
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun Art Retail Group Limited, you should at once hand this Composite Document, together with the accompanying Form of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to 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 Composite Document and the accompanying Form of Acceptance.

TAOBAO CHINA HOLDING LIMITED
(incorporated in Hong Kong with limited liability)

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)
(Stock Code: 06808)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE
MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF TAOBAO CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY TAOBAO CHINA HOLDING LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CICC containing, among other things, the principal terms of the Offer is set out on pages 8 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 25 of this Composite Document. A letter from the Independent Board Committee to the Offer Shareholders containing its recommendation in respect of the Offer is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 28 to 53 of this Composite Document.

The procedures for acceptance and settlement and the acceptance period of the Offer is set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Overseas Shareholders" in the letter from CICC and Appendix I to this Composite Document before taking any action. It is the responsibility of any person wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Each such person is advised to seek professional advice on deciding whether to accept the Offer.

22 December 2017

CONTENTS

	<i>PAGE</i>
EXPECTED TIMETABLE	ii
IMPORTANT NOTICES	iv
DEFINITIONS	1
LETTER FROM CICC	8
LETTER FROM THE BOARD	20
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	26
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	28
APPENDIX I – FURTHER TERMS OF THE OFFER	54
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	67
APPENDIX III – LETTER FROM KPMG ON THE PROFIT ESTIMATE ..	133
APPENDIX IV – LETTER FROM HSBC ON THE PROFIT ESTIMATE ..	135
APPENDIX V – SUMMARY OF PROPERTY VALUATION REPORT	137
APPENDIX VI – GENERAL INFORMATION	188
ACCOMPANYING DOCUMENT – FORM OF ACCEPTANCE	

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Form of Acceptance are to Hong Kong times and dates.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
the commencement of the Offer⁽¹⁾ Friday, 22 December 2017

Latest time and date for acceptance of the Offer^{(2), (4)} 4:00 p.m. on
Friday, 12 January 2018

First Closing Date⁽²⁾ Friday, 12 January 2018

Announcement of the results of the Offer as at the
First Closing Date, or as to whether the Offer has been
revised or extended, on the website of the Stock Exchange⁽²⁾ By 7:00 p.m. on
Friday, 12 January 2018

Latest date for posting of remittances to Offer Shareholders
for the amounts due under the Offer in respect of
valid acceptances received under the Offer⁽³⁾ Tuesday, 23 January 2018

Notes:

1. The Offer, which is unconditional in all respects, is made on Friday, 22 December 2017, being the Despatch Date, and is capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Friday, 12 January 2018 stating whether the Offer has been extended or revised or has expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not yet accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

3. Remittances in respect of the cash consideration (after deducting the seller’s *ad valorem* stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates) payable for the Offer Shares tendered under the Offer will be made to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Offer Shareholders accepting the Offer.

EXPECTED TIMETABLE

4. If there is a tropical cyclone warning signal no. 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. (Hong Kong time) on the same day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon (Hong Kong time) and 4:00 p.m. (Hong Kong time) on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. (Hong Kong time) on the following Business Day.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. As the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders are recommended to seek professional advice on whether to accept the Offer.

NOTICE TO U.S. SHAREHOLDERS

The Offer is being made for the securities of a company incorporated in Hong Kong with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States.

The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which may be different from those applicable under U.S. domestic tender offer procedures and laws.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

IMPORTANT NOTICES

The financial information of the Company included in this Composite Document has been extracted from the unaudited consolidated financial information of the Group for the nine months ended 30 September 2017, the unaudited financial statements for the six months ended 30 June 2017 and audited financial statements for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, as CICC, the Offeror and the Company are located in countries other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. In addition, most of the assets of CICC, the Offeror and the Company are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult for U.S. holders of Shares to effect service of process within the United States upon CICC, the Offeror or the Company or their respective officers or directors, to enforce against them a judgment of a U.S. court or to compel them or their affiliates to subject themselves to a U.S. court judgment.

In accordance with normal Hong Kong practice, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code, CICC, and some of its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

DEFINITIONS

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

“acting in concert” or “concert parties”	has the meaning given to it in the Takeovers Code
“Affiliates”	with respect to any specified person, any person who directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such specified persons and shall include the subsidiaries of such specified persons. Affiliates of the Group shall refer to the Company and all persons controlled by the Company
“Alibaba Group”	Alibaba Group Holding Limited and its subsidiaries
“associate(s)”	has the meaning given to it in the Takeovers Code
“Auchan”	Auchan Retail International and Monicole BV
“Auchan China”	Auchan (China) Investment Co. Ltd.
“Auchan Retail International”	Auchan Retail International S.A.
“A-RT”	A-RT Retail Holdings Limited, a Shareholder holding approximately 51.00% in the Company as at the date of the Joint Announcement
“A-RT Group”	A-RT and its subsidiaries (including the Company)
“A-RT Sale Shares”	37,238,554 ordinary shares in A-RT (representing approximately 19.90% of the total issued shares of A-RT as at the date of the Joint Announcement)
“A-RT Shares”	the ordinary shares in A-RT
“Board”	the board of Directors
“Business Cooperation Agreement”	the business cooperation agreement dated 7 December 2017 and entered into between Hangzhou Alibaba Zetai Information Technology Company Limited, the Company, Auchan China and RT Mart China relating to the cooperation between the parties thereof in relation to certain businesses of the Company and subsidiaries of the Company

DEFINITIONS

“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CGC”	Concord Greater China Limited
“CGC A-RT SPA”	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and CGC as seller in relation to the sale and purchase of 19,321,330 ordinary shares in A-RT, representing approximately 10.33% of the total issued shares of A-RT as at the date of the Joint Announcement
“CGC Listco SPA”	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and CGC as seller in relation to the sale and purchase of 1,287,699,036 Shares, representing approximately 13.50% of the total number of issued Shares as at the date of the Joint Announcement
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in relation to the Offer. CICC is a licensed corporation under the SFO, licensed to carry out 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
“Closing Date”	the First Closing Date or any subsequent closing date of the Offer if it is extended or revised in accordance with the Takeovers Code
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Company”	Sun Art Retail Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6808)

DEFINITIONS

“Completion”	completion of the Kofu A-RT SPA, the CGC A-RT SPA, the Kofu Listco SPA (save for the second completion thereof) and the CGC Listco SPA (save for the second completion thereof), which will occur substantially contemporaneously
“Composite Document”	this composite offer and response document
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Despatch Date”	Friday, 22 December 2017, being the date of despatch of this Composite Document
“Director(s)”	director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“ESOP”	any employee stock option plan or share incentive scheme adopted by any member of A-RT Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Feiniu”	Feiniu E-Commerce (Shanghai) Co. Ltd
“Fields”	Shanghai Fields China Limited
“First Closing Date”	Friday, 12 January 2018, being the first closing date of the Offer
“Form of Acceptance”	the form of acceptance and transfer of Offer Shares in respect of the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO registered to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Independent Board Committee”	an independent committee of the board of Directors comprising all three independent non-executive Directors, established pursuant to the Takeovers Code to give recommendations to the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “Sommerley Capital”	Sommerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee in relation to the Offer
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 20 November 2017 in relation to (among others) the transactions contemplated under the Share Purchase Agreements and the Share Exchange and Transfer Agreements and the Offer made pursuant to Rule 3.5 of the Takeovers Code
“Key Subsidiaries”	RT Mart China, Auchan China, Fields and Feiniu
“Kofu”	Kofu International Limited
“Kofu A-RT SPA”	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and Kofu as seller in relation to the sale and purchase of 17,917,224 ordinary shares in A-RT, representing approximately 9.57% of the total issued shares of A-RT as at the date of the Joint Announcement

DEFINITIONS

“Kofu Listco SPA”	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and Kofu as seller in relation to the sale and purchase of 1,194,120,278 Shares, representing approximately 12.52% of the total number of issued Shares as at the date of the Joint Announcement
“Last Trading Date”	10 November 2017, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Joint Announcement
“Latest Practicable Date”	Tuesday, 19 December 2017, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listco Sale Shares”	2,481,819,314 Shares, representing approximately 26.02% of the total number of issued Shares as at the date of the Joint Announcement, and each a “ Listco Sale Share ”
“Listco SPAs”	Kofu Listco SPA and CGC Listco SPA
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Monicole BV”	Monicole Exploitatie Maatschappij BV
“Offer”	the mandatory unconditional cash offer made by CICC for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and its concert parties in accordance with the Takeovers Code with the terms set out in this Composite Document and any subsequent revision or extension of the Offer
“Offer Period”	has the meaning given to it under the Takeovers Code, which, in respect of the Offer, means the period from on the date of the Joint Announcement until the Closing Date

DEFINITIONS

“Offer Price”	HK\$6.50 per Offer Share
“Offer Shareholders”	in respect of the Offer, the Shareholders other than the Offeror and its concert parties (and its presumed concert parties)
“Offer Shares”	the Shares which are subject to the Offer. For the avoidance of doubt, Offer Shares include Shares held by any member of the CICC group on a non-discretionary and non-proprietary basis for and on behalf of its clients
“Offeror”	Taobao China Holding Limited, a company incorporated in Hong Kong
“Overseas Shareholders”	Shareholders whose addresses, as shown on the register of members of the Company, are outside of Hong Kong
“PRC”	the People’s Republic of China, which expression, solely for the purpose of construing this Composite Document, does not include Hong Kong, Macau or Taiwan
“Profit Estimate”	the unaudited consolidated financial information of the Company for the nine months ended 30 September 2017, as set out in the section headed “UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017” in Appendix II to this Composite Document
“Profit Estimate Announcement”	the announcement dated 10 November 2017 issued by the Company in relation to the Profit Estimate
“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the branch share registrar of the Company in Hong Kong for receiving and processing acceptances of the Offer in respect of the Offer Shares which are listed on the Stock Exchange
“Relevant Period”	the period commencing on 20 May 2017, being the date falling six months prior to date of the Joint Announcement, and ending on and including the Latest Practicable Date

DEFINITIONS

“RT Mart China”	Concord Investment (China) Limited, a limited liability joint venture company incorporated in the PRC
“Second Completion”	second completion of the Kofu Listco SPA and the CGC Listco SPA, which will occur substantially contemporaneously
“Sellers”	each of CGC and Kofu
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Exchange and Transfer Agreements”	the share exchange and transfer agreements dated 20 November 2017, in relation to the transfer of A-RT Shares and Shares entered into between (1) Kofu, Auchan Retail International and Monicole BV and (2) CGC, Auchan Retail International and Monicole BV
“Share Purchase Agreements”	the Kofu A-RT SPA, the CGC A-RT SPA, the Kofu Listco SPA and the CGC Listco SPA
“Shareholder(s)”	holders of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 7 December 2017 and entered into between the Offeror, the Sellers, Auchan and A-RT for the purpose of, among other things, regulating the management of A-RT, its relationship with each other and certain aspects of the affairs of, and the shareholders’ dealings with, A-RT
“Shares”	ordinary shares of the Company in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.
“*”	English translations of company names from the Chinese language are marked with “*” and are provided for identification purposes only

LETTER FROM CICC



22 December 2017

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF TAobao CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY TAobao CHINA HOLDING LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 20 November 2017, the Offeror and the Company jointly announced that on 20 November 2017, the Offeror and the Sellers entered into the Share Purchase Agreements, pursuant to which the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, (i) the A-RT Sale Shares, representing approximately 19.90% of all issued shares in A-RT as at the date of the Joint Announcement, for an aggregate consideration of HK\$6,293,315,626 (equivalent to HK\$6.50 per Share on a see-through basis); and (ii) the Listco Sale Shares, representing approximately 26.02% of all issued Shares of the Company as at the date of the Joint Announcement, for an aggregate consideration of HK\$16,131,825,541 (representing HK\$6.50 per Share).

On 8 December 2017, the Offeror and the Company jointly announced that Completion took place on 7 December 2017 and upon Completion, the Offeror held (i) the A-RT Sale Shares (representing approximately 19.90% of the issued shares in A-RT as at the Latest Practicable Date); and (ii) 2,001,450,083 Shares (representing approximately 20.98% of the issued Shares as at the Latest Practicable Date). As such, the Offeror and A-RT will be presumed to be concert parties by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

As disclosed in the Joint Announcement, Second Completion of the Kofu Listco SPA and the CGC Listco SPA in respect of the other approximately 5.04% of the issued Shares as at the Latest Practicable Date will take place on a date specified by notice by the Offeror to Kofu or CGC (as the case may be) provided that such date shall be: (a) on or after the date of Completion; (b) no later than the 15th Business Day following the Long Stop Date or Postponed Long Stop Date of the Kofu Listco SPA or the CGC Listco SPA (as the case may be); and (c) on or after the 5th Business Day following the date of the Offeror’s notice to Kofu or CGC (as the case may be).

LETTER FROM CICC

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties) upon Completion.

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

UNCONDITIONAL OFFER

The Offer is unconditional in all respects and is therefore not conditional upon any minimum level of acceptances being received or subject to any other condition.

THE OFFER

On behalf of the Offeror, we hereby unconditionally make the Offer to acquire all the Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the following basis:

Offer Price

For each Offer Share HK\$6.50 in cash

The Offer Price of HK\$6.50 per Offer Share under the Offer is equal to the purchase price per Listco Sale Share paid or payable by the Offeror under the Listco SPAs. This letter, Appendix I to this Composite Document and the accompanying Form of Acceptance together set out the terms of the Offer and certain related information.

Comparisons of Value

The Offer Price represents:

- (a) a premium of approximately HK\$3.9471 per Share (approximately 154.61% premium) over the audited net asset value attributable to equity holders as at 31 December 2016 of approximately HK\$2.5529 per Share based on 9,539,704,700 Shares in issue as at the date of this joint announcement, based on RMB to HK\$ exchange rate of RMB0.89451 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 31 December 2016);
- (b) a premium of approximately 150.62% over the net asset value attributable to equity holders per Share as at 30 June 2017, based on RMB to HK\$ exchange rate of RMB0.86792 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 30 June 2017);
- (c) a discount of approximately HK\$2.10 per Share (approximately 24.42% discount) of the closing price of HK\$8.60 per Share on the Last Trading Date;

LETTER FROM CICC

- (d) a discount of approximately HK\$1.806 per Share (approximately 21.74% discount) of the average closing price of approximately HK\$8.3060 per Share for the last five trading days up to and including the Last Trading Date;
- (e) a discount of approximately HK\$1.2480 (approximately 16.11% discount) per Share of the average closing price of approximately HK\$7.7480 per Share for the last 30 trading days up to and including the Last Trading Date; and
- (f) a discount of 19.85% of the closing price of HK\$8.11 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Please refer to the section headed “Market Prices” in Appendix VI to this Composite Document for further information on the market prices of the Shares.

Highest and lowest prices

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$8.60 on 10 November 2017 and 23 November 2017, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$5.99 on 20 July 2017.

Acceptance

The Offer is capable of acceptance on and from Friday, 22 December 2017 and will remain open for acceptance until Friday, 12 January 2018, being the Closing Date, unless extended or revised in accordance with the Takeovers Code. The Offeror reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018.

Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Please also refer to Appendix I to this Composite Document for further terms of the Offer.

IRREVOCABLE UNDERTAKINGS NOT TO ACCEPT THE OFFER

As at the Latest Practicable Date, (i) Bruno Robert MERCIER; (ii) HUANG Ming-Tuan and his associates; (iii) CHENG Chuan-Tai; and (iv) Desmond MURRAY hold 123,429,074 Shares in aggregate (representing approximately 1.29% of all issued Shares in the Company as at the Latest Practicable Date) (the “**IU Shares**”). Each of them has given an irrevocable undertaking in favour to the Offeror, pursuant to which each of them has undertaken that he/she/it will not (a) sell or transfer his/her/its Shares during the offer period; or (b) accept the Offer in respect of his/her/its Shares (collectively, the “**Irrevocable Undertakings**”).

LETTER FROM CICC

CONFIRMATION OF FINANCIAL RESOURCES FOR THE OFFER

Based on the Offer Price of HK\$6.50 per Share and 9,539,704,700 Shares in issue as at the Latest Practicable Date, all issued Shares of the Company was valued at HK\$62,008,080,550.

The maximum cash amount to be paid to Offer Shareholders in respect of acceptances under the Offer is HK\$13,449,264,569, based on the Offer Price of HK\$6.50 per Offer Share and 2,069,117,626 Offer Shares (being a total of 9,539,704,700 Shares in issue less (i) the 7,347,158,000 Shares held or to be held by the Offeror and its concert parties (and its presumed concert parties, but excluding CICC in respect of the Shares held by it on a non-discretionary and non-proprietary basis for and on behalf of its clients (who are entitled to accept the Offer)) immediately after Second Completion (assuming the Offeror has not designated the Co-Investor(s) (as defined in the Joint Announcement) to acquire any Shares); and (ii) the 123,429,074 IU Shares).

The Offer is unconditional in all respects. The total cash consideration will be funded by the internal resources and/or external debt-financing pursuant to a facility agreement between (among others) Alibaba Group as borrower and Australia and New Zealand Banking Group Limited, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Citigroup Global Markets Asia Limited, Credit Suisse AG Singapore Branch, DBS Bank Ltd., Deutsche Bank AG Singapore Branch, Goldman Sachs Bank USA, The Hongkong and Shanghai Banking Corporation Limited, ING Bank N.V. Singapore Branch, JPMorgan Chase Bank N.A. Hong Kong Branch, Mizuho Bank, Ltd. and Morgan Stanley Senior Funding, Inc. as mandated lead arrangers. There is no arrangement in relation to such facilities under which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company. CICC has been appointed as the financial adviser to the Offeror in respect of the Offer. CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror (i) to complete the Share Purchase Agreements; and (ii) to satisfy the amount of funds required for the full acceptance of the Offer.

INFORMATION ON THE OFFEROR

Taobao China Holding Limited is company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of the PRC subsidiaries relating to Taobao Marketplace and Tmall and operating entity for the overseas business of Taobao Marketplace and Tmall Global. Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. As at the Latest Practicable Date, substantial shareholders (as defined in the Takeovers Code) of Alibaba Group are SoftBank Group Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc.

LETTER FROM CICC

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Assuming no changes to the issued shares of the Company, upon Second Completion, the Offeror will hold an economic interest up to approximately 36.16% of all issued shares of the Company.

Hangzhou Alibaba Zetai Information Technology Company Limited (“**Alibaba Zetai**”) (being an indirect wholly-owned subsidiary of Alibaba Group), the Company, Auchan China and RT Mart China entered into the Business Cooperation Agreement on 7 December 2017. Pursuant to the Business Cooperation Agreement, the Group and Alibaba Zetai will themselves and cause their respective Affiliates to cooperate to adopt the “Taobao Daojia” (“**淘寶到家**”) model across the existing and new stores of the Group and its Affiliates including, amongst others: (a) the stores accessing the business model and the online platform operated by Alibaba Group through its Taobao Daojia business; (b) data sharing; (c) integration of systems and POS hardware; and (d) last-mile delivery services. Please refer to the announcement dated 8 December 2017 of the Company in relation to the terms of the Business Cooperation Agreement. It is the intention of the Offeror to cooperate with the Group to continue to develop the existing business after Completion pursuant to the Business Cooperation Agreement.

The Offeror and the Company believe that by combining the resources of the Offeror, Auchan and the Sellers, the new alliance will enable the Group's activities to benefit from the Offeror's digital ecosystem. It will digitalise and introduce new retail solutions at the Group's stores.

The Offeror has no intention to terminate any employment of the employees of the Group, except for the proposed change of Board composition as detailed in the section headed “Proposed change to the Board composition” below.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

MAINTAINING THE LISTING

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 19.38% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM CICC

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include the Offeror selling some of its Shares.

LETTER OF UNDERTAKING BETWEEN THE OFFEROR AND AUCHAN

As disclosed in the Joint Announcement, on 20 November 2017, the Offeror and Auchan entered into a letter of undertaking, pursuant to which the Offeror has undertaken to Auchan, among others, to sell such number of Shares held by the Offeror and its concert parties (other than Auchan and its associated companies) in order to reduce the aggregate effective interest in the Company to a level less than that of Auchan and A-RT and their respective associated companies.

SHAREHOLDERS' AGREEMENT

On 7 December 2017, the Offeror, the Sellers, Auchan and A-RT entered into the Shareholders' Agreement for the purpose of, among other things, regulating the management of A-RT and its subsidiaries, their relationships with each other and certain aspects of the affairs of, and the shareholders' dealings with, A-RT. The principal terms of the Shareholders' Agreement are summarised below.

Board composition

The board of A-RT will comprise five directors, where the Offeror will have the right to appoint two directors and Auchan will have the right to appoint three directors.

The Board will comprise nine Directors, three of which will be independent non-executive Directors. The Offeror will have the right to nominate at least two non-independent Directors and one independent non-executive Director and the chairman of the Board. The Offeror will have the right for one of its nominee directors of the Company to be a member of each of the audit committee, remuneration committee, nomination committee, investment committee and operations committee of the Company (each a "**Committee**").

Auchan will have the right to nominate at least four non-independent Directors and two independent non-executive Directors to the Board of the Company. Auchan shall have the right to appoint two of its nominee Directors to be members of each Committee.

The Offeror will have the right to appoint the majority of the board of directors and the chairman, chief executive officer and chief financial officer of each of Concord Champion International Ltd., RT Mart Holdings Limited and RT Mart China (collectively, "**RT-Mart Companies**"), whereas Auchan will have the right to appoint the remaining members of the board of directors of each of those companies. Auchan will have right to increase such number of directors appointed in the RT-Mart Companies to achieve majority in the board of directors of RT-Mart Companies (the "**Nomination Right**").

Auchan will have the right to appoint the majority of the board of directors of the Key Subsidiaries other than RT Mart China, whereas the Offeror will have the right to appoint the remaining members of the board of directors of each of those companies.

LETTER FROM CICC

Reserved matters

Certain reserved matters in relation to A-RT Group will require unanimous approval by the board of directors (other than, for the avoidance of doubt, any independent non-executive Director) of A-RT or such subsidiary of A-RT) (“**Reserved Matters**”) following the signing of the Shareholders’ Agreement. These include winding up A-RT Group members (other than a dormant company or any subsidiary of RT Mart China or Auchan China), amending the constitution of A-RT Group members (other than in relation to the change of the business scope of any subsidiary of RT Mart China or Auchan China or the change of amount of the registered capital due to capital injection by a member of the A-RT Group), issuing equity security of A-RT Group members to any non-member of the A-RT Group (other than pursuant to an ESOP or upon exchange of any security the issuance of which was previously approved or is currently outstanding), paying dividend (other than to the Company or any wholly-owned subsidiary of the Company or on a pro rata basis to all shareholders of any other subsidiary of the Company or the amount of dividend being distributed being not more than 30% of the distributable profits), creating any debt (other than in the ordinary course of business or to a wholly-owned subsidiary of the Company (a “**Permitted Debt**”)), guaranteeing any indebtedness by any member of the A-RT Group (other than a Permitted Debt), creating any liens over assets by A-RT Group member (except in the ordinary course of business or not materially impairing the use of the asset), providing any loan to any person not involved in A-RT Group’s business (other than current assets incurred in the ordinary course of business, or immaterial loans, or to A-RT Group members), selecting or changing the external auditor other than to a ‘Big Four’ auditor, and making any material changes to the accounting policies (other than required by law, the Listing Rules, or Hong Kong Financial Reporting Standards), or changing the financial year of any A-RT Group member.

Additional matters will be included as Reserved Matters immediately after the exercise of the Nomination Right by Auchan. These include establishing any A-RT Group company (unless a wholly-owned subsidiary of the Company), adopting or materially amending any ESOP, approving any material transaction or amendment thereof with a shareholder of any member of the A-RT Group (other than shareholders which are already members of the A-RT Group), entering into new lines of business (outside of the existing business of the Group), discontinuing the existing business of the Group (other than lower tier subsidiaries), consolidating any member of the A-RT Group with any other person other than another wholly-owned member of the A-RT Group, disposing of substantially all material assets or goodwill of any member of the A-RT Group, acquiring material assets or entities, entering into, amending or terminating any agreement related to any variable interest entity or waiving or exercising any rights thereunder, entering into any joint venture, partnership, or similar arrangements with any third party or materially amending the terms thereof (other than in the ordinary course of business), granting or amending any exclusivity obligations (other than in the ordinary course of business), commencing, terminating or settling any material litigation or arbitration by any A-RT Group member, and selecting underwriters or listing exchange, or approving the valuation or any material terms in any initial public offering of an A-RT Group member.

Dividend policy

The parties to the Shareholders’ Agreement will procure each of A-RT and the Company, as soon as reasonably practicable, to distribute to its members not less than 30% of its

LETTER FROM CICC

distributable profits. Taking this objective into account, the parties to the Shareholders' Agreement will use reasonable efforts to discuss and agree in good faith the amount of dividends to be distributed by A-RT and the Company, taking into account the cashflow and other resources required by the Group to continue to invest in future operations.

Rights and obligations in relation to the A-RT Shares and Shares held by the parties to the Shareholders' Agreement

During (i) the period of one year following the first four-year period after the date of the Shareholders' Agreement (such one year period, the "**Initial Liquidity Period**"), and (ii) each period of one year (each such one year period, together with the Initial Liquidity Period, a "**Liquidity Offer Period**") following the expiration of each successive two year period beginning on the expiration of the most recent Liquidity Offer Period, the Offeror will have the right by written notice to Auchan given to offer all of its A-RT Shares to Auchan at market price (being a "see through" price of the Shares and representing the effective economic interest in the Company of the Offeror through those A-RT Shares). For illustration purposes, the Offeror will be entitled to exercise its liquidity right in the 5th, 8th, 11th years and so on after the date of the Shareholders' Agreement. If Auchan does not accept the offer, the Offeror will have the right to swap all of its shares in A-RT into the Shares ("**Liquidity Swap**").

In the event of the exercise of the Nomination Right by Auchan, the Offeror will have the right to offer all of its A-RT Shares to Auchan at a 30% premium. If Auchan does not accept the offer, the Offeror will have the right to exchange its A-RT Shares for such number of Shares representing the Offeror's "see through" effective economic interest in the Company through those A-RT Shares.

The Offeror will (i) have a right of first refusal over Auchan's A-RT Shares upon a change in control of A-RT and a tag along right of its A-RT Shares if the Offeror does not accept Auchan's offer; and (ii) be granted a right of first offer over shares in Auchan Retail International upon a change in control of Auchan Retail International, and if the Offeror does not accept the offer it may offer its A-RT Shares to Auchan at a 15% premium and swap its A-RT Shares for Shares if Auchan does not accept the offer ("**Change in Control Swap**").

Any exercise of the above rights giving rise to any obligation to make a mandatory general offer ("**MGO**") to the shareholders of the Company under Rule 26 of the Takeovers Code will be carried out in compliance with the Takeovers Code. The Offeror will take sole responsibility for any MGO obligations arising from its exercise of the Liquidity Swap or the Change in Control Swap.

Each of Auchan and the Offeror will give a right of first offer to each other and the Sellers will give a right of first offer to Auchan first then the Offeror, in each case with respect to any proposed transfer of shares in A-RT by it. In the case of the Sellers, if neither Auchan nor the Offeror accept the Sellers' offer, the Sellers will have the right to swap its A-RT Shares for Shares, and thereafter the Sellers will first negotiate with Auchan, then the Offeror (if no definitive agreement is reached with Auchan), in each case in good faith the transfer of those Shares. The Offeror will also have a tag along right when Auchan proposes to transfer its shares in A-RT to a third party. Any allotment and issue of the A-RT Shares will be on the same terms to each of the Offeror, the Sellers and Auchan on a pro-rata basis.

LETTER FROM CICC

The shares in A-RT held by Auchan, the Offeror and the Sellers will be subject to a lock up for four years for Auchan and the Offeror and two years for the Sellers. Issue of shares by A-RT or transfer of shares in A-RT or Shares will not be permitted if such issue or transfer is made to a competitor of Auchan (in case of a transfer of A-RT Shares by the Offeror or of A-RT Shares or Shares by the Sellers) and a competitor of the Offeror (in case of a transfer of A-RT Shares or Shares by Auchan and the Sellers).

Restrictive covenants

Each of Auchan and the Offeror will give restrictive covenants in favour of each other in relation to each other's competitors under the Shareholders' Agreement. The Sellers will also give restrictive covenants to Auchan and the Offeror under the Shareholders' Agreement.

Termination of the Shareholders' Agreement

If the Offeror ceases to own at least 19.9% shares in A-RT, each of Auchan and the Offeror will have the right to terminate the Shareholders' Agreement.

PROPOSED CHANGE TO THE BOARD COMPOSITION

As disclosed in the section headed "SHAREHOLDERS' AGREEMENT – Board compositions" above, pursuant to the Shareholders' Agreement, the Board will comprise nine Directors, three of which will be independent non-executive Directors. As disclosed in the joint announcement dated 8 December 2017 of the Offeror and the Company, the Sellers and the Offeror have agreed and the Sellers have undertaken to the Offeror that they will, in accordance with the terms of their undertaking, (i) procure the resignation of any persons nominated by the Sellers for appointment as directors of A-RT, the Company and the Key Subsidiaries (as the case may be) from their respective offices as directors of the relevant companies; and (ii) cause a proposal for the appointment of such persons nominated by the Offeror as directors of A-RT, the Company and the Key Subsidiaries (as the case may be) to be considered by the board of directors of each such company and procure the directors of the relevant companies nominated by the Sellers to approve such appointment, in each case with effect from such date as the Offeror may specify.

Further announcement(s) will be made by the Company upon any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

OVERSEAS SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. As the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

LETTER FROM CICC

Acceptance of the Offer by any Overseas Shareholder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Procedures for Acceptance of the Offer

To accept the Offer, you must complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Offer.

The completed Form of Acceptance should then be forwarded, together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the whole of your holding of the Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "**Sun Art Offer**" on the envelope, as soon as practicable after receipt of these documents and in any event, so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce with the consent of the Executive in accordance with the Takeovers Code). No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is also drawn to the section headed "Terms of the Offer" as set out in paragraph 1 of Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the Offer

Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the latest time for acceptance of the Offer unless the Offer is extended by the offeror in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Shareholder, less seller's *ad valorem* stamp duty (if any) payable by the relevant accepting Shareholder and if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates, will be despatched to the relevant accepting Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

LETTER FROM CICC

Stamp Duty

Seller's *ad valorem* stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each accepting Shareholder at the rate of 0.1% of the consideration payable by the Offeror for such person's Shares or the market value of such person's Shares, whichever is higher, and will be deducted from the cash amount due to such person under the Offer.

The Offeror will pay the buyer's *ad valorem* stamp duty on its own behalf and the seller's *ad valorem* stamp duty on behalf of the accepting Shareholders in respect of the Shares accepted under the Offer.

Nominee Registration

To ensure the equality of treatment of all Offer Shareholders, those Offer Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their respective nominees.

TAXATION ADVICE

The receipt of cash pursuant to the Offer may be a taxable transaction in the jurisdiction in which the Offer Shareholders are located or registered and for PRC tax purposes under applicable tax laws. It is emphasised that none of the Offeror, the Company, CICC, any concert parties (and presumed concert parties) of any of them, the Sellers, the Independent Financial Adviser and the Registrar, or any of their respective agents or advisers or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer. All Offer Shareholders and/or beneficial owners of the Shares shall be solely responsible for their liabilities (including tax liabilities) in relation to the Offer, regardless of whether or not they have submitted the PRC tax declaration form to the Offeror.

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer.

Save for the disclosures in the paragraph headed "10. PRC Tax" as set out in Appendix I to this Composite Document, this Composite Document does not include any information in respect of overseas taxation. Offer Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of Shares.

LETTER FROM CICC

FURTHER TERMS OF THE OFFER

Further terms of the Offer (including the procedures for acceptance, the acceptance period and stamp duty payable by the Offer Shareholders who accept the Offer) are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 20 to 25, the “Letter from the Independent Board Committee” on pages 26 to 27 and the “Letter from the Independent Financial Adviser” on pages 28 to 53, all of which are contained in this Composite Document, in relation to their recommendations and/or advice regarding the Offer.

Your attention is also drawn to the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
China International Capital Corporation
Hong Kong Securities Limited
Pak Hiu Ching
Executive Director

LETTER FROM THE BOARD

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)

(Stock Code: 06808)

Executive Directors:

Ludovic, Frédéric, Pierre HOLINIER
HUANG Ming-Tuan

Non-executive Directors:

CHENG Chuan-Tai
Benoit, Claude, Francois, Marie, Joseph,
LECLERCQ
Xavier, Marie, Alain DELOM de MEZERAC
Wilhelm, Louis HUBNER

Independent Non-executive Directors:

Karen Yifen CHANG
Desmond MURRAY
HE Yi

Head office and Registered Office:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

*Place of business in the People's
Republic of China:*

6th Floor
No. 165, Long Kou Road
Yangpu District
200090, Shanghai
China

22 December 2017

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF TAobao CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY TAobao CHINA HOLDING LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 20 November 2017, the Offeror and the Company jointly announced that on 20 November 2017, the Offeror and the Sellers entered into the Share Purchase Agreements, pursuant to which the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, (i) the A-RT Sale Shares, representing approximately 19.90% of

LETTER FROM THE BOARD

all issued shares of A-RT as at the date of the Joint Announcement, for an aggregate consideration of HK\$6,293,315,626 (equivalent to HK\$6.50 per Share on a see-through basis); and (ii) the Listco Sale Shares, representing approximately 26.02% of all issued Shares of the Company as at the date of the Joint Announcement, for an aggregate consideration of HK\$16,131,825,541 (representing HK\$6.50 per Share).

