May 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shenzhen Ruentex Commercial Co., Ltd.	(vii)	23 May 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD1
Jiangmen RT-MART Commercial Co., Ltd.	(x)	6 June 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Zhaoqing RT-MART Commercial Co., Ltd.	(vii)	13 June 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Xiamen Ruenrui Commercial Co., Ltd.	(vii)	7 July 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Changsha Ruenliang Commercial Co., Ltd.	(vii)	18 August 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shenyang Ruenliang Warehousing Co., Ltd.	(xi)	19 August 2008	67.24%	64.67%	—	—	Warehousing	—
Fuyang RT-MART Commercial Co., Ltd.	(x)	4 September 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Haiyan RT-MART Commercial Co., Ltd.	(vii)	25 September 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Guangzhou Ruenping Commercial Co., Ltd.	(x)	9 October 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Changxing Ruenrui Commercial Co., Ltd.	(x)	24 October 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Jiande RT-MART Commercial Co., Ltd.	(x)	29 October 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Zhangjiagang RT-MART Commercial Co., Ltd.	(x)	5 November 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD3
Yunnan Ruentex Commercial Co., Ltd.	(xii)	1 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Changzhou Huaide RT-MART Commercial Co., Ltd.	(x)	2 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Hefei Luyang RT-MART Commercial Co., Ltd.	(x)	4 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Shanghai Sijing RT-MART Commercial and Trading Co., Ltd.	(x)	8 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Guangzhou Concord Commercial Co., Ltd.	(x)	11 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Jining RT-MART Commercial Co., Ltd.	(x)	11 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Wuhu RT-MART Commercial and Trading Co., Ltd.	(x)	29 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Huaibei RT-MART Commercial and Trading Co., Ltd.	(x)	29 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2
Suzhou RT-MART Commercial Co., Ltd.	(x)	29 December 2008	67.24%	64.67%	64.05%	64.05%	Retailing	USD2

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Xinghua Ruentex Commercial Co., Ltd.	(xiii)	21 January 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Rongcheng RT-MART Commercial Co., Ltd.	(xiii)	12 February 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Deyang RT-MART Commercial Co., Ltd.	(xiii)	18 February 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Weihai Ruenhua Commercial Co., Ltd.	(xiii)	23 February 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Chaoyang RT-MART Commercial Co., Ltd.	(xiii)	13 March 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Jilin RT-MART Hypermarket Co., Ltd.	(xiii)	16 March 2009	—	64.67%	64.05%	64.05%	Retailing	USD1
Putian Ruende Commercial Co., Ltd.	(xii)	26 March 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Weinan RT-MART Commercial Co., Ltd.	(xiii)	1 April 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Jurong RT-MART Commercial Co., Ltd.	(xiii)	3 April 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Dafeng Ruentex Commercial Co., Ltd.	(xiii)	3 April 2009	—	64.67%	64.05%	64.05%	Retailing	USD6
Baoji RT-MART Commercial Co., Ltd.	(xiii)	16 April 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Taizhou Huangyan RT-MART Commercial Co., Ltd.	(xiii)	23 April 2009	—	64.67%	64.05%	64.05%	Retailing	USD3/ USD1
Suzhou Ruende Commercial Co., Ltd.	(xiii)	6 May 2009	—	64.67%	64.05%	64.05%	Retailing	RMB3
Zibo RT-MART Commercial Co., Ltd.	(xiii)	7 May 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Beijing Ruenfu Commercial Co., Ltd.	(xiii)	22 May 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Dongguan Ruende Commercial Co., Ltd.	(xiii)	1 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Hefei Yaohai RT-MART Commercial Co., Ltd.	(xiii)	2 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Heze Ruentex Commercial Co., Ltd.	(xiii)	5 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Zibo Concord RT-MART Commercial Co., Ltd.	(xiii)	5 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Foshan Nanhai Ruenrui Commercial Co., Ltd.	(x)	17 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Shuyang Ruentex Commercial Co., Ltd.	(xiii)	22 June 2009	—	64.67%	64.05%	64.05%	Retailing	RMB15
Yantai RT-MART Commercial Co., Ltd.	(xiii)	25 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Dongying Concord RT-MART Commercial Co., Ltd.	(xiii)	25 June 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Daqing RT-MART Commercial Co., Ltd.	(xiii)	1 July 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Jianhu RT-MART Commercial Co., Ltd.	(xiii)	2 July 2009	—	64.67%	64.05%	64.05%	Retailing	USD3/ USD1
Wuhan Ruende Hypermarket Development Co., Ltd.	(xiii)	8 July 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Tongliao Ruentex Commercial and Trading Co., Ltd.	(xiii)	13 July 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Nanchang Chenghu RT-MART Commercial Co., Ltd.	(xiii)	16 July 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Suzhou Xuguan Ruenhua Commercial Co., Ltd.	(xiii)	18 August 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Rizhao RT-MART Commercial Co., Ltd.	(xiii)	24 August 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Meishan RT-MART Commercial Co., Ltd.	(xiii)	27 August 2009	—	64.67%	64.05%	64.05%	Retailing	USD7/ USD1
Laiyang RT-MART Commercial Co., Ltd.	(xiii)	1 September 2009	—	64.67%	64.05%	64.05%	Retailing	USD2
Shanghai Sanlin RT-MART Commercial and Trading Co., Ltd.	(xiii)	4 September 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Qingdao Concord RT-MART Commercial Co., Ltd.	(xiii)	4 September 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD1
Weifang RT-MART Commercial Co., Ltd.	(xiii)	15 September 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Binhai RT-MART Commercial Co., Ltd.	(xiii)	24 September 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Suzhou Baodai Ruentex Commercial Co., Ltd.	(xiii)	28 September 2009	—	64.67%	64.05%	64.05%	Retailing	RMB15
Xiangshan RT-MART Commercial Co., Ltd.	(x)	22 October 2009	—	64.67%	64.05%	64.05%	Retailing	USD3/ USD1
Cixi Guanhaiwei RT-MART Commercial Co., Ltd.	(x)	22 October 2009	—	64.67%	64.05%	64.05%	Retailing	USD3/ USD1
Jinan Concord Warehousing Co., Ltd.	(xiii)	28 October 2009	—	64.67%	64.05%	64.05%	Warehousing	RMB15
Shenyang Sujiatun RT-MART Commercial Co., Ltd.	(vi)	12 November 2009	—	—	—	64.05%	Retailing	RMB128
Yangjiang RT-MART Commercial Co., Ltd.	(x)	20 November 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Songyuan RT-MART Commercial Co., Ltd.	(x)	30 November 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Kaifeng Ruentex Commercial Co., Ltd.	(x)	2 December 2009	—	64.67%	64.05%	64.05%	Retailing	USD2/ USD0.4
Shenyang RT-MART Warehousing Co., Ltd.	(x)	17 December 2009	—	64.67%	64.05%	64.05%	Warehousing	USD6

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Guangzhou Ruendefa Warehousing Co., Ltd.	(xiv)	18 January 2010	—	—	64.05%	64.05%	Warehousing	USD16/ USD6
Chengdu Xingfu RT-MART Commercial and Trading Co., Ltd.	(xiv)	20 January 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yueyang RT-MART Commercial Co., Ltd.	(xiv)	22 January 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Zhangzhou RT-MART Commercial Co., Ltd.	(xiv)	27 January 2010	—	—	64.05%	64.05%	Retailing	USD6
Kunshan Qiandeng Ruenping Commercial Co., Ltd.	(xiv)	2 February 2010	—	—	64.05%	64.05%	Retailing	USD7/ USD1
Huaihua RT-MART Commercial Co., Ltd.	(xiv)	2 February 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Zhengzhou RT-MART Commercial Co., Ltd.	(xiv)	4 February 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Hefei Feicui RT-MART Commercial Co., Ltd.	(xiv)	8 February 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yancheng RT-MART Commercial Co., Ltd.	(xiv)	18 March 2010	—	—	64.05%	64.05%	Retailing	USD3
Nantong Ruenhua Commercial Co., Ltd.	(xiv)	18 March 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD1
Changsha Ningxiang Ruenfu Commercial Co., Ltd.	(xiv)	29 March 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Binzhou RT-MART Commercial Co., Ltd.	(xiv)	12 April 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Weifang Concord RT-MART Commercial Co., Ltd.	(xiv)	12 April 2010	—	—	64.05%	64.05%	Retailing	USD2
Nanchong Ruentex Commercial Co., Ltd.	(xiv)	15 April 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Liuzhou Ruenping Commercial Co., Ltd.	(xiv)	26 April 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Lianshui Ruenhua Commercial Co., Ltd.	(xiv)	12 May 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD1
Huludao RT-MART Commercial Co., Ltd.	(xiv)	25 May 2010	—	—	64.05%	64.05%	Retailing	USD2
Cangnan Longgang RT-MART Commercial Co., Ltd.	(xiv)	1 June 2010	—	—	64.05%	64.05%	Retailing	USD3/ USD1
Qingzhou RT-MART Commercial Co., Ltd.	(xiv)	30 June 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Huangshan RT-MART Commercial Co., Ltd.	(xiv)	7 July 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Qingdao Jiaozhou RT-MART Commercial Co., Ltd.	(xiv)	12 July 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Nanchong Ruenhua Commercial Co., Ltd.	(xiv)	15 July 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group 2008	2009	2010	2011	Principal activities	Registered capital/ issued and fully paid up capital (million)
Jiashan RT-MART Commercial Co., Ltd.	(xiv)	21 July 2010	—	—	64.05%	64.05%	Retailing	USD3
Jinjiang Ruende Commercial Co., Ltd.	(xiv)	2 August 2010	—	—	64.05%	64.05%	Retailing	USD6/ USD1
Zhucheng RT-MART Commercial Co., Ltd.	(xiv)	17 August 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Changzhou Zhujiang RT-MART Commercial Co., Ltd.	(xiv)	20 August 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yichang RT-MART Commercial Co., Ltd.	(xiv)	25 August 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Xuzhou Ruenhua Commercial Co., Ltd.	(xiv)	26 August 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Dongtai RT-MART Commercial Co., Ltd.	(xiv)	7 September 2010	—	—	64.05%	64.05%	Retailing	USD2
Lianyungang Ruenyun Commercial and Trading Co., Ltd.	(xiv)	20 September 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Zhangjiagang Jingang RT-MART Commercial Co., Ltd.	(xiv)	26 September 2010	—	—	64.05%	64.05%	Retailing	USD3/ USD1
Zhengzhou Ruenrui Commercial Co., Ltd.	(xiv)	26 September 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Taizhou Gaogang Ruenliang Commercial Co., Ltd.	(xiv)	27 September 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yongkang Ruentex Commercial Co., Ltd.	(xiv)	29 September 2010	—	—	64.05%	64.05%	Retailing	USD7
Dongguan Zhangmutou RT-MART Commercial Co., Ltd.	(xiv)	15 October 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yancheng Xianfengdao RT-MART Commercial Co., Ltd.	(xiv)	18 October 2010	—	—	64.05%	64.05%	Retailing	USD2
Zaozhuang RT-MART Commercial Co., Ltd.	(xii)	29 October 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Shanghai Baoshan Luodian RT-MART Commercial and Trading Co., Ltd.	(xii)	10 November 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yangzhou Ruenliang Commercial Co., Ltd.	(xiv)	22 November 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Xiaogan RT-MART Commercial Co., Ltd.	(xii)	2 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Changchun Ruentex Commercial Co., Ltd.	(xiv)	9 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Ganzhou RT-MART Commercial Co., Ltd.	(xii)	15 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Zhenjiang Jingkou Ruenjing Commercial Co., Ltd.	(xii)	16 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Yangzhou Ruenhan Commercial Co., Ltd.	(xii)	18 December 2010	—	—	64.05%	64.05%	Retailing	USD3/ USD1

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Hefei Baohe RT-MART Commercial Co., Ltd.	(xii)	22 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Fuzhou Jinrong RT-MART Commercial Co., Ltd.	(xii)	23 December 2010	—	—	64.05%	64.05%	Retailing	USD2/ USD0.4
Mianyang RT-MART Commercial and Trading Co., Ltd.	(xii)	13 January 2011	—	—	—	64.05%	Retailing	USD2/ USD0.4
Suzhou Ruenping Commercial Co., Ltd.	(xii)	30 January 2011	—	—	—	64.05%	Retailing	USD2/ USD0.4
Haerbin Daowai RT-MART Commercial Co., Ltd.	(xii)	22 February 2011	—	—	—	64.05%	Retailing	USD2/ USD0.4
Changzhou Guanhe RT-MART Commercial Co., Ltd.	(xii)	23 February 2011	—	—	—	64.05%	Retailing	USD2/ USD0.4
Kunshan Ruenliang Commercial Co., Ltd.	(xii)	23 February 2011	—	—	—	64.05%	Retailing	USD12/—
Held directly or indirectly by ACHK:								
Shanghai Auchan Hypermarkets Co., Ltd.	(xv)/(xvii)	14 April 1997	65.60%	65.60%	64.46%	64.46%	Retailing	USD18
Wuxi Immochan Real Estate Co., Ltd.	(xv)/(xvii)	3 July 2000	65.60%	65.60%	65.60%	65.60%	Property development and leasing	RMB66
Suzhou Industrial Park Immochan Real Estate Co., Ltd.	(xv)	22 November 2000	65.60%	64.77%	64.46%	64.46%	Property development and leasing	RMB140
Suzhou Auchan Hypermarkets Co., Ltd.	(xv)	9 March 2001	65.60%	64.77%	64.46%	64.46%	Retailing	RMB80
Hangzhou Auchan Hypermarkets Co., Ltd.	(xv)/(xvii)	23 July 2001	65.60%	64.77%	64.46%	64.46%	Retailing	USD23
Nanjing Immochan Real Estate Co., Ltd.	(xv)	31 December 2001	65.60%	64.77%	64.46%	64.46%	Property development and leasing	USD8
Ningbo Immochan Real Estate Co., Ltd.	(xv)	7 March 2002	65.60%	64.77%	64.46%	64.46%	Property development and leasing	RMB56
Auchan (China) Investment Co., Ltd.	(xvi)	10 April 2002	65.60%	64.77%	64.46%	64.46%	Consulting service and investment	USD300/ USD207
Wuxi Gaoshang Hypermarkets Co., Ltd.	(xv)/(xviii)	25 June 2002	65.60%	64.77%	64.46%	64.46%	Retailing	RMB2
Shanghai Jiading Immochan Real Estate Development Co., Ltd.	(xvi)	28 June 2002	65.60%	64.77%	64.46%	64.46%	Property development and leasing	USD10
Tianjin Immochan Real Estate Co., Ltd.	(xv)	30 July 2002	65.60%	65.60%	65.60%	65.60%	Property development and leasing	USD8

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group 2008	2009	2010	2011	Principal activities	Registered capital/ issued and fully paid up capital (million)
Chengdu Auchan Hypermarkets Co., Ltd.	(xv)	6 August 2003	65.60%	64.77%	64.46%	64.46%	Retailing	RMB110
Beijing Auchan Hypermarkets Co., Ltd.	(xv)	5 September 2003	65.60%	64.77%	64.46%	64.46%	Retailing	RMB50
Tianjin Auchan Hypermarkets Co., Ltd.	(xv)	17 October 2003	65.60%	65.60%	65.60%	65.60%	Retailing	RMB50
Shanghai New Auchan Hypermarkets Co., Ltd.	(xv)	15 June 2004	65.60%	64.77%	64.46%	64.46%	Retailing	RMB50
Beijing Immochan Consultation Co., Ltd.	(xv)	9 August 2004	65.60%	65.60%	65.60%	65.60%	Property development and leasing	RMB96
Nanjing Auchan Hypermarkets Co., Ltd.	(xv)	19 September 2004	65.60%	64.77%	64.46%	64.46%	Retailing	RMB50
Ningbo Auchan Hypermarkets Co., Ltd.	(xv)	21 December 2004	65.60%	64.77%	64.46%	64.46%	Retailing	RMB60
Nanjing Jinshang Property Co., Ltd.	(xv)/(xvii)	21 January 2005	65.60%	65.60%	65.60%	65.60%	Property development and leasing	RMB130
Nanjing Ningshang Property Co., Ltd.	(xv)	25 February 2005	65.60%	64.77%	64.46%	64.46%	Property development and leasing	RMB80
Jiaxing Immochan Real Estate Co., Ltd.	(xv)	31 December 2005	65.60%	64.77%	64.46%	64.46%	Property development and leasing	USD6
Zhoushan Immochan Real Estate Co., Ltd.	(xv)	12 January 2006	65.60%	64.77%	64.46%	64.46%	Property development and leasing	RMB57
Changzhou Immochan Real Estate Co., Ltd.	(xv)/(xvii)	26 September 2006	65.60%	64.77%	64.46%	64.46%	Property development and leasing	USD22
Taizhou Auchan Hypermarkets Co., Ltd.	(xv)	29 September 2006	65.60%	64.77%	64.46%	64.46%	Retailing	USD10
Changzhou Auchan Hypermarkets Co., Ltd.	(xv)	13 November 2006	65.60%	64.77%	64.46%	64.46%	Retailing	RMB122
Yangzhou Auchan Hypermarkets Co., Ltd.	(xv)	11 December 2006	65.60%	64.77%	64.46%	64.46%	Retailing	USD8
Shuangliu Zhongsen Real Estate Development Co., Ltd.	(vi)	26 June 2007	—	—	64.46%	64.46%	Property development and leasing	RMB30
Anhui Auchan Hypermarkets Co., Ltd.	(xv)	25 December 2007	65.60%	64.77%	64.46%	64.46%	Retailing	USD10
Jiaxing Auchan Hypermarkets Co., Ltd.	(xv)	22 April 2008	65.60%	64.77%	64.46%	64.46%	Retailing	USD6
Zhenjiang Auchan Hypermarkets Co., Ltd.	(xv)	27 September 2008	65.60%	64.77%	64.46%	64.46%	Retailing	USD12
Wuxi Auchan Hypermarkets Co., Ltd.	(xv)	22 December 2008	65.60%	64.77%	64.46%	64.46%	Retailing	USD6

Name of companies	Note	Date of incorporation	Effective interest of ownership attributable to the Group				Principal activities	Registered capital/ issued and fully paid up capital
			2008	2009	2010	2011		(million)
Huzhou Auchan Hypermarkets Co., Ltd.	(xiii)	27 March 2009	—	64.77%	64.46%	64.46%	Retailing	USD10
Shanghai Auchan Information and Technique Development Co., Ltd.	(xiii)	26 June 2009	—	64.77%	64.46%	64.46%	Research and development service	USD1
Nantong Auchan Hypermarkets Co., Ltd.	(xiii)	28 December 2009	—	64.77%	64.46%	64.46%	Retailing	USD10

Notes:

(i) The Company and ACHK are investment holding companies established in Hong Kong. KPMG acted as statutory auditor for each of the three years ended 31 December 2010.

(ii) CCIL is an investment holding company established in the Cayman Islands. As at the date of this report, no audited statutory financial statements have been prepared for CCIL, as it is not subject to a statutory audit requirement under the relevant rules and regulations of the Cayman Islands.

(iii) Concord Champion Limited and Sinostar Limited are investment holding companies established in the British Virgin Islands. As at the date of this report, no audited financial statements have been prepared for them, as they are not subject to a statutory audit requirement under the relevant rules and regulations of the British Virgin Islands. Concord Champion Limited was dissolved in 2011.

(iv) Rose Springs International Limited is an investment holding company established in the British Virgin Islands. No audited financial statements of this company were prepared for the years ended 31 December 2008 and 2009, as it is not subject to a statutory audit requirement under the relevant rules and regulations of the British Virgin Islands. This company was dissolved in 2010.

(v) The Group completed its acquisition of 100% equity interests in Shanghai Jiji Commercial and Trading Co., Ltd. ("Shanghai Jiji") and Jiangsu Bairuen Logistics Co., Ltd. ("Jiangsu Bairuen") on 20 January 2009 and 6 November 2009 (see note 23), respectively. Accordingly, the financial information of these companies were included in the consolidated financial statements of the Group from those respective dates. The statutory auditor of Shanghai Jiji was KPMG Huazhen for the years ended 31 December 2009 and 2010. The statutory auditor of Jiangsu Bairuen was Jiangsu TianHua DaPeng Certified Public Accountants Co., Ltd. (江蘇天華大彭會計師事務所有限公司)* for the year ended 31 December 2009 and KPMG Huazhen for the year ended 31 December 2010.

(vi) Except for Shenyang Sujiatun RT-MART Commercial Co., Ltd., which was acquired on 6 January 2011, the Group acquired 100% equity interests in these companies during 2010. As these entities held only properties or land use rights with no process of operation on the acquisition dates, these acquisitions are treated as acquisitions of groups of assets. The financial information of these companies were included in the consolidated financial statements of the Group from the date of acquisition. The statutory auditor of these companies acquired during 2010 was KPMG Huazhen for the year ended 31 December 2010.

(vii) The statutory auditor of these companies was Shanghai De'An Certified Public Accountants (上海德安會計師事務所有限公司)* for the year ended 31 December 2008 and KPMG Huazhen for the years ended 31 December 2009 and 2010.

(viii) The statutory auditor of People's RT-MART Limited Jinan, Qingdao Jimo Zhenhua RT-MART Commercial Co., Ltd., Tianjin Changhu RT-MART Commercial Co., Ltd. and Anshan RT-MART Commercial Co., Ltd. for the year ended 31 December 2008 was Shandong Da Hua Certified Public Accountants Limited (山東大華會計師事務所有限公司)*, Qingdao Kangbang Certified Public Accountants Partnership (青島康幫聯合會計師事務所有限公司)*, Tianjin Zhongcheng CPAS Company Ltd. (天津中成會計師事務所有限公司)*, and Liaoning Zhongyi Haocheng Certified Public Accountants Co., Ltd. (遼寧中意浩誠會計師事務所有限公司)*, respectively. The statutory auditor of these companies was KPMG Huazhen for the years ended 31 December 2009 and 2010.

(ix) RT-Mart Holdings Limited is an investment holding company established in Hong Kong. The statutory auditor of this company was Ernst & Young for the year ended 31 December 2008 and KPMG for the years ended 31 December 2009 and 2010.

(x) No audited financial statements were prepared for these companies in their years of incorporation, as these companies had no operation during their years of incorporation and were not subject to a statutory audit requirement under the relevant rules and regulations of the PRC for such year. The statutory auditor for these companies was KPMG Huazhen for the years ended 31 December 2009 (if applicable) and 2010.