On 8 December 2017, the Offeror and the Company jointly announced that Completion took place on 7 December 2017 and upon Completion, the Offeror held (i) the A-RT Sale Shares (representing approximately 19.90% of the issued Shares in A-RT as at the Latest Practicable Date); and (ii) 2,001,450,083 Shares (representing approximately 20.98% of the issued Shares as at the Latest Practicable Date). As such, the Offeror and A-RT will be presumed to be concert parties by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties) upon Completion.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 17 November 2017, the Board has established the Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Karen Yifen CHANG, Mr. Desmond MURRAY and Mr. HE Yi, to make a recommendation to the Offer Shareholders in respect of the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, on 23 November 2017, Somerley Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Reference is made to the Profit Estimate Announcement. The Profit Estimate, which constitutes a profit forecast of the Company under Rule 10 of the Takeovers Code, has been reported on by the auditor of the Company and HSBC, the financial adviser to the Company, respectively, in accordance with Rule 10 of the Takeovers Code. KPMG, the auditor of the Company, is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate was properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2016. HSBC, the financial adviser to the Company, is satisfied that the Profit Estimate was prepared by the Directors with due care and consideration. Your attention is drawn to the letters from KPMG and HSBC on the Profit Estimate as set out in Appendices III and IV to this Composite Document, respectively.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in respect of the terms of the Offer and as to acceptance of the Offer, and the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer.

LETTER FROM THE BOARD

THE OFFER

As at the Latest Practicable Date, there were 9,539,704,700 Shares in issue. There were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offer

As mentioned in the “Letter from CICC” on pages 9 to 10 of this Composite Document, CICC is making the Offer for and on behalf of the Offeror to all the Offer Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

For each Offer ShareHK\$6.50 in cash

The Offer Price of HK\$6.50 per Offer Share under the Offer is equal to the purchase price per Listco Sale Share paid or payable by the Offeror under the Listco SPAs.

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “Letter from CICC” as set out on pages 17 to 18 of, and Appendix I to, this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE GROUP

The Company is a company incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the operation of hypermarkets and E-commerce platforms in the PRC.

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
Offeror and its concert parties (including its presumed concert parties)				
– Offeror	0	0.00%	2,001,450,083	20.98%
– A-RT	4,865,338,686	51.00%	4,865,338,686	51.00%
– Auchan Retail International	926,418,766	9.71%	0	0.00%

LETTER FROM THE BOARD

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
CGC	807,024,010	8.46%	249,240,945	2.61%
Kofu	748,376,538	7.84%	231,128,286	2.42%
Directors or former Director	123,429,074	1.29%	123,429,074	1.29%
Public Shareholders (Note 1)	2,069,117,626	21.69%	2,069,117,626	21.69%
Total	9,539,704,700	100.00%	9,539,704,700	100%

Note 1: These Shares include 224,500 Shares held by CICC group (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) as at the Latest Practicable Date in respect of non-discretionary trades conducted for and on behalf of its clients (who are entitled to accept the Offer, if made).

The following table set out a summary of the consolidated results of the Group for each of the three financial years ended 31 December 2016, 2015 and 2014, as extracted from the audited financial statements, which are prepared in accordance with Hong Kong Financial Reporting Standards and included in the Company's annual report for each of the years ended 31 December 2016 and 2015:

	For the year ended 31 December		
	2016	2015	2014
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i> (Restated)
Revenue	100,441	96,414	91,855
Profit before tax	3,909	3,552	4,199
Profit attributable to equity Shareholders of the Company	2,571	2,443	2,899
	As at	As at	As at
	31 December	31 December	31 December
	2016	2015	2014
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i> (Restated)
Consolidated net asset value attributable to the equity Shareholders of the Company	21,785	20,746	19,681

Further information of the Group are set out in Appendices II and VI to this Composite Document.

LETTER FROM THE BOARD

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from CICC” as set out on page 11 of this Composite Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the section headed “The Offeror’s intentions in relation to the Group” in the “Letter from CICC” as set out on page 12 of this Composite Document.

The Board welcomes that the Offeror has no intention to terminate any employment of the employees of the Group, except for the proposed change of Board composition as detailed in the section headed “PROPOSED CHANGE TO THE BOARD COMPOSITION” in the “Letter from CICC” as set out on page 16 of this Composite Document. The Board believes that, by combining the resources of the Offeror, Auchan and the Sellers, the new alliance will enable the Group’s activities to benefit from the Offeror’s digital ecosystem. It will digitalise and introduce new retail solutions at the Group’s stores.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “Letter from CICC” on pages 12 to 13 of this Composite Document that the Offeror intends to maintain the listing status of the Shares on the Stock Exchange following the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 19.38% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and it is stated in the “Letter from CICC” that the directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer, which may include the Offeror selling some of its Shares.

Shareholders and potential investors in the Company are advised to exercise caution when dealing in Shares.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 26 to 27 of this Composite Document, which sets out its recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to acceptance thereof; and (ii) the “Letter from the Independent Financial Adviser” on pages 28 to 53 of this Composite Document, which sets out its letter of advice to the Independent Board Committee as to whether the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,

By order of the Board

Sun Art Retail Group Limited

Ludovic, Frédéric, Pierre HOLINIER

Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.

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)

(Stock Code: 06808)

22 December 2017

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF TAOBAO CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY TAOBAO CHINA HOLDING LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document dated 22 December 2017 issued jointly by the Offeror and the Company (“**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to acceptance thereof.

Somerley Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 28 to 53 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from CICC” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having considered the terms of the Offer and the letter of advice from the Independent Financial Adviser, in particular the unfavourable valuation of the Group as represented by the Offer Price against the valuation of Comparable Companies (as defined in the letter from the Independent Financial Adviser), the financial performance and position of the Group and its future prospects, and the discounts of the Offer Price to the recent market prices of the Shares, we consider that the terms of the Offer are not fair and not reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer.

Notwithstanding our recommendation, as the market price of the Shares has been higher than the Offer Price, Offer Shareholders who are unsure of the future prospects of the Company may consider taking the opportunity to dispose of some or all of their Shares in the market. The market price of the Shares closed at HK\$8.11 as at the Latest Practicable Date. Offer Shareholders who wish to dispose of their Shares should monitor the market price and the trading liquidity of the Shares closely.

Offer Shareholders should bear in mind the possibility of a suspension in trading in the Shares following the close of the Offer if the minimum prescribed public float percentage applicable to the Company of approximately 19.38% is not met. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps, which may include the Offeror selling some of its Shares, to ensure that sufficient public float exists in the Shares.

In considering what action to take in connection with the Offer, Offer Shareholders should also consider their own tax positions, if any, and in case of any doubt, consult their professional advisers.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Ms. Karen Yifen CHANG
*Independent non-executive
Director*

Mr. Desmond MURRAY
*Independent non-executive
Director*

Mr. HE Yi
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter from the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of inclusion in the Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

22 December 2017

To: the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF TAOBAO CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY TAOBAO CHINA HOLDING LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the mandatory unconditional cash offer by CICC for and on behalf of the Offeror to acquire all of the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties). Details of the Offer are set out in the Composite Document dated 22 December 2017, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 20 November 2017, the Offeror and the Sellers entered into the Share Purchase Agreements pursuant to which the Offeror has conditionally agreed to purchase, and the Sellers, comprising CGC and Kofu, have conditionally agreed to sell, (i) the A-RT Sale Shares, representing approximately 19.90% of all the issued shares of A-RT (a Shareholder holding approximately 51.0% in the Company as at the Latest Practicable Date), for an aggregate consideration of approximately HK\$6,293.3 million (equivalent to HK\$6.50 per Share on a see-through basis); and (ii) the Listco Sale Shares, representing approximately 26.02% of all the issued Shares, for an aggregate consideration of approximately HK\$16,131.8 million (representing HK\$6.50 per Share, the "**Transaction Price**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following Completion and in accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties).

In accordance with the Takeovers Code and as announced by the Company on 20 November 2017, the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Karen Yifen CHANG, Mr. Desmond MURRAY and Mr. HE Yi, has been established to make a recommendation to the Offer Shareholders in respect of the Offer. With the approval of the Independent Board Committee, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any payment or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed, among other things, the unaudited consolidated results of the Group for the nine months ended 30 September 2017 (“**2017 Q3 Announcement**”), its interim report for the six months ended 30 June 2017 and the annual reports for the years ended 31 December 2015 and 2016, and the information contained in the Composite Document. We have also reviewed the trading performance of the Shares on the Stock Exchange, and conducted site visits to selected stores of the Group. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document were true as at the publication date of the Composite Document and will continue to be true until the Closing Date, and that Shareholders will be notified of any material changes to such representations as soon as reasonably practicable during the Offer Period.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFER

CICC, for and on behalf of the Offeror, is making the Offer to all the Offer Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties) in accordance with the Takeovers Code on the following terms:

For each Offer ShareHK\$6.50 in cash

The Offer Price of HK\$6.50 per Offer Share is equal to the Transaction Price, and was determined after arm's length negotiations between the Offeror and the Sellers and having regard to (i) the net asset value (the "NAV") of the Company as at 30 June 2017 of approximately RMB2.25 per Share (equivalent to approximately HK\$2.66 per Share, based on the exchange rate of RMB0.84559 to HK\$1 as quoted by the People's Bank of China as at the Latest Practicable Date), and (ii) the financial position of the Company. Based on the Offer Price of HK\$6.50 per Share and 9,539,704,700 Shares in issue as at the Latest Practicable Date, all the issued Shares were valued at approximately HK\$62,008.1 million.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them. Such rights include but are not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document. Accepting Shareholders should note that they will not be entitled to any dividend to be declared for the year ending 31 December 2017.

As at the Latest Practicable Date, (i) Bruno Robert MERCIER; (ii) HUANG Ming-Tuan and his associates; (iii) CHENG Chuan-Tai; and (iv) Desmond MURRAY hold 123,429,074 Shares in aggregate. Each of them has undertaken that he will (a) not sell or transfer his Shares during the Offer Period; or (b) not accept the Offer in respect of his Shares.

The Offer is unconditional in all respects. Acceptances of the Offer will be irrevocable and shall not be capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to the Composite Document. Further details of the Offer, including the expected timetable and the terms and procedures for acceptance of the Offer, are set out in the sections headed "Expected Timetable", "Letter from CICC", "Letter from the Board", Appendix I to the Composite Document and the Form of Acceptance.

Offer Shareholders are urged to read the relevant sections in the Composite Document in full. The latest time and date for acceptance of the Offer is 4:00 p.m. on 12 January 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background to the Offer

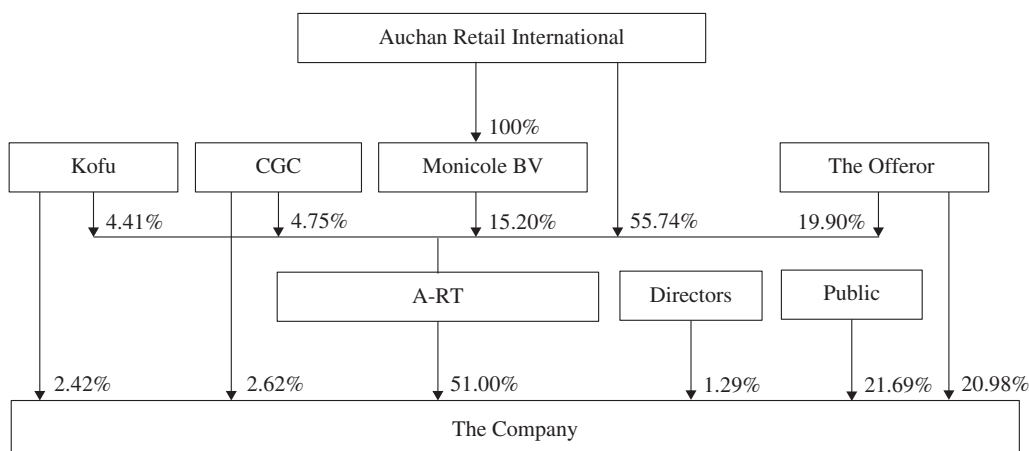
On 20 November 2017, the Offeror and the Company jointly announced that on 20 November 2017, the Offeror and the Sellers entered into the Share Purchase Agreements, pursuant to which the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, (i) the A-RT Sale Shares, representing approximately 19.90% of all the issued shares of A-RT as at the Latest Practicable Date, for an aggregate consideration of approximately HK\$6,293.3 million (equivalent to HK\$6.50 per Share on a see-through basis); and (ii) the Listco Sale Shares, representing approximately 26.02% of all the issued Shares as at the Latest Practicable Date, for an aggregate consideration of approximately HK\$16,131.8 million (representing HK\$6.50 per Share).

On 8 December 2017, the Offeror and the Company jointly announced that Completion took place on 7 December 2017 and that immediately after Completion, the Offeror held (i) the A-RT Sale Shares (representing approximately 19.90% of the issued Shares in A-RT as at the Latest Practicable Date); and (ii) 2,001,450,083 Shares (representing approximately 20.98% of the issued Shares as at the Latest Practicable Date). As such, the Offeror and A-RT will be presumed to be concert parties by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties) upon Completion. The Second Completion in respect of the remaining Shares to be acquired pursuant to the Share Purchase Agreements, being 480,369,231 Shares (approximately 5.04% of the issued Shares as at the Latest Practicable Date), will take place after Completion, on a date to be specified by the Offeror.

As disclosed in the Joint Announcement, Second Completion of the Kofu Listco SPA and the CGC Listco SPA will take place on a date specified by notice by the Offeror to Kofu or CGC (as the case may be) provided that such date shall be: (a) on or after the date of Completion; (b) no later than the 15th Business Day following the Long Stop Date or Postponed Long Stop Date of the Kofu Listco SPA or the CGC Listco SPA (as the case may be); and (c) on or after the 5th Business Day following the date of the Offeror’s notice to Kofu or CGC (as the case may be).

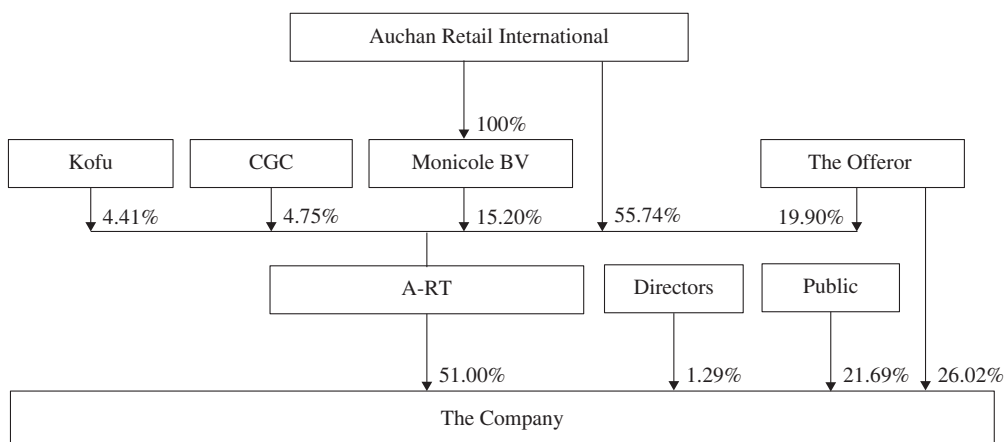
The following charts illustrate the shareholding structure of the Company as at the Latest Practicable Date and immediately after the Second Completion:

As at the Latest Practicable Date



LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately after the Second Completion



It should be noted from the above charts that after the Second Completion, in shareholding terms, Auchan Retail International, which is part of the leading French retail group “Auchan”, will continue to hold over 70% of A-RT, which in turn controls approximately 51.0% of the Company.

2. Information on the Group

The Company is a company incorporated in Hong Kong with limited liability, and the Shares have been traded on the Main Board of the Stock Exchange since July 2011. The Group principally operates hypermarkets in the PRC and also runs e-commerce platforms, which offer a broad range of food and non-food merchandise directly to customers. For the year ended 31 December 2016, and for the nine months ended 30 September 2017, the Group recorded revenue of approximately RMB100.4 billion and RMB79.0 billion, respectively. As the Latest Practicable Date, the market capitalisation of the Company was approximately HK\$77.4 billion.

The Group began its hypermarket operations in the PRC in 1998 and has since then expanded its national footprint to cover 29 provinces, municipalities and autonomous regions in the PRC, as at 30 June 2017. The Group’s stores are either operated on lease or are self-owned. As at 30 June 2017, the Group operated 446 stores in the PRC, of which 77 were under the “Auchan” banner and 369 were under the “RT-Mart” banner, with a total gross floor area of approximately 12.1 million square metres. The table below sets out the number of stores operated by the Group as at recent year/period ends:

	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Number of stores	446	446	409	372
Stores under construction	71	69	77	116

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the six months ended 30 June 2017	For the year ended 31 December		
		2016	2015	2014
New stores opened	2	38	38	49
Stores closed	2	1	1	Nil

As set out above, the Group's pace of opening new stores has recently declined, with 38 stores openings in each of 2015 and 2016 compared to 49 store openings in 2014. In the first half of 2017 two stores were opened. Despite the slower pace of opening new stores, a total of 71 stores were under construction as at 30 June 2017, the majority of which are expected to become operational in the coming 2 years. The Group operated 9 distribution centres as at 30 June 2017 to support the supply chain function of the Group.

In addition to the purchase of merchandise and products from third party suppliers, the Group launched a number of direct sourcing and co-sourcing projects and collaborated with selected manufacturers to produce and provide semi-finished products for sale in selected stores, in order to improve the quality and range of products available. The Group has also been developing own brand products under brands such as "Actuel" and "Unic", to differentiate its product offering and drive sales growth.

While the stores are managed by the Group, smaller retail galleries within stores are leased to third parties that are complementary to the operations and customer base, such as apparel and footwear stores, restaurants, pharmacies and banks.

In addition to its hypermarket operations the Group maintains e-commerce platforms under various brands such as "Feiniu" and "Fieldschina", and cooperates with external service providers, including "Baidu Waimai" and "Meituan", to offer delivery services to customers. The Group has been seeking to integrate its online and offline businesses by, for example, leveraging resources at its hypermarkets to offer delivery services to Feiniu platform customers, and using the Group's supply chain and procurement competency to drive its online business. Feiniu had over 28 million registered members as at 30 June 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Financial information and prospects of the Group

(a) Financial results

Set out below is a summary of the consolidated financial results of the Group for the six months ended 30 June 2016 and 2017, and for the three years ended 31 December 2014, 2015 and 2016. Details of the financial information of the Group are set out in Appendix II to the Composite Document:

	For the six months ended 30 June		For the year ended 31 December		
	2017 <i>RMB</i> <i>million</i> <i>(Unaudited)</i>	2016 <i>RMB</i> <i>million</i> <i>(Unaudited)</i>	2016 <i>RMB</i> <i>million</i> <i>(Audited)</i>	2015 <i>RMB</i> <i>million</i> <i>(Audited)</i>	2014 <i>RMB</i> <i>million</i> <i>(Audited and restated)</i>
Revenue	54,080	52,943	100,441	96,414	91,855
Cost of sales	(41,498)	(40,884)	(76,460)	(73,951)	(70,857)
Gross profit	12,582	12,059	23,981	22,463	20,998
<i>Gross profit margin</i>	23.3%	22.8%	23.9%	23.3%	22.9%
Other income	1,020	436	873	747	701
Operating costs	(9,260)	(8,886)	(18,042)	(17,002)	(15,097)
Administrative expenses	(1,417)	(1,410)	(2,876)	(2,633)	(2,388)
Profit from operations	2,925	2,199	3,936	3,575	4,214
Finance costs	(5)	(12)	(23)	(20)	(15)
Share of results of an associate and a joint venture	(1)	(4)	(4)	(3)	–
Profit before taxation	2,919	2,183	3,909	3,552	4,199
Income tax	(1,021)	(722)	(1,280)	(1,088)	(1,176)
Profit for the period/year	1,898	1,461	2,629	2,464	3,023
<i>Net profit margin</i>	3.5%	2.8%	2.6%	2.6%	3.3%
Profit attributable to the Shareholders	1,757	1,432	2,571	2,443	2,899
Earnings per share (basic and diluted) (RMB)	0.18	0.15	0.27	0.26	0.30
Dividend per Share (RMB)	–	–	0.20	0.16	0.13
(HK\$)	–	–	0.23	0.19	0.16

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Revenue

Revenue of the Group is primarily derived from the sales of goods and rental income. Sales of goods, mainly from the Group's stores, contributed over 95% of the Group's total revenue during the periods presented above, while rental income represented leasing of retail gallery space in stores to third parties. Revenue increased by approximately 5.0% in 2015, and further increased by approximately 4.2% in 2016 to approximately RMB100,441 million, principally driven by the opening of new stores during the period, partly offset by a decline in the same store sales growth (the "SSSG"). The Group recorded negative SSSG of approximately 1.6%, 3.6% and 0.3% respectively, for the years ended 31 December 2014, 2015 and 2016.

For the six months ended 30 June 2017, the Group recorded revenue of approximately RMB54,080 million, representing a slight increase of approximately 2.1% compared to the same period in 2016. The effect of new store openings was again partly offset by a negative SSSG of approximately 0.9% recorded in the first half of 2017, compared to a negative SSSG of approximately 0.3% in the first half of 2016.

(ii) Gross profit

The Group exhibited relatively stable gross profit margins of approximately 23% to 24%, and the gross profit of the Group in general increased in line with revenue growth, as discussed above.

(iii) Other income

Other income represented mainly interest income, service income (for example, income from parking lots and services provided relating to co-branded credit cards), government grants and income from the disposal of packaging materials. The significant increase in other income for the first half of 2017 was principally a result of the recognition of an income of approximately RMB460 million regarding aged unutilised prepaid cards issued over a period of time.

(iv) Operating costs

Operating costs represented the costs relating to the operations of hypermarkets and e-commerce platforms, which mainly comprised personnel expenses, operating lease and utility charges, the amortisation of land use rights and the depreciation of property, plant and equipment for the stores and e-commerce platforms. The operating costs increased by approximately 12.6% to approximately RMB17,002 million in 2015, and further increased by approximately 6.1% to approximately RMB18,042 million in 2016, primarily due to the increase in the number of stores, the costs incurred for the development of e-commerce platforms, leading to an increase in staff costs, and impairment provisions in relation to reduced profitability of certain stores and planned store closures. For a similar reason, the operating costs increased by approximately 4.2% to approximately RMB9,260 million in the first half of 2017, compared to the first half of 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) Administrative expenses

Administrative expenses of the Group comprised mainly personnel expenses, travelling expenses, depreciation and amortisation of land use rights and property, plant and equipment for administrative departments. The general increasing trend of the administrative expenses was generally in line with the increasing scale of operations of the Group.

(vi) Net profit

Net profit margins of the Group remained in a range of approximately 2.6% to 3.5% during the periods presented above. The Group recorded a net profit of approximately RMB2,464 million in 2015, representing a decrease of approximately 18.5% compared to 2014, mainly as a result of the losses incurred by the Group's e-commerce platforms, and operating costs increasing at a faster rate than sales and gross profit. The net profit improved in 2016, with an approximately 6.7% increase compared to 2015, mainly due to an increase in revenue from sales of goods. For the first half of 2017, the net profit of the Group amounted to approximately RMB1,898 million, representing an increase of approximately 29.9% compared to the first half of 2016, mainly due to the recognition of other income of approximately RMB460 million from aged unutilised prepaid cards as discussed above, a slightly improved gross profit margin, and the reduction of losses incurred by the Group's e-commerce platforms.

(vii) Dividends paid to Shareholders

The total dividends paid to Shareholders increased from RMB0.13 per Share in 2014 to RMB0.16 per Share in 2015, and further increased to RMB0.20 per Share in 2016, with a dividend pay-out ratio of between approximately 43.3% and 74.1%. No interim dividend has been declared by the Group for the first half of 2016 or 2017.

2017 Q3 Announcement

As set out in the 2017 Q3 Announcement, the Group recorded revenue of approximately RMB79,030 million, representing a slight increase of approximately 2.2% over the same period in 2016. The Group's net profit for the nine months ended 30 September 2017 increased by approximately 20.2% to approximately RMB2,501 million compared to the same period in 2016, due to similar reasons as explained above for the increase in net profits for the first half of 2017. The growth in net profit on a year-on-year basis for the first three quarters in 2017 slowed when compared to the year-on-year growth for the first half of 2017, principally due to a goodwill impairment made in relation to the acquisition of an additional interest in a subsidiary.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Financial position

Set out below is a summary of the consolidated financial position of the Group as at 30 June 2017 and 31 December 2016, details of which are set out in Appendix II to the Composite Document:

	As at 30 June 2017	As at 31 December 2016
	<i>RMB million (Unaudited)</i>	<i>RMB million (Audited)</i>
Investment properties	3,556	3,615
Other property, plant and equipment	21,938	22,820
Land use rights	5,682	5,740
Others non-current assets	1,159	1,069
Total non-current assets	32,335	33,244
Inventories	8,801	15,409
Trade and other receivables	3,699	3,552
Investments and time deposits	86	36
Cash and cash equivalents	8,712	8,100
Total current assets	21,298	27,097
Total assets	53,633	60,341
Trade and other payables	30,119	36,807
Other liabilities	812	725
Total liabilities	30,931	37,532
Net assets	22,702	22,809
Equity attributable to the Shareholders	21,474	21,785
NAV per share (RMB)	2.25	2.28

(i) Investment properties

Investment properties represented the retail galleries in hypermarket complexes rented to third parties. We note from the Company's accounting policies that such investment properties are stated at cost less accumulated depreciation and impairment losses, and the carrying amount of the investment properties as at 30 June 2017 was approximately RMB3,556 million. As at 30 June 2017 there were 105 retail galleries classified as investment properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Other property, plant and equipment and land use rights

As at 30 June 2017, the Group's other property, plant and equipment amounted to approximately RMB21,938 million, which mainly consisted of the Group's self-owned stores and associated equipment. As at 30 June 2017, the Group operated a total of 446 stores, of which 105 stores (approximately 23.5% of the total) were self-owned properties classified as other property, plant and equipment. The Group's interests in land use rights represented the land portion of the Group's self-owned buildings. We are advised by the management of the Group that the land use right granted to the Group ranged from 40 to 70 years.

While the Group's investment properties, other property, plant and equipment and land use rights are carried at cost, the aggregate fair value of the Group's properties was approximately RMB37,612.0 million as at 30 November 2017, as valued by Cushman & Wakefield Limited ("**Cushman & Wakefield**"), a professional valuer independent of the Company. Please refer to the section headed "Property valuation and Re-assessed NAV" for our further analyses on the NAV of the Group as adjusted by the above latest valuation of the Group's property interests.

(iii) Other assets and liabilities

Other assets of the Group mainly comprised (i) inventories, being store merchandise, of approximately RMB8,801 million, (ii) cash and cash equivalents of approximately RMB8,712 million, and (iii) trade and other receivables of approximately RMB3,699 million, which mainly consisted of rental prepayments for stores leased by the Group and value-added tax receivables arising from acquisition of new stores and bulk purchase of inventories.

(iv) Liabilities

As at 30 June 2017, the Group recorded total liabilities of approximately RMB30,931 million, of which (i) approximately RMB15,146 million related to trade payables, which represented the outstanding amount of the purchase of merchandise, and (ii) approximately RMB9,124 million primarily related to advance receipts from customers in respect of unutilised balances of prepaid cards issued by the Group. Over 99% of the trade payables as at 30 June 2017 were due within 6 months.

As at 30 June 2017, the Group recorded limited bank loans of approximately RMB5 million, with a net cash position of approximately RMB8,707 million (being cash and cash equivalents minus bank loans), indicating a healthy financial position.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) *Commitments and contingencies*

The Group had capital commitments of approximately RMB4,708 million as at 30 June 2017, which mainly related to the Group's stores under construction, and operating lease commitments of approximately RMB18,334 million, which mainly related to stores leased by the Group under operating leases, which typically run for an initial period of 15 to 20 years, with an option to renew. In respect of the Group's operating leases, the Group had commitments to pay additional rent of a proportion of turnover if certain predetermined levels are exceeded.

As set out in the Company's 2017 interim report, legal action has been taken against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and lease agreements, which were ongoing as at 30 June 2017 with total claims of approximately RMB218 million. A provision of approximately RMB35 million, which the Directors believed to be adequate, was made in the financial statements as at 30 June 2017.

2017 Q3 Announcement

As set out in the 2017 Q3 Announcement, the Group recorded total assets of approximately RMB58,418 million, total liabilities of approximately RMB35,307 million, and net assets of approximately RMB23,111 million, with no material changes as compared to those balances as at 30 June 2017.

(c) *Prospects of the Group*

As the Group operates in the retail industry with a nationwide network of hypermarkets in the PRC, general economic and consumer spending data in the PRC are relevant indicators for its business performance. We consider it appropriate to view the Group's prospects in light of statistical indicators relating to overall economic development, consumption patterns and retail sales in the PRC. According to the National Bureau of Statistics of the PRC (the "**PRC Statistics Bureau**"), the gross domestic product ("**GDP**") of the PRC grew by approximately 7.3%, 6.9%, 6.7%, and the national disposable income per capita increased by approximately 8.0%, 7.4%, 6.3%, in 2014, 2015 and 2016 respectively. Both indicators showed continued growth, albeit at a slower pace more recently. In the first half of 2017, the GDP of the PRC grew by approximately 6.9% and the national disposable income per capita increased by approximately 7.3%, indicating a rebound in growth rates. Retail sales of consumer goods increased by over 10% every year from 2014 to 2016, based on data released by the PRC Statistics Bureau. Against the above backdrop, the Group has been opening new stores in order to increase its market penetration and expand its retail network.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

While the Group has been expanding its traditional business through new store openings, it has also introduced its own e-commerce platforms in 2014. The online retail market in the PRC is a sector with substantial growth, as evidenced by online retail sales having increased by approximately 49.7%, 33.3% and 26.2%, in 2014, 2015 and 2016 respectively, based on data released by the PRC Statistics Bureau. The PRC government has been promoting the transformation of the offline retail sector in a bid to alleviate pressures from mounting operation costs and the threat from online retailers, including online-offline integration, and published a circular on this subject in November 2016 (the “**State Council Circular**”). According to the Company’s latest annual and interim reports, Feiniu, the Group’s major e-commerce platform, recorded gross merchandise value (“**GMV**”) of approximately RMB2.1 billion in 2016 (an over 100% increase over 2015), and approximately RMB1.8 billion for the first half of 2017, showing significant growth potential.

Pursuant to the Business Cooperation Agreement, the Alibaba Group and the Company will, among others, seek to enable the Group’s traditional hypermarket and supermarket businesses to increase business efficiency through utilising internet technologies and traffic from Taobao. For further details please see the section headed “Business of the Group”.

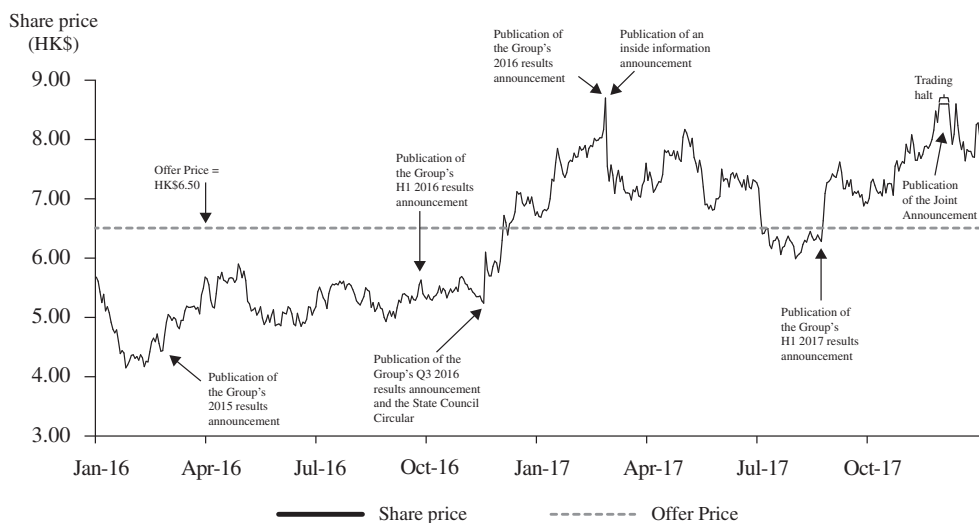
While overall retail sales in the PRC have continued to grow, the Group’s SSSG has been negative in recent years, and the rate of opening new stores has slowed. As stated in the 2016 annual report of the Group, the competition in retail industry was still intense. This may indicate future headwinds in respect of the Group’s established store operations. On the other hand, in recent years the Group has augmented its existing offline retail business with e-commerce ventures. The introduction of the Alibaba Group as a significant Shareholder and the execution of the Business Cooperation Agreement suggests that the Group seeks to enhance its digital footprint and build out online-to-offline retail strategies, thereby expanding its business beyond the traditional “bricks and mortar” retail experience.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analysis of price performance and trading liquidity

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 2 January 2016 to the Latest Practicable Date (the “Review Period”):



Source: Bloomberg

The Shares traded below the Offer Price during most of 2016. On 11 November 2016, the Share price increased by approximately 16.4% to HK\$6.10, following (i) the publication of the State Council Circular, and (ii) the publication of the Group's Q3 2016 results, showing an approximately 2.0% increase in net profit. The price of the Shares continued to climb, passing the Offer Price on 25 November 2016 and reaching the highest point during the Review Period of HK\$8.70 on 17 February 2017. On the same day, the Company published an announcement after trading halt, confirming that it was in discussions with certain third parties, including “Suning”, in respect of potential cooperation, and that it could not rule out the possibility of cooperating with “significant online platforms”. On 19 February 2017, the Group announced its 2016 results, showing an approximately 6.7% increase in net profit. Following resumption of trading in the Shares on 20 February 2017, the Share price dropped by approximately 13.2%, to close at HK\$7.55.

Throughout March 2017 and most of April 2017 the Share price fluctuated, and after reaching a high of HK\$8.17 on 24 April 2017 the price of the Shares declined and closed at HK\$6.28 on 9 August 2017, before the publication of the Group's 2017 interim results announcement on the same day, which showed a significant improvement in net profits of approximately 29.9%. The Share price increased by approximately 5.6% and closed at HK\$6.63 on 10 August 2017. Subsequently, the Share price trended downwards before exhibiting a broadly upward trajectory, closing at HK\$8.60 on 10 November 2017, the Last Trading Date.

Following publication of the Joint Announcement and resumption of trading on 20 November 2017, the Share price has declined somewhat, to close at HK\$8.11 on the Latest Practicable Date, an approximately 24.8% premium over the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Trading liquidity

Set out below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares and public float of the Company during the Review Period:

	Monthly total trading volume of the Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the total issued Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume of the Shares to the public float of the Company <i>(Note 3)</i>
2016			
January	208,644,914	2.2%	10.4%
February	124,044,534	1.3%	6.2%
March	154,870,845	1.6%	7.7%
April	134,201,532	1.4%	6.7%
May	124,083,098	1.3%	6.2%
June	108,277,589	1.1%	5.4%
July	78,566,993	0.8%	3.9%
August	121,951,401	1.3%	6.0%
September	127,006,419	1.3%	6.3%
October	136,977,984	1.4%	6.8%
November	481,355,179	5.0%	23.8%
December	250,569,620	2.6%	12.4%
2017			
January	211,080,429	2.2%	10.4%
February	372,879,831	3.9%	18.5%
March	234,036,456	2.5%	11.5%
April	160,566,301	1.7%	7.9%
May	287,722,767	3.0%	14.1%
June	191,326,799	2.0%	9.4%
July	185,965,396	1.9%	9.1%
August	270,594,944	2.8%	13.3%
September	128,370,774	1.3%	6.3%
October	159,513,399	1.7%	7.8%
November	457,456,833	4.8%	22.4%
From 1 December 2017 to the Latest Practicable Date	152,898,813	1.6%	7.5%

Notes:

- (1) *Source: Bloomberg*
- (2) *The calculation is based on the monthly total trading volumes of the Shares divided by all the issued Shares at the end of each month or at the Latest Practicable Date, as applicable*
- (3) *The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public at the end of each month or at the Latest Practicable Date, as applicable*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above table, the monthly trading volumes of the Shares represented approximately 0.8% to 5.0% of the total issued Shares, equivalent to approximately 3.9% to 23.8% of the Shares constituting the public float of the Company. Broadly speaking, the Shares have been relatively less actively traded in 2016 than in 2017. In months where the Company announced (i) certain financial results, such as in November 2016, May 2017 and August 2017, and (ii) its potential cooperation with online platform operators in February 2017, trading of the Shares was relatively active.

With trading of the Shares averaging in excess of 10% of the public float during 2017 up to the Latest Practicable Date, we regard the Shares are relatively actively traded, even before the Joint Announcement. However, if Offer Shareholders were to sell a significant number of Shares over a short period, some downward pressure on the market price may be expected.

(c) Offer Price comparisons

The Offer Price of HK\$6.50 represents:

- (i) a discount of approximately 24.4% to HK\$8.60, the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 21.7% to HK\$8.306, the average closing price of Shares as quoted on the Stock Exchange for the last 5 full trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 16.1% to HK\$7.748, the average closing price of Shares as quoted on the Stock Exchange for the last 30 full trading days up to and including the Last Trading Date; and
- (iv) a discount of approximately 19.3% to approximately HK\$8.05, the average closing price of Shares as quoted on the Stock Exchange from the Last Trading Date to the Latest Practicable Date.

As set out in the section headed “Analysis of price performance and trading liquidity”, the price of the Shares has increased significantly since the beginning of 2017 and in general traded higher than the Offer Price of HK\$6.50. As set out above, the Offer Price is significantly lower than the (average) closing price of the Shares on the Last Trading Day, for the last 5 and 30 full trading days, and since the Last Trading Date up to the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Peer comparison

As set out in the section headed “Information on the Group”, the Group is a hypermarket and supermarket operator in the PRC, making direct sales of food and non-food merchandise to its customers. We have analysed the companies (the “Comparable Companies”) listed on the Stock Exchange that principally engage in direct sales of merchandise to customers through hypermarket and supermarket chains in the PRC, according to their latest published annual reports. Based on the above criteria, we have identified 4 Comparable Companies as set out below. We consider the list of Comparable Companies represents an exhaustive list based on publicly available information on the disclosure system for listed companies maintained by the Stock Exchange, on the basis of their principal activities:

Company	Market capitalisation as at the Latest Practicable Date (HK\$ million)	Closing price as at the Latest Practicable Date (HK\$) (A)	Consolidated NAV per share (HK\$) (B) (Note 1)	Earnings per share (HK\$) (C) (Note 2)	Price to earnings multiple (“P/E”) (times) (A/C)	Price to book multiple (“P/B”) (times) (A/B)	Dividend yield % (Note 3)
C.P. Lotus Corporation (stock code: 121)	1,377.4	0.125	0.09	(0.03)	N/A	1.4	Nil
Lianhua Supermarket Holdings Co., Ltd. (stock code: 980)	1,091.7	2.93	2.61	(0.47)	N/A	1.1	Nil
China Shun Ke Long Holdings Limited (stock code: 974)	813.3	2.80	1.07	0.09	31.1	2.6	Nil
Beijing Jingkelong Company Limited (“Beijing Jingkelong”) (stock code: 814)	406.2	2.23	4.72	0.07	31.9	0.5	2.7
			<i>Mean</i>		31.5	1.4	0.7
			<i>Median</i>		31.5	1.3	N/M
			<i>Maximum</i>		31.9	2.6	2.7
			<i>Minimum</i>		31.1	0.5	Nil
The Company at the Offer Price	62,008 ^(Note 4)	6.50 ^(Note 5)	2.66	0.32	20.3	2.4	3.5

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) Calculated by dividing the respective consolidated NAV attributable to the equity holders as extracted from the latest published financial statements by the respective number of issued shares (and assuming conversion of preference shares, if any) as at the year/period end date
- (2) As extracted from the latest published full year financial statements
- (3) For the Comparable Companies, being the dividend per share payable as extracted from the respective latest full year financial statements, divided by the respective closing prices for the Comparable Companies as at the Latest Practicable Date; in respect of the Offer, being the dividend per share payable as extracted from the latest full year financial statements, divided by the Offer Price
- (4) Being the Offer Price of HK\$6.50 times 9,539,704,700 Shares in issue as at the Latest Practicable Date
- (5) Being the Offer Price of HK\$6.50
- (6) For the purpose of this table, the translation of RMB into HK\$ is based on the exchange rate of RMB0.84559 to HK\$1 as quoted by the People’s Bank of China as at the Latest Practicable Date

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) P/E ratio

As shown above, the P/E ratio as represented by the Offer Price is approximately 20.3 times. This is lower than the P/E ratios of both of the profitable Comparable Companies, being approximately 31.1 times and 31.9 times respectively. Although the Company has a much larger market capitalisation than the two profitable Comparable Companies, we consider the comparison is broadly valid. The P/E ratio represents our main consideration for peer comparison, given that (i) we regard revenue and profit as more relevant parameters for valuation of companies in the hypermarket/supermarket sector than balance sheet based parameters (as opposed to, for example, companies in the property or banking industries where a P/B ratio may be more relevant); (ii) management of the Group regards the Group's properties principally as operating assets used by the Group to generate revenue in its ordinary and usual course of business, rather than for the purpose of capital appreciation; and (iii) as at 30 September 2017, approximately 23.3% (in terms of the number of stores operated by the Group) of the Group's stores are self-owned, while the remaining 76.7% are leased and not carried on the balance sheet, indicating that a substantial amount of economic value to the Group is generated from properties that are not reflected in the balance sheet. Having considered the above and on a P/E basis, the Offer Price compares unfavourably to the market valuation of the Company's peers.

(ii) Dividend yield

The Company has, since its listing in 2011, has paid a regular dividend to the Shareholders. Among the Comparable Companies, only Beijing Jingkelong has a regular dividend payment pattern, and was trading at a yield of approximately 2.7%. This is lower than the Company's yield of approximately 3.5% at the Offer Price. This means that the Shareholders who accept the Offer may face difficulties identifying opportunities to re-invest the proceeds from the Offer in similar companies producing a similar or higher yield.

(iii) P/B ratio

The P/B ratios of the Comparable Companies have a mean and median of approximately 1.4 times and 1.3 times respectively, lower than the P/B ratio as represented by the Offer Price of approximately 2.4 times. On this basis alone, the Offer price is attractive to the Offer Shareholders. However, we are advised by the management of the Group that except for retail galleries within stores, which occupy relatively small parts of the hypermarkets and are leased to third parties, all self-owned stores are used for the Group's own operations, and the Group does not have any intention to sell them in the near future. We also note that the majority of the Group's stores are leased, and accordingly are not reflected in the net asset value of the Group. As explained above, we consider P/E ratio, supplemented by dividend yield, a more important yardstick of valuation than P/B ratio.

6. Property valuation and Re-assessed NAV

The property interests of the Group (the “**Properties**”) have been valued by Cushman & Wakefield, a valuation summary of which is set out in Appendix V to the Composite Document. The full property valuation report in respect of the Properties (the “**Valuation Report**”) is included in an announcement by the Company published on 22 December 2017, and is also available for public inspection at the principal place of business of the Company in Hong Kong up to the Closing Date. Please see the section headed “Documents Available for Inspection” in Appendix VI to the Composite Document for further details.

According to the Valuation Report, the market value in existing state of the Properties attributable to the Group is approximately RMB35,820.2 million as at 30 November 2017 (the “**Valuation**”). The Properties mainly comprise the Group’s stores, distribution centres and offices in the PRC, accounting for approximately 98.8% of the Valuation. We have discussed with Cushman & Wakefield the methodology of and bases and assumptions adopted for the valuations and the due diligence work performed by them. In arriving at the Valuation, we note that Cushman & Wakefield has in principle adopted the investment approach, pursuant to which the properties are valued by capitalising rental income derived from the existing tenancies with due provision for reversionary rental potential, or where appropriate, the direct comparison approach, pursuant to which the properties are valued by reference to comparable sales evidence available in the market. We have discussed the overall approach to the Valuation and have been advised by Cushman & Wakefield that the investment approach, the principal valuation approach adopted, has been used by Cushman & Wakefield for the valuation of the properties of the Group in the past. In this regard, we note in the Group’s 2016 annual report that the same valuation approach was used to value the properties of the Group. Cushman & Wakefield confirmed to us that it has performed site visits to each of the properties covered by the Valuation Report. We have performed work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to Cushman & Wakefield and its work as regards the Valuation. We concur with the valuation approaches Cushman & Wakefield has taken in valuing the Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2017, the net assets attributable to the Shareholders were approximately RMB21,814 million (or approximately RMB2.29 per Share). Management of the Group has taken into account the Valuation to arrive at a re-assessed NAV attributable to the Shareholders per Share (the “**Re-assessed NAV**”), calculated by management of the Group as follows:

	Total <i>RMB</i>
NAV attributable to the Shareholders as at 30 September 2017	21,814 million
Revaluation surplus arising from the Valuation attributable to the Shareholders (<i>Note 1</i>)	19,207 million
Net deferred tax on attributable revaluation surplus (<i>Note 2</i>)	<u>(4,802) million</u>
Re-assessed NAV	36,219 million
Re-assessed NAV per Share (RMB) (<i>Note 3</i>)	3.80
Equivalent to HK\$ (<i>Note 4</i>)	4.49
Offer Price (HK\$)	6.50
Premium over the Re-assessed NAV per Share	44.8%

Notes:

- (1) *This represents the revaluation surplus arising from the excess of the market value of the property interests held by the Group as valued by Cushman & Wakefield as at 30 November 2017 over their corresponding book values as at 30 September 2017, after adjusting for relevant interests not attributable to the Group*
- (2) *This represents the potential PRC corporate income tax attributable to the revaluation surplus on all the property interests of the Group*
- (3) *Based on 9,539,704,700 Shares in issue as at the Latest Practicable Date*
- (4) *Based on the exchange rate of RMB0.84559 to HK\$1 as quoted by the People's Bank of China on the Latest Practicable Date*

As set out in the above table, the Offer Price of HK\$6.50 per Share represents a premium of approximately 44.8% over the Re-assessed NAV per Share of approximately HK\$4.49. It follows that the Offer Price stands at a premium to both the NAV attributable to the Shareholders per Share as at 30 September 2017 and the Re-assessed NAV per Share. However, we consider an earnings based analysis to be more relevant in assessing the value of the Group, as set out in the section headed “Peer comparison”.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Shareholders' Agreement and the letter of undertaking between the Offeror and Auchan

Shareholders' Agreement

The Offeror, the Sellers and Auchan have entered into the Shareholders' Agreement, which has become effective upon Completion, for the purpose of, among other things, regulating the management of A-RT and its subsidiaries, its relationship with each other and certain aspects of the affairs of, and the shareholders' dealings with, A-RT. Key terms of the Shareholders' Agreement, as set out in the letter from CICC in the Composite Document, are set out below:

- The board of A-RT will comprise five directors, where the Offeror will have the right to appoint two directors and Auchan will have the right to appoint three directors
- The Board will comprise nine Directors, three of which will be independent non-executive Directors. The Offeror will have the right to nominate at least two non-independent Directors and one independent non-executive Director and the chairman of the Board. On the other hand, Auchan will have the right to nominate at least four non-independent Directors and two independent non-executive Directors
- The Offeror will have the right to appoint the majority of the board of directors and the chairman, chief executive officer and chief financial officer of each of Concord Champion International Ltd., RT Mart Holdings Limited and RT Mart China (collectively, "**RT-Mart Companies**"), whereas Auchan will have the right to appoint the remaining members of the board of directors of each of those companies. Auchan will have right to increase such number of directors appointed in the RT-Mart Companies to achieve majority in the board of directors of RT-Mart Companies (the "**Nomination Right**"), in such case the Offeror will have the right to offer all of its A-RT Shares to Auchan at a 30% premium. If Auchan does not accept the offer, the Offeror will have the right to exchange its A-RT Shares for such number of Shares representing the Offeror's "see through" effective economic interest in the Company through those A-RT Shares
- Certain reserved matters (the "**Reserved Matters**") in relation to A-RT Group will require unanimous approval by the board of directors of A-RT
- As a dividend policy, the parties to the Shareholders' Agreement will procure each of A-RT and the Company, as soon as reasonably practicable, to distribute to its members not less than 30% of its distributable profits

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- The Offeror has the right to offer all of its A-RT Shares to Auchan at market price in the 5th, 8th, 11th years and so on after the date of the Shareholders' Agreement. If Auchan does not accept the offer, the Offeror will have the right to swap all of its shares in A-RT into the Shares (the "**Liquidity Right**")
- Each of the Offeror and Auchan are granted various rights in case of a change in control of A-RT and/or Auchan Retail International, and any proposed transfer of shares in A-RT
- The shares in A-RT held by Auchan, the Offeror and the Sellers will be subject to a lock up for four years for Auchan and the Offeror and two years for the Sellers, during which time no Shares or A-RT Shares may be transferred to competitors Auchan or the Offeror, as applicable

Letter of undertaking between the Offeror and Auchan

Pursuant to the letter of undertaking (the "**Letter of Undertaking**") entered into between the Offeror and Auchan on 20 November 2017, the Offeror has undertaken to Auchan, among others, that it will be solely responsible for the Offer; to sell such number of Shares held by the Offeror and its concert parties (other than Auchan and its associated companies) in order to reduce the aggregate effective interest in the Company to a level less than that of Auchan and A-RT and their respective associated companies; and that it will (and will not through any co-investor) acquire under the Share Purchase Agreements (a) no less than 2,001,450,083 Shares (representing approximately 20.98% of all the issued Shares as at the Latest Practicable Date) and (b) all the A-RT Sale Shares.

Our comments

Based on the Shareholders' Agreement to which the Company is not a party and which has already become effective, Auchan is able to control the Board and the board of A-RT (subject to the Reserved Matters and with the exception of the Offeror's right to appoint the chairman of the Board), which in turn remains as the largest Shareholder. The Shareholders' Agreement gives rights to the Offeror to swap its A-RT Shares into Shares, for example, in some specific cases following the exercise by the relevant party of the Nomination Right and the Liquidity Right. In such case A-RT would repurchase the Offeror's A-RT Shares in consideration for transferring Shares held by A-RT to the Offeror. However, we note that the exercise of such swap rights would not in itself entail (i) the issuance of any new Shares, (ii) any change in the effective shareholding interests in the Company, and (iii) A-RT ceasing to be the largest Shareholder. As set out in the letter from CICC in the Composite Document, any exercise of certain rights giving rise to any obligation to make a mandatory general offer ("**MGO**") to the Shareholders under Rule 26 of the Takeovers Code will be carried out in compliance with the Takeovers Code, and the Offeror will take sole responsibility for such MGO obligations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Letter of Undertaking, the Offeror has undertaken to reduce its effective interest in the Company to a level less than that of Auchan and A-RT and their respective associated companies, which in essence means that the Offeror will not become the largest Shareholder. The Offeror will not be able to control the Board during the time the Shareholders' Agreement is effective. We note that if the Offeror ceases to own at least 19.9% shares in A-RT, each of Auchan and the Offeror will have the right to terminate the Shareholders' Agreement.

Shareholders who place a high priority on dividends should note the requirement pursuant to the Shareholders' Agreement to distribute not less than 30% of the Company's distributable profits. While this is lower than the actual dividend pay-out ratios in recent years, it nevertheless represents a minimum requirement.

Further details of the Shareholders' Agreement and the Letter of Undertaking are set out in the Joint Announcement, which Offer Shareholders are advised to read in full.

8. Information on the Offeror

Assuming no changes to the issued Shares, upon Second Completion, the Offeror will hold an economic interest up to approximately 36.16% in all the issued Shares. The Offeror is a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of the PRC subsidiaries relating to Taobao Marketplace and Tmall.

Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange (stock code: BABA). According to the latest published annual report of Alibaba Group, it principally operates retail and wholesale commerce platforms both in the PRC and internationally. It also offers various information technology and cloud computing services. For the year ended 31 March 2017, Alibaba Group recorded total revenues of approximately RMB158.3 billion, and total assets of approximately RMB506.8 billion as at 31 March 2017. As at the Latest Practicable Date, the market capitalisation of Alibaba Group was approximately US\$444.0 billion (or approximately HK\$3,463.2 billion).

Business of the Group

It is the intention of the Offeror to cooperate with the Group to continue to develop the existing business pursuant to the Business Cooperation Agreement, which sets out that the Group and a member of the Alibaba Group will cooperate to adopt the "Taobao Daojia" model across the Group's existing and new stores and its Affiliates including, (i) the Group's stores accessing the business model and the online platforms operated by Alibaba Group through its Taobao Daojia business; (ii) data sharing; (iii) integration of systems and point-of-sales hardware; and (iv) last-mile delivery services. This will allow the Group to introduce new retail solutions through leveraging Alibaba Group's e-commerce platforms, including delivery services in the vicinity of stores. Further details of the Business Cooperation Agreement are set out in an announcement published by the Company on 7 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror and the Company believe that by combining the resources of the Offeror, Auchan and the Sellers, the new alliance will enable the Group's activities to benefit from the Offeror's digital ecosystem. It will digitalise and introduce new retail solutions at the Group's stores. As discussed in the section headed "Information on the Group", the Group has been developing its own e-commerce platform, although the transaction volume constituted a small proportion of the Group's revenue and the platform is yet to be profitable. Future cooperation with Alibaba Group under the Business Cooperation Agreement would enhance the Group's digital and e-commerce capabilities, an important strategic aspect for retail business operators in the PRC.

Composition of the Board

As stated in the letter from CICC in the Composite Document the Sellers and the Offeror have agreed and the Sellers have undertaken to the Offeror that they will, in accordance with the terms of their undertaking, (i) procure the resignation of any persons nominated by the Sellers for appointment as directors of A-RT, the Company and the Key Subsidiaries (as the case may be) from their respective offices as directors of the relevant companies; and (ii) cause a proposal for the appointment of such persons nominated by the Offeror as directors of A-RT, the Company and the Key Subsidiaries (as the case may be) to be considered by the board of directors of each such company and procure the directors of the relevant companies nominated by the Sellers to approve such appointment, in each case with effect from such date as the Offeror may specify. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

Listing status of the Company

As stated in the letter from CICC in the Composite Document, the Offeror intends to maintain the listing status of the Shares on the Stock Exchange following the close of the Offer. As at the Latest Practicable Date, approximately 21.69% of the issued Shares were in the hands of the public.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being approximately 19.38% of the issued Shares (applicable since the Company's date of listing), are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares, or there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

Based on the above, an acceptance level higher than approximately 2.31% of the issued Shares would lead to an insufficient public float of the Company and it is possible that dealings in the Shares could be suspended. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include the Offeror selling some of its Shares. If trading in the Shares is suspended, Offer Shareholders who chose not to accept the Offer would not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

DISCUSSION

(i) The Offer Price represents an unfavourable valuation when compared with peers

We have identified certain Comparable Companies which are engaged in business comparable to that of the Group and are listed in Hong Kong. The P/E ratios of both profitable Comparable Companies, being approximately 31.1 times and 31.9 times respectively, are higher than that of the Company of approximately 20.3 times as represented by the Offer Price. The Company's own P/E ratio as at the Latest Practicable Date is approximately 25.3 times.

The dividend yield as represented by the Offer Price of approximately 3.5% is higher than the yield of the only Comparable Company which has paid a dividend in the past year. Offer Shareholders who accept the Offer may therefore face difficulties to invest the proceeds in similar companies with a comparable yield.

The mean and median P/B ratios of the Comparable Entities are lower than that of the Company as represented by the Offer Price of approximately 2.4 times. The Offer Price also represents a premium of approximately 44.8% over the Re-assessed NAV of the Company.

Based on the above, the P/B ratio as represented by the Offer Price and the Re-assessed NAV of the Company may indicate an attractive Offer Price, while the P/E ratio and the dividend yield may not. It is disclosed in the Joint Announcement that the Transaction Price, which set the Offer Price, was determined after arm's length negotiations having regard to the NAV and the financial position of the Company. We agree that the financial position of the Company is strong and merits a premium, but disagree that the NAV is the most relevant factor for Offer Shareholders to evaluate the Offer Price. We consider the P/E analysis to be the most relevant indicator for a hypermarket operator, or in broader terms, the retail industry, where an earnings-based valuation is generally accepted. On this basis, we consider the Offer Price compares unfavourably to the market valuation of the Comparable Companies.

(ii) Financial performance and prospects of the Group

The revenue of the Group has been growing steadily in recent years, mainly driven by new store openings. Such expansion slowed down recently. Profits of the Group, after a decline in 2015, rebounded in 2016 and the first nine months of 2017. The Group has a healthy balance sheet, with substantial net cash.

In recent years, the Group introduced e-commerce platforms to complement its traditional offline retail business. Although the growth of the Group's e-commerce platforms has been significant, such platforms have not yet been profitable. On the other hand, the Offeror's parent company, Alibaba Group, is a leading e-commerce player. Pursuant to the Shareholders' Agreement, the Offeror is expected to appoint representatives to the Board and be involved in the management of the Group's business. Pursuant to the Business Cooperation Agreement, Alibaba Group will, for example, grant the Group access to its business model and online platform. We consider this a valuable opportunity for the Group to further develop its online retailing capabilities and explore business models that integrate its hypermarkets with e-commerce platforms and systems.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) The Offer Price represents a discount to the prevailing market price of the Shares, both in 2017 generally and after the Joint Announcement. Trading is relatively active

Following a substantial increase in Share price in late 2016, the Shares have mostly traded above the Offer Price of HK\$6.50, and closed well above the Offer Price on the Last Trading Date, after the Joint Announcement, and up to the Latest Practicable Date. The Offer Price represented discounts of approximately 24.4% and 24.8% to the closing prices of the Shares as at the Last Trading Date and the Latest Practicable Date respectively. Based on our comments above, we consider the market price is supported by fundamentals, such as P/E ratio, and by the prospects of the Group with Auchan and Alibaba Group as substantial Shareholders.

Although the Offer allows the Offer Shareholders to dispose some or all of their holdings at a fixed cash price without disturbing the market price, trading of the Shares has been relatively active in recent months. Consequently, we consider it is reasonable to expect trading of the Shares will continue at a reasonable level after the close of the Offer.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, in particular the unfavourable valuation of the Group as represented by the Offer Price against the valuation of Comparable Companies, the financial performance and position of the Group and its future prospects, and the discounts of the Offer Price to the recent market prices of the Shares, we consider the terms of the Offer are not fair and not reasonable so far as the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders not to accept the Offer.

As the market price of the Shares has been higher than the Offer Price, Offer Shareholders who are unsure of the future prospects of the Company may consider taking the opportunity to dispose of some or all of their Shares in the market. The market price of the Shares closed at HK\$8.11 as at the Latest Practicable Date. Offer Shareholders who wish to dispose of their Shares should monitor the market price and the trading liquidity of the Shares closely.

Offer Shareholders should bear in mind the possibility of a suspension in trading in the Shares following the close of the Offer if the minimum prescribed public float percentage applicable to the Company of approximately 19.38% is not met. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps, which may include the Offeror selling some of its Shares, to ensure that sufficient public float exists in the Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. TERMS OF THE OFFER

Procedures for acceptance of the Offer

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited, by post or by hand, marked “**Sun Art Offer**” on the envelope, as soon as possible and in any event reach the Registrar no later than by 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in respect of all or part of your Shares, you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar in an envelope marked “**Sun Art Offer**”; or
 - (ii) arrange for the Shares to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked “**Sun Art Offer**”; or

- (iii) if your Shares have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set out by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the accompanying Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked "**Sun Art Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available (and/or any satisfactory indemnity or indemnities required in respect thereof). If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the accompanying Form of Acceptance and deliver it in an envelope marked "**Sun Art Offer**" to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CICC and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar, on your behalf, the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Registrar with the accompanying Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt for any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is capable of acceptance on and from Friday, 22 December 2017 and will remain open for acceptance until Friday, 12 January 2018, being the First Closing Date, unless extended or revised in accordance with the Takeovers Code. The Offeror reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018.
- (b) If the Offer is extended or revised, the announcement of such extension will state the next closing date or a statement that the Offer will open until further notice. In the latter case, at least 14 days' notice in writing must be given to Offer Shareholders before the Offer

is closed. If, during the course of the Offer, the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date.

- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the “First Closing Date” shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

3. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the latest time for acceptance of the Offer unless the Offer is extended by the Offeror in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Shareholder, less seller’s ad valorem stamp duty (if any) payable by the relevant accepting Shareholder and if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates, will be despatched to the relevant accepting Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (d) Settlement of the consideration to which an Offer Shareholder is entitled under the Offer will be implemented in full accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

4. NOMINEE REGISTRATION

To ensure the equality of treatment of all Offer Shareholders, those Offer Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their respective nominees.

5. ANNOUNCEMENTS

The announcement of the results of the Offer will be jointly issued by the Offeror and the Company and posted on the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Friday, 12 January 2018, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer.

In any announcement of an extension of the Offer, either the next closing date must be stated or a statement may be made that the Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code.

The results announcement shall state the total number of Shares and the rights over Shares:

- (a) for which acceptances of the Offer have been received;
- (b) held, controlled or directed by the Offeror or its concert parties before the Offer Period; and
- (c) acquired or agreed to be acquired during the Offer Period by the Offeror or its concert parties.

The announcement shall also (i) specify the percentages of all issued Shares of the Company and the percentages of voting rights represented by these numbers of Shares; and (ii) include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or its concert parties has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

If the Offeror, its concert parties or its advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the website of the Stock Exchange and made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) As the Offer is unconditional in all respects, acceptances of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except as permitted under the Takeovers Code and in the circumstances set out in (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Offer Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Offer Shareholder(s).

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

7. POSTING

All documents and remittances to be sent to Offer Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders' addresses as they appear in the register of members of the Company or, in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company. None of the Company, the Offeror, CICC, the Sellers, the Independent Financial Adviser and the Registrar or any of their respective directors, agents or advisers or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. As the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary

formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders are recommended to seek professional advice on whether to accept the Offer.

Notice to U.S. Shareholders

The Offer is being made for the securities of a company incorporated in Hong Kong with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States.

The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which may be different from those applicable under U.S. domestic tender offer procedures and laws.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

The financial information of the Company included in this Composite Document has been extracted from the unaudited consolidated financial information of the Group for the nine months ended 30 September 2017, the unaudited financial statements for the six months ended 30 June 2017 and the audited financial statements for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, as CICC, the Offeror and the Company are located in countries other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. In addition, most of the assets of CICC, the Offeror and the Company are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult for U.S. holders of Shares to effect service of process within the United States upon CICC, the Offeror or the Company or their respective officers or directors, to enforce against them a judgment of a U.S. court or to compel them or their affiliates to subject themselves to a U.S. court judgment.

In accordance with normal Hong Kong practice, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code, CICC, and some of its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/>.

9. STAMP DUTY

Sellers' *ad valorem* stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each relevant Offer Shareholder at the rate of 0.1% of the consideration payable by the Offeror for such person's Shares or the market value of such person's Shares, whichever is higher, and will be deducted from the cash amount due to such person under the Offer.

The Offeror will pay the buyer's *ad valorem* stamp duty on its own behalf and the sellers' *ad valorem* stamp duty on behalf of the accepting Shareholders in respect of the Shares accepted under the Offer.

10. PRC TAX

Payments of the Offer Price to certain non-resident enterprises (as defined under the applicable PRC tax law) will potentially be liable to taxation in the PRC. In relation to that and as required under the applicable PRC tax law, the Offeror will collect the relevant amount of withholding tax for the purpose of making the tax payment on behalf of such non-resident enterprise.

Under the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises issued by the State Administration of Taxation of the PRC on 3 February 2015 ("**Circular 7**"), which replaced or supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, issued by the State Administration of Taxation, on 10 December 2009 ("**Circular 698**"), an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterised and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax.

When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise making the transfer derives from PRC taxable assets; whether the assets of the relevant offshore enterprise making the transfer mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the relevant offshore enterprise making the transfer and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the shareholders, business model and organizational structure of the relevant offshore enterprise; the income tax payable abroad by the relevant offshore enterprise making the transfer due to the indirect transfer of PRC taxable assets; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax position of such indirect transfer and applicable tax treaties or similar arrangements.

Under the circumstances of a direct transfer of PRC taxable assets (including the above “indirect transfer” of equity interests in a PRC resident enterprise which is recharacterised and treated as a direct transfer of PRC taxable assets) by a non-PRC resident enterprise, a PRC enterprise income tax at 10% of the gain made by the transferor from such transfer would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments is under a withholding obligation.

Under current PRC tax legislation, Circular 7 does not generally apply to sales of shares by investors through a public securities market where such shares were acquired from a transaction through a public securities market.

Offer Shareholders should consult their own tax advisers for a full understanding of the tax consequences of the Offer to them, including any PRC tax consequences.

PRC Tax Declaration Form

Due to the relevant requirements under the applicable PRC tax legislation, Offer Shareholders are required to note the following arrangement and make proper declaration to the Offeror (if applicable) after consultation with their own tax advisers.

An Offer Shareholder does not need to complete any PRC tax declaration form if (i) he/she is a natural person or (ii) it has acquired the Offer Shares on a public securities market in accordance with standard rules of such market.