(xi) As at the date of this report, no audited financial statements have been prepared for this company, as the company had no operation from its date of incorporation. This company was dissolved in 2010.

(xii) As at the date of this report, no audited financial statements have been prepared for these companies, as they were either incorporated after 31 December 2010 or had no operation from their date of incorporation and are therefore not subject to a statutory audit requirement under the relevant rules and regulations of the PRC.

(xiii) The statutory auditor of these companies was KPMG Huazhen for the period from their date of incorporation to 31 December 2009 and for the year ended 31 December 2010.

(xiv) The statutory auditor of these companies was KPMG Huazhen for the period from their date of incorporation to 31 December 2010.

(xv) The statutory auditor of these companies was Shanghai RISMO C.P.A. LTD (上海睿達會計師事務所有限公司)* for the year ended 31 December 2008 and KPMG Huazhen for the years ended 31 December 2009 and 2010.

(xvi) The statutory auditor of these companies was KPMG Huazhen for the years ended 31 December 2008, 2009 and 2010.

(xvii) These subsidiaries are co-operative joint ventures established together with joint venture partners who are only entitled to fixed returns and do not otherwise participate in the profit or loss of these subsidiaries pursuant to the joint venture agreements (note 20).

(xviii) The equity interest in Wuxi Gaoshang Hypermarkets Co., Ltd. is held by individual nominees on behalf of the Company. This company is a domestic enterprise in the PRC legally owned by PRC nationals. Due to the various agreements in place, the Directors of the Company consider that the Company has effective control over the operational and financial policies and therefore the financial results and positions of Wuxi Gaoshang Hypermarkets Co., Ltd. have been consolidated into the Group since its date of establishment.

Except those entities specified in note (i), (ii), (iii), (iv) and (ix), all the other subsidiaries are established and operated in the PRC.

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

C. SUBSEQUENT EVENTS

As part of the reorganisation described in the section "Our History and Reorganisation" of the Prospectus ("the Reorganisation"), on 13 May 2011 the Company issued 104,833,250 shares of USD1 each as consideration for acquiring the non-controlling interests in ACHK and CCIL, which became wholly owned subsidiaries of the Company.

On 28 May 2011, the Company's subsidiary, CIC, declared dividends in respect of the year ended 31 December 2010 of which RMB52 million is payable to the RT-Mart Scheme, the non-controlling shareholder in CIC.

On 10 June 2011, the Company's directors approved to distribute a dividend of USD174 million (equivalent to RMB1,128 million) to the Company's shareholders at that date.

On 27 June 2011, the Company's shareholders resolved that the currency of the Company's share capital be changed from USD to Hong Kong dollars ("HKD") at an exchange rate of USD1.00 to HKD7.80, that each issued and unissued ordinary share with a nominal value of HKD7.80 each be subdivided into 26 shares with a nominal value of HKD0.30 each, and that the authorised share capital of the Company be increased to HKD6,000 million comprising 20,000,000,000 shares of HKD0.30 each.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company and its subsidiaries in respect of any period subsequent to 31 March 2011.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to illustrate the effect of the Global Offering on our consolidated net tangible assets as at 31 March 2011 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets had the Global Offering been completed as at 31 March 2011 or at any future date. It is prepared based on our consolidated net assets as at 31 March 2011 as derived from our consolidated financial statements set forth in the Accountants' Report in Appendix I, and adjusted as described below.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at 31 March 2011(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company(6)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)(5)	
	RMB million	RMB million	RMB million	RMB	HK$(4)
Based on an offer price of HK$5.65 per Share	4,871	5,180	10,051	1.07	1.29
Based on an offer price of HK$7.20 per Share	4,871	6,620	11,491	1.23	1.48

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at 31 March 2011 have been calculated based on the consolidated net assets attributable to the equity shareholders of the Company of RMB4,942 million after deducting goodwill and intangible assets of RMB99 million and RMB10 million, respectively, and adjusting the share of goodwill and intangible assets attributable to non-controlling interests of RMB34 million and RMB4 million, respectively.

(2) The estimated net proceeds from the Global Offering are based on indicative offer price of HK$5.65 and HK$7.20 per Share after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 9,368,127,700 Shares are in issue assuming that the Global Offering has been completed on 31 March 2011 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.8311. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars or vice versa, at that rate.

(5) The Group's property interests as at 15 May 2011 have been valued by DTZ Debenham Tie Leung Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation". The above unaudited pro forma statement of adjusted consolidated net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB9,188 million. It is the Group's accounting policy to state land and buildings at cost less accumulated depreciation and any impairment loss in accordance with HKFRS, rather than at revalued amounts. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2011. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortisation of approximately RMB318 million would be charged against the profit for the year ending 31 December 2011.

(6) The unaudited pro forma adjusted consolidated net tangible assets value does not take into account the dividend of approximately US$174 million (equivalent to approximately RMB1,128 million) declared to the shareholders of the Company in June 2011. If the unaudited pro forma adjusted consolidated net tangible assets were further adjusted as if such dividend had been declared on 31 March 2011, the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company and unaudited pro forma adjusted consolidated net tangible assets per Share would have been decreased accordingly.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2011. The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

For the year ending 31 December 2011

Forecast consolidated profit of the Company for the year ending 31 December 2011[(1)]	Not less than RMB1,786 million (approximately HK$2,149 million)[(3)]
Forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011[(1)]	Not less than RMB1,414 million (approximately HK$1,701 million)[(3)]
Unaudited pro forma forecast earnings per Share for the year ending 31 December 2011[(2)]	Not less than RMB0.15 (approximately HK$0.18)[(3)]

Notes:

(1) The forecast consolidated profit of the Company and forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 are extracted from the section headed "Financial Information — Profit Forecast for the year ending 31 December 2011". The bases and assumptions on which the above profit forecast has been prepared are summarised in "Appendix III — Profit Forecast" to this prospectus.

(2) The unaudited pro forma forecast earnings per Share for the year ending 31 December 2011 is calculated by dividing the forecast consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 by 9,368,127,700 Shares as if such Shares had been in issue since 1 January 2011 and during the entire year. The number of Shares used in this calculation includes the Shares in issue as of the date of this prospectus and the Shares to be issued pursuant to the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The forecast consolidated profit of the Company, forecast consolidated profit attributable to the equity shareholders of the Company, and unaudited pro forma forecast earnings per Share in RMB are converted to Hong Kong dollars at the rate of HK$1.00 to RMB0.8311. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars or vice versa, at that rate.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong:

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 July 2011

The Directors
Sun Art Retail Group Limited

Dear Sirs,

Sun Art Retail Group Limited ("the Company")

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of the Company and its subsidiaries ("the Group") set out on pages II-1 to II-3 in Appendix II of the prospectus dated 4 July 2011 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the share offer might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Company and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2011 or any future date; or

- the earnings per share of the Group for the year ending 31 December 2011 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit of the Company and the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 is set out in the paragraph headed "Profit Forecast for the Year Ending 31 December 2011" in the section headed "Financial Information" in this prospectus.

A. BASES AND ASSUMPTIONS

Our Directors have prepared the forecast of the consolidated profit of the Company and the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 based on the audited consolidated results of our Group for the three months ended 31 March 2011, the unaudited consolidated results based on management accounts of our Group for the one month ended 30 April 2011, and a forecast of the consolidated results of our Group for the remaining eight months ending 31 December 2011. The forecast has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as summarised in Appendix I to this prospectus and is based on the following principal assumptions:

(i) there will be no material changes in the existing political, legal, fiscal, market or economic conditions in the PRC or any other country or territory where the Group carries on its business or from which it imports or sources its merchandise;

(ii) there will be no material changes in policies, legislation, regulations or rules in the PRC or any other country or territory where the Group carries on its business or with which it has arrangements or agreements, which may have a material adverse effect on its business;

(iii) there will be no material changes in the bases or rates of taxation or duties, both direct or indirect, in the PRC or any other country or territory where the Group carries on its business, except as otherwise disclosed in this prospectus;

(iv) there will be no material changes in the rates of inflation, interest, or foreign currency exchange from those prevailing as at the date of last audited statement of financial position (i.e. 31 March 2011);

(v) the Group's operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Group, including but not limited to the occurrence of natural disasters, epidemics or serious accidents;

(vi) the Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in "Risk Factors" in this prospectus;

(vii) there will be no material change in accounting standards or financial reporting requirements which will have significant impact on the preparation of the profit forecast; and

(viii) there will be no abnormal or extraordinary items during the profit forecast period.

B. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of the report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in connection with the forecast consolidated profit of the Company and the forecast consolidated profit attributable to equity shareholders of the Company for the year ending 31 December 2011.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 July 2011

The Directors
Sun Art Retail Group Limited

The Hongkong and Shanghai Banking Corporation Limited
UBS AG, Hong Kong Branch
Citigroup Global Markets Asia Limited

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of Sun Art Retail Group Limited ("the Company") and the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated 4 July 2011 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as "the Group") for the three months ended 31 March 2011, the unaudited consolidated results based on management accounts of the Group for the one month ended 30 April 2011 and a forecast of the consolidated results of the Group for the remaining eight months ending 31 December 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 4 July 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

C. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, we have received from The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch and Citigroup Global Markets Asia Limited, our Joint Sponsors, in connection with the forecast of the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2011.

HSBC UBS citi

4 July 2011

The Directors
Sun Art Retail Group Limited
2nd Floor, Jonsim Place
No.228 Queen's Road East
Wanchai
Hong Kong

Dear Sirs,

We refer to the forecast (the "Forecast") of the consolidated profit attributable to the equity shareholders of Sun Art Retail Group Limited (the "Company") for the year ending 31 December 2011 as set out in the subsection headed "Profit Forecast for the year ending 31 December 2011" in "Financial Information" in the prospectus issued by the Company dated 4 July 2011.

The Forecast, for which the directors of the Company are solely responsible, has been prepared by you based on the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the three months ended 31 March 2011, the unaudited consolidated results based on management accounts of the Group for the one month ended 30 April 2011 and a forecast of the consolidated results of the Group for the remaining eight months ending 31 December 2011.

We have discussed with you the bases and assumptions upon which the Forecast has been made. We have also considered, and relied upon, the letter dated 4 July 2011 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
The Hongkong and Shanghai Banking Corporation Limited

William Tang
Managing Director

Yours faithfully,
For and on behalf of
UBS AG Hong Kong Branch

Mo Yee Lam
Executive Director
Ronald Tam
Executive Director

Yours faithfully,
For and on behalf of
Citigroup Global Markets Asia Limited

Eugene Qian
Managing Director
Pradeep Rao
Director

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the properties in the PRC as at 15 May 2011. A copy of the full valuation report relating to such properties of the Group in compliance with paragraph 34(2) of Part II of the Third Schedule of Companies Ordinance and paragraph 3(c) of Practice Note 16 prepared by DTZ Debenham Tie Leung Limited is made available for public inspection.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

4 July 2011

The Directors
Sun Art Retail Group Limited
2nd Floor, Jonsim Place
No. 228 Queen's Road East
Wanchai
Hong Kong

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties in which Sun Art Retail Group Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") have interests in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 15 May 2011 (the "date of valuation").

Definition of Market Value

Our valuation of each of the properties represents its Market Value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

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

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Notes 12 and 16 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

Owing to the substantial number of properties involved in the PRC, the Group has applied to the SFC for an exemption and the Hong Kong Stock Exchange for a waiver from strict compliance with certain of the valuation report requirements contained in paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance and Rules 5.01 and 5.06 and paragraph 3(a) of Practice Note 16 of the Hong Kong Listing Rules. We have summarised all the properties held by the Group in the PRC into 6 groups set out in this report instead of providing the full details of those 316 properties.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that the transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

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

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by Jun He Law Offices, the Group's legal adviser, are set out in the notes in the respective valuation certificate.

Methods of Valuation

In valuing the properties in Group I which are held by the Group under operation in the PRC and Group II which are held by the Group for non-operation in the PRC, we have adopted the investment method by capitalizing the current passing rents derived from the existing tenancies with due provisions for reversionary income potential or, where appropriate, used the direct comparison method by making reference to comparable sales evidence as available in the relevant market.

In respect of the properties in Group III which are held by the Group under construction in the PRC, we have valued on the basis that the property will be developed and completed in accordance with the Group's latest development proposal provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing the properties in Group IV which are contracted to be acquired by the Group under construction in the PRC and Group V which are contracted to be acquired by the Group for future development in the PRC, we have been advised by the Group that the title certificate of the properties have not been obtained yet and we have ascribed no commercial value to the properties.

For properties in Group VI, which are leased to the Group in the PRC are considered to have no commercial value mainly due to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, Jun He Law Offices, in respect of the titles to the properties in the PRC. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of each of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not 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 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 enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Director

Note: Mr. Andrew Chan is a Registered Professional Surveyor who has over 23 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
Group I — Properties held by the Group under operation in the PRC				
1.	Various properties held by subsidiaries of Auchan in the Eastern China Region of the PRC	7,432,000,000	Partly 98.26%; partly 100%	7,318,604,200
2.	Property held by subsidiaries of Auchan in the Northern China Region of the PRC	576,000,000	98.26%	565,977,600
3.	Various properties held by subsidiaries of Auchan in the Central China Region of the PRC	1,176,000,000	98.26%	1,155,537,600
4.	Various properties held by subsidiaries of RT-Mart in the Eastern China Region of the PRC	3,940,000,000	Partly 95.26%; partly 87.00%	3,655,280,400
5.	Various properties held by subsidiaries of RT-Mart in the Northern China Region of the PRC	662,000,000	95.26%	630,621,200
6.	Various properties held by subsidiaries of RT-Mart in the North-Eastern China Region of the PRC	1,687,000,000	95.26%	1,607,036,200
7.	Property held by subsidiaries of RT-Mart in the Central China Region of the PRC	438,000,000	95.26%	417,238,800
8.	Various properties held by subsidiaries of RT-Mart in the Southern China Region of the PRC	584,000,000	95.26%	556,318,400
	Sub-total of Group I:	16,495,000,000		15,906,614,400

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
Group II — Properties held by the Group for non-operation in the PRC				
9.	Auchan Shanghai Warehouse, No. 27 Nanchen Road, Baoshan District, Shanghai, the PRC	No commercial value	98.26%	No commercial value
10.	RT-Mart Shanghai Headquarters, No. 255 Jiangchang West Road, Zhabei District, Shanghai, the PRC	195,000,000	95.26%	185,757,000
11.	RT-Mart Distribution Center 1, No. 9 Qinghua Road, Gaoxin District, Suzhou City, the PRC	150,000,000	95.26%	142,890,000
12.	RT-Mart Distribution Center 2, No. 9 Qinghua Road, Gaoxin District, Suzhou City, the PRC	152,000,000	95.26%	144,795,200
	Sub-total of Group II:	497,000,000		473,442,200

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
Group III — Properties held by the Group under construction in the PRC				
13.	The proposed Auchan Shanghai Headquarters, No. 1750 Changyang Road, Yangpu District, Shanghai, the PRC	203,000,000	98.26%	199,467,800
14.	The proposed Auchan Xinxing Project, east to Huancheng Xi Road, north to Xinxing Road, Haishu District, Ningbo, Zhejiang Province, the PRC	264,000,000	98.26%	259,406,400
15.	The proposed RT-Mart Qiandeng Store, the northern side of Shangshu Road and the western side of Jichang Road, Qiandeng Town, Kunshan City, Jiangsu Province, the PRC	256,000,000	95.26%	243,865,600
16.	The proposed RT-Mart Yongkang Store, situated at the junction of Middle Lizhou Road and Jiuling Road, Yongkang City, Zhejiang Province, the PRC	213,000,000	95.26%	202,903,800

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
17.	The proposed Northeast Distribution Center, No. 51 Hushitai Avenue South, Shenbei New Area, Shenyang City, Liaoning Province, the PRC	No commercial value	95.26%	No commercial value
18.	The proposed RT-Mart Meishan Store, north of Huanghu Road Dongpo District, Meishan City, Sichuan Province, the PRC	129,000,000	95.26%	122,885,400
	Sub-total of Group III:	1,065,000,000		1,028,529,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011
		(RMB)		(RMB)

Group IV — Properties contracted to be acquired by the Group under construction in the PRC

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
19.	The proposed RT-Mart Zhengzhou Store, the northeast of the junction of Zijingshan Road and Longhai Road, Guangcheng Huizu District, Zhengzhou City, Henan Province, the PRC	No commercial value	95.26%	No commercial value
20.	The proposed RT-Mart Yueyang Store, Junction of Huaban Qiao Road, Qingnian Road and Jianxiang Road, Yueyang Lou District, Yueyang City, Hunan Province, the PRC	No commercial value	95.26%	No commercial value
	Sub-total of Group IV:	No commercial value		No commercial value

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 15 May 2011 (RMB)
Group V — Properties contracted to be acquired by the Group for future development in the PRC				
21.	The proposed Auchan Xingtang Store, situated on the southern side of Songjiang Road and the eastern side of Xingtang Street, Industrial Park Area, Suzhou City, Jiangsu Province, the PRC	No commercial value	98.26%	No commercial value
22.	Two parcels of land situated on the northern side of Zhaoyang Road and the eastern side of Bailu Road, Development District, Kunshan City, Jiangsu Province, the PRC	No commercial value	95.26%	No commercial value
23.	The proposed RT-Mart Wenjiang Store No.1 Team of Hongguang Community, Liucheng Subdistrict Office, Wenjiang District, Chengdu City, Sichuan Province, the PRC	No commercial value	95.26%	No commercial value
24.	The proposed South China Distribution Center, junction of Lingxin Avenue and Nanzhu Avenue, Guangzhou City, Guangdong Province, the PRC	No commercial value	95.26%	No commercial value
	Sub-total of Group V:	No commercial value		No commercial value

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011	Interest attributable to the Group	Capital value in existing state attributable to the Grout as at 15 May 2011
		(RMB)		(RMB)
Group VI — Properties leased to the Group in the PRC				
25.	Various properties leased to subsidiaries of Auchan in the Eastern China Region of the PRC	No commercial value		No commercial value
26.	Various properties leased to subsidiaries of Auchan in the Northern China Region of the PRC	No commercial value		No commercial value
27.	Property leased to subsidiaries of Auchan in the North-Eastern China Region of the PRC	No commercial value		No commercial value
28.	Property leased to subsidiaries of Auchan in the Central China Region of the PRC	No commercial value		No commercial value
29.	Various properties leased to subsidiaries of RT-Mart in the Eastern China Region of the PRC	No commercial value		No commercial value
30.	Various properties leased to subsidiaries of RT-Mart in the Northern China Region of the PRC	No commercial value		No commercial value
31.	Various properties leased to subsidiaries of RT-Mart in the North-Eastern China Region of the PRC	No commercial value		No commercial value

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 15 May 2011 (RMB)	Interest attributable to the Group	Capital value in existing state attributable to the Grout as at 15 May 2011 (RMB)
32.	Various properties leased to subsidiaries of RT-Mart in the Central China Region of the PRC	No commercial value		No commercial value
33.	Various properties leased to subsidiaries of RT-Mart in the Southern China Region of the PRC	No commercial value		No commercial value
	Sub-total of Group VI:	No commercial value		No commercial value
	Grand total of Groups I to VI:	**18,057,000,000**		**17,408,585,600**

VALUATION CERTIFICATE

Group I — Properties held by the Group under operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
1.	Various properties held by subsidiaries of Auchan in the Eastern China Region of the PRC	The property group comprises 21 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 731,562.83 sq.m.. The property group was completed during the period between 1999 and 2010. The property group has a total gross floor area of approximately 853,970.99 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB7,432,000,000 (Interest attributable to the Group: RMB7,318,604,200) (See Note (4))

Portion	Approximate Gross Floor Area (sq.m.)
Gallery	242,269.49
Hypermarket	611,701.50
Total:	853,970.99

Notes:

(1) In this valuation, Eastern China Region of the PRC refers to the region including Shanghai and the provinces of Jiangsu, Zhejiang and Anhui.

(2) The Group has obtained 23 State-owned Land Use Rights Certificates and the land use rights with a total site area of approximately 731,562.83 sq.m., for commercial use.

(3) The Group has obtained 18 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 719,045.85 sq.m. for commercial use.

(4) The group interest for two hypermarket complexes located in Wuxi and Nanjing is 100% and the group interest for the remaining parts of the property group is 98.26%.

(5) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the part of the land with site area of approximately 21,725.00 sq.m., the nature of the land use rights is allocated. The ownership transfer of the property should be approved by relevant government and the land premium should be paid by the grantee. The interests of the land use rights during the ownership transfer of the property is payable to the government or at its disposal;

(ii) Except the land mentioned in (i) above, the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(iii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 719,045.85 sq.m.;

(iv) After obtaining relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (iii) above with gross floor area of approximately 134,925.14 sq.m.;

(v) Except the parts of property group mentioned in (i) and (iv) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group; and

(vi) Parts of the property group with a total site area of approximately 179,452.42 sq.m. and a total gross area of approximately 102,600.06 sq.m. are subject to mortgages.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
2.	Property held by subsidiaries of Auchan in the Northern China Region of the PRC	The property group comprises 1 hypermarket complex in Beijing. The Group has obtained the land use rights of the property group with site area of approximately 15,585.74 sq.m.. The property was completed in 2004. The property has a total gross floor area of approximately 42,085.24 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB576,000,000 (98.26% interest attributable to the Group: RMB565,977,600)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	11,120.00
Hypermarket	30,965.24
Total:	42,085.24

Notes:

(1) In this valuation, Northern China Region of the PRC refers to the region including Beijing and the province of Shandong.

(2) The Group has obtained 1 State-owned Land Use Rights Certificate and the land use rights with a total site area of approximately 15,585.74 sq.m. for commercial use.

(3) The Group has obtained 1 Building Ownership Certificate and the building ownership of the property group with a total gross floor area of approximately 42,085.24 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Group has obtained the State-owned Land Use Rights Certificate of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificate and building ownership of the property group; and

(iii) the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
3.	Various properties held by subsidiaries of Auchan in the Central China Region of the PRC	The property group comprises 3 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 81,709.58 sq.m.. The property group was completed during the period between 2003 and 2010. The property group has a total gross floor area of approximately 117,939.82 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB1,176,000,000 (98.26% interest attributable to the Group: RMB1,155,537,600)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	32,095.00
Hypermarket	83,100.82
Total:	117,939.82

Notes:

(1) In this valuation, Central China Region of the PRC refers to the region including the provinces of Sichuan and Hubei.