Subject to condition (i) and condition (ii) in the paragraph above, an Offer Shareholder which is a “non-resident enterprise” as defined under applicable PRC tax law *must* collect the PRC tax declaration form, follow the instructions in the PRC tax declaration form to complete it and return it (see further details under the section “COLLECTION OF THE PRC TAX DECLARATION FORM” below), if it has determined that it may have any PRC tax filing obligation or be liable for any tax payment obligation in respect of its Shares in connection with the Offer under applicable PRC tax law.

Offer Shareholders are personally responsible for making their own assessment about whether they must complete the PRC tax declaration form.

Withholding Tax Payment Arrangement

Regardless of whether Offer Shareholders have submitted a completed PRC tax declaration form to the Offeror, all Offer Shareholders will receive their cheques for cash entitlements under the Offer paid for by the Offeror as soon as possible but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.

However, if an Offer Shareholder has determined that it may have any tax filing obligation or be liable for any tax payment obligation in respect of its Offer Shares under applicable PRC tax law, such Offer Shareholder should complete and return the PRC tax declaration form together with the proof of your shareholding in the Company and a payment in the amount specified in the PRC tax declaration form (“**Withheld Amount**”) to the Offeror for the purpose of withholding under applicable PRC tax law.

The Offeror will transfer the Withheld Amount to a designated account of the Offeror to hold on behalf of the relevant Offer Shareholder pending the determination of the PRC tax authorities (including the determination of the amount of gain made by the relevant Offer Shareholder on which the relevant tax amount is to be based on), whereby the amount of PRC tax so determined will be paid over to the PRC tax authorities and the balance (if any) will be returned to the relevant Offer Shareholder. Such Offer Shareholder will be required to participate in a joint tax filing which will be coordinated by the Offeror and a tax filing agent designated by the Offeror.

Offer Shareholders should be aware that the Offeror, the tax filing agent described above and any other agents of the Offeror will not be responsible for handling any relief or other applications regarding any withholding tax or tax refund from any PRC tax authority.

By returning the PRC tax declaration form, the relevant Offer Shareholder agrees to bear and pay any and all tax of any nature that is required by applicable laws to be paid by it arising out of the transactions contemplated by the Offer. Specifically, the Offeror shall have no obligation to bear any tax or penalties relating thereto of any nature that is required by applicable law to be paid by such Offer Shareholder arising out of the transactions contemplated by the Offer.

Collection of the PRC Tax Declaration Form

If you have determined that you may have any PRC tax filing obligation or be liable for any PRC tax payment obligation in respect of your Shares, please obtain a copy of the PRC tax declaration form from 9:30 a.m. to 5:30 p.m., Monday to Friday on any Business Day at the office of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from the date of this Composite Document until the 20th calendar day (or if such date is not a Business Day, the Business Day immediately preceding such date) after the Closing Date.

The PRC tax declaration form will contain information on how to complete and return the PRC tax declaration form and further details about the withholding arrangements.

Returning the PRC Tax Declaration Form

If you have determined that you may have any PRC tax filing obligation or be liable for any tax payment obligation in respect of your Shares, you should return the completed PRC tax declaration form to the Offeror at 26 Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, for the attention of the “Alibaba Group – Legal Director” and marked “Sun Art Retail Group Limited – PRC Tax Declaration Form”, by no later than 5:30 p.m. on the 20th calendar day (or if such date is not a Business Day, the Business Day immediately preceding such date) after the Closing Date (or such other date and time as may be notified to you by CICC or the Offeror).

No acknowledgment of receipt of the PRC tax declaration form or any other documents will be given.

It is emphasised that none of the Offeror, the Company, CICC, any concert parties (and presumed concert parties) of any of them, the Sellers, the Independent Financial Adviser and the Registrar, or any of their respective agents or advisers or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer. All Offer Shareholders and/or beneficial owners of the Shares shall be solely responsible for their liabilities (including tax liabilities) in relation to the Offer, regardless of whether or not they have submitted the PRC tax declaration form to the Offeror.

11. OTHER TAX IMPLICATIONS

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Company, CICC, any concert parties (and presumed concert parties) of any of them, the Sellers, the Independent Financial Adviser and the Registrar, or any of their respective agents or advisers or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Save for the disclosures in the paragraph 10 above, this Composite Document does not include any information in respect of overseas taxation. Offer Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of Shares.

12. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Offer

Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and neither the Company, the Offeror, the Sellers and CICC nor any of their respective agents or advisers nor the Registrar accepts any liability for any loss in postage or any other liabilities that may arise as a result.

- (b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an Offer Shareholder will constitute such Offer Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, CICC or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document.
- (g) The settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.
- (h) Any Offer Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

- (j) In making their decision, the Offer Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, the Sellers, CICC, the Registrar or their respective professional advisers. Offer Shareholders should consult their own professional advisers for professional advice.

- (k) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholders who wishes to accept the Offer, to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- (l) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

- (m) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

13. INTERPRETATION

- (a) A reference in this Composite Document to an Offer Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.

- (b) A reference in this Composite Document and the Form of Acceptance to the Offer shall include any extension and/or revision thereof.

- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Set out below are the unaudited consolidated financial information of the Group for the nine months ended 30 September 2017, extracted from the Profit Estimate Announcement.

The Profit Estimate was published by the Company on 10 November 2017 before the commencement of the Offer Period. As the Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code, it must be examined, repeated and reported on in this Composite Document. In this regard, KPMG and HSBC, being the auditor and the financial adviser to the Company, respectively, have examined and reported on the Profit Estimate, the letters of which are set out in Appendix III on pages 133 to 134 and Appendix IV on pages 135 to 136, respectively.

The accounting policies used in the preparation of the Group's interim financial report for the nine months ended 30 September 2017 are consistent with accounting policies adopted by the Group as shown in the annual report of the Group for the year ended 31 December 2016.

The figures in respect of the Profit Estimate have been extracted from the Group's interim financial report for the nine months ended 30 September 2017. The interim financial report is unaudited, but has been reviewed by KPMG, the Company's auditor, in accordance with Hong Kong Standard on Review Engagements 2410 issued by HKICPA. The unaudited consolidated financial information of the Group for the nine months ended 30 September 2017 has also been reviewed by the Company's audit committee.

	For the nine months ended 30 September		
	2017	2016	Change
	<i>RMB million</i>		
Revenue	79,030	77,319	2.2%
Gross Profit	18,689	18,058	3.5%
Profit from Operations	3,843	3,133	22.7%
Profit for the Period	2,501	2,080	20.2%
Profit Attributable to Equity			
Shareholders of the Company	2,315	2,031	14.0%
Earnings Per Share			
– Basic and diluted	RMB0.24	RMB0.21	
	As at 30 September		
	2017	2016	Change
	<i>RMB million</i>		
Total Assets	58,418	55,676	4.9%
Total Liabilities	35,307	33,415	5.7%
Net Assets	23,111	22,261	3.8%

2. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the consolidated financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for each of the three years ended 31 December 2014, 2015 and 2016 and the unaudited consolidated financial statements of the Group as set forth in the interim report of the Company for the six months ended 30 June 2017.

	Year ended 31 December			Six months ended	
	2014	2015	2016	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(Restated)</i>			<i>(Unaudited)</i>	<i>(Unaudited)</i>
RESULTS					
Revenue	91,855	96,414	100,441	52,943	54,080
Profit before tax	4,199	3,552	3,909	2,183	2,919
Income tax expenses	(1,176)	(1,088)	(1,280)	(722)	(1,021)
Profit for the year/period	3,023	2,464	2,629	1,461	1,898
Profit for the year/period attributable to owners of the Company	2,899	2,443	2,571	1,432	1,757
Profit for the year/period attributable to non-controlling interests	124	21	58	29	141
Earnings per share (<i>RMB</i>)	30 cents	26 cents	27 cents	15 cents	18 cents
Dividends (<i>HKD million</i>)	1,526	1,813	2,194	–	–
Dividend per Share (<i>HKD</i>)	16 cents	19 cents	23 cents	–	–
				As at	As at
				30 June	30 June
	2014	2015	2016	2017	2017
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Restated)</i>			<i>(Unaudited)</i>	<i>(Unaudited)</i>
ASSETS AND LIABILITIES					
Total assets	52,492	55,509	60,341	53,633	53,633
Total liabilities	31,942	33,882	37,532	30,931	30,931
Total equity	20,550	21,627	22,809	22,702	22,702

The consolidated financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016 were audited by KPMG, *Certified Public Accountants, Hong Kong*, and each did not contain any qualifications.

There were no exceptional items which because of their size, nature or incidence were recognised in the consolidated financial results of the Group for any of the aforesaid periods.

3. FINANCIAL STATEMENTS

Set out below are the latest published (i) consolidated financial statements of the Group together with the accompanying notes relating thereto and the comparative figures for the year ended 31 December 2016 as extracted from the annual report of the Company for the year ended 31 December 2016; and (ii) consolidated financial statements of the Group together with the accompanying notes relating thereto and the comparative figures for the six months ended 30 June 2017 as extracted from the Company's interim report for the six months ended 30 June 2017.

(A) FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED
31 DECEMBER 2016CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	Year ended 31 December	
		2016 RMB million	2015 RMB million
Revenue	2	100,441	96,414
Cost of sales		(76,460)	(73,951)
Gross profit		23,981	22,463
Other income	3	873	747
Operating costs		(18,042)	(17,002)
Administrative expenses		(2,876)	(2,633)
Profit from operations		3,936	3,575
Finance costs	4(a)	(23)	(20)
Share of results of an associate and a joint venture		(4)	(3)
Profit before taxation	4	3,909	3,552
Income tax	5(a)	(1,280)	(1,088)
Profit for the year		2,629	2,464
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Changes in fair value of long-term other financial liabilities		58	19
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of entities outside the People's Republic of China		–	2
Total comprehensive income for the year		2,687	2,485
Profit attributable to:			
Equity shareholders of the Company		2,571	2,443
Non-controlling interests		58	21
Profit for the year		2,629	2,464
Total comprehensive income attributable to:			
Equity shareholders of the Company		2,629	2,463
Non-controlling interests		58	22
Total comprehensive income for the year		2,687	2,485
Earnings per share			
Basic and diluted	9	RMB0.27	RMB0.26

The accompanying notes set out on pages 74 to 117 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 21(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		At 31 December	
	Note	2016 RMB million	2015 RMB million
Non-current assets			
Investment properties	10	3,615	3,516
Other property, plant and equipment	10	22,820	22,902
Land use rights	10	5,740	5,278
		<u>32,175</u>	<u>31,696</u>
Intangible assets	11	77	64
Goodwill	12	181	181
Equity-accounted investees		15	19
Unquoted available-for-sale equity security		4	4
Trade and other receivables	14	397	527
Deferred tax assets	20	395	374
		<u>33,244</u>	<u>32,865</u>
		-----	-----
Current assets			
Inventories	13	15,409	12,646
Trade and other receivables	14	3,552	3,380
Time deposits	15	36	36
Cash and cash equivalents	16	8,100	6,582
		<u>27,097</u>	<u>22,644</u>
		-----	-----
Current liabilities			
Trade and other payables	17	36,807	32,626
Bank loans	18	23	638
Income tax payables	5(c)	638	491
		<u>37,468</u>	<u>33,755</u>
		-----	-----
Net current liabilities		<u>(10,371)</u>	<u>(11,111)</u>
		-----	-----
Total assets less current liabilities		<u>22,873</u>	<u>21,754</u>
		=====	=====
Non-current liabilities			
Bank loans	18	3	2
Other financial liabilities	19	50	114
Deferred tax liabilities	20	11	11
		<u>64</u>	<u>127</u>
		-----	-----
Net assets		<u>22,809</u>	<u>21,627</u>
		=====	=====
Capital and reserves			
Share capital	21	10,020	10,020
Reserves	21	11,765	10,726
		<u>21,785</u>	<u>20,746</u>
Total equity attributable to equity shareholders of the Company		<u>21,785</u>	<u>20,746</u>
Non-controlling interests		<u>1,024</u>	<u>881</u>
		-----	-----
Total equity		<u>22,809</u>	<u>21,627</u>
		=====	=====

The accompanying notes set out on pages 74 to 117 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Note	Attributable to equity shareholders of the Company					Total RMB million	Non- controlling interests RMB million	Total equity RMB million
	Share capital RMB million	Capital reserve RMB million	Exchange reserve RMB million	Statutory reserve RMB million	Retained profits RMB million			
Balance at 1 January 2015	10,020	2,338	44	950	6,329	19,681	869	20,550
Changes in equity for 2015:								
Profit for the year	-	-	-	-	2,443	2,443	21	2,464
Other comprehensive income	-	19	1	-	-	20	1	21
Total comprehensive income	-	19	1	-	2,443	2,463	22	2,485
Dividend declared in respect of previous years	21(b)(ii)	-	-	-	(1,223)	(1,223)	-	(1,223)
Dividends declared and payable to non-controlling shareholders		-	-	-	-	-	(113)	(113)
Profit appropriation to statutory reserve	21(d)(iii)	-	-	-	96	(96)	-	-
Acquisition of a subsidiary	12	-	(77)	-	-	(77)	16	(61)
Business combination under common control		-	(75)	-	-	(75)	-	(75)
Acquisition of non-controlling interests	21(d)(i)	-	(62)	-	-	(62)	13	(49)
Cash injection from non-controlling interests		-	-	-	-	-	52	52
Cash injection from Employee Trust Benefit Schemes	4(b)	-	39	-	-	39	22	61
Balance at 31 December 2015		<u>10,020</u>	<u>2,182</u>	<u>45</u>	<u>1,046</u>	<u>7,453</u>	<u>881</u>	<u>21,627</u>
Balance at 1 January 2016		10,020	2,182	45	1,046	7,453	881	21,627
Changes in equity for 2016:								
Profit for the year		-	-	-	-	2,571	58	2,629
Other comprehensive income		-	58	-	-	58	-	58
Total comprehensive income		-	58	-	-	2,571	58	2,687
Dividend declared in respect of previous years	21(b)(ii)	-	-	-	-	(1,521)	-	(1,521)
Dividends declared and payable to non-controlling shareholders		-	-	-	-	-	(124)	(124)
Profit appropriation to statutory reserve	21(d)(iii)	-	-	-	166	(166)	-	-
Acquisition of non-controlling interests	21(d)(i)	-	(157)	-	-	(157)	52	(105)
Cash injection from non-controlling interests		-	-	-	-	-	90	90
Cash injection from Employee Trust Benefit Schemes	4(b)	-	92	-	-	92	67	159
Share-based payment		-	(4)	-	-	(4)	-	(4)
Balance at 31 December 2016		<u>10,020</u>	<u>2,171</u>	<u>45</u>	<u>1,212</u>	<u>8,337</u>	<u>1,024</u>	<u>22,809</u>

The accompanying notes set out on pages 74 to 117 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

	Note	Year ended 31 December	
		2016 RMB million	2015 RMB million
Operating activities			
Profit before taxation		3,909	3,552
Adjustments for:			
Depreciation		2,964	2,773
Amortisation		202	181
Impairment losses on property, plant and equipment		91	–
Finance costs		23	20
Interest income		(255)	(271)
Loss on disposal of property, plant and equipment		34	54
Share-based payments		(4)	–
Share of results of an associate and a joint venture		4	3
Net foreign exchange (gain)/loss		(15)	11
		<u>6,953</u>	<u>6,323</u>
Changes in working capital:			
Increase in inventories		(2,763)	(1,483)
Increase in trade and other receivables		(298)	(185)
Increase in trade and other payables		4,214	2,837
		<u>8,106</u>	<u>7,492</u>
Cash generated from operations		(1,154)	(1,192)
Income tax paid			
Net cash generated from operating activities		<u>6,952</u>	<u>6,300</u>
Investing activities			
Payment for purchase of investment properties, other property, plant and equipment and land use rights		(3,579)	(4,837)
Payment for acquisition of subsidiaries, net of cash acquired		–	(62)
Net changes in time deposits with maturity over three months		–	65
Proceeds from sale of property, plant and equipment		5	12
Payment for purchase of intangible assets		(44)	(42)
Interest received		255	271
Payment of purchase of investments		(155)	(570)
Proceeds from maturity of investments		155	600
Payment for acquisition of an associate		–	(20)
		<u>(3,363)</u>	<u>(4,583)</u>
Financing activities			
Cash injection from non-controlling interests		249	109
Proceeds from bank loans and other borrowings		1,017	638
Repayment of bank loans and other borrowings		(1,631)	(421)
Interest paid		(23)	(15)
Dividends paid to shareholders of the Company		(1,521)	(1,223)
Dividends paid to non-controlling shareholders		(181)	(7)
		<u>(2,090)</u>	<u>(919)</u>
Net cash used in financing activities		<u>(2,090)</u>	<u>(919)</u>
Net increase in cash and cash equivalents		1,499	798
Cash and cash equivalents at 1 January		<u>6,582</u>	<u>5,770</u>
Effect of foreign exchange rate changes		19	14
Cash and cash equivalents at 31 December	16	<u>8,100</u>	<u>6,582</u>

The accompanying notes set out on pages 74 to 117 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), 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**”), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the “**Group**”) is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Group and the Group’s interest in an associate and a joint venture.

The consolidated financial statements are presented in Renminbi (“**RMB**”), rounded to the nearest million (unless otherwise stated). RMB is also the functional currency of the Company and the Company’s operating subsidiaries, as the Group’s supermarkets and E-commerce platforms are all operated in the People’s Republic of China (“**PRC**”). The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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 28.

(c) Change in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group’s results and financial position.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (note 1(e)), except for business combinations under common control. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (note 1(o)(ii)). Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Merger accounting for business combination involving entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the year. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Any difference between the consideration measured at fair value and the net carrying amount of the entities under common control transferred is recognised directly in equity. Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement 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 statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year 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 joint venture (see note 1(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management including participation in the financial and operating policy decision.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(o)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income are recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(m)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 1(o)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(g) Hypermarkets operated under Contracted Store arrangements

The Group operates certain hypermarkets through Contracted Store arrangements ("**Contracted Stores**") under which the hypermarket owner ("**Contracted Store Owner**") provides the store, equipment 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 statement of profit or loss and other 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 Contracted Stores' inventories as of the reporting period end are incorporated in the Group's consolidated statement 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 statement of financial position, and a corresponding receivable from the Contracted Store is recognised.

(h) Goodwill

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 each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(o)).

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.

(i) Investment properties

Areas within hypermarket buildings owned by the Group which are held to earn rental income and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(o)). Depreciation is calculated to write off the cost of investment properties, less their estimated realisable value, if any, using the straight line method over the estimated useful life of 10-30 years. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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(j)).

(j) 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 stated at cost less accumulated depreciation and impairment losses (see note 1(o)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, 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(z)). Construction in progress is transferred to investment properties or the relevant categories of other 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. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

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.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the differences between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

• Buildings	10-30 years
• Leasehold improvements	5-20 years
• Store and other equipment	4-10 years
• Office equipment	3-5 years
• Motor vehicles	5-8 years

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.

Depreciation methods, useful lives and residual values are reviewed annually.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see note 1(o)).

Amortisation is charged to 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, as follows:

- Software 2-5 years

Both the period and method of amortisation are reviewed annually.

(l) 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.

(m) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(x)(iv) and 1(x)(vi).

Dated debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(o)).

Non-derivative financial assets with fixed or determinable payments are classified as loans and receivables. Loans and receivables are stated at amortised cost less impairment losses (see note 1(o)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(o)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in note 1(x). Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(o)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(n) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(o) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities 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 reorganisation; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(f)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(o)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(o)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other receivables carried at 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 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.

- For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on the assets previously recognised in profit or loss.

Impairment losses in respect of available-for-sale financial assets are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade 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 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 the end of each reporting period 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 properties;
- other property, plant and equipment;
- land use rights;
- investments in subsidiaries, associates and joint ventures in the company's statement of financial position;
- intangible assets;
- goodwill; and
- other financial assets.

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 of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 of disposal (if measurable), 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.

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(o)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available for sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available for sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(p) *Inventories*

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and 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.

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.

(q) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(o)), 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.

(r) 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.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) 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 statement.

(u) 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 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) Share-based payments***(a) Cash-settled share-based payments***

The fair value of share appreciation rights granted to employees, which are to be settled in cash and based on the price of the equity instruments of entities within the Group, is recognised as an employee cost and liability. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the payments, the total estimated fair value of the rights is spread over the vesting period, taking into account the probability that the rights will vest. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee costs in profit or loss.

(b) Share-based payments among group entities

The fair value of stock options and shares granted by the Group's controlling shareholder to certain employees of the Group in respect of their services to the Group, which are to be settled in cash by the controlling shareholder, is recognised as an employee cost, with a corresponding increase in capital reserve within equity of the Group, over the period that the employees become unconditionally entitled to the stock options and shares. The amount recognised as an expense is adjusted to reflect the number of stock options and shares for which the related service and non-market performance conditions are expected to be met at the vesting date.

(c) Equity-settled share-based payments

The fair value of shares granted by the Group's certain subsidiary to its employees in respect of their services to the Group, is recognised as an employee cost, with a corresponding increase in capital reserve within equity of the Group, over the period that the employees become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect the number of shares for which the related service are expected to be met at the vesting date.

(v) Income tax

Income tax for the year 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, 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.

(w) Provisions and contingent liabilities

Provisions are recognised for other 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.

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

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, and there is no continuing management involvement with the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. If it is probable that discounts will be granted, 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 income 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.

(y) Translation of foreign currencies

Foreign currency transactions during the year 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 end of the reporting period. 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 measured.

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. 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.

(z) 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.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent or ultimate controlling shareholders.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(bb) 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 REVENUE AND SEGMENT REPORTING

The principal activity of the Group is the operation of hypermarkets and E-commerce platforms in the PRC.

The Group is organised, for management purpose, into business units based on the banner under which the hypermarkets and E-commerce platforms are operated. As all of the Group's hypermarkets and E-commerce platforms are operated 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 and E-commerce platforms in the PRC.

Revenue mainly 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 revenue is as follows:

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Sales of goods	97,096	93,270
Rental income	3,345	3,144
	100,441	96,414
	100,441	96,414

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 INCOME

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Service income	329	238
Disposal of packaging materials	122	112
Interest income	255	271
Government grants	167	126
	873	747
	873	747

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Interest expense on borrowings		
– wholly repayable within five years	17	14
– wholly repayable after five years	6	6
	23	20
	23	20

(b) Staff costs

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Salaries, wages and other benefits	7,884	7,181
Contributions to defined contribution retirement plans (i)	965	864
Contributions to Employee Trust Benefit Schemes (ii)	431	366
Share-based payments (iii)	(8)	2
	9,272	8,413
	9,272	8,413

(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 its subsidiary, Concord Investment (China) Co., Ltd. ("CIC") and its subsidiaries ("the RT-Mart Scheme") and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Hong Kong Limited ("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 a trust, 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 and cash equivalents ("cash-like assets") or equity of CIC in the case of the RT-Mart Scheme, or cash-like assets or equity of ACHK's subsidiary, Auchan (China) Investment Co., Ltd. ("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.

Any excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired is credited to capital reserve within equity of the Group.

(iii) Share-based payments

On 7 December 2011, the Company granted a total of 296,790 share appreciation rights to a director and a member of key management whereby, provided they meet certain vesting criteria, the individuals will be entitled to a future cash payment, calculated based on the increase (capped at 3.5 times) in the Company's share price after a six year period from its opening share price on 6 December 2011 of HKD10.52. Based on the fair value of HKD0.12 per right as at 31 December 2016, determined using the Monte Carlo Method, the changes in fair value have been recognised as a staff cost expense in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016.

ACHK granted certain rights to a number of senior management of ACHK whereby, provided they meet certain vesting criteria, the individuals will be entitled to a future cash payment, calculated based on the increase in the fair value of ACHK. Based on the fair value of ACHK RMB4 million has been recognised as a deduction of staff cost expense in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (RMB2 million staff cost expenses for the year ended 31 December 2015).

In addition to the above, share-based payments includes RMB4 million credit (2015: nil) in respect of stock options and shares in the Group's controlling shareholder, Auchan Holding S.A. ("**Auchan Holding**"), granted by Auchan Holding to certain employees of the Group in respect of their service to the Group. Details of share options and shares are set out in the Report of Directors.

(iv) Feiniu Employee Equity Participation Scheme

In 2014, the Group established an Employee Equity Participation Scheme ("**EEPS**") for the employees of Feiniu E-Commerce (Shanghai) Co., Ltd. ("**Feiniu Shanghai**"). Under the EEPS, certain selected employees of Feiniu Shanghai were given the right to subscribe new shares issued by Feiniu E-Commerce Hong Kong Limited ("**Feiniu Hong Kong**"), which is the immediate holding company of Feiniu Shanghai, through two limited companies registered in the British Virgin Islands, Grand Charm Venture Limited and Fame Up Development Limited (collectively "**BVI Companies**").

The Group has treated the EEPS as an equity-settled share-based payment in light of the vesting condition above. However, as the share subscription prices for eligible employees under the EEPS were the same as those paid by other non-employee shareholders, there was no significant share-based payment cost to be recognised by the Group in respect of the EEPS.

In 2016, a total of 45 million of shares (2015: 52 million) in Feiniu Hong Kong were issued under the EEPS at RMB1.2 per share (2015: RMB1 per share). A total amount of RMB54 million (2015: RMB52 million) are credited to non-controlling interests within equity in the consolidated financial statements of the Group.

(c) Other items

	Year ended 31 December	
	2016 <i>RMB million</i>	2015 <i>RMB million</i>
Cost of inventories	76,360	73,736
Depreciation		
– assets leased out under operating leases		
– investment properties	210	205
– other property, plant and equipment	491	345
– assets held for own use	2,263	2,223
	<u>2,964</u>	<u>2,773</u>
Amortisation		
– land use rights	171	163
– intangible assets	31	18
	<u>202</u>	<u>181</u>
Impairment losses		
– other property, plant and equipment	91	–
Operating lease charges		
(i) contingent rents		
– assets leased for own use	590	593
– assets sublet to others	186	174
(ii) minimum lease payments		
– assets leased for own use	1,703	1,629
– assets sublet to others	253	238
(iii) fees to Contracted Store Owners	14	23
Total	<u>2,746</u>	<u>2,657</u>
Loss on disposal of property, plant and equipment	34	54
Net foreign exchange (gain)/loss	(15)	11
Auditors' remuneration		
– audit services	32	32
– non-audit services	1	1
Donations	1	1
Rental income from investment properties		
– gross (including property management fee)	(1,213)	(1,131)
– direct operating expenses	43	78
Net rental income from investment properties	<u>(1,170)</u>	<u>(1,053)</u>

5 INCOME TAX

- (a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December	
	2016	2015
	RMB million	RMB million
Current tax – Hong Kong Profits Tax		
Provision for the year	–	1
Over-provision in respect of prior year	(1)	–
Current tax – PRC income tax		
Provision for the year	1,302	1,175
Over-provision in respect of prior year	–	(5)
	<u>1,301</u>	<u>1,171</u>
Deferred tax		
Origination of temporary differences (note 20(a))	(21)	(83)
	<u>1,280</u>	<u>1,088</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the Company and its subsidiaries incorporated in Hong Kong (2015: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (ii) All PRC subsidiaries are subject to income tax at 25% for the year ended 31 December 2016 (2015: 25%) under the Enterprise Income Tax law (“EIT law”).
- (iii) The 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 12 July 2012, Announcement [2012] No. 30 (“Announcement 30”) dated 29 June 2012 was released by the State Administration of Taxation (“SAT”). Announcement 30 explicitly states that a company that is a tax resident of a Double Taxation Agreement (“DTA”) partner state and is listed in that jurisdiction (“Listed Parent”) will automatically satisfy the beneficial ownership criteria in respect of PRC dividends received. Furthermore, subsidiaries that are wholly owned by the Listed Parent, directly and/or indirectly, and are tax residents of the same DTA partner state, may also be automatically regarded as the beneficial owners of any PRC dividends they receive. Accordingly, dividends receivable by RT-Mart Holdings Limited and ACHK should be subject to 5% withholding tax rate.

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.

- (b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Profit before taxation	3,909	3,552
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	977	888
Non-deductible expenses, less non-assessable income	(16)	(43)
PRC dividend withholding tax	91	71
Current year losses for which no deferred tax asset was recognised	257	242
Temporary differences for which no deferred tax asset was recognised	35	2
Utilisation of previously unrecognised tax losses	(61)	(74)
Recognition of previously unrecognised temporary differences	(35)	(16)
Reversal of previously recognised deferred tax assets	33	23
Over-provision in respect of prior years	(1)	(5)
Actual tax expenses	1,280	1,088

- (c) Income tax payables in the consolidated statement of financial position represent:

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Balance at beginning of the year	491	512
Over-provision in respect of prior years	(1)	(5)
Provision for current income tax for the year	1,302	1,176
Payment during the year	(1,154)	(1,192)
Income tax payables at the end of the year	638	491

6 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement schemes RMB'000	Discretionary bonus RMB'000	Share-based payments (note 7) RMB'000	2016 Total RMB'000
Executive directors						
Bruno, Robert MERCIER	–	2,743	292	196	–	3,231
HUANG Ming-Tuan	–	13,365	–	–	–	13,365
Non-executive directors						
CHENG Chuan-Tai	–	–	–	–	–	–
Benoit, Claude, Francois, Marie, Joseph LECLERCQ	–	–	–	–	–	–
Xavier, Marie, Alain DELOM de MEZERAC	–	–	–	–	–	–
Wilhelm, Louis HUBNER	–	–	–	–	–	–
Independent non-executive directors						
Karen Yifen CHANG	257	–	–	–	–	257
HE Yi	257	–	–	–	–	257
Desmond MURRAY	309	–	–	–	–	309
Total	823	16,108	292	196	–	17,419

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement schemes RMB'000	Discretionary bonus RMB'000	Share-based payments (note 7) RMB'000	2015 Total RMB'000
Executive directors						
Bruno, Robert MERCIER	–	2,257	259	219	405	3,140
HUANG Ming-Tuan	–	11,582	–	–	–	11,582
Non-executive directors						
CHENG Chuan-Tai	–	–	–	–	–	–
Philippe, David BAROUKH (resigned on 11 December 2015)	–	–	–	–	–	–
Benoit, Claude, Francois, Marie, Joseph LECLERCQ	–	–	–	–	–	–
Xavier, Marie, Alain DELOM de MEZERAC	–	–	–	–	–	–
Wilhelm, Louis HUBNER (appointed on 11 December 2015)	–	–	–	–	–	–
Independent non-executive directors						
Karen Yifen CHANG	240	–	–	–	–	240
HE Yi	240	–	–	–	–	240
Desmond MURRAY	290	–	–	–	–	290
Total	770	13,839	259	219	405	15,492

No director of the Company agreed to waive any remuneration during the year.

During the year, 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

The aggregate of the emoluments in respect of the five highest paid individuals of the Group during the year, one (2015: one) of whom are directors of the Company, are as follows:

	Year ended 31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	44,935	39,660
Contributions to retirement schemes	–	–
Discretionary bonus	–	–
Share-based payments	–	–
	<u>44,935</u>	<u>39,660</u>

Share-based payments represent the estimated value of share appreciation rights granted (note 4(b)(iii)) and the estimated value of stock options and shares in Auchan Holding granted, details of which are disclosed under the section “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in the Report of Directors.

The emoluments of the 5 individuals with the highest emoluments are within the following bands:

	2016	2015
	Number of individuals	Number of individuals
HKD6,000,001 – HKD6,500,000	1	–
HKD6,500,001 – HKD7,000,000	–	1
HKD7,000,001 – HKD7,500,000	–	2
HKD7,500,001 – HKD8,000,000	2	–
HKD14,000,001 – HKD14,500,000	–	2
HKD15,000,001 – HKD15,500,000	1	–
HKD15,500,001 – HKD16,000,000	1	–
	<u>5</u>	<u>5</u>

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB2,045 million for the year ended 31 December 2016 (2015: a profit of RMB1,520 million), which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 21(b).

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,571 million (2015: RMB2,443 million) and the weighted average of 9,539,704,700 ordinary shares (2015: 9,539,704,700) in issue during the year:

Weighted average number of ordinary shares

	Year ended 31 December	
	2016	2015
Issued ordinary shares at 1 January and 31 December	<u>9,539,704,700</u>	<u>9,539,704,700</u>

There were no dilutive potential ordinary shares throughout the years and therefore diluted earnings per share is equivalent to basic earnings per share.