(2) The Group has obtained 3 State-owned Land Use Rights Certificates and the land use rights with a total site area of approximately 81,709.58 sq.m., for commercial use.

(3) The Group has obtained 2 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 87,015.82 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 87,015.82 sq.m.;

(iii) After obtaining of relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (ii) above with gross floor area of approximately 30,924 sq.m.; and

(iv) Except the parts of property group mentioned in (iii) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
4.	Various properties held by subsidiaries of RT-Mart in the Eastern China Region of the PRC	The property group comprises 12 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 232,189.17 sq.m.. The property group was completed during the period between 1998 and 2010. The property group has a total gross floor area of approximately 399,356.25 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB3,940,000,000 (Interest attributable to the Group: RMB3,655,280,400) (See Note (4))

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	84,099.00
Hypermarket	315,257.25
Total:	399,356.25

Notes:

(1) In this valuation, Eastern China Region of the PRC refers to the region including Shanghai and the provinces of Jiangsu, Zhejiang and Anhui.

(2) The Group has obtained 14 State-owned Land Use Rights Certificates and the land use rights with a total site area of approximately 232,189.17 sq.m., for commercial use.

(3) The Group has obtained 11 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 298,167.25 sq.m. for commercial use.

(4) The group interest for two hypermarket complexes located in Shanghai is 87% and the group interest for the remaining parts of the property group is 95.26%.

(5) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 298,167.25 sq.m.;

(iii) After obtaining of relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (ii) above with gross floor area of approximately 101,189.00 sq.m.;

(iv) Except the parts of property group mentioned in (iii) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group; and

(v) Parts of the property group with a total site area of approximately 31,797 sq.m. and a total gross area of approximately 26,195 sq.m. are subject to mortgages.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
5.	Various properties held by subsidiaries of RT-Mart in the Northern China Region of the PRC	The property group comprises 3 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 64,036.10 sq.m.. The property group was completed during the period between 2009 and 2010. The property group has a total gross floor area of approximately 122,253.83 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB662,000,000 (95.26% interest attributable to the Group: RMB630,621,200)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	30,176.00
Hypermarket	92,077.83
Total:	122,253.83

Notes:

(1) In this valuation, Northern China Region of the PRC refers to the region including Beijing and the province of Shandong.

(2) The Group has obtained 3 State-owned Land Use Rights Certificates and the land use rights with a total site area of approximately 64,036.10 sq.m., for commercial use.

(3) The Group has obtained 3 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 25,003.83 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 25,003.83 sq.m.;

(iii) After obtaining of relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (ii) above with gross floor area of approximately 97,250 sq.m.; and

(iv) Except the parts of property group mentioned in (iii) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
6.	Various properties held by subsidiaries of RT-Mart in the North-Eastern China Region of the PRC	The property group comprises 7 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 79,920.36 sq.m.. The property group was completed during the period between 2002 and 2010. The property group has a total gross floor area of approximately 244,794.56 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB1,687,000,000 (95.26% interest attributable to the Group: RMB1,607,036,200)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	38,599.00
Hypermarket	206,195.56
Total:	244,794.56

Notes:

(1) In this valuation, North-Eastern China Region of the PRC refers to the region including the provinces of Liaoning and Heilongjiang.

(2) The Group has obtained 10 State-owned Land Use Rights Certificates and the land use rights with a total site area of approximately 79,920.36 sq.m., for commercial use.

(3) The Group has obtained 11 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 204,365.56 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 204,365.56 sq.m.;

(iii) After obtaining of relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (ii) above with gross floor area of approximately 40,429 sq.m.; and

(iv) Except the parts of property group mentioned in (iii) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
7.	Property held by subsidiaries of RT-Mart in the Central China Region of the PRC	The property group comprises 1 hypermarket complex in Wuhan. The Group has obtained the land use rights of the property group with site area of approximately 15,619.01 sq.m.. The property was completed in 2007. The property group has a total gross floor area of approximately 42,684.44 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB438,000,000 (95.26% interest attributable to the Group: RMB417,238,800)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	9,944.00
Hypermarket	32,740.44
Total:	42,684.44

Notes:

(1) In this valuation, Central China Region of the PRC refers to the region including the provinces of Sichuan and Hubei.

(2) The Group has obtained 1 State-owned Land Use Rights Certificate and the land use rights with a total site area of approximately 15,619.01 sq.m., for commercial use.

(3) The Group has obtained 1 Building Ownership Certificate and the building ownership of the property group with a total gross floor area of approximately 42,684.44 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group. By the PRC laws, the Group has legitimately obtained the land use rights of those parts of the property group;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the property group; and

(iii) the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
8.	Various properties held by subsidiaries of RT-Mart in the Southern China Region of the PRC	The property group comprises 3 hypermarket complexes in various cities in the PRC. The Group has obtained the land use rights of the property group with site area of approximately 64,078.42 sq.m.. The property group was completed during the period between 2005 and 2010. The property group has a total gross floor area of approximately 101,300.26 sq.m. with details as follows:	The gallery portion of the property group is leased to various independent third parties for retail shops while the hypermarket portion of the property group is occupied by the Group as hypermarket.	RMB584,000,000 (95.26% interest attributable to the Group: RMB556,318,400)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	17,250.00
Hypermarket	84,050.26
Total:	101,300.26

Notes:

(1) In this valuation, Southern China Region of the PRC refers to the region including the provinces of Guangdong and Fujian.

(2) The Group has obtained 1 State-owned Land Use Rights Certificate and the land use rights with a total site area of approximately 15,007.20 sq.m., for commercial use.

(3) The Group has obtained 2 Building Ownership Certificates and the building ownership of the property group with a total gross floor area of approximately 51,472.26 sq.m. for commercial use.

(4) We have been provided with a legal opinion on the title to the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) the Group has obtained the State-owned Land Use Rights Certificates of the property group with site area of approximately 15,007.20 sq.m.;

(ii) The Group has obtained the Building Ownership Certificates and building ownership of the various parts of the property group with gross floor area of approximately 51,472.26 sq.m.;

(iii) The Group should not have legal impediment to obtain the State-owned Land Use Rights Certificates of the property group with site area of approximately 49,071.22 sq.m.;

(iv) After obtaining of relevant approvals for construction, planning and certificates for completion, the Group should not have legal impediment to obtain the Building Ownership Certificates of the remaining parts of the property group other than (ii) above with gross floor area of approximately 49,828.00 sq.m.; and

(v) Except the parts of property group mentioned in (iii) and (iv) above, the Group has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the parts of the property group.

VALUATION CERTIFICATE

Group II — Properties held by the Group for non-operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
9.	Auchan Shanghai Warehouse, No. 27 Nanchen Road, Baoshan District, Shanghai, the PRC	The property comprises a one-storey warehouse, 2-storey office building and a guard room erected on a parcel of land with a total site area of approximately 5,643.00 sq.m.. As advised by the Group, the property was completed in 1997. The property has a total gross floor area of approximately 3,265.56 sq.m. with details as follows:	The property is occupied and used by the Group as a warehouse.	No commercial value (see Note (1))

Portion	Approximate Gross Floor Area (sq.m.)
Warehouse	2,857.60
Office	395.54
Guard room	12.42
Total:	3,265.56

The property is held with land use right for a term due to expire on 13 April 2027 for warehouse use.

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the nature of the land use rights of the property is "Allocated". Had the nature of land use rights been transferred to "Granted" and all land premium and related fees for the grant of the certificate been fully settled, the market value of the property in its existing state as at 15 May 2011 would be RMB5,700,000 (98.26% interest attributable to the Group: RMB5,600,820).

(2) According to Shanghai Certificate of Real Estate Ownership HFDSZ No. (1997) 004831 issued by Shanghai Municipal Housing and Land Administration Bureau on 12 Oct 1997, the land use rights of the property, comprising a site area of approximately 5,643.00 sq.m. and the building ownership of the property, comprising a total gross floor area of approximately 3,265.56 sq.m., have been vested in Shanghai Auchan Hypermarkets Co., Ltd. (上海歐尚超市有限公司) for warehouse use.

(3) According to Business Licence No. 023666 dated 17 January 2005, Shanghai Auchan Hypermarkets Co., Ltd. (上海歐尚超市有限公司) was established as a limited company with a registered capital of US$18,000,000 for a valid operation period from 14 April 1997 to 13 April 2027.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The nature of the land use rights of the property is "Allocated". Transfer of the ownership of the property should be approved by government and relevant land premium shall be required to be paid by the land user;

(ii) The Shanghai Certificate of Real Estate Ownership is valid, legal and enforceable under the PRC laws; and

(iii) The land use rights and building ownership of the property, comprising a site area of 5,643.00 sq.m. and a gross floor area of 3,265.56 sq.m., have been vested in Shanghai Auchan Hypermarkets Co., Ltd. (上海歐尚超市有限公司).

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
10.	RT-Mart Shanghai Headquarters, No. 255 Jiangchang West Road, Zhabei District, Shanghai, the PRC	The property comprises a 9-storey industrial warehouse building with a basement erected on a parcel of land with a total site area of approximately 4,921.6 sq m. Completed in 2007, the property has a total gross floor area of approximately 16,277.39 sq.m. with details as follows:	The property is occupied by the Group as headquarters.	RMB195,000,000 (95.26% interest attributable to the Group: RMB185,757,000)

Floor Level	Approximate Gross Floor Area
	(sq.m.)
Basement	1,681.82
1 to 9	14,595.57
Total:	16,277.39

The property is held with land use rights for a term from 10 October 2006 to 9 October 2056 for warehouse use.

Notes:

(1) According to Real Estate Title Certificate No. HFDZZ(2009)000847 issued by Shanghai Municipal Housing and Land Resource Administrative Bureau on 20 January 2009, the land use rights of the property, comprising a parcel of land with a site area of approximately 4,921.6 sq.m. and the building ownership rights of the property, comprising a total gross floor area of approximately 16,277.39 sq.m., have been vested in Shanghai RT-Mart for a term of 50 years from 10 October 2006 to 9 October 2056 for warehouse use.

(2) According to Business Licence No. 310000400169440 dated 8 May 2009, Shanghai RT-Mart was established as a limited company with a registered capital of US$30,000,000 for a valid operation period from 23 April 1997 to 22 April 2022.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate is valid, legal and enforceable under the PRC laws;

(ii) The land use rights and building ownership of the property, comprising a site area of 4,921.6 sq.m. and a gross floor area of 16,277.39 sq.m., have been vested in Shanghai RT-Mart; and

(iii) Shanghai RT-Mart has the right to freely occupy, use lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
11.	RT-Mart Distribution Center 1, No. 9 Qinghua Road, Gaoxin District, Suzhou City, the PRC	The property comprises three buildings erected on a parcel of land with a total site area of approximately 53,466.57 sq.m.. Completed in 2005, the property has a total gross floor area of approximately 48,780.93 sq.m. with details as follows:	The property is occupied by the Group as distribution center.	RMB150,000,000 (95.26% Interest attributable to the Group: RMB142,890,000)

Use	Approximate Gross Floor Area
	(sq.m.)
Warehouse	48,174.25
Guardhouse	261.37
Ancillary Facilities	345.31
Total:	48,780.93

The property is held with land use rights for a term due to expire on 22 August 2054 for industrial use.

Notes:

(1) According to State-owned Land Use Rights Certificate SXGY No. (2004) 4957 issued by Suzhou Municipal People's Government on 9 November 2004, the land use rights of the property comprising a site area of 53,466.57 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) for a term due to expire on 22 August 2054 for industrial use.

(2) According to Building Ownership Certificate SFQZXQZ No. 00040151, the building ownership of the property comprising a total gross floor area of approximately 48,780.93 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司).

(3) According to Business Licence No. 320500400018747 dated 11 September 2009, Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) was established as a limited company with a registered capital of US$30,700,000 for a valid operation period from 19 December 2003 to 18 October 2018.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate are valid, legal and enforceable under the PRC laws;

(ii) The land use rights and building ownership of the property, comprising a site area of 53,466.57 sq.m. and a gross floor area of 48,780.93 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司); and

(iii) Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) has the right to freely occupy, use lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
12.	RT-Mart Distribution Center 2, No. 9 Qinghua Road, Gaoxin District, Suzhou City, the PRC	The property is developed on a parcel of land with a total site area of approximately 49,857.00 sq.m.. Completed in 2010, the property has a total gross floor area of approximately 47,658.10 sq.m.. The property is held with land use rights for terms due to expire on 15 December 2058 and 16 March 2060 for industrial use.	The property is occupied by the Group as distribution center.	RMB152,000,000 (95.26% interest attributable to the Group: RMB144,795,200)

Notes:

(1) According to State-owned Land Use Rights Certificate SXGY No. (2010) 017219 issued by Suzhou Municipal People's Government on 10 June 2010, the land use rights of the property comprising a site area of 6,617.00 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) for a term due to expire on 18 March 2060 for industrial use.

According to State-owned Land Use Rights Certificate SXGY No. (2010) 017220 issued by Suzhou Municipal People's Government on 10 June 2010, the land use rights of the property comprising a site area of 16,582.60 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) for a term due to expire on 18 March 2060 for industrial use.

According to State-owned Land Use Rights Certificate SXGY No. (2009) 002390 issued by Suzhou Municipal People's Government on 18 March 2009, the land use rights of the property comprising a site area of 26,657.40 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) for a term due to expire on 15 December 2058 for industrial use.

(2) As advised by the Group, the property was acquired in 2008 at an acquisition cost of RMB136,225,027.

(3) As advised by the Group, the Building Ownership Certificate of the property has not been obtained yet.

(4) According to Business Licence No. 320500400018747 dated 11 September 2009, Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) was established as a limited company with a registered capital of US$30,700,000 for a valid period from 19 December 2003 to 18 October 2018.

(5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates are valid, legal and enforceable under the PRC laws;

(ii) The land use rights of the property, comprising a total site area of 49,857.00 sq.m., have been vested in Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司);

(iii) Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) has no legal impediment to obtain the Building Ownership Certificate; and

(iv) Suzhou Concord Warehousing Co., Ltd. (蘇州康誠倉儲有限公司) has the right to freely occupy, use lease, transfer, mortgage and dispose of the land use rights and building ownership of the property after obtaining the Building Ownership Certificate.

(6) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

Group III — Properties held by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
13.	The proposed Auchan Shanghai Headquarters, No. 1750 Changyang Road, Yangpu District, Shanghai, the PRC	The property comprises a proposed 5-storey office building with a basement erected on a parcel of land with a total site area of approximately 8,116.1 sq.m.. Upon completion, the property will have a total gross floor area of approximately 25,283.00 sq.m. with details as follows: **Floor Level** — **Approximate Gross Floor Area (sq.m.)** Basement — 4,968.00 1 to 5 — 20,315.00 **Total:** — 25,283.00 As advised by the Group, the property is scheduled to be completed in 2011. The property is held with land use rights for a term from 18 November 2008 to 17 November 2058 for office and commercial uses.	As at the date of valuation, the property was under construction.	RMB203,000,000 (98.26% interest attributable to the Group: RMB199,467,800)

Notes:

(1) According to Grant Contract for State-owned Land Use Rights No. HFDY(2008)39 entered into between Shanghai Municipal Yangpu District Housing and Land Administration Bureau (the "Grantor") and Auchan (China) Investment Co., Ltd. (歐尚(中國)投資有限公司) (the "Grantee") on 11 November 2008, the land use rights of the property had been granted to the Grantee with details as follows:

(i)	Location	:	East side of Linqing Road, North Side of Longkou Road
(ii)	Site area	:	8,116.1 sq.m.
(iii)	Use	:	Office and commercial
(iv)	Land use term	:	50 years for office use; 40 years for commercial use
(v)	Plot ratio	:	less than or equal to 2.5
(vi)	Land Premium	:	RMB20,000,000

(2) According to State-owned Land Use Rights Certificate No. HFDYZ(2009)023315 dated 22 September 2009, the land use rights of the property, comprising a site area of 8,116.1 sq.m. have been vested in Auchan (China) Investment Co., Ltd. (歐尚(中國)投資有限公司) for a term from 18 November 2008 to 17 November 2058 for office and commercial uses.

(3) According to Planning Permit for Construction Use of Land No. HYD(2008)10081204E01552 issued by Shanghai Municipal Yangpu District Urban Planning Management Bureau on 4 December 2008, construction site of the property with a site area of approximately 8,116 sq.m. is in compliance with the requirements of urban planning.

(4) According to 2 Planning Permits for Construction Works No. HYJ(2010)FA31011020100886 and No. HYJ(2010)FA31011020101047 issued by Shanghai Municipal Yangpu District Urban Planning Management Bureau on 18 May 2010 and 8 June 2010 respectively, construction works of the property having a total gross floor area of 20,315 sq.m. above the ground and 4,968 sq.m. under the ground, are in compliance with the construction works requirements and have been approved.

(5) According to 2 Permits for Commencement of Construction Works No. 0901YP0001D01 310110200901131101 and No. 0901YP0001D02 310110200901131101 issued by Shanghai Construction Industry Management Office (上海建築業管理辦公室) on 10 April 2009 and 24 August 2010 respectively, the commencement of construction works of the property with a total gross floor area of 4,968 sq.m. under the ground and 20,315 sq.m. above the ground has been permitted.

(6) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB60,084,947 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB54,065,053. We have taken into account such amounts in our valuation.

(7) The capital value when completed of the proposed development as at the date of valuation was RMB330,000,000.

(8) According to Business Licence No. 310000400296662 dated 5 June 2009, Auchan (China) Investment Co., Ltd. (歐尚(中國)投資有限公司) was established as a limited company with a registered capital of US$100,000,000 for a valid operation period from 10 April 2002 to 9 April 2042.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) Auchan (China) Investment Co., Ltd. (歐尚(中國)投資有限公司) is the sole legal land user of the property and has obtained the relevant rights certificates and entity approval from the government in respect of the construction of the property;

(iii) Auchan (China) Investment Co., Ltd. (歐尚(中國)投資有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property; and

(iv) All land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.

(10) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
14.	The proposed Auchan Xinxing Project, east to Huancheng Xi Road, north to Xinxing Road, Haishu District, Ningbo City, Zhejiang Province, the PRC	The property comprises a proposed commercial building erected on a parcel of land with a total site area of approximately 67,685.00 sq.m.. Upon completion, the building will comprise hypermarket, department store and car parks. As advised by the Group, the property will have a total gross floor area of approximately 108,296 sq.m.. The property is held with land use rights for a term due to expire on 30 April 2049 for commercial and financial uses.	As at the date of valuation, the property was under construction.	RMB264,000,000 (98.26% interest attributable to the Group: RMB259,406,400)

Notes:

(1) According to Grant Contract for State-owned Land Use Rights No. GF (2008) 2601 entered into between Ningbo Land Administration Bureau (the "Grantor") and Ningbo Immochan Real Estate Co., Ltd. (寧波頤莫尚置業有限公司) (the "Grantee") on 13 March 2009, the land use rights of the property have been granted to the Grantee with details as follows:

(i)	Location	:	East to Huancheng Xi Road, north to Xinxing Road
(ii)	Site area	:	67,685 sq.m.
(iii)	Use	:	Commercial and financial uses
(iv)	Land use term	:	40 years
(v)	Plot ratio	:	1.5-1.6
(vi)	Land Premium	:	RMB487,332,000

(2) According to State-owned Land Use Rights Certificate YGY No. (2009) 0101200 issued by Ningbo Municipal People's Government on 4 June 2009, the land use rights of the property, comprising a site area of approximately 67,685 sq.m., have been vested in Ningbo Immochan Real Estate Co., Ltd. (寧波頤莫尚置業有限公司) for a term due to expire on 30 April 2049 for commercial and financial uses.

(3) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB40,251,334 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB220,606,626. We have taken into account such amounts in our valuation.

(4) The capital value when completed of the proposed development as at the date of valuation was RMB551,000,000.

(5) According to Business Licence No. 005969 issued on 7 June 2004, Ningbo Immochan Real Estate Co., Ltd. (寧波頤莫尚置業有限公司) was established as a limited company with a registered capital of RMB56,000,000 for a valid operation period from 7 March 2002 to 6 March 2042.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights and State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Ningbo Immochan Real Estate Co., Ltd. (寧波頤莫尚置業有限公司) is the sole legal land user of the property and has obtained the relevant rights certificates and entity approval from the government in respect of the construction of the property;

(iii) Ningbo Immochan Real Estate Co., Ltd. (寧波頤莫尚置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the Building Ownership Certificate; and

(iv) All land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
15.	The proposed RT-mart Qiandeng Store, the northern side of Shangshu Road and the western side of Jichang Road, Qiandeng Town Kunshan City, Jiangsu Province the PRC	The property comprises a proposed hypermarket development erected on a parcel of land with a total site area of approximately 33,333.30 sq.m.. As advised by the Group, a 4-storey commercial building with a total gross floor area of approximately 57,479.65 sq.m. is being developed with details as follows:	As at the date of valuation, the property was under construction.	RMB256,000,000 (95.26% interest attributable to the Group: RMB243,865,600)

Portion	Approximate Gross Floor Area
	(sq.m.)
Gallery	13,920.00
Hypermarket	43,559.65
Total:	57,479.65

As advised by the Group, the property is scheduled to be completed in 2011.

The property is held with land use rights for a term due to expire on 8 December 2049 for commercial use.

Notes:

(1) According to Grant Contract for State-owned Land Use Rights entered into between Kunshan Land and Resource Administration Bureau (the "Grantor") and Concord Investment (China) Limited (康成投資(中國)有限公司) (the "Grantee") on 9 October 2009, the Grantor has agreed to grant the land use rights of the property with a total site area of approximately 33,333.30 sq.m. to the Grantee with details as follows:

(i)	Location	:	situated on the northern side of Shangshu Road and the western side of Jichang Road, Qiandeng Town
(ii)	Site area	:	33,333.30 sq.m.
(iii)	Uses	:	Commercial
(iv)	Land use term	:	40 years commencing from the date of hand over
(v)	Plot Ratio	:	not less than 1.0 and not more than 1.8
(vi)	Land Premium	:	RMB50,000,000

(2) According to State-owned Land Use Rights Certificate GY (2010)No. 2010FF8038 dated 19 April 2010, the land use rights of the property comprising a total site area of 33.333.30 sq.m. have been vested in Kunshan Qiandeng Ruenping Commercial Co. Ltd. (昆山千燈潤平商業有限公司) for a term due to expire on 8 December 2049.

(3) According to Planning Permit for Construction Works No. JZD20102007 issued by Kunshan Municipal Planning Bureau on 11 Aug 2010, construction works of the property, comprising a total gross floor area of approximately 57,479.65 sq.m., are in compliance with the urban planning requirements and are approved.

(4) According to Commencement Permit for Construction Works No. 3205832010122402 issued by Kunshan Municipal Construction Committee on 24 December 2010, construction works of the property, comprising a total gross floor area of approximately 57,479.65 sq.m. are in compliance with the requirements for construction works commencement and are permitted.

(5) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB78,387,634 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB49,893,454. We have taken into account such amounts in our valuation.

(6) The capital value when completed of the proposed development as at the date of valuation was RMB397,000,000.

(7) According to Business Licence No. 320583400042820 dated 20 January 2010, Kunshan Qiandeng Ruenping Commercial Co. Ltd. (昆山千燈潤平商業有限公司) was established as a limited company with a registered capital of USD7,000,000 for a valid period from 2 Feb 2010 to 1 Feb 2040.

(8) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights and State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Kunshan Qiandeng Ruenping Commercial Co. Ltd. (昆山千燈潤平商業有限公司) is the sole legal land user of the property and has obtained the relevant rights certificates and entity approval from the government in respect of the construction of the property;

(iii) Kunshan Qiandeng Ruenping Commercial Co. Ltd. (昆山千燈潤平商業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the Building Ownership Certificate; and

(iv) All land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.

(9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
16.	The proposed RT-Mart Yongkang Store, situated at the junction of Middle Lizhou Road and Jiuling Road, Yongkang City, Zhejiang Province the PRC	The property comprises a proposed commercial building which is under construction erected on a parcel of land with a total site area of approximately 19,727 sq.m.. As advised by the Group, a 5-storey commercial building above a basement with a total gross floor area of approximately 56,071.00 sq.m. is being developed with details as follows:	As at the date of valuation, the property was under construction.	RMB213,000,000 (95.26% interest attributable to the Group: RMB202,903,800)

Floor Level	Approximate Gross Floor Area
	(sq.m.)
Basement	12,905
Level 1	9,832
Level 2	9,868
Level 3	9,868
Level 4	9,868
Level 5	3,388
Roof	342
Total:	56,071

As advised by the Group, the property is scheduled to be completed in 2011.

The property is held with land use rights for a term due to expire on 27 August 2050 for commercial use.

Notes:

(1) According to Grant Contract for State-owned Land Use Rights entered into between Zhejiang Yongkang Land and Resource Bureau (the "Grantor") and Concord Investment (China) Limited (康成投資(中國)有限公司) (the "Grantee") on 28 July 2010, the Grantor has agreed to grant the land use rights of the property with a total site area of approximately 19,727 sq.m. to the Grantee with details as follows:

(i)	Location	:	situated at the junction of Middle Lizhou Road and Jiuling Road
(ii)	Site area	:	19,727 sq.m.
(iii)	Uses	:	Commercial
(iv)	Land use term	:	40 years commencing from the date of hand over
(v)	Plot Ratio	:	No more than 2.3
(vi)	Land Premium	:	RMB106,690,000

(2) According to State-owned Land Use Right Certificate No. YGY (2010) 7722 issued by Yongkang Municipal People's Government on 22 October 2010 , the land use right of the property with a site area of approximately 19,727 sq.m., have been vested in Yongkang Ruentex Commercial Co., Ltd. (永康潤泰商業有限公司) for a term due to expire on 27 August 2050 for commercial use.

(3) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB84,170,516 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB50,829,485. We have taken into account such amounts in our valuation.

(4) The capital value when completed of the proposed development as at the date of valuation was RMB356,000,000.

(5) According to Business Licence No. 330700400009839 dated 29 September 2010, Yongkang Ruentex Commercial Co., Ltd. (永康潤泰商業有限公司) was established as a limited company with a registered capital of USD7,000,000 for a valid period from 29 September 2010 to 28 September 2040.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights and State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Yongkang Ruentex Commercial Co., Ltd. (永康潤泰商業有限公司) is the sole legal land user of the property and has obtained the relevant rights certificates and entity approval from the government in respect of the construction of the property;

(iii) Yongkang Ruentex Commercial Co., Ltd. (永康潤泰商業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the Building Ownership Certificate; and

(iv) All land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
17.	The proposed Northeast Distribution Center, No. 51 Hushitai Avenue South, Shenbei New Area, Shenyang City, Liaoning Province, the PRC	The property comprises a proposed warehouse development erected on a parcel of land with a total site area of approximately 219,744.00 sq.m.. As advised by the Group, a 2-storey industrial building with a total gross floor area of approximately 93,492 sq.m. is being developed. As advised by the Group, the property is scheduled to be completed in 2011. The property is held with land use rights for a term of 50 years from the date of hand over for commercial use.	As at the date of valuation, the property was under construction.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained yet. Had the State-owned Land Use Rights Certificate been obtained and all land premium and related fees for the grant of the certificate been fully settled, the market value of the property in its existing state as at 15 May 2011 would be RMB356,000,000 (95.26% interest attributable to the Group: RMB339,125,600).

(2) According to two Grant Contracts for State-owned Land Use Rights Nos. 2101132010A0040 and 2101132010A0039 entered into between Shenyang Land and Resource Administration Bureau (the "Grantor") and Shenyang RT-Mart Warehousing Co. Ltd. (瀋陽大潤發倉儲有限公司) (the "Grantee") on 1 April 2010, the Grantor has agreed to grant the land use rights of the property with a total site area of approximately 219,744.00 sq.m. to the Grantee with details as follows:

(i)	Location	:	No. 51 Hushitai Avenue (S), Shenbei New Area
(ii)	Site area	:	219,744.00 sq.m.
(iii)	Uses	:	Industrial
(iv)	Land use term	:	50 years commencing from the date of hand over
(v)	Land Premium	:	RMB79,255,789

(3) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB183,767,927 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB26,232,073. We have taken into account such amounts in our valuation.

(4) The capital value when completed of the proposed development as at the date of valuation was RMB393,000,000.

(5) According to Business Licence No. 210100404001253 dated 13 June 2010, Shenyang RT-Mart Warehousing Co. Ltd. (瀋陽大潤發倉儲有限公司) was established as a limited company with a registered capital of USD6,000,000 for a valid period from 17 December 2009 to 16 December 2029.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land use Rights of the property is valid, legal and enforceable under the PRC laws.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
18.	The proposed RT-Mart Meishan Store, north of Huanghu Road, Dongpo District, Meishan City, Sichuan Province, the PRC	The property comprises a planned commercial building which is under construction on a parcel of land with a total site area of approximately 19,314.93 sq.m.. Upon completion, the property will have a total gross floor area of approximately 35,212.00 sq.m.. As advised by the Group, the property is scheduled to be completed in 2011. The property is held with land use rights for a term due to expire on 31 March 2050 for commercial and service uses.	As at the date of valuation, the property was under construction.	RMB129,000,000 (95.26% interest attributable to the Group: RMB122,885,400)

Notes:

(1) According to Grant Contract for State-owned Land Use Rights No. 5112002009010 entered into between Meishan City Land Resources Bureau (the "Grantor") and Concord Investment (China) Limited (康成投資(中國)有限公司) (the "Grantee") on 30 July 2009, the land use rights of the property had been granted to the Grantee with details as follows:

(i)	Location	:	North Side of Huanhu Road, West Side of Yiwu Shop
(ii)	Site area	:	19,314.93 sq.m.
(iii)	Use	:	Other commercial and service
(iv)	Land use term	:	40 years
(v)	Plot ratio	:	less than or equal to 1.8
(vi)	Land Premium	:	RMB27,521,500
(vii)	Others	:	The development should have a large scale supermarket with a total gross floor area not less than 35,000.00 sq.m. (including underground floor), and the floor area not less than 11,000.00 sq.m. per level.

(2) According to State-owned Land Use Rights Certificate MSGY(2010) No.03959 issued by Meishan City Land Resources Bureau on 18 March 2010, the land use rights of the property comprising a total site area of 19,314.93 sq.m. have been vested in Meishan RT-Mart Commercial Co., Ltd. (眉山大潤發商業有限公司) for a term due to expire on 31 March 2050 for commercial and service uses.

(3) As advised by the Group, the total expended construction cost for the property as at 30 April 2011 was RMB63,827,756 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB6,000,000. We have taken into account such amounts in our valuation.

(4) The capital value when completed of the proposed development as at the date of valuation was RMB175,000,000.

(5) According to Business Licence No. 511400400000534, Meishan RT-Mart Commercial Co., Ltd. (眉山大潤發商業有限公司) was established on 27 August 2009 as a limited company with a registered capital of US$6,500,000 for an operating period from 27 August 2009 to 26 November 2009.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights and State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Meishan RT-Mart Commercial Co., Ltd. (眉山大潤發商業有限公司) is the sole legal land user and has obtained the relevant rights certificates of the property and entity approval from the government in respect of the construction of the property;

(iii) Meishan RT-Mart Commercial Co., Ltd. (眉山大潤發商業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the Building Ownership Certificate; and

(iv) All land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.

(7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IV — Properties contracted to be acquired by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
19.	The proposed RT-Mart Zhengzhou Store, at the northeast of the junction of Zijingshan Road and Longhai Road, Guangcheng Huizu District, Zhengzhou City, Henan Province, the PRC	The property comprises a portion of building which is under construction on a parcel of land with a total site area of 27,713.30 sq.m.. Upon completion, the property will comprise a 3-storey commercial podium with a total gross floor area of approximately 30,518.69 sq.m.. As advised by the Group, construction works of the building are scheduled to be completed in 2011. The property is held with land use rights for respective term due to expire on 31 March 2040 for commercial use.	As at the date of valuation, the property was under construction.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained by the Group. Had the State-owned Land Use Rights Certificate been obtained and all land premium and related fees for the grant of the certificate been fully settled, the market value of the property in its existing state as at 15 May 2011 would be RMB129,000,000 (95.26% interest attributable to the Group: RMB122,885,400).

(2) According to 9 purchase contracts No.11767063, 11767068, 11767094, 11767099, 11767131, 11767150, 11767152, 11767171 and 11767173 entered into between Henan Zhongxin Zhongyuan Real Estate Co. Ltd. (河南中信中原置業有限公司) (Party A) and Zhengzhou Ruenrui Commercial Co. Ltd (鄭州潤瑞商業有限公司) (Party B) on 11 January 2011, Party A is contracted to constructed in accordance with the requirements set out in the purchase contract and sell the commercial portion of the development under construction to Party B with a total gross floor area of 30,518.69 sq.m. at a consideration of RMB173,822,861.

(3) According to Planning Permit for Construction Use of Land No. (2004)056 issued by Zhengzhou City Planning Bureau (鄭州市城市規劃局) on 7 April 2004, construction site of the property with a site area of approximately 109,032.582 sq.m. is in compliance with the requirements of urban planning.

(4) According to Planning Permit for Construction Works No. (2006)0159 issued by Zhengzhou City Planning Bureau (鄭州市城市規劃局) on 30 June 2006, the construction works of the property with a total gross floor area of 140,059.30 sq.m., are in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works No. 2101112010281101 issued by Zhengzhou City Construction Bureau (鄭州市建設局) on 24 August 2009, the property has been approved for the construction of a composite building with a total gross floor area of 140,059 sq.m..

(6) As advised by the Group, the expended construction cost for the property as at 30 April 2011 was RMB114,750,000 whilst the outstanding construction cost for completion of the property as at 30 April 2011 was RMB12,750,000. We have taken into account such amounts in our valuation.

(7) The capital value when completed of the proposed development as at the date of valuation was RMB175,000,000.

(8) According to Business Licence No. 410000400014271(1-1) dated 2 September 2010, Zhengzhou Ruenrui Commercial Co., Ltd. (鄭州潤瑞商業有限公司) was established as a limited company with a registered capital of USD2,100,000 for a valid operation period from 22 January 2010 to 21 January 2011.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Purchase Contracts for the property are valid, legal and enforceable under the PRC laws.

(10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	No
Grant Contract for State-owned Land Use Rights	No
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Purchase Contracts	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
20.	The proposed RT-Mart Yueyang Store, Junction of Huaban Qiao Road, Qingnian Road and Jianxiang Road, Yueyang Lou District, Yueyang City, Hunan Province, the PRC	The property comprises a portion of building which is under construction on 2 parcels of land with total site area of approximately 47,137.50 sq.m.. Upon completion, the property will have a total gross floor area of approximately 38,997 sq.m., including 1,608 sq.m. above ground and 37,389 sq.m. below ground. As advised by the Group, construction works of the building are scheduled to be completed in 2012. The property is held with land use rights for respective terms due to expire on 5 July 2047 and 30 July 2049 for commercial, residential, public utility and road/plaza uses.	As at the date of valuation, the property was under construction.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Certificate of Land Use Rights had not been obtained by the Group. Had a valid State-owned Certificate of Land Use Rights been issued to the Group and all land premium and related fees for the grant of the certificate been fully settled, the market value of the property as at the date of valuation would be RMB160,000,000 (95.26% interest attributable to the Group: RMB152,416,000).

(2) According to a purchase contract entered into between Yueyang Tianlun Real Estate Development Co. Ltd. (岳陽天倫房地產開發有限公司) (Party A) and Concord Investment (China) Limited (康成投資有限公司) (Party B), on 16 September 2009 Party A is contracted to construct in accordance with the requirements set out in the purchase contract and sell the commercial portion of the development under construction to Party B with a total gross floor area of 38,997 sq.m. for supermarket use at a consideration of RMB126,000,000.

(3) As advised by the Group, the expended construction cost for the property as at 30 April 2011 was RMB95,760,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB5,040,000. We have taken into account such amounts in our valuation.

(4) The capital value when completed of the proposed development as at the date of valuation was RMB206,000,000.

(5) According to Business Licence No. 430600400001502. dated 22 January 2010, Yueyang RT-Mart Commercial Co., Ltd. (岳陽大潤發商業有限公司) was established as a limited company with a registered capital of USD2,100,000 for a valid operation period from 22 January 2010 to 21 January 2011.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Purchase Contract for the property is valid, legal and enforceable under the PRC laws.

(7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	No
Grant Contract for State-owned Land Use Rights	No
Purchase Contract	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group V — Properties contracted to be acquired by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
21.	The proposed Auchan Xingtang Store, situated on the southern side of Songjiang Road and the eastern side of Xingtang Street, Industrial Park Area, Suzhou City, Jiangsu Province, the PRC	The property comprises a parcel of land with a total site area of approximately 32,853.27 sq.m.. As advised by the Group, a hypermarket is planned to be developed on the property with gross floor area of approximately 65,706.54 sq.m.. The property is held with land use rights for a term of 40 years for commercial use.	As at the date of valuation, the property was a parcel of land.	No commercial value (see Notes (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the Certificate for the Use of State-owned Land has not been obtained. Had the Group obtained a valid Certificate for the Use of State-owned Land, the market value of the property in its existing state as at 15 May 2011 assuming that the land premium has been fully paid, would be RMB112,000,000 (98.26% interest to attributable to the Group: RMB110,051,200).

(2) According to Grant Contract for State-owned Land Use Right entered into between Suzhou Industrial Park Area Land and Real Estate Administration Bureau (the "Grantor") and Suzhou Auchan Hypermarkets Co. Ltd. (蘇州歐尚超市有限公司) (the "Grantee") on 30 November 2010, the Grantor has agreed to grant the land use right of the property with a total site area of approximately 32,853.27 sq.m. to the Grantee with details as follows:

(i)	Location	:	situated on the southern side of Songjiang Road and the eastern side of Xingtang Street, Industrial Park Area
(ii)	Site area	:	32,853.27 sq.m.
(iii)	Uses	:	Commercial
(iv)	Land use term	:	40 years commencing from the date of hand over
(v)	Plot Ratio	:	not less than 1.8 and not more than 2.0
(vi)	Land Premium	:	RMB108,420,000

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws;

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
22.	Two parcels of land situated on the northern side of Zhaoyang Road and the eastern side of Bailu Road, Development District, Kunshan City, Jiangsu Province, the PRC	The property comprises two parcels of land with a total site area of approximately 30,000 sq.m. with details as follows: **Lot No.** / **Approximate site area (sq.m.)** Plot S1 10,698 Plot S2 19,302 30,000 As advised by the Group, a hypermarket is planned to be developed on the property with a total gross floor area of approximately 74,964 sq.m.. The parcel of land with Lot No. Plot S2 is held with land use rights for a term of 40 years for commercial use.	As at the date of valuation, there were some structures on the land with Lot No. plot S1 pending demolition. The land with Lot No. plot S2 was vacant land.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificates has not been obtained. Had the Group obtained valid State-owned Land Use Rights Certificates, the market value of the property in its existing state as at the date of valuation assuming that the land premium has been fully paid, would be RMB186,000,000 (95.26% interest attributable to the Group: RMB177,183,600).

(2) According to Grant Contract for State-owned Land Use Right entered into between Kunshan Land & Resource Administration Bureau (the "Grantor") and Concord Investment (China) Limited (康成投資(中國)有限公司) (the "Grantee") on 7 July 2010, the Grantor has agreed to grant the land use right of the plot S2 with a total site area of approximately 19,302.00 sq.m. to the Grantee with details as follows:

(i)	Location	:	situated on the northern side of Zhaoyang Road and the eastern side of Bailu Road, Development District
(ii)	Site area	:	19,302.00 sq.m.
(iii)	Uses	:	Commercial
(iv)	Land use term	:	40 years commencing from the date of hand over
(v)	Plot Ratio	:	not less than 2.0 and not more than 2.5
(vi)	Land Premium	:	RMB115,812,000

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land Use Rights of the portion of the property is valid, legal and enforceable under the PRC laws.

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Right	Yes (Portion)
State-owned Land Use Rights Certificate	No
Business Licence	No

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
23.	The proposed RT-Mart Wenjiang Store, No.1 Team of Hongguang Community, Liucheng Subdistrict Office, Wenjiang District, Chengdu City, Sichuan Province, the PRC	The property comprises a parcel of land with a total site area of approximately 25,518.4 sq.m.. As advised by the Group, a hypermarket is planned to be developed on the property with gross floor area of approximately 51,306.80 sq.m.. The property is held with land use rights for a term of 40 years for commercial use.	As at the date of valuation, the property was a parcel of land.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as a State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at the date of valuation assuming that the land premium has been fully paid, would be RMB42,000,000 (95.26% interest attributable to the Group: RMB40,009,200).

(2) According to Grant Contract of State-owned Land Use Rights No. 2011-3 entered into between Land Resources Bureau of Wenjiang District (the "Grantor") and Sichuan RT-Mart Commercial Co., Ltd. (四川大潤發商業有限公司) (the "Grantee") on 23 February 2011, the land use rights of the property have been granted to the Grantee with details as follows:

(i)	Location	:	No.1 Team of Hongguang Community, Liucheng Subdistrict
(ii)	Site area	:	25,518.4 sq.m.
(iii)	Use	:	Commercial
(iv)	Land use term	:	40 years
(v)	Plot ratio	:	more than 1.6 but less than 2
(vi)	Land Premium	:	RMB42,108,000

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contract for State-owned Land use Rights of the property is valid, legal and enforceable under the PRC laws.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

State-owned Land Use Rights Certificate	No
Grant Contract for State-owned Land Use Rights	Yes
Business Licence	No

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 May 2011
24.	The proposed South China Distribution Center, the junction of Lingxin Avenue and Nanzhu Avenue, Guangzhou City, Guangdong Province, the PRC	The property comprises a parcel of land with a total site area of approximately 109,449 sq.m.. As advised by the Group, a distribution centre is planned to be developed on the property. The property is held with land use rights for warehouse use.	As at the date of valuation, the property was a parcel of land.	No commercial value (see Note (1))

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at the date of valuation assuming that the land premium has been fully paid, would be RMB37,000,000 (95.26% interest attributable to the Group: RMB35,246,200).