10 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Buildings RMB million	Leasehold improvements RMB million	Store and other equipment RMB million	Office equipment RMB million	Motor vehicles RMB million	Construction in progress RMB million	Sub-total RMB million	Investment properties RMB million	Land use rights RMB million	Total RMB million
Cost:										
At 1 January 2015	9,991	3,853	14,491	1,904	279	489	31,007	4,381	6,029	41,417
Additions	309	173	141	338	27	3,226	4,214	188	222	4,624
Transfer from construction in progress	211	216	1,467	11	—	(1,909)	(4)	4	—	—
Disposals	(1)	(46)	(99)	(195)	(13)	—	(354)	—	—	(354)
At 31 December 2015	10,510	4,196	16,000	2,058	293	1,806	34,863	4,573	6,251	45,687
At 1 January 2016	10,510	4,196	16,000	2,058	293	1,806	34,863	4,573	6,251	45,687
Additions	484	62	1,085	150	7	1,053	2,841	270	633	3,744
Transfer from construction in progress	492	306	755	163	26	(1,781)	(39)	39	—	—
Disposals	(1)	(17)	(111)	(59)	(28)	—	(216)	—	—	(216)
At 31 December 2016	11,485	4,547	17,729	2,312	298	1,078	37,449	4,882	6,884	49,215
Accumulated depreciation and impairment:										
At 1 January 2015	(2,198)	(1,431)	(4,734)	(1,158)	(160)	—	(9,681)	(852)	(810)	(11,343)
Charge for the year	(395)	(347)	(1,471)	(306)	(49)	—	(2,568)	(205)	(163)	(2,936)
Disposals	1	11	81	184	11	—	288	—	—	288
At 31 December 2015	(2,592)	(1,767)	(6,124)	(1,280)	(198)	—	(11,961)	(1,057)	(973)	(13,991)
At 1 January 2016	(2,592)	(1,767)	(6,124)	(1,280)	(198)	—	(11,961)	(1,057)	(973)	(13,991)
Charge for the year	(408)	(422)	(1,593)	(290)	(41)	—	(2,754)	(210)	(171)	(3,135)
Disposal	—	15	83	53	26	—	177	—	—	177
Impairment losses	—	(91)	—	—	—	—	(91)	—	—	(91)
At 31 December 2016	(3,000)	(2,265)	(7,634)	(1,517)	(213)	—	(14,629)	(1,267)	(1,144)	(17,040)
Net book value:										
At 31 December 2016	8,485	2,282	10,095	795	85	1,078	22,820	3,615	5,740	32,175
At 31 December 2015	7,918	2,429	9,876	778	95	1,806	22,902	3,516	5,278	31,696

- (i) All the Group's investment properties, other property, plant and equipment are located in the PRC.
- (ii) Land use rights represent the fees and related expenses in obtaining land use rights for periods ranging from 40 to 70 years. As at 31 December 2016, the Group had not obtained land use rights certificates for certain land use rights with an aggregate carrying amount of RMB705 million (2015: RMB756 million). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these land use rights as at 31 December 2016 and 2015.
- (iii) As at 31 December 2016, the Group was in the process of obtaining property ownership certificates for certain buildings with an aggregate carrying amount of RMB2,696 million (2015: RMB3,083 million). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2016 and 2015.
- (iv) As set out in note 1(i), the Group has applied the cost model for its investment properties.

An independent professional valuer has been engaged to measure the fair value of the retail galleries located in the hypermarket buildings owned by the Group. The valuation included the fair value of the buildings of the retail galleries which were classified as investment properties and the associated land use rights. As at 31 December 2016, the total fair value of the investment properties were RMB4,562 million (2015: RMB4,225 million).

The valuation technique and significant unobservable inputs used to estimate the fair value of the retail galleries including the investment properties and associated land use rights are set forth in the table of note 10(v). The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used. There have been no changes in valuation technique used in prior year.

- | (v) Valuation technique | Significant unobservable inputs |
|--|--|
| Income approach by capitalising the net rental incomes derived from the existing tenancies with due allowance for any reversionary income potential of the properties. | <ul style="list-style-type: none"> • Market rent: The market rent is estimated according to the comparable properties in close proximity. The higher the market rent, the higher the fair value of the properties. • Yield: The yield is estimated according to the market evidence, valuer's experience and knowledge of market conditions. The range of adopted yield is from 4.75% to 7.50% (2015: 5.25% to 7.50%) according to different cities. The higher the yield, the lower the fair value of the properties. |
| (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: | |

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Within 1 year	2,565	2,506
After 1 year but within 5 years	1,265	1,309
After 5 years	507	543
	4,337	4,358
	4,337	4,358

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.

- (vii) As at 31 December 2016, due to a reduction in profitability of certain stores, leasehold improvements in certain stores of the Group were stated net of impairment losses of RMB91 million (2015: nil), to write down the carrying amount of the leasehold improvements of the stores to their estimated recoverable amount of RMB83 million. An impairment loss of RMB91 million (2015: nil) was recognised in “Operating costs”.

The estimates of recoverable amount were determined based on the higher of the stores’ value in use and the fair value less costs of disposal. In determining the value in use, the post-tax discount rate of 10.34% (2015: 9.26%) was used reflecting the current market assessment of the time of money and the risk specific to the stores. In determining the fair value of the relevant assets, the level of fair value hierarchy, the valuation techniques and each key assumption on which management based were disclosed in note 10(v).

11 INTANGIBLE ASSETS

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Software cost:		
At 1 January	103	55
Additions	44	48
	147	103
	147	103
Accumulated amortisation		
At 1 January	(39)	(21)
Amortisation for the year	(31)	(18)
	(70)	(39)
	(70)	(39)
Net book value		
At 1 January	64	34
At 31 December	77	64

The amortisation charge is recognised in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

12 GOODWILL

Goodwill arose on the acquisition of subsidiaries and there is no individual cash-generating unit to which the goodwill allocated is significant to the consolidated financial statements. No impairment of goodwill was recognised for the years ended 31 December 2016 and 2015.

On 2 April 2015, the Group acquired Fields Hong Kong Limited (“**Fields HK**”) for a total consideration of USD16.7 million (equivalent to RMB103 million) through the purchase of shares from existing shareholders and the subscription of new shares issued by Fields HK. Following these transactions, the Group holds 57.25% of share capital of Fields HK and has control over this entity. Goodwill arising from the acquisition of RMB82 million was recognised during the year ended 31 December 2015.

13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Trading merchandise	15,409	12,646

(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	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Carrying amount of inventories sold	76,417	73,725
(Reversal of write down)/write down of inventories	(57)	11
	<u>76,360</u>	<u>73,736</u>

All inventories are expected to be sold within one year.

14 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Non-current		
Rental prepayments	397	527
Current		
Trade receivables	450	195
Amounts due from Contracted Stores	29	41
Amounts due from Contracted Store Owners	45	57
Amounts due from related parties (<i>note 25(d)</i>)	88	115
Other debtors	707	723
Value-added tax recoverable	1,019	635
Prepayments:		
– rentals	1,103	1,249
– property, plant and equipment and intangible assets	111	365
Sub-total	<u>3,552</u>	<u>3,380</u>
Trade and other receivables	<u>3,949</u>	<u>3,907</u>

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 aging of trade receivables is determined based on invoice date.

The amounts due from Contracted Stores as at 31 December 2016 include the 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, offset by advance payments made by Contracted Stores in respect of purchase of goods.

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(g)). These amounts are repayable on demand.

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 prepayments made for property, plant and equipment and intangible 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 22(a).

15 TIME DEPOSITS

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Time deposits	36	36
	<u>36</u>	<u>36</u>

Time deposits have original maturity over three months.

16 CASH AND CASH EQUIVALENTS

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Deposits with banks within 3 months of maturity	106	207
Cash at bank and on hand	5,405	4,358
Other financial assets	2,589	2,017
	<u>8,100</u>	<u>6,582</u>
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	8,100	6,582

Other financial assets represent investments in short-term financial products issued by PRC commercial banks, with principals guaranteed, fixed or determinable returns and with periods to maturity less than three months from date of issue.

17 TRADE AND OTHER PAYABLES

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Current		
Trade payables	20,817	18,247
Advance receipts from customers	9,702	8,331
Amounts due to related parties (<i>note 25(d)</i>)	121	207
Construction costs payable	1,799	1,888
Dividends payable to non-controlling interests	124	181
Accruals and other payables	4,244	3,772
	<u>36,807</u>	<u>32,626</u>
Trade and other payables	36,807	32,626

All trade and other payables are expected to be settled within one year.

Advance receipts from customers primarily represent the unutilised balance of prepaid cards sold by the Group.

An ageing analysis of trade payables determined based on invoice date is as follows:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Due within 6 months	20,413	17,940
Due after 6 months but within 12 months	404	307
	<u>20,817</u>	<u>18,247</u>

18 BANK LOANS

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Current		
Bank loans repayable within 1 year guaranteed by a related party	3	5
Unsecured bank loans repayable within 1 year	20	633
Sub-total	23	638
Non-current		
Bank loans guaranteed by a related party	3	2
Bank loans	<u>26</u>	<u>640</u>

Unsecured bank loans carried interest at 3.92% per annum as at 31 December 2016 (2015: 2.26% to 3.92% per annum). Bank loans guaranteed by a related party, Oney Bank S.A. (“**Oney Bank**”, formerly known as “**Banque Accord S.A.**”), carried interest at 6.05% per annum as at 31 December 2016 (2015: 6.05% to 6.30% per annum).

19 OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Put option liabilities on non-controlling interests of Fields HK	–	58
Others	50	56
	<u>50</u>	<u>114</u>

On 2 April 2015, as part of the Group’s acquisition of Fields HK, the Group and some of the non-controlling shareholders of Fields HK entered into put and call option contracts. Pursuant to the contracts, the Group has been granted the right to purchase and the non-controlling shareholders have been granted the right to sell, the shares of Fields HK held by some of the non-controlling shareholders, at the pre-determined dates. The exercise prices are based on pre-defined calculation formula. The RMB77 million put option liabilities on non-controlling interests are measured at present value of exercise price and are recorded in “Other Financial Liabilities” on acquisition date with a corresponding amount debited to capital reserve within equity of the Group. All subsequent changes in the carrying amount of the “Other Financial Liabilities” are recorded in equity. As at 31 December 2016, the put option liabilities have been reduced to zero based on the pre-defined calculation formula.

Others mainly 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 RMB6 million for the year ended 31 December 2016 are included in finance costs in the consolidated statement of profit or loss and other comprehensive income (2015: RMB6 million).

20 DEFERRED TAX ASSETS AND LIABILITIES

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements 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
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
At 1 January 2015	40	(10)	155	(15)	110	280
(Charged)/credited to profit or loss	8	–	35	14*	26	83
At 31 December 2015	<u>48</u>	<u>(10)</u>	<u>190</u>	<u>(1)</u>	<u>136</u>	<u>363</u>
At 1 January 2016	48	(10)	190	(1)	136	363
(Charged)/credited to profit or loss	(28)	–	42	–	7	21
At 31 December 2016	<u>20</u>	<u>(10)</u>	<u>232</u>	<u>(1)</u>	<u>143</u>	<u>384</u>

* The amount includes the provision of withholding tax on profits of the PRC subsidiaries for the year amounting to RMB91 million (2015: RMB71 million) less the reversal of deferred tax liabilities on withholding tax in respect of dividends paid during the year amounting to RMB91 million (2015: RMB85 million).

(b) Reconciliation to the consolidated statement of financial position:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Net deferred tax assets	395	374
Net deferred tax liabilities	<u>(11)</u>	<u>(11)</u>
	<u>384</u>	<u>363</u>

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(v), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB2,743 million as at 31 December 2016 (2015: RMB2,035 million), 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 from PRC entities 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	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
2016	–	58
2017	83	112
2018	198	285
2019	562	646
2020	871	934
2021	1,020	–
	<u>2,734</u>	<u>2,035</u>

(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 2016, such undistributed profits amounted to RMB4,809 million (2015: RMB4,467 million).

21 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 statement 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 are set out as follows:

The Company:

	Share capital	Capital reserve	Exchange reserve	Retained profits	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Balance at 1 January 2015	10,020	13,322	(425)	1,330	24,247
Changes in equity for 2015:					
Profit for the year	–	–	–	1,520	1,520
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	1,520	1,520
Dividends declared	–	–	–	(1,223)	(1,223)
Balance at 31 December 2015	<u>10,020</u>	<u>13,322</u>	<u>(425)</u>	<u>1,627</u>	<u>24,544</u>
Balance at 1 January 2016	10,020	13,322	(425)	1,627	24,544
Changes in equity for 2016:					
Profit for the year	–	–	–	2,045	2,045
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	2,045	2,045
Dividends declared	–	–	–	(1,521)	(1,521)
Balance at 31 December 2016	<u>10,020</u>	<u>13,322</u>	<u>(425)</u>	<u>2,151</u>	<u>25,068</u>

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2016 <i>RMB million</i>	2015 <i>RMB million</i>
Final dividend proposed after the end of the reporting period of HKD0.23 (equivalent to RMB0.20) per ordinary share (2015: HKD0.19 (equivalent to RMB0.16) per ordinary share)	1,908	1,524
	<u>1,908</u>	<u>1,524</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial years, approved during the year:

A final dividend of HKD0.16 (equivalent to RMB0.13) per ordinary share in respect of the year ended 31 December 2014 was approved on 14 May 2015, and the payment was made in June 2015 for an amount equivalent to RMB1,223 million.

A final dividend of HKD0.19 (equivalent to RMB0.16) per ordinary share in respect of the year ended 31 December 2015 was approved on 13 May 2016, and the payment was made in June 2016 for an amount equivalent to RMB1,521 million.

(c) Share capital

	2016			2015		
	<i>No. of shares</i>	<i>HKD million</i>	<i>RMB million</i>	<i>No. of shares</i>	<i>HKD million</i>	<i>RMB million</i>
Ordinary shares, issued and fully paid:						
At 1 January and 31 December	9,539,704,700	11,697	10,020	9,539,704,700	11,697	10,020

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.

(d) Nature and purpose of reserves**(i) Capital reserve**

The capital reserve mainly arises from

- the issuance of ordinary shares to acquire the non-controlling interests in ACHK and CCIL;
- the excess of the cash injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired (see note 4(b)(ii));

- accumulative share-based payments in relation to stock options and shares granted by Auchan Holding to certain employees of the Group (see note 4(b)(iii));
- put option liabilities associated with acquisition of Fields HK (see note 19); and
- acquisition of additional non-controlling interest.

(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(y).

(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

As at 31 December 2016, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of section Part 6 of the CO was RMB2,151 million (2015: RMB1,627 million). After the end of the reporting period the directors proposed a final dividend of HKD0.23 (equivalent to RMB0.20) per ordinary share, amounting to RMB1,908 million (see note 21(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital risk management

The Group defines capital as its total equity. 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 net debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. The Group defines debt as loans, borrowings, less cash and cash equivalents, investments and time deposits.

There were no changes in the Group's approach to capital management during the year.

Net debt-to-equity ratios were as follows:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Bank loans (<i>note 18</i>)	26	640
Less: Time deposits	(36)	(36)
Cash and cash equivalents	(8,100)	(6,582)
	<u>(8,110)</u>	<u>(5,978)</u>
Net debt	<u>(8,110)</u>	<u>(5,978)</u>
	<u>22,809</u>	<u>21,627</u>
Total equity	<u>22,809</u>	<u>21,627</u>
	<u>(36%)</u>	<u>(28%)</u>
Net debt-to-equity ratio*	<u>(36%)</u>	<u>(28%)</u>

* Net debt-to-equity ratio of the Group for the years ended 31 December 2016 and 2015 is negative due to the aggregation of cash and cash equivalents and time deposits exceed loans and borrowings of the Group.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Financial assets of the Group include cash and cash equivalents, time deposits, unquoted available for sale equity security 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 and time 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.

Investments in short-term financial products are arranged with financial institutions, which management believes are of high credit quality. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as these are guaranteed by the financial institutions.

Rental prepayments are placed with various landlords in the PRC and may be offset against future rental charges during the lease periods.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. 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 RMB10,371 million as at 31 December 2016 (2015: RMB11,111 million). The Group generated net cash from operating activities amounting to RMB6,952 million for the year ended 31 December 2016 (2015: RMB6,300 million), and had RMB4,264 million of unutilised loan facilities available as at 31 December 2016 (2015: RMB3,171 million). 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 2016				Financial statement carrying amount
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Bank loans	24	3	–	27	26
Trade and other payables	36,807	–	–	36,807	36,807
Other financial liabilities	–	–	50	50	50
At 31 December 2016	<u>36,831</u>	<u>3</u>	<u>50</u>	<u>36,884</u>	<u>36,883</u>

	At 31 December 2015				Financial statement carrying amount
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Bank loans	645	2	–	647	640
Trade and other payables	32,626	–	–	32,626	32,626
Other financial liabilities	6	63	50	119	114
At 31 December 2015	<u>33,277</u>	<u>65</u>	<u>50</u>	<u>33,392</u>	<u>33,380</u>

(c) Interest rate risk**(i) Interest rate profile**

Cash at bank, investments and time deposits, and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk.

The Group's cash at bank, investments and time deposits, interest-bearing borrowings and interest rates as at 31 December 2016 and 2015 are set out as follows:

	2016		2015	
	Effective interest rate	Carrying Amount <i>RMB million</i>	Effective interest rate	Carrying Amount <i>RMB million</i>
Variable rate instruments:				
Cash at bank and time deposits within three months of maturity	0%~4.00%	4,944	0%~1.60%	4,077
Other financial assets	1.35%~3.65%	2,589	1.35%~5%	1,982
Bank loans	3.92%	(20)	6.30%	(7)
		<u>7,513</u>		<u>6,052</u>
Fixed rate instruments:				
Time deposits over three months of maturity	0.50%~5.50%	36	0.50%~5.50%	36
Other financial assets	–	–	3.2%~3.3%	35
Bank loans	6.05%	(6)	2.25~6.05%	(633)
		<u>30</u>		<u>(562)</u>

(ii) Sensitivity analysis

A general increase/decrease of 100 basis points in interest rates prevailing at the reporting dates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained earnings by approximately RMB56 million for the year ended 31 December 2016 (2015: RMB45 million).

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 years ended 31 December 2016 and 2015.

(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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 10(v) – investment properties.

During the years ended 31 December 2015 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2016 and 2015, 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.

23 COMMITMENTS**(a) Capital commitments**

Capital commitments outstanding and not provided for in the financial statements were as follows:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Contracted for	2,173	2,611
Authorised but not contracted for	2,597	3,230
	4,770	5,841
	4,770	5,841

(b) Operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Within 1 year	1,855	2,223
After 1 year but within 5 years	5,911	5,833
After 5 years	11,256	10,422
	19,022	18,478
	19,022	18,478

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.

24 CONTINGENCIES**Legal claims**

As at 31 December 2016, legal actions have commenced against the Group by certain customers and certain suppliers in respect of disputes on purchase agreements. The total amount claimed is RMB137 million (2015: RMB222 million). As at 31 December 2016, the legal actions were ongoing, with most of the actions not yet set for trial dates. Provision of RMB32 million (2015: RMB21 million) has been made within trade and other payables as at 31 December 2016, which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

25 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:

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Short-term employee benefits	67	61
Post-employment benefits	–	–
Share-based payments	–	–
	67	61
	67	61

Total remuneration is included in “staff costs” (see note 4(b)).

(b) Identity of related parties

During the years ended 31 December 2016 and 2015, the directors are of the view that the following companies are related parties of the Group:

Name of party	Relationship
Ruentex Development Co., Ltd., Ruentex Industries Ltd., Concord Greater China Limited and Kofu International Limited (collectively “ Ruentex ”)	Major shareholder
Auchan Holding	Ultimate controlling shareholder
Auchan Retail International S.A. (“ Auchan Retail ”)	Subsidiary of Auchan Holding
Auchan International Luxembourg	Subsidiary of Auchan Holding
Auchan France Croix	Subsidiary of Auchan Holding
Auchan Global Service	Subsidiary of Auchan Holding
Auchan International Technology	Subsidiary of Auchan Holding
RT-Mart International Limited	Subsidiary of Auchan Holding
Auchan International (Shanghai) International Trading Company Limited	Subsidiary of Auchan Holding
Oney Bank	Subsidiary of Auchan Holding
Patinvest	Subsidiary of Auchan Holding
SNC OIA	Subsidiary of Auchan Holding
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 statements, the Group entered into the following material related party transactions during the year.

	Year ended 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Agency fees receivable (i)	52	57
Trademark fee payable (ii)	33	27
IT services fee payable (iii)	7	1
Expenses payable (iv)	101	96
Contributions to Employee Trust Benefit Schemes trusts (note 4(b))	431	366
Purchase of goods (v)	2	5
Business combination under common control	–	75
Bank loans (repaid)/borrowed (vi)	(7)	8
	<u> </u>	<u> </u>

- (i) Agency fees receivable relate to amounts accrued from international suppliers by Patinvest starting from March 2015 and Auchan International Luxembourg for prior periods on behalf of the Group, net of fees payable to Patinvest and Auchan International Luxembourg, respectively.
- (ii) Trademark fee payable represents the fee charged by Auchan Holding for the grant of licenses to the Group to use the Auchan trademarks.
- (iii) IT services fee payable represents the fee charged by Auchan International Technology for IT support and services provided.
- (iv) Expenses payable primarily relate to personnel and administrative costs paid by subsidiaries of Auchan Retail on behalf of the Group, which are reimbursed and expensed by the Group.
- (v) This represents purchase of merchandise from Auchan International (Shanghai) International Trading Company Limited.
- (vi) This represents the loan borrowed from Oney Bank in 2015 and the loan repaid to Oney Bank in 2016 by Oney Accord Consulting (Shanghai) Co., Ltd (“**Oney Accord**”).

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.

(d) Related party balances

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Amounts due from subsidiaries of Auchan Holding	88	115
Amounts due to Auchan Holding and its subsidiaries	121	207
	<u>121</u>	<u>207</u>

The above balances are all trade in nature.

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of agency fee receivable and trademark fee payable above constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the section “Connected Transactions” in the Report of Directors.

26 COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	At 31 December	
	2016	2015
	<i>RMB million</i>	<i>RMB million</i>
Non-current assets		
Investments in subsidiaries	16,096	15,850
Trade and other receivables	6,823	7,124
Unquoted available-for-sale equity security	4	4
	<u>22,923</u>	<u>22,978</u>
Current assets		
Trade and other receivables	2,162	1,621
Cash and cash equivalents	32	29
	<u>2,194</u>	<u>1,650</u>
Current liabilities		
Trade and other payables	49	84
	<u>49</u>	<u>84</u>
Net current assets	<u>2,145</u>	<u>1,566</u>
Net assets	<u>25,068</u>	<u>24,544</u>
Capital and reserves		
Share capital	10,020	10,020
Reserves	15,048	14,524
	<u>15,048</u>	<u>14,524</u>
Total equity	<u>25,068</u>	<u>24,544</u>

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate parent of the Group to be A-RT Retail Holdings Limited, which is incorporated in Hong Kong. Pursuant to the shareholders' agreement dated 12 December 2010 entered into by Auchan Holding and Ruentex, the directors consider the Group is controlled by Auchan Holding and Ruentex ultimately.

On 14 August 2013, Auchan Holding and Ruentex entered into a shareholders' agreement to amend the shareholders' agreement dated 12 December 2010, such that, among other things, the right of Ruentex to appoint a majority of the directors of CCIL, RT-Mart Holdings and CIC was expired on 31 December 2013 and a majority of the directors of CCIL, RT-Mart Holdings and CIC is recommended by Ruentex and appointed by Auchan Holding thereafter.

28 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 statements. 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 statements.

(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 reporting period end 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 statement of profit or loss and other 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.

(e) Impairment of other assets (mainly investment properties and other property, plant and equipment, intangible assets and goodwill)

As stated in note 1(o)(ii), an impairment loss is recognised in profit and loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. At the end of each reporting period, the Group reviews the recoverable amount of investment properties and other property, plant and equipment, intangible assets and goodwill which involves judgement on the determination of their fair value less costs of disposal and value in use. The fair value less costs of disposal is determined based on market comparison approach by reference to recent market rents of comparable assets and the value in use is determined by discounting projected cash flow series associated with the assets using risk-adjusted discount rates. Any change in the assumptions would increase or decrease the recoverable amount of investment properties and other property, plant and equipment, intangible assets and goodwill.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Amendments to HKAS 7, <i>Statement of cash flows:</i> <i>Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes:</i> <i>Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment:</i> <i>Classification and measurement of share-based payment transactions</i>	1 January 2018
Amendments to HKFRS 4, <i>Insurance contracts:</i> <i>Applying HKFRS 9 Financial instrument with HKFRS 4</i>	1 January 2018
Amendments to HKAS 40, <i>Transfers of investment property</i>	1 January 2018
HKFRIC 22, <i>Foreign currency transactions and advance consideration</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

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 the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for revenue from construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

- revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;
- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15; and

- rights of return – HKFRS 15 requires separate presentation on the statement of financial position of the right to recover the goods from the customer and the refund obligation.

At the state, the Group is not able to estimate the impact of HKFRS 15 on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, Leases

As disclosed in note 1(m), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 23(b), at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB19,022 million for properties and other assets, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

30 INTEREST IN SUBSIDIARIES

The principal activity of the Company is investment holding.

Particulars of the Group's principal subsidiaries are as follows:

Held directly by the Company:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
CCIL	(ii)	100%	100%	Investment holding	USD112
ACHK	(ii)	100%	100%	Investment holding	USD216
Shanghai Art Management and Service Co., Ltd.		100%	100%	Consulting Service	USD0.1
Feiniu E-Commerce Hong Kong Limited	(ii)	74.18%	70.9%	E-commerce	RMB900
Fields Hong Kong Limited	(ii)	57.25%	57.25%	E-commerce	HKD125

Held directly or indirectly by CCIL:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
RT-MART Holdings Limited	(ii)	100.00%	100.00%	Investment holding	USD112
Concord Investment (China) Co., Ltd.		92.99%	93.02%	Investment holding and retailing	USD247
Beihai RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD3
Changshu RT-MART Hypermarket Co., Ltd.		92.99%	93.02%	Retailing	USD7
Changzhou Guanhe RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Cixi RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD7
Dafeng Ruentex Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD16
Foshan Shunde RT-Mart Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD7
Fuyang RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Guangzhou Concord Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Guangzhou Ruenping Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Guangzhou Tianmei Ruenfu Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD3
Haikou Guoxing RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Hainan RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Hainan Longkun RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Hangzhou Xiaoshan Ruenhua RT-MART Hypermarket Co., Ltd.		92.99%	93.02%	Retailing	USD2
Hefei Feicui RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Huaibei RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD2

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Ji'nan Lixia RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD0.5
People's RT-MART Limited Jinan	(iii)	89.01%	89.04%	Retailing	USD21
Jinan Tianqiao RT-MART Commercial Co. Ltd.	(iv)	92.99%	93.02%	Retailing	RMB5
Jiaxing Xiuzhou Commercial Co., Ltd.		92.99%	93.02%	Retailing	RMB15
Jianhu RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD10
Jiangsu Bairuen Logistics Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB1
Jinjiang Ruende Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD8
Kunshan Qiadeng Ruenping Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD17
Kunshan Ruenhua Commercial Co., Ltd.		92.99%	93.02%	Retailing	RMB165
Lanzhou RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Liyang RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Lianyungang Ruenliang Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD2
Liuzhou Ruenping Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Nanjing Zhongshang Jinruenfa Longjiang Hypermarket Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB5
Nantong Tongruenfa Hypermarket Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB5
Nantong Tongzhou Ruentex Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD7
Pinghu RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD12
Qingdao Chunyang RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Qingdao Ruentex Enterprises Co., Ltd.		92.99%	93.02%	Retailing	RMB200
Rugao RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Xiamen Ruenrui Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
RT-MART Limited Shanghai	(iii)	92.99%	93.02%	Retailing	USD30
Shanghai Fengxian RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD3
Shanghai Jiading Anting RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD2
Shanghai Minhang Huacao RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD12
Shanghai Sanlin RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD2
Shanghai Sijing RT-MART Commercial and Trading Co., Ltd.		92.99%	93.02%	Retailing	USD2
Shaoguan RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Shenzhen RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Shenyang Sujiatun RT-MART Commercial Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB128
Shuyang Ruentex Commercial Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB15
Suzhou Baodai Ruentex Commercial Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB15
Suzhou Xuguan Ruenhua Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Suzhou Ruende Commercial Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB3
Suzhou Ruenrui Commercial Co., Ltd.	(iv)	92.99%	93.02%	Retailing	RMB9
Taixing Ruentex Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Tonglu RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD6
Wuxi Tianruenfa Hypermarket Co., Ltd.		92.99%	N/A	Retailing	RMB10

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Wujiang Ruenliang Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Wujiang Ruentex Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Wuhan RT-MART Jiangnan Hypermarket Development Co., Ltd.		92.99%	93.02%	Retailing	USD8
Suqian Ruenliang Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Xuzhou Ruenping Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD4
Yangzhou Ruenliang Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Yixing RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Yongkang Ruentex Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD7
Zhaoqing RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Zhenjiang RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2
Zibo RT-MART Commercial Co., Ltd.		92.99%	93.02%	Retailing	USD2

Held directly or indirectly by ACHK:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Shanghai Auchan Hypermarkets Co., Ltd.	(iii)	98.56%	95.71%	Retailing	USD18
Suzhou Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB220
Hangzhou Auchan Hypermarkets Co., Ltd.	(iii)	98.56%	95.71%	Retailing	USD23
Auchan (China) Investment Co., Ltd.		98.56%	95.71%	Consulting service and investment	USD367/353
Chengdu Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB110
Beijing Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB50
Shanghai New Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB128
Nanjing Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB50
Ningbo Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB72
Taizhou Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	USD10
Changzhou Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	RMB122
Anhui Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	USD12
Zhenjiang Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	USD12
Wuxi Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	USD10/8
Nantong Auchan Hypermarkets Co., Ltd.		98.56%	95.71%	Retailing	USD14/13

Held directly or indirectly by Feiniu E-Commerce Hong Kong Limited:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Feiniu E-Commerce (Shanghai) Co., Ltd	(iii)	74.18%	70.9%	E-commerce	RMB1550/880
Ruenguo Information Technology (Shanghai) Co., Ltd	(iii)	74.18%	70.9%	E-commerce	RMB10/10

Held directly by Fields Hong Kong Limited:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Fields (Shanghai) Co., Ltd.		57.25%	57.25%	E-commerce	USD10

Held directly and jointly by CIC and ACI:

Name of companies	Note	Effective interest of ownership attributable to the Group		Principal activities	Registered capital/issued and fully paid up capital (million)
		2016	2015		
Oney Accord		48.59%	48.00%	Financial service	EUR13

Notes:

- (i) The above list contains only the particulars of the subsidiaries which materially affect the results or financial position of the Group.
- (ii) RT-Mart Holdings Limited, ACHK, Feiniu Hong Kong and Fields Hong Kong are incorporated in Hong Kong. CCIL is incorporated in the Cayman Islands. All other subsidiaries are established and operated in the PRC.
- (iii) These subsidiaries are co-operative joint ventures. With the exception of People's RT-MART Limited Jinan, the joint venture partners 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 19).
- (iv) These subsidiaries are domestic enterprises.

CIC, ACI and Feiniu E-Commerce (Shanghai) Co., Ltd. are sino-foreign equity joint ventures. Except for (iii) and (iv), all other subsidiaries of the Group which are established in the PRC are wholly foreign owned enterprises.

- * The English translation of the names is for reference only. The official names of these entities are in Chinese.

31 SUBSEQUENT EVENTS

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 21(b).

(B) FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED
30 JUNE 2017CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – Unaudited

		Six months ended 30 June	
		2017	2016
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	4	54,080	52,943
Cost of sales		<u>(41,498)</u>	<u>(40,884)</u>
Gross profit		12,582	12,059
Other income	5	1,020	436
Operating costs		(9,260)	(8,886)
Administrative expenses		<u>(1,417)</u>	<u>(1,410)</u>
Profit from operations		2,925	2,199
Finance costs	6(a)	(5)	(12)
Share of results of an associate and joint ventures		<u>(1)</u>	<u>(4)</u>
Profit before taxation	6	2,919	2,183
Income tax	7	<u>(1,021)</u>	<u>(722)</u>
Profit for the period		<u>1,898</u>	<u>1,461</u>
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss:			
Changes in fair value of long-term other financial liabilities		–	7
Total comprehensive income for the period		<u>1,898</u>	<u>1,468</u>
Profit attributable to:			
Equity shareholders of the Company		1,757	1,432
Non-controlling interests		<u>141</u>	<u>29</u>
Profit for the period		<u>1,898</u>	<u>1,461</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,757	1,439
Non-controlling interests		<u>141</u>	<u>29</u>
Total comprehensive income for the period		<u>1,898</u>	<u>1,468</u>
Earnings per share			
Basic and diluted	8	<u>RMB0.18</u>	<u>RMB0.15</u>

The notes on pages 122 to 131 form part of this financial information. Details of dividends payable to equity shareholders of the Company are set out in note 15.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – Unaudited

	<i>Note</i>	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Non-current assets			
Investment properties	9	3,556	3,615
Other property, plant and equipment	9	21,938	22,820
Land use rights	9	5,682	5,740
		31,176	32,175
Intangible assets		70	77
Goodwill		181	181
Equity-accounted investees		29	15
Unquoted available-for-sale equity security		4	4
Trade and other receivables	10	447	397
Deferred tax assets		428	395
		32,335	33,244
Current assets			
Inventories		8,801	15,409
Trade and other receivables	10	3,699	3,552
Investments and time deposits	11	86	36
Cash and cash equivalents	12	8,712	8,100
		21,298	27,097
Current liabilities			
Trade and other payables	13	30,119	36,807
Bank loans	14	3	23
Income tax payables		524	638
		30,646	37,468
Net current liabilities		(9,348)	(10,371)
Total assets less current liabilities		22,987	22,873
Non-current liabilities			
Bank loans	14	2	3
Other financial liabilities		50	50
Deferred tax liabilities		233	11
		285	64
Net assets		22,702	22,809
Capital and reserves			
Share capital	15	10,020	10,020
Reserves		11,454	11,765
Total equity attributable to equity shareholders of the Company		21,474	21,785
Non-controlling interests		1,228	1,024
Total equity		22,702	22,809

The notes on pages 122 to 131 form part of this financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 – Unaudited

Note	Attributable to equity shareholders of the Company					Total RMB million	Non-controlling interests RMB million	Total equity RMB million
	Share capital RMB million	Capital reserve RMB million	Exchange reserve RMB million	Statutory reserve RMB million	Retained profits RMB million			
Balance at 1 January 2016	10,020	2,182	45	1,046	7,453	20,746	881	21,627
Changes in equity for the six months ended 30 June 2016:								
Profit for the period	-	-	-	-	1,432	1,432	29	1,461
Other comprehensive income	-	7	-	-	-	7	-	7
Total comprehensive income	-	7	-	-	1,432	1,439	29	1,468
Cash injection from non-controlling interests	-	-	-	-	-	-	21	21
Acquisition of non-controlling interests	-	(103)	-	-	-	(103)	103	-
Share-based payments	-	(4)	-	-	-	(4)	-	(4)
Dividend declared in respect of previous year	15(b)	-	-	-	(1,521)	(1,521)	-	(1,521)
Balance at 30 June 2016	<u>10,020</u>	<u>2,082</u>	<u>45</u>	<u>1,046</u>	<u>7,364</u>	<u>20,557</u>	<u>1,034</u>	<u>21,591</u>
Balance at 1 July 2016	10,020	2,082	45	1,046	7,364	20,557	1,034	21,591
Changes in equity for the six months ended 31 December 2016:								
Profit for the period	-	-	-	-	1,139	1,139	29	1,168
Other comprehensive income	-	51	-	-	-	51	-	51
Total comprehensive income	-	51	-	-	1,139	1,190	29	1,219
Cash injection from Employee Trust Benefit Schemes	-	92	-	-	-	92	67	159
Cash injection from non-controlling interests	-	-	-	-	-	-	69	69
Acquisition of non-controlling interests	-	(54)	-	-	-	(54)	(51)	(105)
Profit appropriation to statutory reserve	-	-	-	166	(166)	-	-	-
Dividends declared and payable to non-controlling shareholders	-	-	-	-	-	-	(124)	(124)
Balance at 31 December 2016	<u>10,020</u>	<u>2,171</u>	<u>45</u>	<u>1,212</u>	<u>8,337</u>	<u>21,785</u>	<u>1,024</u>	<u>22,809</u>
Balance at 1 January 2017	10,020	2,171	45	1,212	8,337	21,785	1,024	22,809
Changes in equity for the six months ended 30 June 2017:								
Profit for the period	-	-	-	-	1,757	1,757	141	1,898
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,757	1,757	141	1,898
Acquisition of non-controlling interests	-	(118)	-	-	-	(118)	63	(55)
Share-based payments	-	(2)	-	-	-	(2)	-	(2)
Dividend declared in respect of the previous year	15(b)	-	-	-	(1,948)	(1,948)	-	(1,948)
Balance at 30 June 2017	<u>10,020</u>	<u>2,051</u>	<u>45</u>	<u>1,212</u>	<u>8,146</u>	<u>21,474</u>	<u>1,228</u>	<u>22,702</u>

The notes on pages 122 to 131 form part of this financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017 – Unaudited

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Operating activities		
Cash generated from operations	4,941	4,686
Income tax paid	(942)	(794)
	<u> </u>	<u> </u>
Net cash generated from operating activities	<u> 3,999</u>	<u> 3,892</u>
Investing activities		
Payment for the purchase of investment properties, other property, plant and equipment, land use rights and intangible assets	(1,512)	(1,980)
Payment for acquisition of non-controlling interests and investment to a joint venture	(20)	–
Other cash flows arising from investing activities	134	77
	<u> </u>	<u> </u>
Net cash used in investing activities	<u> (1,398)</u>	<u> (1,903)</u>
Financing activities		
Dividends paid	(1,965)	(1,521)
Other cash flows used in financing activities	(26)	(216)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u> (1,991)</u>	<u> (1,737)</u>
Net increase in cash and cash equivalents	610	252
Cash and cash equivalents at 1 January	8,100	6,582
Effect of foreign exchange rate changes	2	15
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	<u> 8,712</u>	<u> 6,849</u>

The notes on pages 122 to 131 form part of this financial information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**(Expressed in Renminbi (“RMB”) unless otherwise indicated)****1 BASIS OF PREPARATION**

Sun Art Retail Group Limited (the “**Company**”) is a company incorporated in Hong Kong on 13 December 2000 with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 July 2011. The interim financial report comprises the Company and its subsidiaries (together, “**the Group**”). The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 9 August 2017. The interim financial report has also been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included on page 20.

The financial information relating to the year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622), (“**Company Ordinance**”), is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2014-2016 Cycle
- Amendments to HKAS 7, Statement of cash flows: Disclosure initiative
- Amendments to HKAS 12, Income taxes: Recognition of deferred tax assets for unrealised losses

None of the developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 CHANGE IN ACCOUNTING ESTIMATE

Other income arising from recognition of unutilised balances on aged prepaid cards

As set out in the financial statements of the Group for the year ended 31 December 2016, the Group had approximately RMB9.7 billion of “advance receipts from customers” under “trade and other payables” as at 31 December 2016, which were primarily attributable to the balances of unutilised prepaid cards issued by the Group.

The Group has observed that a proportion of prepaid cards have been inactive for several years. The Group’s accounting policy has been (and remains) to recognise revenue according to a “remote recognition” method. Under this policy, revenue is only recognised when it is possible to determine with a sufficiently high degree of confidence the amount of reversed card balances for which the likelihood of reversal of revenue is remote.

In previous reporting periods the Group’s estimate in this respect was that there was an immaterial amount of aged prepaid cards for which there would not be future usage. However, as a result of more years of experience of the trend of prepaid cards usage, the Group believes it is now in a position to determine with a high degree of confidence the ultimate unredeemed amounts for certain groups of aged cards. In this regard the Group has engaged an independent actuarial firm in 2017 to assist in employing statistical methods to analyse the patterns of usage of cards. Using statistical models based on the card redemption statistics for the previous 12 years, the Group has adjusted its estimate of the forecast unredeemed amounts from aged prepaid cards. As a result, the Group has recognised an amount of RMB460 million as other income in this respect. This, after deducting 25% income tax, contributed an amount of approximately RMB345 million to the Group’s consolidated net profit for the six months ended 30 June 2017.

4 REVENUE AND SEGMENT REPORTING

The principal activity of the Group is the operation of hypermarkets and E-commerce platforms in the People’s Republic of China (“PRC”).

The Group is organised, for management purposes, into business units based on the banner under which the hypermarkets and E-commerce platforms are operated. As all of the Group’s hypermarkets and E-commerce platforms 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 and E-commerce platforms in the PRC.

Revenue represents the sales value of goods supplied to customers and rental income from leasing areas in the hypermarket buildings. The amount of each category of revenue is as follows:

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Sale of goods	52,294	51,248
Rental income	1,786	1,695
	54,080	52,943

The Group’s customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group’s revenues.

5 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Income from aged unutilised prepaid cards (<i>note 3</i>)	460	–
Service income	180	135
Disposal of packaging materials	87	61
Interest income	181	141
Government grants	108	99
Compensation received	4	–
	1,020	436
	1,020	436

Government grants represent subsidies received from local authorities.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Interest expense on borrowings		
– wholly repayable within five years	3	10
– wholly repayable after five years	2	2
	5	12
	5	12

(b) Staff costs:

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Salaries, wages and other benefits	4,113	3,917
Contributions to defined contribution retirement plans	501	467
Contributions to Employee Trust Benefit Schemes (i)	153	197
Share-based payments	1	(1)
	4,768	4,580
	4,768	4,580

(i) Contributions to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Co., Ltd. (“**CIC**”) and its subsidiaries (“**the RT-Mart Scheme**”) and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Hong Kong Limited (“**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 a trust, 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 and cash equivalents (“cash-like assets”) or equity of CIC in the case of the RT-Mart Scheme, or cash-like assets or equity of ACHK’s subsidiary, Auchan (China) Investment Co., Ltd. (“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.

Any excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired is credited to capital reserve within equity of the Group.

(c) **Other items:**

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Cost of inventories	41,479	40,796
Depreciation	1,503	1,472
Amortisation	112	100
Impairment provision – other property, plant and equipment	40	–
Operating lease charges	1,446	1,402
Loss on disposal of property, plant and equipment	63	–
	<u>44,043</u>	<u>44,670</u>

7 INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Current tax – Hong Kong Profits Tax		
Provision for the period (i)	–	–
Over-provision in respect of prior years	–	(1)
Current tax – PRC income tax		
Provision for the period	823	701
Under-provision in respect of prior years	9	–
	<u>832</u>	<u>700</u>
Deferred tax		
Origination of temporary differences, net	189	22
	<u>1,021</u>	<u>722</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the Company and its subsidiaries incorporated in Hong Kong (2016: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (ii) Most PRC subsidiaries are subject to income tax at 25% for the six months ended 30 June 2017 (2016: 25%) under the Enterprise Income Tax law (“EIT law”) which was enacted on 16 March 2007.

Pursuant to the related regulations in respect of the Notice of Certain Tax Policies for Implementation of Exploration and Development of Western Region (Cai Shui [2011] No. 58) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, five PRC subsidiaries of the Group are entitled to a preferential income tax rate of 15% during the six months ended 30 June 2017 and 2016.

- (iii) The 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.

The Group has provided RMB109 million in relation to the expected funds transfer to finance the 2017 final dividend distribution, plus RMB90 million additional withholding tax in relation to the transfer of funds to finance the 2016 final dividend distribution due to a recent interpretation of the Hong Kong Inland Revenue Department regarding the issuance of Certificate of Resident Status for companies in Hong Kong.

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.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,757 million (six months ended 30 June 2016: RMB1,432 million) and the weighted average of 9,539,704,700 ordinary shares (six months ended 30 June 2016: 9,539,704,700 ordinary shares) in issue during the interim period.

There were no dilutive potential ordinary shares during the six months ended 30 June 2017 and 2016 and therefore diluted earnings per share is equivalent to basic earnings per share.

9 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

(a) Acquisitions and disposals

During the six months ended 30 June 2017, the Group incurred capital expenditure of RMB704 million (six months ended 30 June 2016: RMB1,375 million), primarily in respect of new store developments. Items of property, plant and equipment with a net book value of RMB65 million were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB4 million), resulting in a loss on disposal of RMB63 million (six months ended 30 June 2016: Nil) (note 6(c)).

(b) Impairment provision

As at 30 June 2017, due to a reduction in profitability, management has planned to close a store in the second half year of 2017. As a result, an impairment provision of RMB40 million (six months ended 30 June 2016: nil) was recognised in “Operating costs”.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Non-current		
Rental prepayments	447	397
Current		
Trade receivables	449	450
Amounts due from related parties (<i>note 18</i>)	74	88
Other debtors	984	781
Value-added tax receivables	821	1,019
Prepayments:		
– rentals	1,189	1,103
– property, plant and equipment and intangible assets	182	111
Sub-total current	3,699	3,552
Trade and other receivables	4,146	3,949

The Group's trade receivables relate to credit card sales, the ageing of which is within one month, and credit sales to corporate customers, the ageing of which is within three months. The ageing of trade receivables is determined based on invoice date.

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 prepayments made for property, plant and equipment and intangible 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.

11 INVESTMENTS AND TIME DEPOSITS

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Loans and receivables	51	–
Time deposits	35	36
	86	36

Loans and receivables represent short-term financial products issued by banks with guaranteed repayment of principals, fixed or determinable returns and having maturity periods over three months from date of issue.

Time deposits have original maturity over three months.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Deposits with banks within three months of maturity	90	106
Cash at bank and on hand	5,639	5,405
Other financial assets	2,983	2,589
	<u> </u>	<u> </u>
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	<u> 8,712</u>	<u> 8,100</u>

Other financial assets represent investments in short-term financial products issued by PRC commercial banks, with principal guaranteed, fixed or determinable returns and with period to maturity less than three months from date of issue.

13 TRADE AND OTHER PAYABLES

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Current		
Trade payables	15,146	20,817
Advance receipts from customers	9,124	9,702
Amounts due to related parties (<i>note 18</i>)	140	121
Construction costs payable	1,075	1,799
Dividends payable to non-controlling interest	124	124
Accruals and other payables	4,510	4,244
	<u> </u>	<u> </u>
Trade and other payables	<u> 30,119</u>	<u> 36,807</u>

All trade and other payables are expected to be settled within one year.

Advance receipts from customers mainly represent the unutilised balance of prepaid cards sold by the Group.

An ageing analysis of trade payables determined based on invoice date is as follows:

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Due within six months	15,133	20,413
Due after six months but within 12 months	13	404
	<u> </u>	<u> </u>
	<u> 15,146</u>	<u> 20,817</u>

14 BANK LOANS

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Current		
Bank loans repayable within 1 year guaranteed by a related party	3	3
Unsecured bank loans repayable within 1 year	—	20
Sub-total	3	23
Non-current		
Bank loans guaranteed by a related party	2	3
Bank loans	5	26

Bank loans guaranteed by a related party, Oney Bank S.A. (“**Oney Bank**”, formerly known as “**Banque Accord S.A.**”) carried interest at annual rate from 5.80% to 6.05% per annum as at 30 June 2017 (31 December 2016: 6.05% per annum).

15 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 June 2017		At 31 December 2016	
	<i>No. of shares</i>	<i>RMB million</i>	<i>No. of shares</i>	<i>RMB million</i>
Ordinary shares, issued and fully paid:	9,539,704,700	10,020	9,539,704,700	10,020

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.

(b) Dividends

A final dividend of HKD0.19 (equivalent to RMB0.16) per ordinary share in respect of the year ended 31 December 2015 was approved on 13 May 2016, and payments were made on 16 June 2016.

A final dividend of HKD0.23 (equivalent to RMB0.20) per ordinary share in respect of the year ended 31 December 2016 was approved on 10 May 2017, and payments were made on 15 June 2017.

No interim dividend has been declared in respect of the six months ended 30 June 2017.

16 COMMITMENTS

Capital commitments outstanding and not provided for in the interim financial statements were as follows:

	At 30 June 2017 <i>RMB million</i>	At 31 December 2016 <i>RMB million</i>
Contracted for	2,313	2,173
Authorised but not contracted for	2,395	2,597
	4,708	4,770

17 CONTINGENCIES

As at 30 June 2017, legal actions have commenced against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and lease agreements. The total claims amounted to RMB218 million as at 30 June 2017 (31 December 2016: RMB137 million). As at 30 June 2017, the legal actions were ongoing, with most of the actions not yet set for trial dates. Provision of RMB35 million (31 December 2016: RMB32 million) has been made within Trade and other payables as at 30 June 2017, which the directors believe is adequate to cover the amounts probable to be payable in respect of these claims.

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June	
	2017	2016
	RMB million	RMB million
Short-term employee benefits	46	37
Post-employment benefits	1	–
Share-based payments	1	2
	<u>48</u>	<u>39</u>

Total remuneration is included in “staff costs” (see note 6(b)).

(b) Related party transactions

In addition to the related party information disclosed elsewhere in the notes to the unaudited interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	RMB million	RMB million
Agency fees receivable (i)	34	(15)
Trademark fee payable (ii)	16	16
IT services fee payable (iii)	4	3
Expenses payable (iv)	43	47
Contributions to Employee Trust Benefit Schemes	153	197
Purchase of goods (v)	2	2
Bank loans repayment	–	(7)
	<u>–</u>	<u>(7)</u>

- (i) Agency fees receivable relate to amounts accrued from international suppliers by Patinvest, net of fees payable to Patinvest.
- (ii) Trademark fee payable represents the fee charged by Auchan Holding S.A. (“**Auchan Holding**”) for the grant of licenses to the Group to use the Auchan trademarks.
- (iii) IT services fee payable represents the fee charged by Auchan International Technology for IT support and services provided.
- (iv) Expenses payable primarily relate to personnel and administrative costs paid by subsidiaries of Auchan Retail on behalf of the Group, which are reimbursed and expensed by the Group.
- (v) This represents purchase of merchandise from Auchan International (Shanghai) International Trading Company Limited.

(c) **Related party balances**

	At 30 June 2017	At 31 December 2016
	<i>RMB million</i>	<i>RMB million</i>
Amounts due from subsidiaries of Auchan Holding	66	88
Amounts due from joint ventures	8	–
Amounts due to Auchan Holding and its subsidiaries	140	121
	<u>140</u>	<u>121</u>

4. INDEBTEDNESS**Statement of Indebtedness**

As at the close of business on 19 December 2017, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness and contingent liabilities prior to the printing of this Composite Document, the details of the Group's indebtedness is as follows:

(i) Bank loans

The Group had outstanding bank loans of RMB4,083,936.00, comprising current bank loans of RMB2,430,737.00 and non-current bank loans of RMB1,653,199.00.

(ii) Disclaimer

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 19 December 2017, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 19 December 2017.

The Directors confirm that, save as disclosed, there have not been any material changes to the indebtedness and contingent liabilities since 30 September 2017 and up to the Latest Practicable Date.

5. MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group from 31 December 2016, being the date to which the latest published audited accounts of the Company were made, up to and including the Latest Practicable Date, save as disclosed in the positive profit alert announcement dated 11 July 2017 and the interim report for the six months ended 30 June 2017 of the Company, namely:

- (i) the increase in net profit recorded for the six months ended 30 June 2017, which was mainly attributable to other income arising from the recognition of the unutilized balances on prepaid cards issued and sold by the Group before 30 June 2012, and was offset by a deferred tax provision in relation to the transfer of funds to finance the dividend distribution for financial year ended 31 December 2016;
- (ii) the closure of two stores in the first half of 2017 and the closure of the third store in the second half of 2017; and
- (iii) the acquisition by the Company of 14.255% interest in Feiniu E-Commerce Hong Kong Limited.



8th Floor
Prince's Building
10 Charter Road
Central
Hong Kong

22 December 2017

The Directors
Sun Art Retail Group Limited

Dear Sirs,

Sun Art Retail Group Limited (“the Company”)

Unaudited Consolidated Financial Information of the Company and its subsidiaries (collectively referred to as “the Group”) for the nine months period ended 30 September 2017 (“Unaudited Consolidated Financial Information”)

We refer to the Unaudited Consolidated Financial Information for the nine months period ended 30 September 2017 set forth in Section 1 of Appendix II to the composite document of the Company dated 22 December 2017 (“the Composite Document”).

The Unaudited Consolidated Financial Information was published during the offer period in connection with the possible unconditional mandatory cash general offer by the Taobao China Holding Limited (the “Offeror”) to acquire all the shares in the Company (other than those shares already owned or agreed to be acquired by Taobao China Holding Limited and parties acting in concert with it). Accordingly, it is regarded as a profit estimate under the Rule 10 of the Code on Takeovers and Mergers (the “Code”) and the Company’s auditor and the Company’s financial advisor are required to report on the Unaudited Consolidated Financial Information under Rule 10 of the Code.

Directors’ Responsibilities

The directors have prepared the Unaudited Consolidated Financial Information based on the management accounts of the Group for the nine months ended 30 September 2017. The directors are solely responsible for preparing the Unaudited Consolidated Financial Information on a basis consistent in all material aspects with the accounting policies adopted by the Group as described in Section 1 of Appendix II to the Composite Document.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Unaudited Consolidated Financial Information based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Unaudited Consolidated Financial Information in accordance with the bases adopted by the directors and as to whether the Unaudited Consolidated Financial Information is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Financial Information has been properly compiled in accordance with the bases adopted by the directors as set out in Section 1 of Appendix II to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

PROFIT FORECAST REPORT

The following is the text of a report on the unaudited consolidated results of the Group for the nine months ended 30 September 2017 received from the Company's financial adviser, HSBC, for the purpose of incorporation in this Composite Document.



22 December 2017

Sun Art Retail Group Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

For the attention of the Board of Directors

Sun Art Retail Group Limited (the "Company", and together with its subsidiaries, the "Group")

Mandatory unconditional cash offer by China International Capital Corporation Hong Kong Securities Limited on behalf of Taobao China Holding Limited (the "Offeror") to acquire all of the issued shares in Sun Art Retail Group Limited (the "Shares") (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (the "Offer") – Unaudited consolidated results of the Group for the nine months ended 30 September 2017 as announced by the Company on 10 November 2017

We refer to the unaudited consolidated results of the Group for the nine months ended 30 September 2017 (the "Q3 Results") prepared by the Company and announced by it on 10 November 2017 and reproduced in Appendix II of the Composite Document. Capitalised terms used in this letter have the same meanings as those defined in the Composite Document unless the context otherwise requires.

This letter is issued in compliance with the requirements under Rule 10.4 of the Takeovers Code.

We have reviewed the Q3 Results contained in the Composite Document and understand that the Q3 Results have been prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2017. We have discussed with you the bases upon which the Q3 Results have been prepared, and considered the letter dated 22 December 2017 addressed to the Directors from KPMG, the auditors of the Company, regarding the accounting policies and calculations upon which the Q3 Results have been made.

The review carried out by us as described above was primarily based on the information and materials supplied to us by or on behalf of the Company, and the opinions expressed by, and the representations of, the employees and/or the senior management of the Company. We have relied upon the accuracy and completeness of all of such information and materials that were made available to us or which were discussed with or reviewed by us and have assumed such accuracy and completeness for the purpose of providing this letter.

On the basis of the foregoing and on the basis that the Directors are satisfied that there are no further matters that should be brought to our attention, in our view, the Q3 Results, for which you as the Directors are solely responsible, have been made by the Directors with due care and consideration.

This letter is supplied on the understanding that it is for the sole use of the Company. It must not be made available to any other party or filed with or referred to (either in whole or in part) in any other document or otherwise quoted, circulated or used for any other purpose without our prior written consent, except that we understand a copy of this letter will be lodged with the Executive, and a copy of this letter will be appended to the Composite Document. For the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to third parties are specifically disclaimed, except those of our responsibilities under the Takeovers Code that cannot be disclaimed.

Yours faithfully,

For and on behalf of

**The Hongkong and Shanghai Banking
Corporation Limited**

Rajeev Sahney

Managing Director

Global Head of Consumer & Retail, Global Banking

The following is the text of a letter, summary disclosure of property information and valuations for the purpose of incorporation in this Composite Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values in existing state of the Properties held by the Group in the PRC as at 30 November 2017. As stated in “Appendix VI – Documents Available for Inspection”, a copy of the full property valuation report of the Group is available for public inspection.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

22 December 2017

The Board of Directors
Sun Art Retail Group Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Dear Sirs

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Sun Art Retail Group Limited (the “Company”) for us to carry out the valuations of the market values of the properties (“Properties”) held by the Company and its subsidiaries (together the “Group”) under two banners – being the “Auchan 歐尚” and “RT-Mart 大潤發” banners in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 30 November 2017 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). Market Value is defined by the IVSC as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS

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

In the course of our valuations of the Properties held in the PRC, with reference to the PRC Legal opinion of the legal adviser, 君合律師事務所上海分所 (JunHe LLP Shanghai Office), we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for their specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated 22 December 2017, regarding the titles to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuations on the basis that the owners have enforceable title to the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

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 Company, are set out in the notes in the valuation certificate.

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

METHOD OF VALUATION

In valuing the Properties in Group I, which are held by the Group for owner-occupation/investment in the PRC, we have adopted Investment Approach by considering the capitalized rental derived from the existing tenancies with due provision of the reversionary rental potential, or where appropriate, Direct Comparison Approach by making reference to comparable sales evidences as available in the relevant market.

In valuing the Property in Group II, which is held by the Group for development in the PRC, we have valued it on the basis that it will be developed and completed in accordance with the Group's latest development proposal provided to us. In arriving at our opinion of value, we have adopted Direct Comparison Approach by making reference to comparable sales evidences as available in the relevant market. Permits for Commencement of Construction Works or such equivalent permits have not been obtained yet because the development have not yet commenced and such permit is not necessary at vacant land stage. As the Property is still vacant land, without such said permits will not affect our valuation and is in line with the market practice.

In valuing the Property in Group III, which is held by the Group under development in the PRC, we have valued it on the basis that it will be developed and completed in accordance with the Group's latest development proposal provided to us. In arriving at our opinion of value, we have adopted Direct Comparison Approach by making reference to comparable sales evidences as available in the relevant market, and where appropriate, we have taken into account the estimated total and expended construction costs. Permits for Commencement of Construction Works or such equivalent permits have been obtained. Grant Contracts of Land Use Rights and State-owned Land Use Rights Certificate have been obtained as at the Valuation Date.

The Properties are located in the urban districts of Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou, Haikou, Yancheng, Chongqing, Tianjin, Wuhan, Jiaxing, Nanchang, Zhangjiagang, Ningbo, Taizhou, Shengzhou, Yiwu, Pinghu, Wenzhou, Shaoxing, Lishui, Quzhou, Huainan, Anqing, Qidong, Changshu, Zhenjiang, Danyang, Zhengzhou, Foshan, Jiujiang, Dongguan, Meizhou, Chengdu, Xi'an, Heifei, Xishuangbanna, Huai'an, Ma'anshan, Tongzhou, Nantong, Shenyang, Haerbin, Mudanjiang, Qingdao, Jinan, Yantai, Lingyi, Qingzhou, Tianjin, Tai'an, Binzhou, Laiwu, Xiamen, Fuzhou, Zhangzhou, Quanzhou, Jinjiang, Liuyang, Chibi respectively.

According to the Group, the Properties are planned for mainly commercial use and small portion for industrial use; there are no environmental issues and litigation disputes; there are no plan for renovation or change the uses of the Properties.

According to the Group, the land will be developed according to the building covenants as stipulated in the respective Grant Contract of State-owned Land Use Rights, or where applicable, the actual subsequent government approval procedures.

In respect of the properties which have not yet obtained the relevant Real Estate Ownership Certificate (namely, under "Auchan" Banner, numbers 26, 27, 31, and under "RT-Mart" banner, numbers 9, 28, 40, 47, 48, 54, 59, 67, 71, 72, 76, 77, 82, 83) we have relied on the information given by the Company that all land premium and related fees for the relevant land use rights in respect of such property have been fully paid by the Company, and legally binding sale and purchase agreement and/or legally binding planning or construction permits, have been executed in favour of the Company in respect of such property.

The reason for the delay in receiving the relevant Real Estate Ownership Certificate for each of such properties is primarily due to the fact that multiple authorities are involved in the construction inspection process for the property, and therefore a significant amount of time is required in order to complete all such inspections. The application to obtain the Real Estate Ownership Certificate may only be submitted to the relevant authorities after such inspections are completed. For this reason, the Company has not been able to provide a precise timeframe for obtaining the Real Estate Ownership Certificate.

The Company has confirmed that it is not aware of any facts which would cause any legal obstacle from their obtaining of the relevant outstanding Real Estate Ownership Certificates for such properties. According to the PRC legal opinion, the PRC legal adviser has also confirmed that it is also not aware of any legal impediment that would prevent the Company from obtaining the relevant outstanding Real Estate Ownership Certificates for such properties. Based on the factors set out above, the currently outstanding Real Estate Ownership Certificates do not affect our valuation of such properties.

Our approach in the valuation of such properties is fully in line with the relevant valuation and market standards for valuing properties in the PRC, and it is not uncommon in the PRC that title certificates are obtained only after the relevant sale and purchase of properties are

transacted. We further confirm that we are not aware of any special discounted price in such situations. Our approach in the valuation of such properties is also consistent with the basis of preparation of the Company's audited accounts. In the case where the outstanding Real Estate Ownership Certificate is ultimately unable to be obtained for whatever reason, no commercial value will be attributed to the relevant property.

As described above, according to the Group, there are currently 17 properties which have not yet obtained the relevant Real Estate Ownership Certificate. The relative proportion of the valuation for such properties compared with the total valuation for all of the properties valued are listed on page 149 under the section headed "Summary of Valuations" for reference.

KEY PARAMETERS

In undertaking our valuations for the Properties, we have mainly made reference to lettings or sales within the subject Properties as well as other relevant comparable sales or rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standards, size, time, configuration and other relevant factors. The selected rental and sales evidences are within one year.

The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

Set out below are the key parameters of market unit price, market monthly unit rent and capitalisation rate used in our valuations of the PRC properties:

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (gallery)/GFA (Hyper) basis)
Part A – Auchan		
Shanghai	(i) Gallery: RMB38,000 to RMB86,000 (ii) Hyper: RMB9,200 to RMB10,200	(i) Gallery: RMB510 to RMB540 (ii) Hyper: RMB53 to RMB56
Nanjing	(i) Gallery: RMB8,000 to RMB26,000 (ii) Hyper: RMB7,600 to RMB8,600	(i) Gallery: RMB106 to RMB160 (ii) Hyper: RMB35 to RMB41

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (gallery)/GFA (Hyper) basis)
Suzhou	(i) Gallery: RMB13,000 to RMB19,000 (ii) Hyper: RMB7,100 to RMB7,600	(i) Gallery: RMB111 to RMB264 (ii) Hyper: RMB30 to RMB42
Wuxi, Changzhou, Yangzhou, Zhengjiang, Nantong	(i) Gallery: RMB10,000 to RMB29,000 (ii) Hyper: RMB5,100 to RMB7,200	(i) Gallery: RMB115 to RMB390 (ii) Hyper: RMB26 to RMB34
Hangzhou	(i) Gallery: RMB32,500 (ii) Hyper: RMB8,600	(i) Gallery: RMB450 (ii) Hyper: RMB46
Ningbo	(i) Gallery: RMB11,000 to RMB22,800 (ii) Hyper: RMB4,100 to RMB6,500	(i) Gallery: RMB117 to RMB330 (ii) Hyper: RMB17 to RMB30
Zhoushan, Huzhou, Jiaxing, Taizhou	(i) Gallery: RMB10,000 to RMB26,000 (ii) Hyper: RMB4,800 to RMB7,000	(i) Gallery: RMB153 to RMB369 (ii) Hyper: RMB23 to RMB35
Beijing	(i) Gallery: RMB28,000 (ii) Hyper: RMB11,000	(i) Gallery: RMB440 (ii) Hyper: RMB53
Chengdu	(i) Gallery: RMB22,000 to RMB39,000 (ii) Hyper: RMB6,400 to RMB7,000	(i) Gallery: RMB190 to RMB460 (ii) Hyper: RMB33 to RMB36
Wuhu, Maanshan, Benbu	(i) Gallery: RMB9,000 to RMB28,000 (ii) Hyper: RMB6,200 to RMB11,000	(i) Gallery: RMB89 to RMB440 (ii) Hyper: RMB30 to RMB53
Meizhou, Dongguan	(i) Gallery: RMB12,000 to RMB13,800 (ii) Hyper: RMB5,400 to RMB6,800	(i) Gallery: RMB130 to RMB138 (ii) Hyper: RMB24 to RMB30

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (gallery)/GFA (Hyper) basis)
Part B – RT Mart Shanghai	(i) Gallery: RMB19,000 to RMB51,800 (ii) Hyper: RMB7,700 to RMB20,100	(i) Gallery: RMB229 to RMB412 (ii) Hyper: RMB39 to RMB123
Pinghu, Suzhou, Shangyu, Changshu, Yangzhou, Zhangjiagang, Yongkang, Kunshan, Yuhuan, Cixi, Wuxi, Jiaxing, Tongzhou, Huai'an, Yancheng, Tonglu	(i) Gallery: RMB13,400 to RMB50,700 (ii) Hyper: RMB4,800 to RMB10,300	(i) Gallery: RMB113 to RMB389 (ii) Hyper: RMB26 to RMB57
Ma'anshan, Suzhou	(i) Gallery: RMB8,700 to RMB19,700 (ii) Hyper: RMB5,100 to RMB7,400	(i) Gallery: RMB123 to RMB225 (ii) Hyper: RMB27 to RMB42
Quanzhou, Zhangzhou, Jinjiang	(i) Gallery: RMB8,000 to RMB16,800 (ii) Hyper: RMB3,600 to RMB6,800	(i) Gallery: RMB152 to RMB206 (ii) Hyper: RMB31 to RMB38
Jiamusi, Mudanjiang, Qiqihaer, Harbin, Suihua, Beian, Shuangyashan	(i) Gallery: RMB6,200 to RMB32,700 (ii) Hyper: RMB4,200 to RMB8,100	(i) Gallery: RMB87 to RMB228 (ii) Hyper: RMB21 to RMB42
Wuhan, Huaihua, Yueyang	(i) Gallery: RMB22,500 to RMB32,700 (ii) Hyper: RMB5,300 to RMB9,700	(i) Gallery: RMB158 to RMB230 (ii) Hyper: RMB26 to RMB55

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (gallery)/GFA (Hyper) basis)
Changbai, Baicheng, Liaoyuan	(i) Gallery: RMB5,300 to RMB9,600 (ii) Hyper: RMB4,200 to RMB5,800	(i) Gallery: RMB84 to RMB162 (ii) Hyper: RMB20 to RMB29
Jiujiang, Ganzhou	(i) Gallery: RMB21,000 to RMB27,000 (ii) Hyper: RMB3,900 to RMB7,100	(i) Gallery: RMB145 to RMB184 (ii) Hyper: RMB20 to RMB35
Shenyang, Liaoyang, Fuxin, Haicheng, Tieling	(i) Gallery: RMB6,000 to RMB14,300 (ii) Hyper: RMB4600 to RMB7,200	(i) Gallery: RMB95 to RMB210 (ii) Hyper: RMB23 to RMB38
Chengdu, Meishan	(i) Gallery: RMB12,000 to RMB13,000 (ii) Hyper: RMB7,200 to RMB7,400	(i) Gallery: RMB137 to RMB181 (ii) Hyper: RMB35 to RMB39
Liuyang, Jiangshan	(i) Gallery: RMB4,800 to RMB6,700 (ii) Hyper: RMB5,400 to RMB6,100	(i) Gallery: RMB73 to RMB91 (ii) Hyper: RMB26 to RMB30
Jinghong, Foshan, Tongliao	(i) Gallery: RMB15,000 to RMB39,000 (ii) Hyper: RMB3,500 to RMB8,400	(i) Gallery: RMB183 to RMB273 (ii) Hyper: RMB17 to RMB41

Capitalisation rate for

(i) Gallery: 5.25% to 7.5%

(ii) Hyper: 4.75% to 6.25%

POTENTIAL TAX LIABILITIES

As advised by the Company, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Company at the amounts valued by us mainly comprise the following:

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value

In respect of the properties held by the Company for investment and for development, the likelihood of the relevant tax liabilities crystallising is remote as the Company has no plans for the disposal of such properties yet. In respect of the properties held under/for development, it is likely that the relevant tax liabilities will crystallise upon sale.