(2) According to 2 Grant Contracts of State-owned Land Use Rights No. 440115-2010-000031 and No. 440115-2010-000007 entered into between Guangzhou Municipal Housing and Land Administration Bureau (the "Grantor") and Guangzhou Ruendefa Warehousing Investment Co., Ltd. (廣州潤德發倉儲有限公司) (the "Grantee") on 30 September 2010, the land use rights of the property had been granted to the Grantee with details as follows:

(i)	Location	:	Nansha District Zhujiang Industrial Park
(ii)	Site area	:	109,449 sq.m.
(iii)	Use	:	Warehouse
(iv)	Land use term	:	N/A
(v)	Plot ratio	:	no less than 0.5
(vi)	Land Premium	:	RMB36,780,000

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Grant Contracts for State-owned Land use Rights of the property are valid, legal and enforceable under the PRC laws.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Grant Contracts for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	No
Business Licence	No

VALUATION CERTIFICATE

Group VI — Properties leased to the Group in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
25.	Various properties leased to subsidiaries of Auchan in the Eastern China Region of the PRC	The property group comprises 18 properties and has a total gross floor area of approximately 661,846.48 sq.m.. The property group is leased to the subsidiaries of Auchan by independent third parties. As at the date of valuation, 13 properties with a total gross floor area of 495,987.55 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Eastern China Region of the PRC refers to the region including Shanghai and the provinces of Jiangsu, Zhejiang and Anhui.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	545,693.48
2: Landlord has title document but has not registered the leases.	74,176
3: Landlord has not provided title document and has registered the leases.	41,977
4: Landlord has not provided title document and has not registered the leases.	nil

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
26.	Various properties leased to subsidiaries of Auchan in the Northern China Region of the PRC	The property group comprises 3 properties and has a total gross floor area of approximately 82,904.52 sq.m.. The property group is leased to the subsidiaries of Auchan by independent third parties. As at the date of valuation, the 3 properties are all operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Northern China Region of the PRC refers to the region including Beijing and the province of Shandong.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	52,124.12
2: Landlord has title document but has not registered the leases.	nil
3: Landlord has not provided title document and has registered the leases.	30,780.40
4: Landlord has not provided title document and has not registered the leases.	nil

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
27.	Property leased to subsidiaries of Auchan in the North-Eastern China Region of the PRC	The property group comprises 1 property and has a gross floor area of approximately 24,087 sq.m.. The property group is leased to the subsidiaries of Auchan by independent third parties. As at the date of valuation, the property was under construction.	No commercial value

Notes:

(1) In this valuation, North-Eastern China Region of the PRC refers to the region including the provinces of Liaoning, Jilin, Heilongjiang and eastern part of Inner Mongolia.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	24,087
2: Landlord has title document but has not registered the leases.	nil
3: Landlord has not provided title document and has registered the leases.	nil
4: Landlord has not provided title document and has not registered the leases.	nil

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
28.	Property leased to subsidiaries of Auchan in the Central China Region of the PRC	The property group comprises 1 property and has a gross floor area of approximately 43,896 sq.m.. The property group is leased to the subsidiaries of Auchan by independent third parties. As at the date of valuation, the property was under construction.	No commercial value

Notes:

(1) In this valuation, Central China Region of the PRC refers to the region including the provinces of Hunan, Hubei, Jiangxi, Chongqing, Sichuan, Shaanxi, Gansu, Ningxia and Qinghai.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	43,896
2: Landlord has title document but has not registered the leases.	nil
3: Landlord has not provided title document and has registered the leases.	nil
4: Landlord has not provided title document and has not registered the leases.	nil

(3) PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
29.	Various properties leased to subsidiaries of RT-Mart in the Eastern China Region of the PRC	The property group comprises 98 properties and has a total gross floor area of approximately 2,305,698.33 sq.m.. The property group is leased to the subsidiaries of RT-Mart by independent third parties. As at the date of valuation, 59 properties with a total gross floor area of 1,382,303.33 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Eastern China Region of the PRC refers to the region including Shanghai and the provinces of Jiangsu, Zhejiang and Anhui.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	530,314
2: Landlord has title document but has not registered the leases.	1,045,715
3: Landlord has not provided title document and has registered the leases.	43,685
4: Landlord has not provided title document and has not registered the leases.	685,984

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
30.	Various properties leased to subsidiaries of RT-Mart in the Northern China Region of the PRC	The property group comprises 36 properties and has a total gross floor area of approximately 884,916.9 sq.m.. The property group is leased to the subsidiaries of RT-Mart by independent third parties. As at the date of valuation, 20 properties with a total gross floor area of 437,100.90 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Northern China Region of the PRC refers to the region including Beijing, Tianjin and the provinces of Hebei, Henan, Shandong, Shanxi and western part of Inner Mongolia.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	230,591.9
2: Landlord has title document but has not registered the leases.	205,110
3: Landlord has not provided title document and has registered the leases.	68,843
4: Landlord has not provided title document and has not registered the leases.	380,372

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
31.	Various properties leased to subsidiaries of RT-Mart in the North-Eastern China Region of the PRC	The property group comprises 17 properties and has a total gross floor area of approximately 475,772.6 sq.m.. The property group is leased to the subsidiaries of RT-Mart by independent third parties. As at the date of valuation, 11 properties with a total gross floor area of 283,512.60 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, North-Eastern China Region of the PRC refers to the region including the provinces of Liaoning, Jilin, Heilongjiang and eastern part of Inner Mongolia.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	21,136.6
2: Landlord has title document but has not registered the leases.	220,951
3: Landlord has not provided title document and has registered the leases.	nil
4: Landlord has not provided title document and has not registered the leases.	233,685

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
32.	Various properties leased to subsidiaries of RT-Mart in the Central China Region of the PRC	The property group comprises 26 properties and has a total gross floor area of approximately 639,227 sq.m.. The property group is leased to the subsidiaries of RT-Mart by independent third parties. As at the date of valuation, 8 properties with a total gross floor area of 199,019 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Central China Region of the PRC refers to the region including the provinces of Hunan, Hubei, Jiangxi, Chongqing, Sichuan, Shaanxi, Gansu, Ningxia and Qinghai.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	151,441
2: Landlord has title document but has not registered the leases.	323,244
3: Landlord has not provided title document and has registered the leases.	21,000
4: Landlord has not provided title document and has not registered the leases.	143,542

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

	Property	Description and tenancy particulars	Capital value in existing state as at 15 May 2011
33.	Various properties leased to subsidiaries of RT-Mart in the Southern China Region of the PRC	The property group comprises 49 properties and has a total gross floor area of approximately 1,152,466.60 sq.m.. The property group is leased to the subsidiaries of RT-Mart by independent third parties. As at the date of valuation, 23 properties with a total gross floor area of 538,078.6 sq.m. are operated by the Group as hypermarket.	No commercial value

Notes:

(1) In this valuation, Southern China Region of the PRC refers to the region including the provinces of Fujian, Guangdong, Guangxi, Hainan, Guangzhou and Yunnan.

(2) We have summarized the properties in 4 categories listed below:

Category	Gross floor area (sq.m.)
1: Landlord has title document and has registered the leases.	100,809.6
2: Landlord has title document but has not registered the leases.	503,343
3: Landlord has not provided title document and has registered the leases.	46,510
4: Landlord has not provided title document and has not registered the leases.	501,804

(3) We have been provided with a legal opinion on the property group issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) For the Category 1,

The landlords have the rights to lease the properties to the Group. The Group has the right to occupy and use the properties according to the respective tenancy agreements and the rights of the Group under the leases can be protected by the PRC laws.

(ii) For the Category 2, the leases would not lose their validity although they are not registered.

(iii) For the Category 3 and Category 4, the legal adviser cannot ascertain the rights of the landlords and the tenants on the properties.

This Appendix V contains a summary of the Articles. The principal objective is to provide potential investors with an overview of the Articles. Given that the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed "Documents Available for Inspection" in Appendix VII – "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, a copy of the Articles is available for inspection.

The existing Articles of Association of the Company were adopted on 27 June 2011. The following is a summary of certain provisions of the Articles. The powers conferred or permitted by the Articles are subject to the provisions of the Companies Ordinance, subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Hong Kong Companies Ordinance or any other ordinance, from time to time, to purchase or otherwise acquire its own shares and warrants (including any redeemable shares) at any price or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company. Should the Company purchase or otherwise acquire its own shares or warrants, neither the Company nor the Board will be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares, provided always that, (i) purchases not made through the stock market or by tender shall be limited to a maximum price; and (ii) if purchases are by tender, tenders shall be available to all members of the Company alike.

In a general meeting the Company may, from time to time by ordinary resolution increase its authorised share capital by the creation of new shares. Such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution prescribes.

The Company may from time to time by ordinary resolution:

(i) consolidate or divide all or any of its share capital into shares of a larger or smaller amount than its existing shares;

(ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(iii) make provision for the issue and allotment of shares which do not carry any voting rights;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Hong Kong Companies Ordinance; and

(v) divide its shares into different classes of shares, and attach to them any preferential, deferred, qualified or special rights, privileges or conditions, subject to the provisions of the Hong Kong Companies Ordinance.

The Company may from time to time by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by law.

MODIFICATION OF RIGHTS

All or any of the special rights (unless otherwise provided for by the terms of issue of the Share) attached to the shares or any class of shares (if the capital is divided into different classes of shares) may, at any time, subject to the provisions of the Hong Kong Companies Ordinance, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares or issued shares of that class (if the capital is divided into different classes of shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares or at a separate general meeting of the holders of shares of that class (if the capital is divided into different classes of shares). The provisions of the Articles relating to general meetings shall apply mutatis mutandis to every such separate general meeting, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class, one person holding shares of that class or his proxy, and any holder of the shares of the class present in person or by proxy, may demand a poll.

TRANSFERS OF SHARES

The instrument of transfer of any shares in the Company shall be effected in writing in the usual common form or in such other form as the Board may accept and may be under hand only or, if the transferor or the transferee is a recognised clearing house within the meaning of the SFO or its nominee(s), by hand or by machine imprinted signature or such other manner of execution as the Board may approve from time to time. The instrument of transfer of any share must be executed by or on behalf of the transferor and transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All instruments of transfer must be lodged at the registered office of the Company or at such other place as the Board may appoint.

The Board may, subject to section 69 of the Hong Kong Companies Ordinance at any time, in its absolute discretion and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share). The Board may also decline to recognise any instrument of transfer unless:

(i) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Hong Kong Stock Exchange is paid to the Company in respect thereof;

(ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(iii) the instrument of transfer is in respect of only one class of share;

(iv) the shares concerned are free of any lien in favour of the Company;

(v) the instrument of transfer is properly stamped;

(vi) in the case of a transfer to joint holders, the number of transferees does not exceed four; or

(vii) such other conditions as the Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied.

No transfer of shares (not being a fully paid up share) shall be made to an infant or to a person of unsound mind or under other legal disability.

GENERAL MEETINGS

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The annual general meeting shall be held at such time (within a period of not more than fifteen months, or such longer period as the Registrar of Companies may authorise in writing, after the holding of the last preceding annual general meeting) and place as may be determined by the Directors. All other general meetings shall be called extraordinary general meetings. The Directors may wherever they think fit, and shall on requisition in accordance with the Hong Kong Companies Ordinance, proceed to convene an extraordinary general meeting.

Subject to section 116C of the Hong Kong Companies Ordinance, an annual general meeting and a meeting called for the passing of a special resolution shall be called by not less than twenty-one days' notice in writing, and any other general meeting shall be called by not less than fourteen days' notice in writing. The notice shall specify the place, date and time of meeting, and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. There shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in these Articles or required by the Hong Kong Companies Ordinance, it shall be deemed to have been duly called if it is so agreed (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and (b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

VOTING AT GENERAL MEETINGS

Subject to the voting rights of proxies or representatives of clearing houses and any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or who (being a corporation) is present by a representative duly authorised under Section 115 of the Hong Kong Companies Ordinance has one vote, and on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative has one vote for every fully paid-up share of which he is the holder.

A member, being a recognised clearing house (or its nominee) within the meaning of the SFO may authorise such person or persons as it thinks fit to act as its proxy (or proxies) or representative (or representatives) at any meeting of the Company or at any members' meeting of any class of members of the Company provided that, if more than one person is so authorised, the proxy form or authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall have the same powers on behalf of such recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as an individual member of the Company and on a show of hands, each such person shall be entitled to a separate vote.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

PROCEDURES FOR DEMANDING VOTING BY POLL

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

(a) the chairman of the meeting in question;

(b) at least three members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting;

(c) any member or members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) any member or members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

BORROWING POWERS

The Board may from time to time in its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company or of any third party and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

At each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number of Directors nearest to but not greater than one third of the total number of Directors, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day, the Directors to retire shall be (unless otherwise agreed amongst themselves) in order by which such Directors were appointed on the day of their last election. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Company may, from time to time, by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. The Directors shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time (if any) by the shareholders in general meeting and any directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at each annual general meeting. A Director is not required to hold any shares in the Company by way of qualification.

The Company may by ordinary resolution remove any Director notwithstanding anything in the articles of association or in any agreement between him and the Company (but without prejudice to any right of damages for termination), and may, if thought fit, by ordinary resolution appoint another person in his stead. Unless and until otherwise determined by any ordinary resolution of the Company, the number of directors shall not be fewer than three in number, and there shall be no maximum number of Directors.

The office of a Director shall be vacated if:

(a) he becomes prohibited by law or court order from being a Director;

(b) a receiving order is made against him or he makes any arrangement or composition with his creditors;

(c) he becomes of unsound mind;

(d) he absents himself from the meetings of the Board (unless his alternate Director attends in his stead) for a continuous period of six months, without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(e) he shall be removed from office by notice in writing served upon him signed by all his co-directors;

(f) he resigns his office;

(g) he is removed by an ordinary resolution of the Company; or

(h) he is convicted of an indictable offence.

DIRECTORS' REMUNERATION

The Directors are entitled to be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in aggregate an annual sum excluding amounts payable under the articles of association as the Company may by ordinary resolution determine). Such sum (unless otherwise directed by the resolution) is to be divided amongst the Directors as they shall agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only receive such sum in proportion to the time for which he has held office. The Directors are also entitled to be repaid their reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or on the discharge of their duties as Directors. The Board may grant extra remuneration (by way of salary, percentage of profits or otherwise) to any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.

DIRECTORS' INTERESTS

If a Director or any of his associates is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement with the Company, the Director shall declare the nature of his interest or the interest of any of his associates at the earliest meeting of the Board at which it is practicable for him so to do notwithstanding that the question of entering into the contract, transaction or arrangement is not taken into consideration at that meeting.

Subject to the Hong Kong Companies Ordinance, no Director or intended Director shall be disqualified by his office from contracting with the Company. Nor shall any such contract or arrangement entered into by or on behalf of the Company with any Director or any firm or company in which any Director is in any way interested be liable to be avoided, nor any Director so contracting or being so interested be liable to account to the Company for any remuneration, profit or other benefits realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relationship thereby established. This is provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote or be counted in the quorum present at the meeting on any resolution of the Board approving any contract or arrangement or proposal in which he or any of his associate(s) is/are to their knowledge materially interested, and if he does so his vote will not be counted. This prohibition does not apply to:

(i) the giving of any security or indemnity either (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of our subsidiaries, or (b) to a third party in respect of a debt or obligation of the Company or any of our subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that he and any of his associates is/are not in aggregate beneficially interested in 5% or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (a) the adoption, modification or operation of any employees' incentive scheme involving the issue or grant of options over shares or other securities, or the conditional right to obtain shares or other securities, by the Company to, or for the benefit of, the employees of the Company or a subsidiaries, under which the Director or his associate(s) may benefit, or (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associate(s) and employees of the Company or any of our subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

A Director may hold any other office or place of profit under the Company (other than the office of auditor) and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director for such period and upon such terms (as to remuneration or otherwise), as the Board may determine. A Director may continue to be or become a director or other officer or member of, any other company in which the Company may be interested, and (unless otherwise agreed) shall not be liable to account to the Company for any remuneration or other benefits received by him as a director or any officer or member of such other company. The Board may also exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by it as directors of such other company in such manner in all respects as it thinks fit. This includes the exercise thereof in favour of any resolution appointing any of the Directors to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

A Director of the Company may be or become a director of any company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and no such Director will be accountable for any benefits received as a director or member of such company.

DIVIDENDS

The Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

No dividend shall be payable except out of the profits or other distributable reserves of the Company. No dividend shall bear interest as against the Company.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends will be apportioned and paid according to the amounts paid or credited as paid up on the shares in respect whereof the dividend is paid, but no amount paid up or credited as paid up on a share in advance of calls will for this purpose be treated as paid up on the share. The Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts and liabilities in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company an account of calls, instalments or otherwise.

In respect of any dividend which the Board or the Company in general meeting have resolved be paid or declared or sanctioned or proposed to be declared or sanctioned or proposed to be declared, the Board may further resolve either (a) that shareholders entitled thereto will receive in lieu of such dividend (or such part thereof) an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the allottee. The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

The Directors may distribute in specie or in kind among the members in satisfaction in whole or in part of any dividend any of the assets of the Company, including shares or securities of other companies to which the Company is entitled and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue fractional entitlements round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective.

All dividends or bonuses unclaimed for one year after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company will not be constituted as a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having become payable may be forfeited by the Board and will revert to the Company.

WINDING UP

Subject to the rights of the holders of any shares which may be issued on special terms or conditions, if the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid upon on the shares held by them respectively.

If the Company shall be wound up, the liquidator (whether voluntary or official) may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company or vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members or any of them as the resolution shall provide. Any such resolution may provide for and sanction a distribution of any specific assets amongst different classes of members otherwise than in accordance with their existing rights, but each member shall in that event have a right of dissent and other ancillary rights in the same manner as if such resolution were a special resolution passed pursuant to section 237 of the Hong Kong Companies Ordinance.

In the event of a winding-up of the Company in Hong Kong, every member of the Company who is not for the time being in Hong Kong shall be bound, within fourteen days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong upon whom all summonses, notices, processes, orders and judgements in relation to or under the winding up of the Company may be served and, in default of such nomination, the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertising in such English language daily newspaper circulating in Hong Kong as he shall deem appropriate or by a registered letter sent through the post and addressed to such member at his address as appearing in the Register, and such notice shall be deemed to be served on the day on which the advertisement appears or the letter is posted.

UNTRACEABLE SHAREHOLDERS

Without prejudice to the rights of the Company, the Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable. but no such sale shall be made unless:

(i) all cheques or warrants, being not less than three In total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;

(ii) so far as it is aware at the end of the relevant period, the Company has not at any time, during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;

(iii) the Company has caused an advertisement to be inserted in English in one English language daily newspaper and in Chinese in one Chinese language daily newspaper advertising its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and

(iv) the Company has notified the stock exchange in the relevant territory of its intention to effect such sale.

For the purpose of the foregoing, “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (ii) above and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale, the Board may authorise any person to transfer the said shares and the instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and, upon receipt by the Company of such proceeds, it shall become indebted to the former shareholder by carrying all moneys in respect thereof to a separate account for an amount equal to such net proceeds. No trusts shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in Hong Kong under the Companies Ordinance with limited liability on 13 December 2000 under the name Sun Holdings Greater China Limited (which was then changed to "Sun Art Retail Group Limited" (高鑫零售有限公司) on 13 May 2011). Our registered office is at 2nd Floor Jonsim Place, No. 228 Queen's Road East, Wanchai, Hong Kong. A summary of provisions of our Articles of Association is set out in Appendix V to this prospectus.

2. Changes in share capital of our Group

The Company

As at the date of our incorporation, the authorised share capital of the Company was HK$10,000 divided into 10,000 Shares of par value of HK$1.00 each. Two Shares of HK$1.00 each were allotted and issued for cash at par value to each of the two initial subscribers of the Company. The following sets out the changes in the Company's issued share capital since the date of its incorporation:

(a) on 13 January 2001, we allotted and issued (i) 77 Shares of par value of HK$1.00 each to CGC for cash at par value; and (ii) 77 Shares to Kofu of par value of HK$1.00 each for cash at par value;

(b) on 15 January 2001, we allotted and issued 25,387,180 Shares of par value of HK$7.80 each to CGC as consideration for the purchase of 25,387,200 shares of CCIL;

(c) on 6 March 2001, we allotted and issued 15,133,920 Shares of par value of US$1.00 each to Auchan Hyper as consideration for the purchase of 15,133,920 shares in Auchan China (HK);

(d) on 13 July 2001, we allotted and issued (i) 46,000,000 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 34,362,000 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value; and (iii) 11,638,000 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(e) on 13 June 2002, we allotted and issued (i) 9,840,000 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 7,350,480 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value; and (iii) 2,489,520 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(f) on 14 July 2003, we allotted and issued (i) 6,578,040 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 4,913,796 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value; and (iii) 1,664,244 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(g) on 15 December 2004, we allotted and issued (i) 2,624,000 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 1,960,128 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value; and (iii) 663,872 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(h) on 14 December 2005, we allotted and issued (i) 5,060,000 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 3,779,820 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value; and (iii) 1,280,180 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(i) on 3 August 2007, we allotted and issued (i) 2,023,526 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 1,876,474 Shares of par value of US$1.00 each to Kofu for cash at par value; (iii) 2,913,300 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value and (iv) 986,700 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(j) on 23 June 2008, we allotted and issued (i) 5,956,431 Shares of par value of US$1.00 each to CGC for cash at par value; (ii) 5,523,569 Shares of par value of US$1.00 each to Kofu for cash at par value; (iii) 8,575,560 Shares of par value of US$1.00 each to Auchan Hyper for cash at par value and (iv) 2,904,440 Shares of par value of US$1.00 each to Monicole BV for cash at par value;

(k) on 13 May 2011, the authorised share capital of our Company was increased from US$211,485,200 to US$316,318,450 by the creation of 104,833,250 ordinary shares with a nominal value of US$1.00 each in the share capital of the our Company;

(l) on 27 June 2011, the issued and unissued ordinary shares with a nominal value of US$1.00 each in the share capital of our Company was redenominated to Hong Kong dollars at the rate of exchange of US$1.00 to HK$7.80;

(m) on 27 June 2011, each issued and unissued ordinary shares with a nominal value of HK$7.80 was subdivided into 26 ordinary shares of HK$0.30 each; and

(n) on 27 June 2011, the authorised share capital of our Company was increased from HK$2,467,283,910 to HK$6,000,000,000 by the creation of an additional 11,775,720,300 Shares.

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the issued share capital of our Company will be HK$2,810,438,100, divided into 9,368,127,700 Shares, all fully paid or credited as fully paid and 10,631,872,300 Shares will remain unissued.

Save as disclosed in this Appendix, there has been no alteration in the Company's share capital since the date of our incorporation.

Our subsidiaries

The list of our subsidiaries is set out in "Appendix I — Accountant's Report". Save for the subsidiaries mentioned in the Accountant's Report, we do not have any other subsidiaries.

The following alterations in the share capital (or registered capital, as the case might be) of our subsidiaries have taken place within two years preceding the date of this Prospectus:

CIC

On 12 October 2009, CIC increased its registered capital from US$222,239,313 to US$224,545,361 which has been paid up.

On 13 October 2010, CIC increased its registered capital from US$224,545,361 to US$226,701,909 which has been paid up.

ACI

On 27 July 2009, ACI increased its registered capital from US$100,000,000 to US$300,000,000 with US$206,935,209 has been paid up.

Anhui Auchan Hypermarkets Co., Ltd (安徽歐尚超市有限公司) ***(Anhui Auchan)***

In October 2009, Anhui Auchan increased its registered capital from US$7,500,000 to US$9,500,000 which has been paid up.

In November 2010, Anhui Auchan increased its registered capital from US$9,500,000 to US$11,500,000 which has not been paid.

Shuangliu Zhongsen Real Estate Development Co., Ltd (雙流中森房地產開發有限公司) ***(SLZS Real Estate)***

In October 2009, SLZS Real Estate increased its registered capital from RMB15,000,000 to RMB30,000,000.

Shenyang Sujiatun RT-Mart Commercial Co., Ltd (瀋陽市蘇家屯大潤發商業有限公司) ***(Sujiatun RT-Mart)***

On 12 November 2009, Sujiatun RT-Mart was established in the PRC with a registered capital of RMB8,000,000.

On 29 December 2009, Sujiatun RT-Mart increased its registered capital from RMB8,000,000 to RMB38,000,000 which has been paid up.

On 13 August 2010, Sujiatun RT-Mart increased its registered capital from RMB38,000,000 to RMB52,950,000 which has been paid up.