According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liabilities. The precise tax implication will be subject to prevailing rules and regulations at the time of disposal.

SOURCE OF INFORMATION

We have been provided by the Company with extracts of documents in relation to the title 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 Company in respect of the Properties in the PRC and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, particulars of occupancy, tenancy details, completion date of buildings, number of car parking spaces, construction cost, development scheme, site and floor areas 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 Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

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

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the current title to the Properties. However, we have not been able to conduct searches to verify the ownership of the Properties or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC. We have obtained PRC Legal opinion which confirm the transferability of the land use rights in respect of the Properties, and we have therefore relied on the advice given by the PRC Legal adviser and the Company.

SITE INSPECTION

Our PRC Office valuers, have inspected the exterior and, wherever possible, the interior of the Properties in November 2017 respectively.

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Eric Y Fan	Shanghai	MCIREA, MRICS, CPV/19 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou, Haikou, Jiaxing, Ningbo, Chengdu	–
Jack M H Sun	Shanghai	CPV/12 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou, Haikou, Yancheng, Chongqing, Qidong, Tianjin, Wuhan, Jiaxing, Nanchang	–
Rick K Sun	Shanghai	12 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou,	–
David D W Zhu	Shanghai	6 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou, Zhangjiagang, Qidong, Yancheng	–

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Nicola H Z Zhou	Shanghai	5 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Changzhou, Yancheng, Chongqing, Qidong, Tianjin, Wuhan	–
Jason J Chen	Hangzhou	MCIREA, MRICS/ 13 years	Shanghai, Hangzhou, Suzhou, Ningbo, Taizhou, Shengzhou, Jiaxing, Changzhou, Yiwu, Pinghu, Wenzhou, Shaoxing, Lishui, Quzhou, Wuhan	Ningbo, Hangzhou, Jiaxing, Taizhou, Pinghu
Tom C Zheng	Hangzhou	MCIREA/7 years	Shanghai, Hangzhou, Suzhou, Ningbo, Taizhou, Shengzhou, Jiaxing, Changzhou, Yiwu, Pinghu, Wenzhou, Shaoxing, Lishui, Quzhou	Shanghai, Hangzhou, Suzhou, Ningbo, Taizhou, Shengzhou, Jiaxing, Changzhou, Yiwu, Pinghu, Wenzhou, Shaoxing, Lishui, Quzhou
Kelly S Y Song	Nanjing	6 years	Shanghai, Hangzhou, Suzhou, Nanjing, Kunshan, Wuxi, Hefei, Changzhou, Haikou, Yancheng, Huainan, Anqing, Qidong, Changshu, Zhenjiang, Danyang	Suzhou, Wuxi, Nanjing, Changzhou
Cathy Y Liu	Shanghai	MCIREA/12 years	–	Shanghai, Suzhou, Yangzhou, Jiaxing, Xi’an, Shaoxing
Jacky LF Zhang	Shanghai	12 years	–	Suzhou, Yangzhou, Heifei
Simon Q Sun	Shanghai	3 years	–	Shanghai, Suzhou, Wuxi, Heifei, Taizhou

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Dean H Chang	Shanghai	MCIREA/9 years	–	Shanghai, Suzhou, Xishuangbanna, Huai’an, Ma’anshan, Tongzhou
Lily LL Fang	Shanghai	MCIREA/7 years	–	Shanghai, Suzhou, Yangzhou, Jiaxing, Xi’an, Shaoxing
Shirlin JY QI	Shanghai	9 years	–	Shanghai, Suzhou, Nantong, Jiaxing
Liven Y Xu	Dalian	MCIREA/12 years	–	Shenyang, Haerbin, Mudanjiang
Luwei Xiu	Qingdao	MCIREA/12 years	–	Qingdao, Jinan, Yantai, Linyi, Qingzhou
Robert RM Liang	Tianjin	12 years	–	Tianjin, Tai’an, Binzhou, Laiwu
Andy ZX He	Guangzhou	MRICS, MCIREA/ 12 years	Guangzhou, Zhengzhou, Foshan, Jiujiang, Dongguan, Meizhou	Guangzhou, Zhengzhou, Foshan, Jiujiang, Dongguan, Meizhou
Tenglin Zhou	Xiamen	9 years	–	Xiamen, Fuzhou, Zhangzhou, Quanzhou, Jinjiang
Linda D Lin	Chengdu	10 years	Chengdu, Chongqing	Chengdu, Chongqing
Lucy L Xu	Wuhan	9 years	–	Wuhan, Liuyang, Chibi
Eric PB Liu	Beijing	3 years	–	Beijing

* Member of China Institute of Real Estate Appraisers and Agents 中國房地產估價師與房地產經紀人學會會員 (“MCIREA”)

* Member of China Real Estate Valuers Association 中國土地估價師協會會員 (“MCREVA”)

* Certified public assets valuer 中國註冊資產評估師 (“CPV”)

However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future 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.

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

CURRENCY

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

COMPLIANCE

In valuing the Properties, we have complied with the requirements set out under Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

SUMMARY OF DISCLOSURE

This summary of disclosure has an overview of property interests, including their number and approximate size range, uses, how they are held and the general description of the area where they are located and other relevant general information, which complies with Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission. As stated in “Appendix VI – Documents Available for Inspection”, a copy of the full property valuation report which has about 293 pages for 117 properties of the Group is available for public inspection.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang

Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 24 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property Group	No. of Properties	Market Value in existing state as at 30 November 2017	Market Value in existing state as at 30 November 2017 attributable to the Group
PART A – “AUCHAN 歐尚” BANNER			
Group I – Properties held by the Group under “Auchan 歐尚” banner for owner-occupation/investment purposes in the PRC	34	RMB14,844,000,000	RMB14,651,000,000
PART B – “RT-Mart 大潤發” Banner			
Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment purposes in the PRC	81	RMB22,317,000,000	RMB20,749,783,000
Group II – Properties held by the Group under “RT-Mart 大潤發” banner for development purposes in the PRC	1	RMB117,000,000	RMB108,797,000
Group III – Properties held by the Group under “RT-Mart 大潤發” banner under development in the PRC	1	RMB334,000,000	RMB310,582,000
Sub-total of Part B	83	<u>RMB22,768,000,000</u>	<u>RMB21,169,162,000</u>
Total of Part A & B	117	<u><u>RMB37,612,000,000</u></u>	<u><u>RMB35,820,162,000</u></u>

For reference purposes, the relative proportion of the valuation for properties which have not yet obtained the relevant Real Estate Ownership Certificate compared with the total valuation for all of the properties valued, are listed below for reference:

PART A – “AUCHAN 歐尚” BANNER		PART B – “RT-Mart 大潤發” Banner	
Market Valuation of Property 26, 27, 31 (not yet obtained the relevant Real Estate Ownership Certificate)	RMB1,847,000,000	Market Valuation of Property 9, 28, 40, 47, 48, 54, 59, 67, 71, 72, 76, 77, 82, 83 (not yet obtained the relevant Real Estate Ownership Certificate)	RMB3,128,000,000
Market Valuation of Property 1 to 34	RMB14,844,000,000	Market Valuation of Property 1 to 83	RMB22,768,000,000
% proportion of valuation for properties which have not yet obtained the relevant Real Estate Ownership Certificate compared with the total valuation for all properties valued	12.4%	% proportion of valuation for properties which have not yet obtained the relevant Real Estate Ownership Certificate compared with the total valuation for all properties valued	13.7%

PART A – “AUCHAN 歐尚” BANNER

SUMMARY OF VALUATIONS

Group I – Properties held by the Group under “Auchan 歐尚” banner for owner-occupation/investment in the PRC

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
1. Auchan Jiading Store, No. 99 Bole Road, Jiading District, Shanghai, the PRC	270,000,000	98.56%	266,000,000
2. Auchan Zhongyuan Store, No. 102 Zhongyuan Road, Yangpu District, Shanghai, the PRC	409,000,000	98.56%	403,000,000
3. Auchan Wuxi New Area Store, No. 288 North Changjiang Road, Wuxi New District, Wuxi, Jiangsu Province, the PRC	836,000,000	100%	836,000,000
4. Auchan Jinjihu Store, No. 205 Jinjihu Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	1,460,000,000	98.56%	1,439,000,000
5. Auchan Jiangning Store, No. 11 Qinhuai Road, Jiangning District, Nanjing, Jiangsu Province, the PRC	656,000,000	100%	656,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
6. Auchan Yingtian Store, No. 866 Yingtian Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC	333,000,000	98.56%	328,000,000
7. Auchan Hanzhongmen Store, No. 151 Hanzhongmen Avenue, Nanjing, Jiangsu Province, the PRC	235,000,000	98.56%	232,000,000
8. Auchan Haimen Store, No. 530 Middle Huanghai Road, Haimen City, Nantong, Jiangsu Province, the PRC	320,000,000	98.56%	315,000,000
9. Auchan Yangzhou Store, No. 425 Middle Jiangyang Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	362,000,000	98.56%	357,000,000
10. Auchan Lanling Store, No. 301 North Lanling Road, Tianning District, Changzhou, Jiangsu Province, the PRC	337,000,000	98.56%	332,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
11. Auchan Yongning Store, No. 18 North Yongning Road, Tianning District, Changzhou, Jiangsu Province, the PRC	435,000,000	98.56%	429,000,000
12. Auchan Danyang Store, No. 1 South Ring Road, Danyang, Jiangsu Province, the PRC	438,000,000	98.56%	432,000,000
13. Auchan Hangzhou Store, No. 213 Daguan Road, Gongshu District, Hangzhou, Zhejiang Province, the PRC	462,000,000	98.56%	455,000,000
14. Auchan Ningbo Store, No. 170, 172, 174 and 178 Cuibai Road, Haishu District, Ningbo, Zhejiang Province, the PRC	409,000,000	98.56%	403,000,000
15. Auchan Zhoushan Store, No. 266 Xingpu Avenue, Putuo District, Zhoushan, Zhejiang Province, the PRC	263,000,000	98.56%	259,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
16. Auchan Huzhou Store, No. 238 Jing Yi Road, Economy Development Zone, Changxing Town, Huzhou, Zhejiang Province, the PRC	252,000,000	98.56%	248,000,000
17. Auchan Jiaxing Store, No. 1468 East Zhonghuan Road, Nanhu District, Jiaxing, Zhejiang Province, the PRC	277,000,000	98.56%	273,000,000
18. Auchan Taizhou Store, No. 455 East Sea Avenue, Economy Development Zone, Taizhou, Zhejiang Province, the PRC	386,000,000	98.56%	380,000,000
19. Auchan Tianmenshan Store, No. 1 Middle Yinhu Road, Jinghu District, Wuhu, Anhui Province, the PRC	362,000,000	98.56%	357,000,000
20. Auchan Huajin Store, No. 66 South Huajin Road, Yijiang District, Wuhu, Anhui Province, the PRC	241,000,000	98.56%	238,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
21. Auchan Maanshan Store, No. 857 East Yushan Road, Huashan District, Maanshan, Anhui Province, the PRC	326,000,000	98.56%	321,000,000
22. Auchan Beijing Store, No. 1 Linfeng Road, Fengtai District, Beijing, the PRC	657,000,000	98.56%	648,000,000
23. Auchan Gaoxin Store, No. 9 Zhanhua Road, High-tec Zone, Chengdu, the PRC	542,000,000	98.56%	534,000,000
24. Auchan Jinniu Store, No. 98 Shuhan Road, Jinniu District, Chengdu, the PRC	547,000,000	98.56%	539,000,000
25. Auchan Huayang Store, No. 1 section 2 of Huafu Avenue, Shuangliu District, Chengdu, the PRC	348,000,000	98.56%	343,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
26. Auchan Xinxing Store, No. 111 Xinxing Road, Haishu District, Ningbo, Zhejiang Province, the PRC.	1,276,000,000	98.56%	1,258,000,000
27. Auchan Gangzha Store, No. 26 Changping Road, Gangzha District, Nantong, Jiangsu Province, the PRC	290,000,000	98.56%	286,000,000
28. Auchan Xingtang Store, No. 18 Songjiang Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	609,000,000	98.56%	600,000,000
29. Auchan Bengbu Store, No. 851 Chaoyang Road, Bengbu, Anhui Province, the PRC	247,000,000	98.56%	243,000,000
30. Auchan Xingning Store, No. 205 Nation Road, Xingning City, Meizhou, Guangdong Province, the PRC	184,000,000	98.56%	181,000,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
31. Auchan Dongguan Store, No. 236 Xiangfu Road, Liaobu Town, Dongguan, Guangdong Province, the PRC	281,000,000	98.56%	277,000,000
32. Auchan Suzhou Xiangcheng Store, No. 228 Qimen North Avenue, Xiangcheng District, Suzhou, Jiangsu Province, the PRC	436,000,000	98.56%	430,000,000
33. Auchan Shanghai Headquarter Office, No. 165 Longkou Road, Yangpu District, Shanghai, the PRC	348,000,000	98.56%	343,000,000
34. Auchan Shanghai Baoshan Warehouse, No. 27 Nancheng Road, Baoshan District, Shanghai, the PRC	10,000,000	98.56%	10,000,000
Grand Total:	14,844,000,000		14,651,000,000

Properties held by the Group under “Auchan 歐尚” banner for owner-occupation/investment in the PRC

Valuation Summary as at 30 November 2017

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 November 2017 attributable to the Group (RMB)
1	Jiading Store	Shanghai New Auchan Hypermarkets Co., Ltd.	Shanghai	Jiading District	99 Bole Road	Commercial	11/4/2042	Hypermarket	33,311.00	2004	17,990.78	270,000,000	98.56%	266,000,000
2	Zhongyuan Store	Shanghai Auchan Hypermarkets Co., Ltd.	Shanghai	Yangpu District	102 Zhongyuan Road	Commercial	N/A	Hypermarket	21,507.30	1999	26,208.74	409,000,000	98.56%	403,000,000
3	Phase I of Wuxi new area Store	Wuxi Immochan Real Estate Co., Ltd.	Wuxi	Wuxi New District	Phase 1, 288 North Changjiang Road	Commercial	14/2/2041	Hypermarket	39,889.20	2001	31,949.41	836,000,000	100.00%	836,000,000
	Phase II of Wuxi new area Store	Wuxi Immochan Real Estate Co., Ltd.	Wuxi	Wuxi New District	Phase 2, 288 North Changjiang Road	Commercial	29/11/2046	Hypermarket	9,277.20	2014	36,838.12			
4	Jinjihu Store	Suzhou Industrial Park Immochan Real Estate Co., Ltd.	Suzhou	Industrial Park Area	205 Jinjihu Road	Commercial	31/12/2039	Hypermarket	66,430.92	2008	128,476.44	1,460,000,000	98.56%	1,439,000,000
5	Jiangning Store	Nanjing Jinschang Real Estate Co., Ltd.	Nanjing	Jiangning District	11 Qinhuai Road	Commercial	30/6/2045	Hypermarket	58,021.50	2008	39,093.10	656,000,000	100.00%	656,000,000
6	Yingtian Store	Nanjing Ningshang Real Estate Co., Ltd.	Nanjing	Jianye District	No. 866, Yingtian Road	Commercial	20/11/2043	Hypermarket	27,014.30	2008	43,414.85	333,000,000	98.56%	328,000,000
7	Hanzhongmen Store	Nanjing Immochan Real Estate Co., Ltd.	Nanjing	Jianye District	151 Hanzhongmen Avenue	Commercial	5/6/2042	Hypermarket	8,654.90	2004	28,345.41	235,000,000	98.56%	232,000,000
8	Haimeng Store	Nantong Auchan Hypermarkets Co., Ltd.	Haimen	Haimen Town	No. 530 Huanghai Middle Road	Commercial	14/9/2049	Hypermarket	33,333.00	2010	31,700.79	320,000,000	98.56%	315,000,000
9	Yangzhou Store	Yangzhou Auchan Hypermarket Co., Ltd.	Yangzhou	Hanjiang District	425 Jiangyang Zhong Road	Commercial	22/1/2047	Hypermarket	27,825.50	2009	49,871.81	362,000,000	98.56%	357,000,000
10	Lanling Store	Changzhou Auchan Hypermarkets Co., Ltd.	Changzhou	Tianning District	No. 301 Lanling North Road	Commercial	31/10/2043	Hypermarket	28,328.00	2007	40,338.81	337,000,000	98.56%	332,000,000

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 November 2017 attributable to the Group (RMB)
11	Yongning Store	Changzhou Immochan Real Estate Co., Ltd.	Changzhou	Yongning District	No. 18 Yongning North Road	Commercial	20/5/2045	Hypermarket	25,000.00	2008	61,343.10	435,000,000	98.56%	429,000,000
12	Danyang Store	Zhenjiang Auchan Hypermarkets Co., Ltd.	Zhenjiang	Danyang City	No. 1 South Ring Road	Commercial	25/12/2046	Hypermarket	29,318.90	2009	48,442.08	438,000,000	98.56%	432,000,000
13	Hangzhou Store	Hangzhou Auchan Hypermarkets Co., Ltd.	Hangzhou	Gongshu District	213 Deyuan Road	Commercial	17/3/2042	Hypermarket	47,586.00	2002	35,308.17	462,000,000	98.56%	455,000,000
14	Ningbo Store	Ningbo Immochan Real Estate Co., Ltd.	Ningbo	Haishu District	Nos. 170, 172, 174 and 178 Cuihai Road	Commercial	4/8/2043	Hypermarket	22,721.00	2005	41,646.77	409,000,000	98.56%	403,000,000
15	Zhoushan Store	Zhoushan Immochan Real Estate Co., Ltd.	Zhoushan	Putuo District	266 Xingpu Avenue, Donggang Jietao	Commercial	22/12/2042	Hypermarket	19,456.00	2006	25,745.54	263,000,000	98.56%	259,000,000
16	Huzhou Store	Huzhou Auchan Hypermarkets Co., Ltd.	Huzhou	Changxing Town	No. 238 Jing Yi Road	Commercial	31/12/2048	Hypermarket	33,300.00	2009	29,298.66	252,000,000	98.56%	248,000,000
17	Jiaxing Store	Jiaxing Immochan Real Estate Co., Ltd.	Jiaxing	Nanhu District	No. 1468 East Zhonghuan Road	Commercial	29/10/2046	Hypermarket	59,152.60	2008	34,210.32	277,000,000	98.56%	273,000,000
18	Taizhou Store	Taizhou Auchan Hypermarkets Co., Ltd.	Taizhou	Jiaojiang	455 Donghai Road	Commercial	12/10/2046	Hypermarket	26,733.00	2009	50,505.14	386,000,000	98.56%	380,000,000
19	Tianmenshan Store	Anhui Auchan Hypermarkets Co., Ltd.	Wuhu	Jinghu District	1 Middle Yinhu Road	Commercial	22/5/2047	Hypermarket	30,000.40	2008	32,348.43	362,000,000	98.56%	357,000,000
20	Huajin Store	Anhui Auchan Hypermarkets Co., Ltd.	Wuhu	Yijiang District	66 Huajin Road	Commercial	14/3/2049	Hypermarket	50,257.00	2010	32,020.40	241,000,000	98.56%	238,000,000
21	Maanshan Store	Anhui Auchan Hypermarkets Co., Ltd.	Maanshan	Huashan District	857 East Yuchan Road	Commercial	31/12/050	Hypermarket	34,227.41	2010	31,007.32	326,000,000	98.56%	321,000,000
22	Beijing Store	Beijing Immochan Consultation Co., Ltd.	Beijing	Fengtai District	No. 1 Linfeng Road	Commercial	18/8/2043	Hypermarket	15,585.74	2004	42,085.24	657,000,000	98.56%	648,000,000
23	Gaoxin Store	Chengdu Auchan Hypermarkets Co., Ltd.	Chengdu	Gaoxin District	No. 9 1-2 Zhanhua Road	Commercial	31/8/2045	Hypermarket	33,333.34	2004	38,529.36	542,000,000	98.56%	534,000,000
24	Jinniu Store	Chengdu Auchan Hypermarkets Co., Ltd.	Chengdu	Jinniu District	No. 98 Shuhan Road	Commercial	17/7/2042	Hypermarket	27,076.24	2004	48,486.46	547,000,000	98.56%	539,000,000

APPENDIX V

SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 November 2017 attributable to the Group (RMB)
25	Huiyang Store	Shuangjiu Nakamori Real Estate Development Co., Ltd.	Chengdu	Shuangjiu District	No. 1 section 2 of HuaFu Avenue	Commercial	2/7/2047	Hypermarket	21,300.00	2004	30,713.66	348,000,000	98.56%	343,000,000
26	Phase I of Xinxing Store Phase II of Xinxing Store	Ningbo Immochan Real Estate Co., Ltd.	Ningbo	Haishu District	Auchan Xinxing Store, No. 111 Xinxing Road	Commercial	30/4/2049	Hypermarket	67,685.00	2012	52,134.70	1,276,000,000	98.56%	1,258,000,000
27	Gangzha Store	Nantong New Auchan Hypermarkets Co., Ltd.	Nantong	Gangzha District	No. 26 Changping Road	Commercial	7/3/2052	Hypermarket	45,947.38	2012	33,147.00	290,000,000	98.56%	286,000,000
28	Xingyang Store	Suzhou Auchan Hypermarkets Co., Ltd.	Suzhou	Industrial Park Area	18 Songjiang Road	Commercial	8/6/2051	Hypermarket	32,853.27	2011	66,021.11	609,000,000	98.56%	600,000,000
29	Benghu Store	Anhui Auchan Hypermarkets Co., Ltd.	Benbu	Yutui District	No. 851 Chaoyang Road	Commercial	6/9/2052	Hypermarket	33,273.00	2014	31,462.99	247,000,000	98.56%	243,000,000
30	Xingning Store	Meizhou Auchan Hypermarkets Co., Ltd.	Meizhou	Xingning City	No. 205 National Road	Commercial	18/3/2053	Hypermarket	34,201.37	2014	25,408.67	184,000,000	98.56%	181,000,000
31	Dongguan Store	Meizhou Auchan Hypermarkets Co., Ltd.	Dongguan	Liaobu Town	No. 236 Xiangfu Road	Commercial	4/7/2053	Hypermarket	28,560.20	2014	31,749.45	281,000,000	98.56%	277,000,000
32	Suzhou Xiangcheng Store	Suzhou Auchan Hypermarkets Co., Ltd.	Suzhou	Xiangcheng District	No. 228, Qimen North Avenue	Commercial	14/5/2053	Hypermarket	16,145.00	2016	50,107.68	436,000,000	98.56%	430,000,000
33	Shanghai Headquarter Office	Auchan (China) Investment Co., Ltd.	Shanghai	Yangpu District	No. 165 Longkou Road	Commercial & office	17/11/2058	Office	8,116.10	2011	25,457.76	348,000,000	98.56%	343,000,000
34	Shanghai Baoshan Warehouse	Shanghai Auchan Supermarket Co., Ltd.	Shanghai	Baoshan District	No. 27 Nancheng Road	Industrial	13/4/2027	Warehouse	5,643.00	1997	3,265.56	10,000,000	98.56%	10,000,000
	Total								1,101,064.77		1,499,843.23	14,844,000,000		14,651,000,000

PART B – “RT-MART 大潤發” BANNER

SUMMARY OF VALUATIONS

Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment in the PRC

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
1. He Ping Store, No. 78 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, The PRC	RMB386,000,000	92.9887%	RMB358,936,000
2. Shen He Store, No. 80 Wenyi Road, Shenhe District, Shenyang, Liaoning Province, the PRC	RMB314,000,000	92.9887%	RMB291,985,000
3. Su Jia Tun Store, No. 141 Yingchun Street, Sujiatun District, Shenyang, Liaoning Province, the PRC	RMB277,000,000	92.9887%	RMB257,579,000
4. Ha Er Bin (Nan Gang) Store, No. 402 Xuanhua Street, Nangang District, Harbin, Heilongjiang Province, the PRC	RMB214,000,000	92.9887%	RMB198,996,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
5. Jia Mu Si Store, No. 972 Chang'an Road, Xiangyang District, Jiamusi, Heilongjiang Province, the PRC	RMB246,000,000	92.9887%	RMB228,752,000
6. Mu Dan Jiang Store, No. 55 Dongyi Pedestrian Street, Dong'an District, Mudanjiang, Heilongjiang Province, the PRC	RMB189,000,000	92.9887%	RMB175,749,000
7. Jianhua Store, No. 300 JunXiao Street, JianHua District, Qiqihaer, Heilongjiang Province, the PRC	RMB212,000,000	92.9887%	RMB197,136,000
8. Lai Yang Store, No. 18 Longmen West Road, Laiyang, Shandong Province, the PRC	RMB155,000,000	92.9887%	RMB144,132,000
9. Lai Wu Store, north of Wen Yuan East Street, west of Huayuan North Road, Laicheng District, Laiwu, Shandong Province, the PRC	RMB235,000,000	92.9887%	RMB218,523,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
10. Bin Zhou Store, No. 604 Bohai 7 Street, Bincheng District, Binzhou, the PRC	RMB300,000,000	92.9887%	RMB278,966,000
11. Tai An Store, No. 82 Dongyue Street, Taishan District, Tai'an, the PRC	RMB491,000,000	92.9887%	RMB456,575,000
12. Qingzhou Store, the intersection of Fangongting Road and Yunmenshan Road, Qingzhou, Weifang, Shandong Province, the PRC	RMB203,000,000	92.9887%	RMB188,767,000
13. Long Hai Store, northeast of the intersection of Zijingshan Road and Longhai Road, Guancheng District Zhengzhou, Henan Province, the PRC	RMB307,000,000	92.9887%	RMB285,475,000
14. Shun De Store, No. 8 Yannian Road, Daliang Jiedao, Shunde District, Foshan, Guangdong Province, the PRC	RMB269,000,000	92.9887%	RMB250,140,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
15. Yue Yang Store, the junction of Huaban Qiao Road, Qingnian Road and Jiangxiang Road, Yueyang Lou District, Yueyang, Hunan Province, the PRC	RMB238,000,000	92.9887%	RMB221,313,000
16. Huai Hua Store, the junction of Renmin Road and Fucheng Road, Hecheng District, Huaihua, Hunan Province, the PRC	RMB228,000,000	92.9887%	RMB212,014,000
17. Ci Xi Store, No. 550 North Er’huanzhong Road, Cixi, Ningbo, Zhejiang Province, the PRC	RMB405,000,000	92.9887%	RMB376,604,000
18. Tong Lu Store, No. 359 South Yingchun Road, Tonglu, Hangzhou, Zhejiang Province, the PRC	RMB299,000,000	92.9887%	RMB278,036,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
19. Yong Kang Store, No. 3117 Jiulingdong Road, Dongcheng Jiedao, Yongkang, Jinhua, Zhejiang Province, the PRC	RMB424,000,000	92.9887%	RMB394,272,000
20. Ping Hu Store, No. 519 Xinhua Zhong Road, Danghu Street, Pinghu, Jiaxing, Zhejiang Province, the PRC	RMB286,000,000	92.9887%	RMB265,948,000
21. Jia Xing Store, No. 1001 Zhongshan Road (W), Xiuzhou District, Jiaxing, Zhejiang Province, the PRC	RMB134,000,000	92.9887%	RMB124,605,000
22. Chun Shen Store, Level 1-3, No. 2801 Chunshen Road, Minhang District, Shanghai, the PRC	RMB531,000,000	92.9887%	RMB493,770,000
23. Yang Pu Store, No. 1618 Huangxing Road, Yangpu District, Shanghai, the PRC	RMB932,000,000	92.9887%	RMB866,655,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
24. Feng Xian Store, No. 601, Nanting Road, Fengxian District, Shanghai, the PRC	RMB327,000,000	92.9887%	RMB304,073,000
25. Zha Bei Store, No. 3318 Gonghexin Road, Jing'an District, Shanghai, the PRC	RMB416,000,000	92.9887%	RMB386,833,000
26. Hua Cao Store, No. 2, Lane 399, Fanxing Road, Minhang District, Shanghai, the PRC	RMB594,000,000	92.9887%	RMB552,353,000
27. Dong Huan Store, No. 1500 Donghuan Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	RMB343,000,000	92.9887%	RMB318,951,000
28. Suzhou DC, No. 9 Qinghua Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	RMB379,000,000	92.9887%	RMB352,427,000
29. He Shan Store, No. 1823 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	RMB281,000,000	92.9887%	RMB261,298,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
30. Qian Deng Store, No. 8 Shangshu Road, Qiandeng Town, Kunshan, Jiangsu Province, the PRC	RMB444,000,000	92.9887%	RMB412,870,000
31. Da Feng Store, No. 7 Xingfu East Road, Dafeng, Yancheng, the PRC	RMB215,000,000	92.9887%	RMB199,926,000
32. Jian Hu Store, No. 128 West Xiangyang Road, Jianhu Town, Yancheng, the PRC	RMB182,000,000	92.9887%	RMB169,239,000
33. Zhang Jia Gang Store, Nanjing Road, Tangqiao Town, Zhangjiangang, Jiangsu Province, the PRC	RMB277,000,000	92.9887%	RMB257,579,000
34. Chang Shu Store, No. 168 Qinghu Road, Yushan Town, Changshu, Jiangsu Province, the PRC	RMB377,000,000	92.9887%	RMB350,567,000
35. Tong Zhou Store, No. 18 Jianshe Road, Jinsha Town, Tongzhou, Jiangsu Province, the PRC	RMB303,000,000	92.9887%	RMB281,756,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
36. Huai'an Store, east of Chengde North Road, north of Huanghe Road, Huaiyin District, Huai'an, Jiangsu Province, the PRC	RMB519,000,000	92.9887%	RMB482,611,000
37. Ma An Shan Store, No. 518 East Hubei Road, Huashan District, Maanshan, Anhui Province, the PRC	RMB223,000,000	92.9887%	RMB207,365,000
38. Jin Jiang Store, Huguang West Road, Qingyang Jiedao, Jinjiang, Quanzhou, Fujian Province, the PRC	RMB204,000,000	92.9887%	RMB189,697,000
39. Zhang Zhou Store, No. 56 of Xinhua North Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	RMB232,000,000	92.9887%	RMB215,734,000
40. Du Jiang Yan Store, No. 1 Lianhua Nan Road, Dujiangyan, Chengdu, Sichuan Province, the PRC	RMB151,000,000	92.9887%	RMB140,413,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
41. Mei Shan Store, No. 100 Section 2, East Lake Road, Dongpo District, Meishan, Sichuan Province, the PRC	RMB159,000,000	92.9887%	RMB147,852,000
42. Jiang Han Store, No. 257 Jiangnan Road, Jiangnan District Wuhan, Hubei Province, the PRC	RMB569,000,000	92.9887%	RMB529,106,000
43. Xi Shuang Ban Na Store, No. 2 Menghai Road, Jinghong, Xishuangbanna, Yunnan Province, the PRC	RMB491,000,000	92.9887%	RMB456,575,000
44. Su Zhou Store, the Junction of Dongchang Road and Shunhe Road, Yongqiao District, Suzhou, Anhui Province, the PRC	RMB194,000,000	92.9887%	RMB180,398,000
45. Wei Yang Store, No. 2 Zhuxi Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	RMB258,000,000	92.9887%	RMB239,911,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
46. Hai Cheng Store, Nos. 39-S14, S15 and S16, Beishuncheng Road, Haizhou Management District, Haicheng, Liaoning Province, the PRC	RMB278,000,000	92.9887%	RMB258,509,000
47. Tie Xi Store, No. 5 West Jianshexi Road, Tiexi District, Shenyang, Liaoning Province, the PRC	RMB282,000,000	92.9887%	RMB262,228,000
48. Huang Gu Store, No. 1 West Nujiang Street, Huanggu District, Shenyang, Liaoning Province, the PRC	RMB317,000,000	92.9887%	RMB294,774,000
49. Kai Yuan Store, No. 188 Hada Road, Kaiyuan, Tieling, Liaoning Province, the PRC	RMB218,000,000	92.9887%	RMB202,715,000
50. Liao Yang Store, No. 105 Xinyunda Street, Baita District, Liaoyang, Liaoning Province, the PRC	RMB280,000,000	92.9887%	RMB260,368,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
51. Fu Xin Store, No. 30026 Zhonghua Road, Xihe District, Fuxin, Liaoning Province the PRC	RMB187,000,000	92.9887%	RMB173,889,000
52. Jiujiang Store, No. 53 Jiurui Road, Xunyang District, Jiujiang, Jiangxi Province, the PRC	RMB160,000,000	92.9887%	RMB148,782,000
53. Chang Bai Store, No. 201 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC	RMB283,000,000	92.9887%	RMB263,158,000
54. Shengyang DC, No. 51 and 53 Hushitainan Street, Shenbei New District, Shenyang, Liaoning Province, the PRC	RMB232,000,000	92.9887%	RMB215,734,000
55. Guangzhou DC, No. 3 Nanjiang 3rd Road, Zhujiang Street, Nansha District, Guangzhou, Guangdong Province, the PRC	RMB227,000,000	92.9887%	RMB211,084,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
56. Shanghai Headoffice, No. 255 West Jiangchang Road, Jing'an District, Shanghai, the PRC	RMB217,000,000	92.9887%	RMB201,785,000
57. Dang Tu Store, No. 217 Middle Zhenxing Road, Dangtu Town, MaAnshan, the PRC	RMB146,000,000	92.9887%	RMB135,764,000
58. Zhangqiu Store, Shanquan Road, Zhangqiu, Shandong Province, the PRC	RMB185,000,000	92.9887%	RMB172,029,000
59. Jiyuan Jishui Store, north of Jishui Avenue, west of China Construction Bank, Jiyuan, Henan Province, the PRC	RMB197,000,000	92.9887%	RMB183,188,000
60. Sui Hua Store, the Second Crossing of South Dongzhi Road, Beilin District, Suihua, Heilongjiang Province, the PRC	RMB195,000,000	92.9887%	RMB181,328,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
61. Bei An Store, Room 000133, Wealth Center (RT-Mart Commercial plaza), Shanghai Road, Heping District, Beian, Heilongjiang Province, the PRC	RMB212,000,000	92.9887%	RMB197,136,000
62. Baicheng Store, No. 3 Xinhua West Road, Taobei District, Baicheng, Jilin Province, the PRC	RMB202,000,000	92.9887%	RMB187,837,000
63. Ganzhou Store, No. 94 Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	RMB160,000,000	92.9887%	RMB148,782,000
64. Shang Yu Store, No. 559 Citizen Avenue, Baiguan Jiedao, Shangyu, Zhejiang Province, the PRC	RMB186,000,000	92.9887%	RMB172,959,000
65. Wen Deng Store, the intersection of Kunyu Road and Hengshan Road, Wendeng District, Weihai, Shandong Province, the PRC	RMB171,000,000	92.9887%	RMB159,011,000