On 25 August 2010, Sujiatun RT-Mart increased its registered capital from RMB52,950,000 to RMB67,900,000 which has been paid up.

On 19 October 2010, Sujiatun RT-Mart increased its registered capital from RMB67,900,000 to RMB128,150,000 which has been paid up.

Jiaxing Xiuzhou Commercial Co., Ltd (嘉興市秀州新區商業有限責任公司) ***(Jiaxing Commercial)***

On 18 June 2010, Jiaxing Commercial increased its registered capital from RMB5,760,000 to RMB15,000,000 which has been paid.

Zhenjiang Auchan Hypermarkets Co., Ltd (鎮江歐尚超市有限公司) ***(Zhenjiang Auchan)***

On 27 December 2010, Zhenjiang Auchan increased its registered capital from US$10,000,000 to US$12,000,000 which has been paid.

Save as described above, there has been no other alteration in the share capital of the subsidiaries of the Company in the two years preceding the date of this prospectus.

3. Resolutions of our Shareholders

Pursuant to the extraordinary general meeting held on 27 June 2011, our Shareholders resolved, among others, that:

(a) the Memorandum and Articles of Association, the terms of which are summarised in Appendix V to this prospectus, be approved and adopted conditional upon Listing;

(b) the currency of every issued and unissued share with a nominal value of US$1.00 each in the capital of our Company be changed from United States dollars to Hong Kong dollars at the exchange rate of US$1.00 to HK$7.80;

(c) each issued and unissued ordinary share with a nominal value of HK$7.80 each in the capital of the Company be subdivided into 26 shares with a nominal value of HK$0.30 each;

(d) conditional upon the approval of (c) above, the authorised share capital of the Company be increased to HK$6,000,000,000, comprising 20,000,000,000 ordinary shares with a nominal value of HK$0.30 each by the creation of an additional 11,775,720,300 Shares, such additional Shares to rank pari passu in all respects with the existing Shares;

(e) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and upon the exercise of the Over-allotment Option as mentioned in this prospectus, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

   (i) the Global Offering was approved and the Directors were authorised to allot and issue the new Shares pursuant to the Global Offering;

(ii) the granting of the Over-allotment Option was approved;

(iii) the proposed Listing was approved and the Directors were authorised to implement the Listing;

(iv) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or (c) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section headed "— Further Information About our Group" below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (x) the conclusion of the Company's next annual general meeting, (y) the end of the period within which the Company is required by any applicable law or the Articles to hold its next annual general meeting and (z) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the ***Applicable Period***); and

(v) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Applicable Period.

By a resolution approved by our Shareholders on 13 May 2011 our Shareholders resolved, among others, that the articles of association (for the purpose of converting our Company into a public company) was adopted with immediate effect.

4. Repurchases of our own Shares

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchases.

(a) Relevant Legal and Regulatory Requirements

The Listing Rules permit our Shareholders to grant to our directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

(i) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles and the Listing Rules and the applicable laws of Hong Kong. We may not repurchase our Shares on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles, the applicable laws of Hong Kong and the Listing Rules.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

The exercise in full of the repurchase mandate, on the basis of 9,368,127,700 Shares in issue immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 936,812,770 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, our Memorandum of Association and Articles, the Companies Ordinance and any other applicable laws of Hong Kong.

If, as a result of any repurchase of our Shares, a shareholders' proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Hong Kong Code on Takeovers and Mergers. Save as aforesaid, our Directors are not aware of any consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 15% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Hong Kong Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person as defined by the Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the Deed of Non-Competition;

(b) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Arisaig Asia Consumer Fund Limited, pursuant to which Arisaig Asia Consumer Fund Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(c) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Brookside Capital Trading Fund, L.P., pursuant to which Brookside Capital Trading Fund, L.P. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(d) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Carmignac Gestion (acting for and on behalf of its mutual funds), pursuant to which Carmignac Gestion (acting for and on behalf of its mutual funds) has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(e) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Gaoling Fund, L.P., pursuant to which Gaoling Fund, L.P. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$544.6 million, rounded down to the nearest board lot;

(f) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and General Atlantic Singapore Fund Pte. Ltd., pursuant to which General Atlantic Singapore Fund Pte. Ltd. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$544.6 million, rounded down to the nearest board lot;

(g) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Government of Singapore Investment Corporation Pte Ltd, pursuant to which Government of Singapore Investment Corporation Pte Ltd has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(h) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Maxwell Hill Investments (Cayman Islands) Limited, pursuant to which Maxwell Hill Investments (Cayman Islands) Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(i) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators and Owl Creek Asset Management, L.P., pursuant to which Owl Creek Asset Management, L.P. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot;

(j) the cornerstone placing agreement dated 24 June 2011 entered into among our Company, the Joint Global Coordinators, Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II Ltd., pursuant to which Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II Ltd. have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$311.2 million, rounded down to the nearest board lot; and

(k) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights which are material in relation to our Group's business.

(a) Trademarks

(i) As at the Latest Practicable Date, our Group has registered the following trademarks which are material in relation to our Group's business:

Trademarks registered by under our "RT-Mart" banner

No.	Trademark	Class	Registration no.	Validity
1	大润发 RT-MART	8	1555509	From 14 April 2001 to 13 April 2011 (An application for extension has been made on 22 December 2010, the status of which is pending)
2	大润发	8	1555518	From 14 April 2001 to 13 April 2011 (An application for extension has been made on 22 December 2010, the status of which is pending)
3	大润发	30	1947124	From 28 November 2002 to 27 November 2012
4	大润发	33	3230592	From 7 July 2003 to 6 July 2013
5	大润发	1	4072203	From 21 January 2007 to 20 January 2017
6	大润发	35	4072204	From 7 July 2007 to 6 July 2017
7	大润发	33	4072205	From 28 August 2008 to 27 August 2018
8	大润发	32	4072206	From 14 June 2006 to 13 June 2016
9	大润发	30	4072207	From 14 October 2006 to 13 October 2016
10	大润发	28	4072209	From 14 November 2007 to 13 November 2017
11	大润发	29	4072208	From 21 December 2006 to 20 December 2016
12	大润发	24	4072210	From 21 January 2008 to 20 January 2018
13	大润发	21	4072211	From 28 April 2007 to 27 April 2017
14	大润发	20	4072212	From 21 January 2007 to 20 January 2017
15	大润发	16	4072213	From 21 January 2007 to 20 January 2017

No.	Trademark	Class	Registration no.	Validity
16	大润发	12	4072214	From 21 September 2006 to 20 September 2016
17	大润发	11	4072215	From 28 June 2006 to 27 June 2016
18	大润发	9	4072216	From 21 September 2006 to 20 September 2016
19	大润发	8	4072217	From 28 January 2006 to 27 January 2016
20	大润发	5	4072218	From 28 April 2007 to 27 April 2017
21	大润发	18	4446120	From 21 October 2008 to 20 October 2018
22	大润发	32	4638855	From 21 February 2008 to 20 February 2018
23	大润发	21	4671316	From 7 October 2008 to 6 October 2018
24	大润发	20	4671317	From 7 October 2008 to 6 October 2018
25	大润发	16	4671318	From 7 October 2008 to 6 October 2018
26	大润发	29	4671319	From 7 March 2008 to 6 March 2018
27	大润发	9	4671320	From 21 May 2008 to 20 May 2018
28	大润发	27	4703843	From 21 January 2009 to 20 January 2019
29	大润发	30	4739719	From 14 March 2008 to 13 March 2018
30	大润发	5	4739720	From 21 December 2008 to 20 December 2018
31	大润发	29	4739721	From 7 May 2008 to 6 May 2018
32	大润发	25	4877006	From 28 April 2009 to 27 April 2019
33	大润发	42	5091187	From 21 December 2009 to 20 December 2019
34	大润发	44	5091198	From 21 July 2009 to 20 July 2019
35	大润发	45	5091199	From 21 July 2009 to 20 July 2019
36	大润发	35	5091186	From 28 December 2009 to 27 December 2019
37	大润发	21	5098769	From 21 May 2009 to 20 May 2019
38	大润发	17	5098770	From 7 June 2009 to 6 June 2019
39	大润发	8	5098771	From 14 January 2009 to 13 January 2019
40	金润发	45	4703090	From 28 January 2009 to 27 January 2019
41	金润发	44	4703091	From 28 January 2009 to 27 January 2019
42	金润发	42	4703093	From 14 April 2009 to 13 April 2019
43	金润发	35	4703094	From 7 July 2009 to 6 July 2019
44	天润发	44	4703044	From 7 May 2009 to 6 May 2019
45	天润发	45	4703045	From 7 May 2009 to 6 May 2019

No.	Trademark	Class	Registration no.	Validity
46		29	1311570	From 7 September 2009 to 6 September 2019
47		43	4150889	From 28 December 2007 to 27 December 2017
48		35	4150890	From 28 December 2007 to 27 December 2017
49		33	4488041	From 14 November 2007 to 13 November 2017
50		32	4488042	21 November 2007 to 20 November 2017
51		28	4488043	From 7 February 2009 to 6 February 2019
52		25	4488044	From 7 December 2008 to 6 December 2018
53		24	4488045	From 7 February 2009 to 6 February 2019
54		21	4488046	From 28 February 2009 to 27 February 2019
55		1	4488737	From 21 April 2008 to 20 April 2018
56		3	4488738	From 14 May 2008 to 13 May 2018

No.	Trademark	Class	Registration no.	Validity
57		5	4488739	From 7 July 2008 to 6 July 2018
58		8	4488740	From 21 November 2007 to 20 November 2017
59		9	4488741	From 21 February 2008 to 20 February 2018
60		11	4488742	From 21 November 2007 to 20 November 2017
61		12	4488743	From 21 November 2007 to 20 November 2017
62		16	4488744	From 8 February 2009 to 7 February 2019
63		18	4488745	From 7 February 2009 to 6 February 2019
64		20	4488746	From 21 April 2008 to 20 April 2018
65		3	4739722	From 7 April 2009 to 6 April 2019
66		30	4739737	From 7 March 2008 to 6 March 2018
67		3	1811765	From 21 July 2002 to 20 July 2012
68		30	1947121	From 28 September 2002 to 27 September 2012
69		32	4072237	From 14 June 2006 to 13 June 2016

No.	Trademark	Class	Registration no.	Validity
70		29	4072239	From 14 June 2006 to 13 June 2016
71		18	4446119	From 21 October 2008 to 20 October 2018
72		29	4671067	From 7 March 2008 to 6 March 2018
73		21	4671068	From 21 March 2009 to 20 March 2019
74		20	4671311	From 7 March 2009 to 6 March 2019
75		9	4671312	From 21 May 2008 to 20 May 2018
76		27	4703844	From 7 March 2009 to 6 March 2019
77		5	4739712	From 7 August 2009 to 6 August 2019
78		3	4739713	From 7 August 2009 to 6 August 2019
79		30	4739723	From 7 March 2008 to 6 March 2018
80		29	4739724	From 7 March 2008 to 6 March 2018
81		25	4739725	From 7 June 2009 to 6 June 2019
82		30	4816465	From 14 April 2008 to 13 April 2018
83		28	4816467	From 14 February 2009 to 13 February 2019
84		22	4816473	From 14 July 2009 to 13 July 2019
85		21	4816475	From 14 February 2009 to 13 February 2019
86		20	4816477	From 14 February 2009 to 13 February 2019
87		12	4816483	From 7 June 2008 to 6 June 2018
88		9	4816485	From 7 June 2008 to 6 June 2018

No.	Trademark	Class	Registration no.	Validity
89		8	4816487	From 7 June 2008 to 6 June 2018
90		6	4816489	From 7 June 2008 to 6 June 2018
91		1	4816490	From 7 April 2009 to 6 April 2019
92		3	4946228	From 28 March 2009 to 27 March 2019
93		24	4946231	From 21 September 2009 to 20 September 2019
94		30	5098776	From 7 May 2009 to 6 May 2019
95		9	5098762	From 21 April 2009 to 20 April 2019
96		21	5098777	From 14 May 2009 to 13 May 2019
97		17	5098778	From 7 June 2009 to 6 June 2019
98		16	5293139	From 14 July 2009 to 13 July 2019
99		34	5293150	From 28 March 2009 to 27 March 2019
100		21	5293153	From 7 July 2009 to 6 July 2019
101		18	5293156	From 21 September 2009 to 20 September 2019
102	大润发 RT-MART	16	3537987	From 21 February 2005 to 20 February 2015
103	大福源 FU-MART	1	4446137	From 21 March 2008 to 20 March 2018
104	大福源 FU-MART	28	4446123	From 21 October 2008 to 20 October 2018
105	大福源 FU-MART	20	4446128	From 14 April 2008 to 13 April 2018
106	大福源 FU-MART	16	4446130	From 14 June 2008 to 13 June 2018
107	大福源 FU-MART	12	4446131	From 28 November 2007 to 27 November 2017

No.	Trademark	Class	Registration no.	Validity
108	大福源 FU-MART	11	4446132	From 28 November 2007 to 27 November 2017
109	大福源 FU-MART	9	4446133	From 28 November 2007 to 27 November 2017
110	大福源 FU-MART	8	4446134	From 7 September 2007 to 6 September 2017
111	大福源 FU-MART	5	4446135	From 14 June 2008 to 13 June 2018
112	大福源 FU-MART	3	4446136	From 28 September 2008 to 27 September 2018
113	大福源 FU-MART	21	4446124	From 14 June 2008 to 13 June 2018
114	大福源 FU-MART	18	4446129	From 21 October 2008 to 20 October 2018
115		12	4923904	From 7 September 2008 to 6 September 2018
116		1	4923905	From 14 March 2009 to 13 March 2019
117		3	4923906	From 14 March 2009 to 13 March 2019
118		5	4923907	From 14 March 2009 to 13 March 2019
119		6	4923908	From 7 September 2008 to 6 September 2018
120		7	4923909	From 7 September 2008 to 6 September 2018
121		8	4923910	From 7 September 2008 to 6 September 2018
122		9	4923911	From 7 September 2008 to 6 September 2018

No.	Trademark	Class	Registration no.	Validity
123		11	4923912	From 7 September 2008 to 6 September 2018
124		14	4923913	From 21 February 2009 to 20 February 2019
125		16	4923914	From 28 March 2009 to 27 March 2019
126		18	4923915	From 21 May 2009 to 20 May 2019
127		20	4923916	From 28 March 2009 to 27 March 2019
128		21	4923917	From 21 February 2009 to 20 February 2019
129		22	4923918	From 7 May 2009 to 6 May 2019
130		24	4923919	From 27 April 2009 to 27 April 2019
131		25	4923920	From 14 May 2009 to 13 May 2019
132		27	4923921	From 27 April 2009 to 27 April 2019
133		28	4923922	From 14 May 2009 to 13 May 2019
134		29	4923923	From 21 June 2008 to 20 June 2018
135		44	4923924	From 21 May 2009 to 20 May 2019
136		3	4946227	From 28 March 2009 to 27 March 2019
137		30	4923928	From 21 June 2008 to 20 June 2018

No.	Trademark	Class	Registration no.	Validity
138		31	4923929	From 21 June 2008 to 20 June 2018
139		32	4923930	From 21 June 2008 to 20 June 2018
140		33	4923931	From 21 June 2008 to 20 June 2018
141		35	4923932	From 14 March 2009 to 13 March 2019
142		24	4946230	From 7 May 2009 to 6 May 2019
143		21	5098772	From 14 May 2009 to 13 May 2019
144		17	5098773	From 7 June 2009 to 6 June 2019
145		9	5098774	From 21 March 2009 to 20 March 2019
146		8	5098775	From 21 March 2009 to 20 March 2019
147		34	5293149	From 28 March 2009 to 27 March 2019
148		21	5293152	From 7 July 2009 to 6 July 2019
149		18	5293155	From 21 September 2009 to 20 September 2019
150		16	5293158	From 14 July 2009 to 13 July 2019
151	RT-Mart	20	5293087	From 7 July 2009 to 6 July 2019
152	RT-Mart	11	5293119	From 7 May 2009 to 6 May 2019
153	RT-Mart	9	5293120	From 7 May 2009 to 6 May 2019
154	RT-Mart	8	5293121	From 27 April 2009 to 27 April 2019
155	RT-Mart	7	5293122	From 27 April 2009 to 27 April 2019
156	RT-Mart	6	5293123	From 27 April 2009 to 27 April 2019

No.	Trademark	Class	Registration no.	Validity
157	RT-Mart	5	5293124	From 21 August 2009 to 20 August 2019
158	RT-Mart	35	5293126	From 7 March 2010 to 6 March 2020
159	RT-Mart	33	5293127	From 14 April 2009 to 13 April 2019
160	RT-Mart	1	5293128	From 21 July 2009 to 20 July 2019
161	RT-Mart	27	5293129	From 7 August 2009 to 6 August 2019
162	RT-Mart	25	5293130	From 21 December 2009 to 20 December 2019
163	RT-Mart	3	5293125	From 21 July 2009 to 20 July 2019
164	RT-Mart	24	5293131	From 7 August 2009 to 6 August 2019
165	RT-Mart	22	5293132	From 21 July 2009 to 20 July 2019
166	RT-Mart	21	5293133	From 7 July 2009 to 6 July 2019
167	RT-Mart	18	5293134	From 28 July 2009 to 27 July 2019
168	RT-Mart	17	5293135	From 21 July 2009 to 20 July 2019
169	RT-Mart	16	5293136	From 14 July 2009 to 13 July 2019
170	RT-Mart	12	5293137	From 27 April 2009 to 27 April 2019
171	RT-Mart	14	5293138	From 28 June 2009 to 27 June 2019
172	RT-Mart	34	5293141	From 28 March 2009 to 27 March 2019
173	RT-Mart	44	5293142	From 7 October 2009 to 6 October 2019
174	RT-Mart	32	5293144	From 14 April 2009 to 13 April 2019
175	RT-Mart	31	5293145	From 14 April 2009 to 13 April 2019
176	RT-Mart	30	5293146	From 28 July 2009 to 27 July 2019
177	RT-Mart	29	5293147	From 14 April 2009 to 13 April 2019
178	RT-Mart	28	5293148	From 21 August 2009 to 20 August 2019
179	RT-MART	30	1635075	From 14 September 2001 to 13 September 2011
180	RT-MART	16	1795759	From 28 June 2002 to 27 June 2012
181	RT-MART	30	1947120	From 28 November 2002 to 27 November 2012
182	RT-MART	3	2016027	From 28 September 2002 to 27 September 2012
183	RT-MART	11	2024290	From 21 May 2003 to 20 May 2013
184	RT-MART	20	2024291	From 21 May 2003 to 20 May 2013
185	RT-MART	30	4072220	From 21 July 2006 to 20 July 2016
186	RT-MART	29	4072221	From 14 June 2006 to 13 June 2016
187	RT-MART	28	4072222	From 14 November 2007 to 13 November 2017
188	RT-MART	25	4072223	From 14 November 2007 to 13 November 2017
189	RT-MART	24	4072224	From 14 November 2007 to 13 November 2017
190	RT-MART	21	4072225	From 1 January 2007 to 20 January 2017
191	RT-MART	20	4072226	From 1 January 2007 to 20 January 2017
192	RT-MART	16	4072227	From 1 January 2007 to 20 January 2017

No.	Trademark	Class	Registration no.	Validity
193	RT-MART	12	4072228	From 28 June 2006 to 27 June 2016
194	RT-MART	11	4072229	From 28 June 2006 to 27 June 2016
195	RT-MART	3	4072233	From 1 January 2007 to 20 January 2017
196	RT-MART	5	4072232	From 1 January 2007 to 20 January 2017
197	RT-MART	9	4072230	From 28 June 2006 to 27 June 2016
198	RT-MART	8	4072231	From 14 June 2006 to 13 June 2016
199	RT-MART	1	4072234	From 1 January 2007 to 20 January 2017
200	RT-MART	35	4072344	From 28 August 2007 to 27 August 2017
201	RT-MART	33	4072345	From 14 June 2006 to 13 June 2016
202	RT-MART	32	4072346	From 14 June 2006 to 13 June 2016
203	RT-MART	18	4446118	From 21 October 2008 to 20 October 2018
204	RT-MART	29	4671066	From 7 March 2008 to 6 March 2018
205	RT-MART	21	4671313	From 7 October 2008 to 6 October 2018
206	RT-MART	20	4671314	From 7 October 2008 to 6 October 2018
207	RT-MART	9	4671315	From 7 March 2008 to 6 March 2018
208	RT-MART	30	4739714	From 7 May 2008 to 6 May 2018
209	RT-MART	29	4739715	From 14 March 2008 to 13 March 2018
210	RT-MART	25	4739716	From 7 May 2009 to 6 May 2019
211	RT-MART	5	4739717	From 21 December 2008 to 20 December 2018
212	RT-MART	3	4739718	From 21 December 2008 to 20 December 2018
213	RT-MART	32	4816463	From 14 April 2008 to 13 April 2018
214	RT-MART	31	4816464	From 14 April 2008 to 13 April 2018
215	RT-MART	30	4816466	From 21 June 2008 to 20 June 2018
216	RT-MART	28	4816468	From 14 April 2009 to 13 April 2019
217	RT-MART	27	4816469	From 27 April 2009 to 27 April 2019
218	RT-MART	22	4816474	From 21 April 2009 to 20 April 2019
219	RT-MART	21	4816476	From 14 January 2009 to 13 January 2019
220	RT-MART	20	4816478	From 14 January 2009 to 13 January 2019
221	RT-MART	16	4816480	From 14 January 2009 to 13 January 2019
222	RT-MART	14	4816482	From 14 January 2009 to 13 January 2019
223	RT-MART	12	4816484	From 7 June 2008 to 6 June 2018
224	RT-MART	9	4816486	From 7 June 2008 to 6 June 2018
225	RT-MART	8	4816488	From 7 June 2008 to 6 June 2018
226	RT-MART	6	4816491	From 7 June 2008 to 6 June 2018
227	RT-MART	1	4816492	From 28 January 2009 to 27 January 2019

No.	Trademark	Class	Registration no.	Validity
228	RT-MART	3	4946226	From 28 March 2009 to 27 March 2019
229	RT-MART	24	4946229	From 27 April 2009 to 27 April 2019
230	RT-MART	30	5098764	From 14 November 2008 to 13 November 2018
231	RT-MART	21	5098765	From 14 May 2009 to 13 May 2019
232	RT-MART	17	5098766	From 7 June 2009 to 6 June 2019
233	RT-MART	9	5098767	From 21 March 2009 to 20 March 2019
234	RT-MART	8	5098768	From 14 January 2009 to 13 January 2019
235	RT-MART	16	5293140	From 14 July 2009 to 13 July 2019
236	RT-MART	34	5293151	From 28 March 2009 to 27 March 2019
237	RT-MART	21	5293154	From 7 July 2009 to 6 July 2019
238	RT-MART	18	5293157	From 28 July 2009 to 27 July 2019
239		24	5598541	From 7 October 2009 to 6 October 2019
240		25	5598543	From 21 October 2009 to 20 October 2019
241	Miya Yami	25	6216047	From 28 March 2010 to 27 March 2020
242	Miya Yami	24	6216051	From 28 March 2010 to 27 March 2020
243	Jo yeu x co lor’e	25	6216048	From 28 March 2010 to 27 March 2020
244	Jo yeu x co lor’e	24	6216052	From 28 March 2010 to 27 March 2020
245	Olivie&Choice	25	6216049	From 28 March 2010 to 27 March 2020
246	Olivie&Choice	24	6216053	From 28 March 2010 to 27 March 2020
247	SaRomance	35	4129384	From 21 September 2007 to 20 September 2017
248	SaRomance	30	4129385	From 14 September 2006 to 13 September 2016
249	BASICOLLECTION (带椭圆图案)	24	7471003	From 28 October 2010 to 27 October 2020
250	BASICOLLECTION	24	7471015	From 14 November 2010 to 13 November 2020
251	A+ plus shop	25	6648797	From 21 July 2010 to 20 July 2020
252	舒活	25	6648798	From 21 July 2010 to 20 July 2020
253	莎萝蔓	35	4036976	From 7 April 2007 to 6 April 2017
254	莎萝蔓	30	4036977	From 21 May 2006 to 20 May 2016
255	莎萝蔓	30	5479416	From 7 June 2009 to 6 June 2019
256	春申购物中心	35	4197730	From 28 December 2007 to 27 December 2017
257	春申	35	4549889	From 7 October 2008 to 6 October 2018
258	纪庄子	35	4619422	From 7 December 2008 to 6 December 2018
259	纪庄子购物中心	35	4619425	From 7 December 2008 to 6 December 2018

No.	Trademark	Class	Registration no.	Validity
260	大潤發	35	1284783	From 14 June 2009 to 13 June 2019
261	天潤發	35	1987279	From 7 April 2003 to 6 April 2013
262	大潤發	42	1127759	From 14 November 2007 to 13 November 2017
263	大潤發	16	1272990	From 14 May 2009 to 13 May 2019
264	大潤發	21	1273118	From 14 May 2009 to 13 May 2019
265	大潤發	1	1277508	From 28 May 2009 to 27 May 2019
266	大潤發	11	1282136	From 7 June 2009 to 6 June 2019
267	大潤發	31	1282233	From 7 June 2009 to 6 June 2019
268	大潤發	35	1284783	From 14 June 2009 to 13 June 2019
269	大潤發	20	1287893	From 28 June 2009 to 27 June 2019
270	大潤發	32	1296643	From 21 July 2009 to 20 July 2019
271	大潤發	29	1298981	From 28 July 2009 to 27 July 2019
272	大潤發	30	1316416	From 21 September 2009 to 20 September 2019
273	大润发	43	5091188	From 28 July 2009 to 27 July 2019
274	润记	29	1341656	From 7 December 2009 to 6 December 2019
275	常潤發	42	1607751	From 21 July 2001 to 20 July 2011
276	常潤發	35	1635938	From 14 September 2001 to 13 September 2011
277	百潤發	42	1647682	From 7 October 2001 to 6 October 2011
278	百潤發	35	1675884	From 28 November 2001 to 27 November 2011
279	通潤發	42	1735668	From 21 March 2002 to 20 March 2012
280	通潤發	35	1759318	From 28 April 2002 to 27 April 2012
281	廣潤發	42	1774739	From 21 May 2002 to 20 May 2012
282	廣潤發	35	1945220	From 14 October 2002 to 13 October 2012
283	嘉潤發	35	1945814	From 7 October 2002 to 6 October 2012
284	嘉潤發	42	1956203	From 14 September 2002 to 13 September 2012
285	天潤發	42	1981714	From 28 December 2002 to 27 December 2012
286	金潤發	43	3360113	From 21 August 2004 to 20 August 2014
287	嘉润发	43	4703038	From 21 January 2009 to 20 January 2019
288	嘉润发	44	4703039	From 21 January 2009 to 20 January 2019
289	嘉润发	45	4703040	From 21 January 2009 to 20 January 2019
290	天润发	35	4703041	From 7 April 2009 to 6 April 2019
291	天润发	42	4703042	From 7 May 2009 to 6 May 2019

No.	Trademark	Class	Registration no.	Validity
292	天润发	43	4703043	From 7 May 2009 to 6 May 2019
293	通润发	35	4703046	From 7 April 2009 to 6 April 2019
294	通润发	42	4703047	From 21 January 2009 to 20 January 2019
295	百润发	35	4703061	From 7 April 2009 to 6 April 2019
296	百润发	42	4703062	From 21 January 2009 to 20 January 2019
297	百润发	43	4703063	From 21 January 2009 to 20 January 2019
298	百润发	44	4703064	From 21 January 2009 to 20 January 2019
299	百润发	45	4703065	From 21 January 2009 to 20 January 2019
300	常润发	35	4703066	From 7 April 2009 to 6 April 2019
301	常润发	42	4703067	From 21 January 2009 to 20 January 2019
302	嘉润发	42	4703078	From 21 January 2009 to 20 January 2019
303	嘉润发	35	4703079	From 7 April 2009 to 6 April 2019
304	广润发	45	4703080	From 21 January 2009 to 20 January 2019
305	广润发	44	4703081	From 21 January 2009 to 20 January 2019
306	广润发	43	4703082	From 21 January 2009 to 20 January 2019
307	广润发	42	4703083	From 21 January 2009 to 20 January 2019
308	广润发	35	4703084	From 7 April 2009 to 6 April 2019
309	常润发	45	4703085	From 21 January 2009 to 20 January 2019
310	常润发	44	4703086	From 21 January 2009 to 20 January 2019
311	常润发	43	4703087	From 21 January 2009 to 20 January 2019
312	金润发	43	4703092	From 28 January 2009 to 27 January 2019
313	通润发	45	4703095	From 21 January 2009 to 20 January 2019
314	RT-MART	42	1145797	From 21 January 2008 to 20 January 2018
315	RT-MART	21	1273115	From 14 May 2009 to 13 May 2019
316	RT-MART	25	1305922	From 21 August 2009 to 20 August 2019
317	RT-MART	29	1625971	From 28 August 2001 to 27 August 2011

No.	Trademark	Class	Registration no.	Validity
318	RT-MART	43	5293143	From 7 October 2009 to 6 October 2019
319		21	1273117	From 14 May 2009 to 13 May 2019
320		31	1274642	From 14 May 2009 to 13 May 2019
321		16	1275413	From 21 May 2009 to 20 May 2019
322		29	1283964	From 14 June 2009 to 13 June 2019
323		11	1284296	From 14 June 2009 to 13 June 2019
324		20	1295361	From 21 July 2009 to 20 July 2019
325		25	1300992	From 7 August 2009 to 6 August 2019
326		30	1303827	From 14 August 2009 to 13 August 2019
327		43	4923933	From 21 May 2009 to 20 May 2019
328		31	1294717	From 14 July 2009 to 13 July 2019
329		11	1296855	From 21 July 2009 to 20 July 2019
330		25	13009555	From 7 August 2009 to 6 August 2019
331		1	1302565	From 14 August 2009 to 13 August 2019
332		21	1305619	From 21 August 2009 to 20 August 2019
333		20	1310380	From 7 September 2009 to 6 September 2019

No.	Trademark	Class	Registration no.	Validity
334		16	1310476	From 7 September 2009 to 6 September 2019
335		32	1314184	From 14 September 2009 to 13 September 2019
336		28	1601118	From 14 July 2001 to 13 July 2011
337		44	4150888	From 28 December 2007 to 27 December 2017
338		28	1609087	From 28 July 2001 to 27 July 2011
339	SaRomance	30	5479415	From 7 June 2009 to 6 June 2019
340		25	5789976	From 28 January 2010 to 27 January 2020
341	纪庄子	43	4619423	From 7 December 2008 to 6 December 2018
342	纪庄子购物中心	43	4619424	From 7 December 2008 to 6 December 2018
343		1	4072202	From 28 April 2007 to 27 April 2017
344		5	4072200	From 14 February 2007 to 13 February 2017
345		8	4072199	From 14 June 2006 to 13 June 2016
346		9	4072198	From 7 October 2006 to 6 October 2016
347		11	4072197	From 7 October 2006 to 6 October 2016
348		12	4072196	From 7 October 2006 to 6 October 2016
349		16	4072195	From 7 February 2007 to 6 February 2017
350		32	1296644	From 21 July 2009 to 20 July 2019
351		24	4072192	From 14 January 2008 to 13 January 2018

No.	Trademark	Class	Registration no.	Validity
352		21	4072193	From 28 January 2009 to 27 January 2019
353		20	4072194	From 28 January 2009 to 27 January 2019
354		28	4072190	From 14 November 2007 to 13 November 2017
355		25	4072191	From 14 November 2007 to 13 November 2017
356		30	4072238	From 14 June 2006 to 13 June 2016
357		35	4072235	From 28 April 2007 to 27 April 2017
358	春申购物中心	35	4197730	From 28 December 2007 to 27 December 2017
359		33	4072236	From 14 June 2006 to 13 June 2016
360		14	4816481	From 4 January 2009 to 3 January 2019
361	BASICCOLLECTION	25	7470987	From 28 October 2010 to 27 October 2020
362		3	4072201	From 28 January 2009 to 27 January 2019
363		16	4816479	From 14 January 2009 to 13 January 2019
364		14	4816481	From 14 January 2009 to 13 January 2019
365		8	5098763	From 14 January 2009 to 13 January 2019
366		25	4739738	From 7 May 2009 to 6 May 2019
367	BASICCOLLECTION	24	5598542	From 28 January 2010 to 27 January 2020
368	BASCOLLECTION	25	7470992	From 14 January 2011 to 13 January 2021
369	BASiCCOLLECTION	25	8032652	From 14 February 2011 to 13 February 2021

Trademarks registered by Shanghai Oufa Management Consultancy Co., Ltd (上海歐發管理諮詢有限公司)

No.	Trademark	Class	Registration No.	Validity
1	Unic	24	5095286	7 December 2009 to 6 December 2019
2	Unic	18	5095287	21 June 2009 to 20 June 2019
3	Unic	25	5095285	14 June 2009 to 13 June 2019

(ii) As at the Latest Practicable Date, our Company has applied for the registration of the following trademarks:

No.	Trademark	Class	Application no.	Date of application
1	SUN ART SUN ART	35	301932732	31 May 2011
2	SUN ART Retail Group Limited SUN ART Retail Group Limited	35	301932741	31 May 2011

(iii) As at the Latest Practicable Date, our Group has applied for the registration of the following trademarks which are material in relation to our Group's business:

Trademarks applied for registration under our "RT-Mart" banner

No.	Trademark	Class	Application no.	Date of application
1	润记	30	7180263	23 January 2009
2	润记	29	7850320	20 November 2009
3	贝兹卡塔	25	7992246	13 January 2010
4	贝兹卡塔	35	7992265	13 January 2010
5	贝兹卡塔	14	8286031	11 May 2010
6	贝兹卡塔	9	8286118	11 May 2010
7	贝兹卡塔	9	8476434	13 July 2010
8	贝兹卡塔	14	8478861	14 July 2010
9	贝兹卡塔	25	8478945	14 July 2010
10	贝赛库	25	7992252	13 January 2010
11	贝赛库	35	7992262	13 January 2010

No.	Trademark	Class	Application no.	Date of application
12		25	8811183	4 November 2010
13		25	8032620	28 January 2010
14		25	8032629	28 January 2010
15		35	8032706	28 January 2010
16		14	8286040	11 May 2010
17		25	5796070	20 December 2006
18	Bescarol	25	8200352	12 April 2010
19	Bescarol	25	8200367	12 April 2010
20	Bescarol	25	8200378	11 May 2010
21	Bescarol	14	8286019	11 May 2010
22	Bescarol	9	8286100	11 May 2010
23	[Bescarol]	9	8476485	13 July 2010
24	[Bescarol]	14	8478878	14 July 2010
25	[Bescarol]	25	8478910	14 July 2010
26	BASiCCOLLECTION	25	8032608	28 January 2010
27	BASiCCOLLECTION	35	8032722	28 January 2010
28	BASiCCOLLECTION	25	5598557	11 September 2006
29		29	4638854	29 July 2005
30		30	4638856	29 July 2005
31	BASicCOLLECTION	25	8032644	28 January 2010
32	金潤發	35	3360114	6 November 2002

(iv) As at the Latest Practicable Date, our Group has been licensed with the right to use the following "Auchan" trademarks which are material in relation to our Group's business.

No.	Trademark	Registration no.	Class	Validity Period
1		3046914	9	21 January 2004 to 20 January 2014
2		3046911	25	21 February 2004 to 20 February 2014
3		3046909	30	14 February 2004 to 13 February 2014
4		3046913	11	14 October 2006 to 13 October 2016
5		5628754	35	21 October 2009 to 20 October 2019
6	VALAUCHAN	5628744	35	21 October 2009 to 20 October 2019

No.	Trademark	Registration no.	Class	Validity Period
7	VALAUCHAN	5668873	9	28 August 2009 to 27 August 2019
8	VALAUCHAN	5628743	36	21 December 2009 to 20 December 2019
9	VALAUCHAN	5628744	35	21 October 2009 to 20 October 2019
10	Auchan	948570	3	21 February 1997 to 20 February 2017
11	Auchan	970581	9	28 March 1997 to 27 March 2017
12	Auchan	947019	11	14 February 1997 to 13 February 2017
13	Auchan	949436	25	21 February 1997 to 20 February 2017
14	Auchan	971232	29	28 March 1997 to 27 March 2017
15	Auchan	950004	32	21 February 1997 to 20 February 2017
16	Auchan	959763	42	7 March 1997 to 6 March 2017
17	Auchan	1272599	1	14 May 1999 to 13 May 2019
18	Auchan	1258559	2	28 March 1999 to 27 March 2019
19	Auchan	1263007	4	14 April 1999 to 13 April 2019
20	Auchan	1770675	5	21 May 2002 to 20 May 2012
21	Auchan	1261724	6	7 April 1999 to 6 April 2019
22	Auchan	1271735	7	7 May 1999 to 6 May 2019
23	Auchan	1261650	8	7 April 1999 to 6 April 2019
24	Auchan	1272141	10	7 May 1999 to 6 May 2019
25	Auchan	1266988	12	21 April 1999 to 20 April 2019
26	Auchan	1264705	13	14 April 1999 to 13 April 2019
27	Auchan	1254472	14	14 March 1999 to 13 March 2019
28	Auchan	1272813	15	14 May 1999 to 13 May 2019
29	Auchan	1262946	16	14 April 1999 to 13 April 2019
30	Auchan	1267589	17	28 April 1999 to 27 April 2019
31	Auchan	1270571	18	7 May 1999 to 6 May 2019
32	Auchan	1265331	19	21 April 1999 to 20 April 2019
33	Auchan	1282892	20	14 June 1999 to 13 June 2019
34	Auchan	1270650	21	7 May 1999 to 6 May 2019
35	Auchan	1256523	22	21 March 1999 to 20 March 2019
36	Auchan	1260675	23	7 April 1999 to 6 April 2019
37	Auchan	1290748	24	7 July 1999 to 6 July 2019
38	Auchan	1254143	26	14 March 1999 to 13 March 2019
39	Auchan	1260582	27	7 April 1999 to 7 April 2019
40	Auchan	1263161	28	14 April 1999 to 13 April 2019
41	Auchan	1276492	30	21 May 1999 to 20 May 2019
42	Auchan	1251793	31	28 February 1999 to 27 February 2019
43	Auchan	1271691	33	7 May 1999 to 6 May 2019
44	Auchan	1253780	34	7 March 1999 to 6 March 2019
45	Auchan	1264992	35	14 April 1999 to 13 April 2019
46	Auchan	1253832	36	7 March 1999 to 6 March 2019
47	Auchan	1255991	37	14 March 1999 to 13 March 2019
48	Auchan	1251883	38	28 February 1999 to 27 February 2019
49	Auchan	1251936	39	28 February 1999 to 27 February 2019

No.	Trademark	Registration no.	Class	Validity Period
50	Auchan	1257843	40	21 March 1999 to 20 March 2019
51	Auchan	1253973	41	7 March 1999 to 6 March 2019
52	欧尚	1272521	1	14 May 1999 to 13 May 2019
53	欧尚	1268006	2	28 April 1999 to 27 April 2019
54	欧尚	1260508	4	7 April 1999 to 6 April 2019
55	欧尚	1770674	5	21 May 2002 to 20 May 2012
56	欧尚	1261725	6	7 April 1999 to 6 April 2019
57	欧尚	1271734	7	7 May 1999 to 6 May 2019
58	欧尚	1261649	8	7 April 1999 to 6 April 2019
59	欧尚	1272140	10	7 May 1999 to 6 May 2019
60	欧尚	1266989	12	21 April 1999 to 20 April 2019
61	欧尚	1264706	13	14 April 1999 to 13 April 2019
62	欧尚	1254473	14	14 April 1999 to 13 March 2019
63	欧尚	1275333	15	21 May 1999 to 20 May 2019
64	欧尚	1272912	16	14 May 1999 to 13 May 2019
65	欧尚	1267590	17	28 April 1999 to 27 April 2019

No.	Trademark	Registration no.	Class	Validity Period
66	欧尚	1275594	18	21 May 1999 to 20 May 2019
67	欧尚	1260317	19	7 April 1999 to 6 April 2019
68	欧尚	1280379	20	7 June 1999 to 6 June 2019
69	欧尚	1260639	21	7 April 1999 to 6 April 2019
70	欧尚	1256524	22	21 March 1999 to 20 March 2019
71	欧尚	1260674	23	7 April 1999 to 6 April 2019
72	欧尚	1290749	24	7 July 1999 to 6 July 2019
73	欧尚	1254144	26	14 March 1999 to 13 March 2019
74	欧尚	1260360	27	7 April 1999 to 6 April 2019
75	欧尚	1263162	28	14 April 1999 to 13 April 2019
76	欧尚	1278947	30	28 May 1999 to 27 May 2019
77	欧尚	1251792	31	28 February 1999 to 27 February 2019
78	欧尚	1271962	33	7 May 1999 to 6 May 2019
79	欧尚	1257799	34	21 March 1999 to 20 March 2019
80	欧尚	1267282	35	21 April 1999 to 20 April 2019

No.	Trademark	Registration no.	Class	Validity Period
81		1253816	36	7 March 1999 to 6 March 2019
82		1255992	37	14 March 1999 to 13 March 2019
83		1251882	38	28 February 1999 to 27 February 2019
84		1251935	39	28 February 1999 to 27 February 2019
85		1257844	40	21 March 1999 to 20 March 2019
86		1253972	41	7 March 1999 to 6 March 2019
87		948591	3	21 February 1997 to 20 February 2017
88		970583	9	28 March 1997 to 27 March 2017
89		947021	11	14 February 1997 to 13 February 2017
90		953940	32	28 February 1997 to 27 February 2017
91		959762	42	7 March 1997 to 6 March 2017
92	Auchan	1002627	3	14 May 1997 to 13 May 2017
93	Auchan	1017868	9	28 May 1997 to 27 May 2017
94	Auchan	988111	11	21 April 1997 to 20 April 2017
95	Auchan	1001146	29	7 May 1997 to 6 May 2017
96	Auchan	992665	32	28 April 1997 to 27 April 2017
97	Auchan	1025969	42	7 June 1997 to 6 June 2017
98	欧尚	1186107	3	28 June 1998 to 27 June 2018

No.	Trademark	Registration no.	Class	Validity Period
99	欧尚	1241093	9	21 January 1999 to 20 January 2019
100	欧尚	1195621	11	28 July 1998 to 27 July 2018
101	欧尚	1200624	25	21 August 1998 to 20 August 2018
102	欧尚	1183694	29	14 June 1998 to 13 June 2018
103	欧尚	1193038	32	21 July 1998 to 20 July 2018
104	欧尚	1173863	35	7 May 1998 to 6 May 2018
105	欧尚	1175872	42	14 May 1998 to 13 May 2018
106	欧尚	3021377	1	28 January 2003 to 27 January 2013
107	欧尚	3021376	2	21 January 2004 to 20 January 2014
108	欧尚	3021375	4	28 January 2003 to 27 January 2013
109	欧尚	3021374	5	21 December 2002 to 20 December 2012
110	欧尚	3021373	6	28 February 2003 to 27 February 2013
111	欧尚	3021372	7	28 June 2003 to 27 June 2013
112	欧尚	3021391	8	28 January 2003 to 27 January 2013
113	欧尚	1241093	9	21 January 1999 to 20 January 2019
114	欧尚	3021390	10	7 March 2003 to 6 March 2013
115	欧尚	3021389	12	7 March 2003 to 6 March 2013
116	欧尚	3021388	13	28 January 2003 to 27 January 2013
117	欧尚	3021387	14	7 January 2003 to 6 January 2013
118	欧尚	3021386	15	14 April 2003 to 13 April 2013
119	欧尚	3021385	16	7 April 2003 to 6 April 2013
120	欧尚	3021384	17	28 January 2003 to 27 January 2013

No.	Trademark	Registration no.	Class	Validity Period
121	欧尚	3021383	18	28 February 2003 to 27 February 2013
122	欧尚	3021382	19	21 February 2004 to 20 February 2014
123	欧尚	3021380	21	7 February 2004 to 6 February 2014
124	欧尚	3021371	22	28 January 2003 to 27 January 2013
125	欧尚	3021370	23	28 January 2003 to 27 January 2013
126	欧尚	3021369	24	7 February 2004 to 6 February 2014
127	欧尚	3021368	26	28 March 2003 to 27 January 2013
128	欧尚	3021367	27	21 April 2003 to 20 April 2013
129	欧尚	3021366	28	28 March 2003 to 27 March 2013
130	欧尚	3021365	30	14 February 2005 to 13 February 2015
131	欧尚	3021364	31	28 November 2002 to 27 November 2012
132	欧尚	3021362	34	28 January 2003 to 27 January 2013
133	欧尚	3021461	36	14 May 2003 to 13 May 2013
134	欧尚	3021460	37	14 May 2003 to 13 May 2013
135	欧尚	3021459	38	14 April 2003 to 13 April 2013
136	欧尚	3021458	39	14 April 2003 to 13 April 2013
137	欧尚	3021457	40	28 April 2003 to 27 April 2013
138	欧尚	3021456	41	14 April 2003 to 13 April 2013
139	鸥翔	1488078	1	14 December 2000 to 13 December 2020
140	鸥翔	1492231	2	21 December 2000 to 20 December 2020
141	鸥翔	1576270	3	28 May 2011 to 27 May 2021

No.	Trademark	Registration no.	Class	Validity Period
142	鸥翔	1488464	4	14 December 2000 to 13 December 2020
143	鸥翔	1616472	5	14 August 2011 to 13 August 2021
144	鸥翔	1486959	6	7 December 2000 to 6 December 2020
145	鸥翔	1490543	7	14 December 2000 to 13 December 2020
146	鸥翔	1499037	8	28 December 2000 to 27 December 2020
147	鸥翔	1546324	9	28 March 2011 to 27 March 2021
148	鸥翔	1547405	10	28 March 2011 to 27 March 2021
149	鸥翔	1531793	11	28 March 2011 to 27 March 2021
150	鸥翔	1535478	12	7 March 2011 to 6 March 2021
151	鸥翔	1527103	13	21 February 2011 to 20 February 2021
152	鸥翔	1460407	14	21 October 2000 to 20 October 2020
153	鸥翔	1528593	15	28 February 2011 to 27 February 2021
154	鸥翔	1496790	16	28 December 2010 to 27 December 2020
155	鸥翔	1488198	17	14 December 2000 to 13 December 2020
156	鸥翔	1500875	18	7 January 2010 to 6 January 2021
157	鸥翔	1480900	19	28 November 2000 to 27 November 2020
158	鸥翔	1484971	20	7 December 2000 to 6 December 2020
159	鸥翔	1465099	21	28 October 2000 to 27 October 2020
160	鸥翔	1461127	22	21 October 2000 to 20 October 2020
161	鸥翔	1469647	23	7 November 2000 to 6 November 2020
162	鸥翔	1496689	24	28 December 2000 to 27 December 2020

No.	Trademark	Registration no.	Class	Validity Period
163	鸥翔	1481559	25	28 November 2000 to 27 November 2020
164	鸥翔	1465005	26	28 October 2000 to 27 October 2020
165	鸥翔	1504944	27	14 January 2011 to 13 January 2021
166	鸥翔	1457113	28	14 October 2001 to 13 October 2020
167	鸥翔	1490394	29	14 December 2000 to 13 December 2020
168	鸥翔	1590872	30	21 June 2001 to 20 June 2011(1)
169	鸥翔	1519330	31	7 February 2001 to 6 February 2011
170	鸥翔	1494693	32	21 December 2000 to 20 December 2020
171	鸥翔	1494437	33	21 December 2000 to 20 December 2020
172	鸥翔	1482915	34	28 November 2000 to 27 November 2020
173	鸥翔	1459595	35	14 October 2000 to 13 October 2020
174	鸥翔	1448960	36	21 September 2000 to 20 September 2020
175	鸥翔	1448740	37	21 September 2000 to 20 September 2020
176	鸥翔	1459984	38	14 October 2000 to 13 October 2020
177	鸥翔	1463326	39	21 October 2000 to 20 October 2020
178	鸥翔	1451864	40	28 September 2000 to 27 September 2020
179	鸥翔	1455884	41	7 October 2000 to 6 October 2020
180	鸥翔	1471715	42	7 November 2000 to 6 November 2020
181		G766218	3	3 December 2001 to 25 July 2011
182		G766218	25	3 December 2001 to 25 July 2011
183		G766218	9	3 December 2001 to 26 July 2011

No.	Trademark	Registration no.	Class	Validity Period
184		G766218	29	3 December 2001 to 25 July 2011
185		G766218	30	3 December 2001 to 25 July 2011
186		G766218	31	3 December 2001 to 25 July 2011
187		G766218	32	3 December 2001 to 25 July 2011
188		G766218	33	3 December 2001 to 25 July 2011

Note:

(1) Application for renewal of trademark has been made and is pending approval.

Please refer to the section headed "Relationship with our Controlling Shareholders and Connected Transaction — License for use of the "Auchan" trademarks" for more details in relation to the licensing arrangements.

(b) Domain Names

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain Name	Term
auchan.com.cn	21 March 2008 to 21 March 2018
auchan.bj.cn	4 March 2005 to 4 March 2014
auchan.hk.cn	4 March 2005 to 4 March 2014
auchan.tw.cn	4 March 2005 to 4 March 2014
auchan.xj.cn	4 March 2005 to 4 March 2014
auchan.nx.cn	4 March 2005 to 4 March 2014
auchan.qh.cn	4 March 2005 to 4 March 2014
auchan.gs.cn	4 March 2005 to 4 March 2014
auchan.sn.cn	4 March 2005 to 4 March 2014
auchan.xz.cn	4 March 2005 to 4 March 2014
auchan.yn.cn	4 March 2005 to 4 March 2014
auchan.gz.cn	4 March 2005 to 4 March 2014
auchan.hi.cn	4 March 2005 to 4 March 2014
auchan.gx.cn	4 March 2005 to 4 March 2014
auchan.gd.cn	4 March 2005 to 4 March 2014
auchan.hn.cn	4 March 2005 to 4 March 2014
auchan.hb.cn	4 March 2005 to 4 March 2014
auchan.ha.cn	4 March 2005 to 4 March 2014
auchan.sd.cn	4 March 2005 to 4 March 2014
auchan.jx.cn	4 March 2005 to 4 March 2014
auchan.fj.cn	4 March 2005 to 4 March 2014
auchan.ah.cn	4 March 2005 to 4 March 2014
auchan.zj.cn	4 March 2005 to 4 March 2014
auchan.js.cn	4 March 2005 to 4 March 2014
auchan.hl.cn	4 March 2005 to 4 March 2014
auchan.jl.cn	4 March 2005 to 4 March 2014
auchan.nm.cn	4 March 2005 to 4 March 2014
auchan.sx.cn	4 March 2005 to 4 March 2014
auchan.ln.cn	4 March 2005 to 4 March 2014
auchan.he.cn	4 March 2005 to 4 March 2014
auchan.cq.cn	4 March 2005 to 4 March 2014
auchan.mo.cn	4 March 2005 to 4 March 2014
auchan.tj.cn	4 March 2005 to 4 March 2014
auchan.sh.cn	4 March 2005 to 4 March 2014
bc-rt.com	10 September 2009 to 10 September 2019
bescarol.com	3 August 2010 to 3 August 2020
大潤發.net	8 March 2005 to 8 March 2016
RT-MART.hk	30 October 2009 to 30 October 2014
FU-MART.com.cn	15 January 2007 to 15 January 2012
RT-MART.com.cn	30 May 2000 to 30 May 2020

Domain Name	Term
FU-MART.net.cn	10 March 2007 to 10 March 2016
RT-MART.net.cn	10 March 2007 to 10 March 2016
RT-MART.in	1 November 2009 to 30 October 2014
RT-MART.biz	5 February 2006 to 4 February 2016
RT-MART.asia	30 October 2009 to 30 October 2014
RT-MART.cc	15 October 2005 to 28 October 2015
FU-MART.cn	17 March 2006 to 17 March 2016
RT-MART.cn	17 March 2007 to 17 March 2016
大潤發.cc	23 March 2006 to 23 March 2016
大潤發.中國(cn)	23 December 2004 to 23 December 2014
百潤發.中國(cn)	23 December 2004 to 23 December 2014
天潤發.中國(cn)	23 December 2004 to 23 December 2014
廣潤發.中國(cn)	23 December 2004 to 23 December 2014
金潤發.中國(cn)	23 December 2004 to 23 December 2014
九百購物中心.中國(cn)	23 December 2004 to 23 December 2014
貝茲卡洛.中國(cn)	3 August 2010 to 3 August 2020
大潤發超市.中國(cn)	19 November 2009 to 19 November 2014
大潤發.網絡(net)	23 December 2004 to 23 December 2014
大福源.網絡(net)	23 December 2004 to 23 December 2014
百潤發.網絡(net)	23 December 2004 to 23 December 2014
天潤發.網絡(net)	23 December 2004 to 23 December 2014
廣潤發.網絡(net)	23 December 2004 to 23 December 2014
金潤發.網絡(net)	23 December 2004 to 23 December 2014
九百購物中心.網絡(net)	23 December 2004 to 23 December 2014
大潤發超市.網絡(net)	19 November 2009 to 19 November 2014
大潤發超市.net	16 November 2009 to 16 November 2014
大潤發.公司	23 December 2004 to 23 December 2014
大福源.公司	23 December 2004 to 23 December 2014
百潤發.公司	23 December 2004 to 23 December 2014
天潤發.公司	23 December 2004 to 23 December 2014
廣潤發.公司	23 December 2004 to 23 December 2014
金潤發.公司	23 December 2004 to 23 December 2014
九百購物中心.公司	23 December 2004 to 23 December 2014
大潤發超市.公司	19 November 2009 to 19 November 2014
大潤發	12 October 2005 to 19 September 2015
大潤發超市	12 October 2005 to 19 September 2015
RT-MART	12 October 2005 to 19 September 2015
中國大潤發	24 March 2007 to 24 March 2016
大福源超市	2 August 2006 to 2 August 2011

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT AND STAFF

1. Disclosure of Interests

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the interests and short positions of our Directors and Chief Executive Officer of our Company in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 347 of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to us and the Hong Kong Stock Exchange or which will be required pursuant to 352 of the SFO to be entered in the register referred to therein once the Shares are listed, are as follows:

Name of Director/ Chief Executive Officer	Name of Corporation	Nature of Interest	Total number of shares[1]	Approximate percentage shareholding of the relevant entity immediately following the completion of the Global Offering
Bruno Robert Mercier	Groupe Auchan S.A.[3]	Beneficial owner	2,488(L)[4] 439[5] 3,310[6]	0.007% 0.001% 0.010%
Huang Ming-Tuan (黃明端)	Company	Beneficial owner, interest of spouse and interest in a controlled corporation[7]	116,684,074 (L)	1.246%[2]
Cheng Chuan-Tai (鄭銓泰)	Company	Beneficial owner	6,938,204 (L)	0.0741%[2]
Christophe Maurice Paule Marie Joseph Dubrulle	Groupe Auchan S.A.	Beneficial owner	48,335(L)[8]	0.150%
Philippe David Baroukh	Groupe Auchan S.A.	Beneficial owner	1,555(L)[9] 933[10] 878[11] 1,127[12] 6,783[13]	0.005% 0.003% 0.003% 0.004% 0.020%
Xavier Marie Alain Delom de Mezerac	Groupe Auchan S.A.	Beneficial owner	1,273(L)[14] 622[15] 894[16] 563[17] 4,070[18]	0.004% 0.002% 0.003% 0.002% 0.010%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Assuming the Over-allotment Option is not exercised.

(3) Groupe Auchan S.A. is the holding company of Groupe Auchan, one of our two Ultimate Controlling Shareholders. Groupe Auchan S.A. has adopted various share incentive plans pursuant to which share-based awards are granted to eligible directors and employees of Groupe Auchan S.A. and its subsidiaries. These share incentive plans include the following:

(i) Stock Option Plan (2007-2011) relating to the grant of options to subscribe for shares in Groupe Auchan S.A. with a four year vesting period;

(ii) Stock Option Plan (2008-2012) relating to the grant of options to subscribe for shares in Groupe Auchan S.A. with a four year vesting period;

(iii) Stock Option Plan (2009-2013) relating to the grant of options to subscribe for shares in Groupe Auchan S.A. with a four year vesting period;

(iv) Stock Option Plan (2010-2014) relating to the grant of options to subscribe for shares in Groupe Auchan S.A. with a four year vesting period; and

(v) Free Shares Plan (2010-2014) relating to the grant of restricted shares in Groupe Auchan S.A. with a four year vesting period.

(4) This comprises 2,488 class S shares of Groupe Auchan S.A.

(5) This represents stock options in respect of 439 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2008-2012).

(6) This represents 3,310 restricted shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Free Shares Plan (2010-2014).

(7) (i) Huang Ming-Tuan holds 15,559,258 Shares.

(ii) Lee Chih-Lan is the spouse of Huang Ming-Tuan and holds 1,551,238 Shares. Accordingly, Huang Ming Tuan is deemed to be interested in all of the Shares held by Lee Chih-Lan.

(iii) Huang Ming-Tuan is the legal and beneficial owner of the entire issued share capital of Victor Spring Ltd., a limited liability company incorporated in the British Virgin Islands. Accordingly, he is deemed to be interested in all of the 17,969,614 Shares held by Victor Spring Ltd.

(iv) Huang Ming-Tuan is the legal and beneficial owner of 50% of the share capital of Unique Grand Trading Ltd., a limited liability company incorporated in the British Virgin Islands, and Lee Chih-Lan, the spouse of Huang Ming-Tuan holds the remaining 50%. Accordingly, he is deemed to be interested in all of the 81,603,964 Shares held by Unique Grand Trading Ltd.

(8) This comprises 48,335 shares in Groupe Auchan S.A.

(9) This comprises 1,555 class S shares in Groupe Auchan S.A.

(10) This represents stock options in respect of 933 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2007-2011).

(11) This represents stock options in respect of 878 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2008-2012).

(12) This represents stock options in respect of 1,127 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2010-2014).

(13) This represents 6,783 restricted shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Free Shares Plan (2010-2014).

(14) This comprises 340 shares in Groupe Auchan S.A. and 933 class S shares of Groupe Auchan S.A.

(15) This represents stock options in respect of 622 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2007-2011).

(16) This represents stock options in respect of 894 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2009-2013).

(17) This represents stock options in respect of 563 shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Stock Option Plan (2010-2014).

(18) This represents 4,070 restricted shares in Groupe Auchan S.A. granted pursuant to the Groupe Auchan S.A. Free Shares Plan (2010-2014).

2. Substantial shareholders

So far as our Directors are aware, and taking no account of any shares which may be taken up under the Global Offering and assuming no exercise of the Over-allotment Option, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Number and class of shares[1]	Approximate percentage of interest in our Company immediately after the completion of the Global Offering
A-RT	Beneficial owner	4,865,338,686 (L)	51.94%
Auchan Hyper[2]	Interest in a controlled corporation and beneficial owner	5,791,757,452 (L)	61.82%
Groupe Auchan S.A.[3] . .	Interest in a controlled corporation	5,791,757,452 (L)	61.82%
Au Marche S.A.S[4].	Interest in a controlled corporation	5,791,757,452 (L)	61.82%
Mulliez Family[5]	Interest in controlled corporations	5,791,757,452 (L)	61.82%
Kofu[6]	Beneficial owner	748,376,538 (L)	7.99%
CGC[7]	Beneficial owner	807,024,010 (L)	8.61%
Ruentex Industries[8]	Interest in a controlled corporation	807,024,010 (L)	8.61%
Ruentex Development[9] .	Interest in controlled corporations	807,024,010 (L)	8.61%
Mr. Yin Chung Yao[10]. . .	Interest in controlled corporations	748,376,538 (L)	7.99%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) A-RT is 36.70%-owned by Auchan Hyper, therefore Auchan Hyper is deemed to be interested in all the Shares in which A-RT is interested in by virtue of Part XV of the SFO.

(3) Auchan Hyper is wholly-owned by Groupe Auchan S.A., therefore Groupe Auchan is deemed to be interested in all the Shares in which Auchan Hyper is interested in by virtue of Part XV of the SFO.

(4) Groupe Auchan S.A. is 61.88%-owned by Au Marche S.A.S, therefore Au Marche S.A.S is deemed to be interested in all the Shares in which Groupe Auchan S.A. is interested in by virtue of Part XV of the SFO.

(5) Au Marche S.A.S is wholly-owned by the Mulliez Family through certain intermediate holding companies. No one member of the Mulliez Family is able to exert a dominant influence over other members in their voting rights in Au Marche S.A.S. The Mulliez Family is collectively represented by a member of the family, who plays an administrative role and is similarly unable to exert a dominant influence over other members of the Mulliez Family and does not control Au Marche S.A.S.

(6) Kofu has a direct beneficial interest of 7.99% in the Company.

(7) CGC has a direct beneficial interest of 8.61% in the Company.

(8) CGC is 42.25%-owned by Ruentex Industries, therefore Ruentex Industries is deemed to be interested in all the Shares in which CGC is interested in by virtue of Part XV of the SFO.

(9) CGC is 15.51%-owned by Sinopac, and Sinopac is 49.06%-owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the Shares in CGC in which Sinopac is interested in by virtue of Part XV of the SFO. CGC is 25.46%-owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the Shares in which CGC is interested in by virtue of Part XV of the SFO.

(10) Kofu is wholly owned by Mr. Yin Chung Yao, through certain controlled corporations.

As at the Latest Practicable Date, the shareholding interests of nine of our operating subsidiaries in the PRC are partially held by Independent Third Parties as follows:

- Shanghai Auchan Hypermarket Co., Ltd (上海歐尚超市有限公司), which is 73% held by our subsidiary ACI, 17% held by Shanghai Wujiaochang (Group) Co., Ltd (上海五角場集團有限公司) and 10% held by Shanghai Food (Group) Co., Ltd. (上海食品集團有限公司);

- Hangzhou Auchan Hypermarket Co., Ltd (杭州歐尚超市有限公司), which is 72.46% held by our subsidiary ACI, 11.02% held by Hangzhou Shangtang Daguan Economic Cooperative Committee (杭州上塘鎮大關村經濟合作社) and 16.52% held by Hangzhou Gongshuqu District Commercial Co., Ltd. (杭州市拱墅區商業總公司);

- Nanjing Jinshang Property Co., Ltd (南京金尚置業有限公司), which is 69.23% held by our subsidiary ACHK and 30.77% held by Jiangsu Jiaotong Jianshe Group Co., Ltd (江蘇交通建設集團有限公司);

- Nanjing Dongyuan Property Management Co., Ltd (南京東源物業管理有限公司), which is 50% held by our subsidiary ACI and 50% held by Jiangsu Hengshunjieyuan Investment Development Co., Ltd (江蘇恒順傑源投資發展有限公司);

- Changzhou Immochan Real Estate Co., Ltd (常州頤莫尚置業有限公司), which is 76.88% held by our subsidiary ACI and 23.12% held by Changzhou Weixing Real Estate Co., Ltd. (常州市衛星實業公司);

- Wuxi Immochan Real Estate Co., Ltd (無錫新尚置業有限公司), which is 68.4% held by our subsidiary ACHK and 31.6% held by Wuxi New District Economic Development Corporation (無錫市新區經濟發展集團總公司) and Wuxi New District Nanzhan Property Business Co., Ltd. (無錫市郊區南站資產經營公司) collectively;

- Shanghai RT-Mart which is 91.3333% held by our subsidiary CIC and 8.6667% held by Shanghai Zhaibei District State-owned Assets Investment Company (上海市閘北區國有資產投資公司);

- Jinan RT-Mart which is 90% held by our subsidiary CIC and 10% held by Jinan People's Complex Co., Ltd (濟南人民商場股份有限公司); and

- Suzhou Ruenhua Property Co., Ltd (蘇州潤華置業有限公司), which is 80% held by our subsidiary Shanghai RT-Mart and 20% held by Zheng Wen Yong (鄭文湧).

3. Service contracts

None of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation).

4. Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended 2008, 2009 and 2010 and the three months ended 31 March 2011 were approximately RMB1.9 million, RMB1.3 million, RMB1.6 million and RMB0.8 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011, by any member of our Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 31 December 2011 to be approximately RMB14 million.

5. Fees or commissions received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in "Appendix VI — Other Information — Consents" to this prospectus had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

D. OTHER INFORMATION

1. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

2. Stamp Duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

3. Preliminary Expenses

Our estimated preliminary expenses are approximately HK$50,000 and are payable by our Company.

4. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
The Hongkong and Shanghai Banking Corporation Limited	A registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
UBS AG, Hong Kong Branch	A licensed corporation by the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities

Name	Qualifications
Citigroup Global Markets Asia Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities
KPMG	Certified public accountants
DTZ Debenham Tie Leung Limited	Independent property valuer
Jun He Law Offices	PRC legal advisers
Lee and Li, Attorneys-at-Law	Taiwan legal advisers

5. Consents

Each of HSBC, UBS, Citi, KPMG, DTZ Debenham Tie Leung Limited, Jun He Law Offices and Lee and Li, Attorneys-at-Law has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

E. NEGATIVE STATEMENTS

Save as otherwise disclosed in this prospectus:

(a) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in “Other Information” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in “Other Information” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(c) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(d) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company;

(f) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such securities or amount or benefit intended to be paid or allotted or given;

(g) no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek such listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and

(h) none of the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

F. BILINGUAL PROSPECTUS

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) copies of each of the material contracts referred to in "Further Information About Our Business" in "Appendix VI — Statutory and General Information" to this prospectus; and (iii) the written consents referred to in "Other Information — Consents" in Appendix VI to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Freshfields Bruckhaus Deringer, 11th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles of Association;

(b) the accountants' report prepared by KPMG, the text of which is set out in Appendix I;

(c) the audited financial statements of the companies comprising the Group for the three years ended 31 December 2008, 2009 and 2010 and the three months ended 31 March 2011;

(d) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;

(e) the letters in relation to profit forecast, the texts of which are set out in Appendix III;

(f) the letter, summary of values and valuation certificates relating to our property interests prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix IV and the full valuation report (in the English language) of DTZ Debenham Tie Leung Limited referred to in Appendix IV;

(g) the PRC legal opinions issued by Jun He Law Offices, our legal advisers on PRC law, in respect of our general matters and property interests of the Group;

(h) the Taiwan legal opinion issued by Lee and Li, Attorneys-at-Law, our legal advisers on Taiwan law;

(i) the material contracts referred to in paragraph 1 of "Appendix VI — Further Information about our Business"; and

(j) the written consents referred to in paragraph 5 of "Appendix VI — Other Information".

SUN ART
Retail Group Limited