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
66. Liuyang Store, Shishuang Road, Liuyang, Changsha, Hunan Province, the PRC	RMB220,000,000	92.9887%	RMB204,575,000
67. Chibi DC, Beijing Zhuhai expressway and S214 road junction, Zhai gong ling District, Chibi, Hubei Province, the PRC	RMB185,000,000	92.9887%	RMB172,029,000
68. Wuxi Binghu Store, No. 66 Qingqi Road, Binghu District, Wuxi, Jiangsu Province, the PRC	RMB242,000,000	92.9887%	RMB225,033,000
69. Hengshan Store, E-16 Community, Hengshan Road, Development Area, Yantai, Shandong Province, the PRC	RMB293,000,000	92.9887%	RMB272,457,000
70. Hai Zhou Store, Level 1-3, No. 128 Zhonghua Road, Haizhou District, Fuxin, Liaoning Province the PRC	RMB174,000,000	92.9887%	RMB161,800,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
71. Nanjing DC, No. 9 Longxuhu Road, Liuhe District, Nanjing, Jiangsu Province, the PRC	RMB241,000,000	92.9887%	RMB224,103,000
72. North China Headoffice, Huaneng Road, Jinan, Shandong Province, the PRC	RMB63,000,000	89.0088%	RMB56,076,000
73. Xuguan Store, No. 1 Xingxian Road, Suzhou Gaoxin District, Suzhou, Jiangsu Province, the PRC	RMB296,000,000	92.9887%	RMB275,247,000
74. Tong Liao Store, The intersection of Huolinghe Street and Heping Road, Korqin District, Tongliao, Inner Mongolia Autonomous Region, the PRC	RMB244,000,000	92.9887%	RMB226,892,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
75. Jiangshan Store, No. 98 Chengbei Square, Shuangta Jiedao, Jiangshan, Zhejiang Province, the PRC	RMB271,000,000	92.9887%	RMB251,999,000
76. Meng Shan Store, east of Mengshan Road, south of Chengcai Road, Linyi City, Shandong Province, the PRC	RMB216,000,000	92.9887%	RMB200,856,000
77. Shuang Ya Shan Store, No. 40 Jianshe Road, Shuangyashan, Heilongjiang Province, the PRC	RMB179,000,000	92.9887%	RMB166,450,000
78. Mu Dan Jiang xi Store, No. 246 Xin'an Street, Xi'an District, Mudanjiang, Heilongjiang Province, the PRC	RMB329,000,000	92.9887%	RMB305,933,000
79. Liao Yuan Store, No. 640 People Avenue, Liaoyuan, Jilin Province, the PRC	RMB196,000,000	92.9887%	RMB182,258,000

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
80. Yu Huan Store, the intersection of Hugang Avenue and Zhugang Avenue, Yuhuan City, Taizhou City, Zhejiang Province, the PRC	RMB241,000,000	92.9887%	RMB224,103,000
81. Li Cheng Store, No. 320 XinHua North Road, LiCheng District, QuanZhou City, Fujian Province, the PRC	RMB179,000,000	92.9887%	RMB166,450,000
Sub-total:	RMB22,317,000,000		RMB20,749,783,000

APPENDIX V SUMMARY OF PROPERTY VALUATION REPORT

Group II – Properties by the Group held under “RT-Mart 大潤發” banner for development in the PRC

Property	Market Value in existing state as at 30 November 2017 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 November 2017 attributable to the Group <i>RMB</i>
82. Kunshan Runliang Store, east of Bailu Road, north of Chaoyang Road, Kunshan, Suzhou, Jiangsu Province, the PRC	RMB117,000,000	92.9887%	RMB108,797,000
Sub-total:	RMB117,000,000		RMB108,797,000

APPENDIX V SUMMARY OF PROPERTY VALUATION REPORT

Group III – Properties held by the Group under “RT-Mart 大潤發” banner under development in the PRC

Property	Market Value in existing state as at 30 November 2017 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
83. Wenjiang Store, No. 66 South Fengxi Road, Wenjiang District, Chengdu, Sichuan Province, the PRC	RMB334,000,000	92.9887%	RMB310,582,000
Sub-total:	<u>RMB334,000,000</u>		<u>RMB310,582,000</u>
Grand total:	<u><u>RMB22,768,000,000</u></u>		<u><u>RMB21,169,162,000</u></u>

Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment in the PRC

Valuation Summary as at 30 November 2017

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
1	He Ping Store	Shenyang RT-Mart commercial Co., Ltd.	Shenyang	Heping District	No. 78 Nanjingnan Street	Commercial	25/11/2042	Hypermarket	8,391.20	2002	49,376.96	386,000,000	92.9887%	358,936,000
2	Shen He Store	Shenyang Runtai Commercial Co., Ltd.	Shenyang	Shenhe District	No. 80 Wenyi Road	Commercial	31/5/2044	Hypermarket	17,897.70	2005	37,138.82	314,000,000	92.9887%	291,985,000
3	Su Jia Tun Store	Shenyang Sujiatun RT-Mart Commercial Co., Ltd.	Shenyang	Sujiatun District	No. 141 Yingchun Street	Commercial	30/3/2050	Hypermarket	13,537.00	2010	40,544.83	277,000,000	92.9887%	257,579,000
4	Ha Er Bin (Nan Gang) Store	Harbin RT-Mart Commercial Co., Ltd.	Harbin	Nangang District	No. 402 Xuanhua Street	Commercial	8/4/2041	Hypermarket	4,684.20	2003	34,090.85	214,000,000	92.9887%	198,996,000
5	Jia Mu Si Store	Qingdao Runtai Business Co., Ltd., Jiamusi Branch	Jiamusi	Xiangyang District	No. 972 Chang'an Road	Commercial	1/11/2046	Hypermarket	23,914.00	2006	28,712.00	246,000,000	92.9887%	228,752,000
6	Mu Dan Jiang Store	Kunshan Runtai Commercial Co., Ltd., Mudanjiang Branch	Mudanjiang	Dong'an District	No. 55 Dongyi Pedestrian Street	Commercial	28/9/2039 21/9/2039	Hypermarket	3,563.46	2001	27,952.07	189,000,000	92.9887%	175,749,000
7	Jianhua Store	Qiqihaer Runtai Commercial Co., Ltd.	Qiqihaer	Jianhua District	No. 300 JunXiao Street	Residential	28/6/2054	Hypermarket	7,932.50	2006	32,440.44	212,000,000	92.9887%	197,136,000
8	Lai Yang Store	Laiyang RT-Mart Commercial Co., Ltd.	Laiyang	Laiyang	No. 18 Longmen West Road	Commercial & Residential	7/7/2048	Hypermarket	8,975.00	2009	26,494.76	155,000,000	92.9887%	144,132,000
9	Lai Wu Store	Laiwu RT-Mart Commercial Co., Ltd.	Laiwu	Laicheng District	North of Weyuan East Street, west of Huixuan North Road	Commercial	26/5/2046	Hypermarket	26,667.00	2010	43,960.00	235,000,000	92.9887%	218,523,000
10	Bin Zhou Store	Binzhou RT-Mart Commercial Co., Ltd.	Binzhou	Bincheng District	No. 604 Bohai 7 Street	Commercial	10/8/2049	Hypermarket	12,909.16	2011	39,103.88	300,000,000	92.9887%	278,966,000
11	Tai An Store	Tai'an Sritic Commercial Property Co., Ltd.	Tai'an	Taishan District	No. 82 Dongyue Street	Commercial	15/6/2047	Hypermarket	28,891.00	2011	53,312.68	491,000,000	92.9887%	456,575,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
12	Qingzhou Store	Qingzhou RT-Mart Commercial Co., Ltd.	Weifang	Qingzhou	the intersection of Fangong Road and Yunmenshan Road	Commercial	17/12/2048	Hypermarket	17,317.38	2010	30,488.69	203,000,000	92.9887%	188,767,000
13	Long Hai Store	Zhengzhou Runrui Commercial Co., Ltd.	Zhengzhou	Guancheng District	northeast of the intersection of Zijingshan Road and Longhai Road	Residential	31/03/2040	Hypermarket	27,713.30	2011	29,861.65	307,000,000	92.9887%	283,475,000
14	Shun De Store	Foshan Shunde District RT-Mart Co., Ltd.	Foshan	Shunde District	No. 8 Yannian Road, Dalang Jiedao	Commercial & Residential	15/05/2043	Hypermarket	15,007.23	2005	25,869.51	269,000,000	92.9887%	250,140,000
15	Yue Yang Store	Yueyang RT-Mart Commercial Co., Ltd.	Yueyang	Yueyang Lou District	the junction of Huaban Qiao Road, Qingnian Road and Jianxiang Road	Commercial	5/7/2047	Hypermarket	21,817.72	2012	40,774.34	238,000,000	92.9887%	221,313,000
16	Huai Hua Store	Huailua RT-Mart Commercial Co., Ltd.	Huailua	Hecheng District	the junction of Reimin Road and Fucheng Road	Commercial	29/4/2059	Hypermarket	14,734.81	2012	32,995.80	228,000,000	92.9887%	212,014,000
17	Ci Xi Store	Cixi RT-Mart Trading Co., Ltd.	Ningbo	Cixi	No. 350 North Erhuanzhong Road	Commercial	3/2/2048	Hypermarket	23,137.00	2008	50,219.21	405,000,000	92.9887%	376,604,000
18	Tong Lu Store	Tonglu RT-Mart Commercial Co., Ltd.	Hangzhou	Tonglu	No. 359 South Yingchun Road	Commercial	2/2/2048	Hypermarket	16,600.00	2008	35,064.84	299,000,000	92.9887%	278,036,000
19	Yong Kang Store	Yongkang Tairui Commercial Co., Ltd.	Jinhua	Yongkang	No. 3117 Jiujielong Road, Dongcheng Jiedao	Commercial	27/8/2050	Hypermarket	19,727.00	2011	49,662.95	424,000,000	92.9887%	394,272,000
20	Ping Hu Store	Pinghu RT-Mart Commercial Co., Ltd.	Jiaxing	Pinghu	No. 519 Xinghua Zhong Road, Dangu Jiedao	Commercial	22/10/2046	Hypermarket	7,287.84	2008	23,650.41	286,000,000	92.9887%	265,948,000
21	Jia Xing Store	Jiaxing Xiuzhou District Commercial Co., Ltd.	Jiaxing	Xiuzhou District	No. 1001 West Zhongshan Road	Commercial	7/8/2050	Hypermarket	18,988.40	2000	12,331.14	134,000,000	92.9887%	124,605,000
22	Chun Shen Store	Kunshan Runhua Commercial Co., Ltd., Shanghai Minhang Branch	Shanghai	Minhang District	No. 2801 Chunshen Road	Residential	25/9/2070	Hypermarket	100,307.00	2005	23,351.39	531,000,000	92.9887%	493,770,000
23	Yang Pu Store	Shanghai RT-Mart Co., Ltd.	Shanghai	Yangpu District	No. 1618 Huangying Road	Commercial	24/11/2038	Hypermarket	33,334.00	1999	41,826.39	932,000,000	92.9887%	866,655,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
24	Feng Xian Store	Shanghai Jiji Trading Co., Ltd.	Shanghai	Fengxian District	No. 601, Naming Road	Commercial	14/9/2045	Hypermarket	14,399.80	2007	33,148.11	327,000,000	92.9887%	304,073,000
25	Zha Bei Store	Shanghai RT-Mart Co., Ltd.	Shanghai	Jing'an District	No. 3318 Gonghexin Road	Commercial	19/10/2037	Hypermarket	31,797.00	1998	26,195.00	416,000,000	92.9887%	386,833,000
26	Hua Cao Store	Shanghai Minghang Haicao RT-Mart Trading Co., Ltd.	Shanghai	Minghang District	No. 2, Lane 399 Fanxing Road	Commercial	9/9/2073	Hypermarket	28,525.00	2009	32,429.73	594,000,000	92.9887%	552,353,000
27	Dong Huan Store	Suzhou Runhua Property Co., Ltd.	Suzhou	Suzhou Industrial Park	No. 1500 Donghuan Road	Commercial	11/12/2046	Hypermarket	23,743.42	2009	27,141.83	343,000,000	92.9887%	318,951,000
28	Suzhou DC	Suzhou Kangcheng Warehousing Co., Ltd.	Suzhou	Gaoxin District	No. 9 Qinghua Road	Warehouse	22/8/2054	Warehouse	103,323.57	2005	48,780.93	379,000,000	92.9887%	352,427,000
29	He Shan Store	Suzhou Runrui Commercial Co., Ltd.	Suzhou	Gaoxin District	No. 1823 Binhe Road	Commercial	22/10/2042	Hypermarket	19,025.80	2004	20,676.07	281,000,000	92.9887%	261,298,000
30	Qian Deng Store	Kunshan Qianheng Runping Commercial Co., Ltd.	Kunshan	Qianheng Town	No. 8, Shangshu Road	Commercial	8/12/2049	Hypermarket	33,333.30	2009	57,561.91	444,000,000	92.9887%	412,870,000
31	Da Feng Store	Dafeng Runtai Commercial Co., Ltd.	Yancheng	Dafeng	No. 7 Xingfu East Road	Commercial	13/11/2050	Hypermarket	18,684.00	2010	30,912.57	215,000,000	92.9887%	199,926,000
32	Jian Hu Store	Yancheng Jianrui Investment & Management Co., Ltd.	Yancheng	Jianhu Town	No. 128 West Xiangyang Road	Commercial	20/4/2049	Hypermarket	17,790.00	2009	26,278.00	182,000,000	92.9887%	169,239,000
33	Zheng Jia Gang Store	Zhangjiagang RT-Mart Commercial Co., Ltd.	Zhangjiagang	Tangqiao Town	Nanjing Road	Commercial	29/6/2045	Hypermarket	28,648.00	2012	36,516.65	277,000,000	92.9887%	257,579,000
34	Chang Shu Store	Changshu RT-Mart Hypermarket Co., Ltd.	Changshu	Yushan Town	No. 168 Qinghu Road	Commercial	8/9/2049	Hypermarket	14,226.00	2007	30,956.08	377,000,000	92.9887%	350,567,000
35	Tong Zhou Store	Nanong Tongzhou Runtai Commercial Co., Ltd.	Tongzhou	Jinsha Town	No. 18 Jianshe Road	Commercial	31/12/2046	Hypermarket	9,549.60	2008	35,034.05	303,000,000	92.9887%	281,756,000
36	Huai'an Store	Huai'an Runhui Commercial Co., Ltd.	Huai'an	Huayin District	East of Chengde North Road, North of Huanghe Road	Commercial	30/8/2052	Hypermarket	28,681.18	2013	69,997.98	519,000,000	92.9887%	482,611,000
37	Ma An Shan Store	Qingdao Runtai Business Co., Ltd., Maanshan Branch	Maanshan	Huashan District	No. 516 East Hubei Road	Commercial	1/4/2042	Hypermarket	16,643.22	2003	24,100.00	223,000,000	92.9887%	207,365,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
38	Jin Jiang Store	Jinjiang Kunde Commercial Co., Ltd.	Jinjiang	Qinyang Jiedao	Huang West Road	Commercial	7/12/2047	Hypermarket	35,340.40	2010	46,106.22	204,000,000	92.9887%	189,697,000
39	Zhang Zhou Store	Zhangzhou RT-Mart Commercial Co., Ltd.	Zhangzhou	Xiangcheng District	No. 56 of Xinhua North Road	Commercial & Residential	29/5/2043	Hypermarket	6,710.48	2010	25,602.75	232,000,000	92.9887%	215,734,000
40	Du Jiang Yan Store	Chengdu Xingfu RT-Mart Trading Co., Ltd.	Chengdu	Dujiangyan	No. 1 Lianhua Nan Road	Commercial & service	25/5/2046	Hypermarket	15,406.95	2011	18,280.96	151,000,000	92.9887%	140,413,000
41	Mei Shan Store	Meishan RT-Mart Commercial Co., Ltd.	Meishan	Dongpo District	No. 100, Section 2, East Lake Road	Commercial	31/3/2050	Hypermarket	19,314.93	2011	17,286.50	159,000,000	92.9887%	147,852,000
42	Jiang Han Store	Wuhan RT-Mart Jianghan Hypermarket Development Co., Ltd.	Wuhan	Jiangnan District	No. 257 Jiangnan Road	Commercial	21/9/2041	Hypermarket	15,619.01	2011	42,684.66	569,000,000	92.9887%	529,106,000
43	Xi Shuang Ban Na Store	Jingdong RT-Mart Commercial Co., Ltd.	Xishuangbanna	Jingdong	No. 2 Menghai Road	Commercial	30/8/2048	Hypermarket	39,359.50	2008	51,894.40	491,000,000	92.9887%	456,575,000
44	Su Zhou Store	Suzhou RT-Mart Commercial Co., Ltd.	Suzhou	Yongqiao District	the Junction of Dongchang Road and Shunhe Road	Commercial	1/4/2052	Hypermarket	4,879.66	2013	32,882.34	194,000,000	92.9887%	180,398,000
45	Wei Yang Store	Yangzhou Runhan Commercial Co., Ltd.	Yangzhou	Hanjiang District	No. 2 Zhuxi Road	Commercial	17/9/2049	Hypermarket	22,166.00	2012	28,193.85	258,000,000	92.9887%	239,911,000
46	Hai Cheng Store	Haicheng RT-Mart Commercial Co., Ltd.	Haicheng	Haizhou Management District	Nos. 39-S14, S15 and S16, Beishuncheng Road	Commercial	26/11/2048	Hypermarket	3,228.68	2012	31,504.01	278,000,000	92.9887%	258,509,000
47	Tie Xi Store	Shenyang Runping Commercial Co., Ltd.	Shenyang	Tiexi District	No. 5 West Jianshevi Road	Commercial	23/4/2052	Hypermarket	12,362.86	2013	39,038.38	282,000,000	92.9887%	262,228,000
48	Huang Gu Store	Shenyang Runliang Commercial Co., Ltd.	Shenyang	Huanggu District	No. 1 West Nuijiang Street	Commercial & Residential	24/1/2053	Hypermarket	20,031.00	2013	44,390.40	317,000,000	92.9887%	294,774,000
49	Kai Yuan Store	Kaiyuan RT-Mart Commercial Co., Ltd.	Tieling	Kaiyuan	No. 188, Hada Road	Commercial	12/4/2052	Hypermarket	10,277.00	2013	44,172.97	218,000,000	92.9887%	202,715,000
50	Liao Yang Store	Liaoyang RT-Mart Commercial Co., Ltd.	Liaoyang	Baita District	No. 105 Xinyunda Street	Commercial	25/3/2052	Hypermarket	6,569.39	2013	31,037.25	280,000,000	92.9887%	260,368,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
51	Fu Xin Store	Fuxin RT-Mart Commercial Co., Ltd.	Fuxin	Xihe District	No. 63 Zhonghua Road	Commercial	30/12/2051	Hypermarket	13,249.75	2013	27,365.09	187,000,000	92.9887%	173,889,000
52	Jiujiang Store	Jiujiang RT-Mart Commercial Co., Ltd.	Jiujiang	Xuyang District	No. 53 Jurui Road	Commercial	24/5/2049	Hypermarket	2,859.60	2013	20,440.33	160,000,000	92.9887%	148,782,000
53	Chang Bai Store	Shenyang Runfu Commercial Co., Ltd.	Shenyang	Heping District	No. 201 South Nanjing Street	Commercial	25/9/2051	Hypermarket	21,021.60	2012	25,619.03	283,000,000	92.9887%	263,158,000
54	Shenyang DC	Shenyang RT-Mart Warehousing Co., Ltd.	Shenyang	Shenbei New District	No. 51 and 53, Hushitannan Street	Warehouse	5/4/2060	Warehouse	225,358.00	2012	62,245.00	232,000,000	92.9887%	215,734,000
55	Guangzhou DC	Guangzhou Rundefa Warehousing Co., Ltd.	Guangzhou	Nansha District	No. 3 Nanjiang 3rd Road, Zhujiang Street	Warehouse	3/6/2060	Warehouse	66,724.00	2011	55,671.18	227,000,000	92.9887%	211,084,000
56	Shanghai Headoffice	Shanghai RT-Mart Co., Ltd.	Shanghai	Jing'an District	No. 255 West Jiangchang Road	Warehouse	9/10/2056	Office	4,921.60	2008	16,277.39	217,000,000	92.9887%	201,785,000
57	Dang Tu Store	Kunshan Runhua Commercial Co., Ltd., Dangtu Branch	MaAnshan	Dangtu Town	No. 217 Middle Zhenxing Road	Commercial	23/5/2047	Hypermarket	19,094.74	2012	23,646.15	146,000,000	92.9887%	135,764,000
58	Zhangqiu Store	Shandong Zhangqiu RT-Mart Commercial Co., Ltd.	Zhangqiu	Zhangqiu	Shanquan Road	Commercial	1/9/2052	Hypermarket	27,581.00	2014	30,260.82	185,000,000	92.9887%	172,029,000
59	Jiyuan Jishui Store	Jiyuan RT-Mart Commercial Co., Ltd.	Jiyuan	Jiyuan	north of Jishui Avenue	Commercial	22/4/2052	Hypermarket	23,515.00	2014	36,284.20	197,000,000	92.9887%	183,188,000
60	Sui Hua Store	Kunshan Runhua Commercial Co., Ltd., Suihua Branch	Suihua	Beilin District	the Second Crossing of South Dongzhi Road	Commercial	14/10/2050	Hypermarket	14,746.16	2014	40,938.44	195,000,000	92.9887%	181,328,000
61	Bei An Store	Beian Runtai Commercial Co., Ltd., Suihua Branch	Beian	Heping District	Room 000133, Wealth Center, Shangtai Road	Commercial	7/8/2051	Hypermarket	13,116.71	2013	44,765.75	212,000,000	92.9887%	197,136,000
62	Baicheng Store	Baicheng RT-MART Commercial Co., Ltd.	Baicheng	Taoheti District	No. 3 Xinhua West Road	Commercial & Warehouse	13/8/2052	Hypermarket	23,792.62	2014	40,826.85	202,000,000	92.9887%	187,857,000
63	Gan Zhou Store	Ganzhou RT-Mart Commercial Co., Ltd.	Ganzhou	Zhanggong District	No. 94 Hongqi Avenue	Commercial	19/3/2047	Hypermarket	69,836.61	2012	25,939.38	160,000,000	92.9887%	148,782,000
64	Shang Yu Store	Kunshan Runhua Commercial Co., Ltd., Shangyu Branch	Shangyu	Baiguan Jiedao	No. 559 Citizen Avenue	Commercial	16/5/2044	Hypermarket	4,110.55	2007	19,970.47	186,000,000	92.9887%	172,959,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
65	Wen Deng Store	Wendeng RT-Mart Commercial Co., Ltd.	Weihai	Wending District	The intersection of Kunyu Road and Hengshan Road and Shishuang Road	Commercial	22/9/2049	Hypermarket	9,684.00	2011	28,137.90	171,000,000	92.9887%	159,011,000
66	Liyang Store	Liyang RT-MART Commercial Co., Ltd.	Changsha	Liyang	Shishuang Road	Commercial	17/11/2063	Hypermarket	5,167.46	2015	37,598.96	220,000,000	92.9887%	204,575,000
67	Chibi DC	Chibi RT-Mart Warehousing Co., Ltd.	Chibi	Zhaogongling District	Beijing Zhuhai expressway and S214 road junction	Warehouse	2/4/2063	Warehouse	13,617.98	2014	66,962.07	185,000,000	92.9887%	172,029,000
68	Wuxi Binghu Store	Wuxi Tianrun's Hypermarket Co., Ltd.	Wuxi	Liangxi District	No. 66 Qingqi Road	Commercial	8/9/2042	Warehouse	10,062.90	2013	19,506.78	242,000,000	92.9887%	225,033,000
69	Hengshan Store	Yantai Auchan Hypermarket Co., Ltd.	Yantai	Development Area	E-16 Community, Hengshan Road	Commercial	29/12/2051	Hypermarket	29,045.02	2013	45,418.43	293,000,000	92.9887%	272,457,000
70	Hai Zhou Store	Fuxin Runyun Commercial Co., Ltd.	Fuxin	Hai Zhou District	No. 128 Zhonghua Road	Commercial & service	3/7/2053	Hypermarket	37,362.00	2016	42,924.67	174,000,000	92.9887%	161,800,000
71	Nanjing DC	Nanjing RT-Mart Warehousing Co., Ltd.	Nanjing	Liute District	No. 9 Longyuh Road	Industrial	29/1/2063	Warehouse	107,183.10	2015	54,454.90	241,000,000	92.9887%	224,103,000
72	North China Headoffice	Jinan Lixia RT-Mart Trading Co., Limited	Jinan	Jinan	Huaneng Road	Residential	5/2/2048	Office	22,777	2015	7,200.00	63,000,000	89.0088%	56,076,000
73	Xu Guan Store	Suzhou Xuguan Runhua Commercial Co., Ltd.	Suzhou	Suzhou Gaovin District	Room 101, Wenchang Garden	Commercial	9/4/2047	Hypermarket	10,090.68	2009	25,047.86	296,000,000	92.9887%	275,247,000
74	Tong Liao Store	Tongliao Run'ai Trading Co., Ltd.	Tongliao	Kouqin District	Block A#, Hengyuan Garden	Commercial	31/5/2048	Hypermarket	6,891.62	2013	40,182.89	244,000,000	92.9887%	226,892,000
75	Jiangshan Store	Jiangshan Runliang Commercial Co., Ltd.	Jiangshan	Shuangta Jiedao	No. 98 Chengbei Square	Commercial	13/12/2053	Hypermarket	17,156.00	2015	46,681.19	271,000,000	92.9887%	251,999,000
76	Meng Shan Store	Linyi RT-Mart Commercial Co., Ltd.	Linyi	Linyi	East of Mengshan Road	Commercial	30/8/2050	Hypermarket	104,004.00	2016	34,034.00	216,000,000	92.9887%	200,856,000
77	Shuang Ya Shan Store	Shuangyashan RT-Mart Commercial Co., Ltd.	Shuangyashan	Shuangyashan	No. 40 Jianshe Road	Commercial & residential	13/8/2053	Office	33,757.00	2016	37,126.00	179,000,000	92.9887%	166,450,000
78	Mu Dan Jiang Xi Store	Mudanjiang RT-Mart Commercial Co., Ltd.	Mudanjiang	Xi'an District	No. 246 Xin'an Street	Commercial	2/3/2056	Warehouse	17,606.50	2016	42,112.86	329,000,000	92.9887%	303,933,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
79	Liao Yuan Store	Liaoyuan RT-Mart Commercial Co., Ltd.	Liaoyuan	Liaoyuan	No. 640 People Avenue	Commercial	20/7/2054	Hypermarket	15,000.00	2016	31,976.09	196,000,000	92.9887%	182,258,000
80	Yu Huan Store	Yuhuan RT-Mart Commercial Co., Ltd.	Taizhou	Yuhuan	Zhuyang Avenue	Commercial	29/9/2053	Office	22,520.66	2016	39,759.88	241,000,000	92.9887%	224,103,000
81	Li Cheng Store	QuanZhou LiCheng RT-Mart Commercial Co., Ltd.	Quanzhou	Licheng District	the intersection of XinHua North Road and Chengxihuan Road	Commercial	5/1/2053	Warehouse	32,041.80	2015	25,245.68	179,000,000	92.9887%	166,450,000
Total												2,904,094.45	22,317,000,000	20,749,783,000

Group II – Properties held by the Group under ‘RT-Mart 大潤發’ banner for development in the PRC

Valuation Summary as at 30 November 2017

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Plot Ratio GFA (sq m)	Scheduled year of commencement of construction	Scheduled year of completion of construction	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
82	Kunshan Runliang Store	Kunshan Runliang Commercial Co., Ltd.	Kunshan	Kunshan	East of Bolu Road, north of Chaoyang Road	Commercial	29/11/2057	Hypermarket	10,698.00	26,745.00	Certificate for the Use of State-owned Land is still in the process of handling, unable to determine the time.	Certificate for the Use of State-owned Land is still in the process of handling, unable to determine the time.	117,000,000	92.9887%	108,797,000

Group III – Properties held by the Group under “RT-Mart 大潤發” banner under development in the PRC

Valuation Summary as at 30 November 2017

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use	Expiry date of land use term	Type of property	Site Area (sq m)	Planned GFA of construction (sq m)	Year of commencement of construction	Scheduled year of completion of construction	Construction cost incurred (RMB)	Construction cost to be incurred (RMB)	Market Value in existing state as at 30 November 2017 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 November 2017 attributable to the Group RMB
83	Wenjiang Store	Sichuan RT-Mart Commercial Co., Ltd.	Chengdu	Wenjiang District	No.66, South Fengxi Road	Commercial & service	9/1/2051	Hypermarket & Hotel	27,428.63	96,535.36	2016	2018	163,548,000	54,516,000	334,000,000	92.9887%	310,582,000

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company and the Offeror.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror and its concert parties but including in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and its concert parties but including those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

2. ISSUED SHARES OF THE COMPANY

(a) Issued Shares

As at the Latest Practicable Date, the total number of issued shares of the Company were as follows:

Issued and fully paid-up Shares	<i>RMB\$ million</i>
9,539,704,700 Shares	10,020

All the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital and dividends and voting.

As at the Latest Practicable Date, no new Shares had been issued by the Company since 31 December 2016 (being the date to which its latest published audited financial statements were prepared).

As at the Latest Practicable Date, there were no outstanding warrants or options or other securities carrying rights of conversion into or exchange or subscription for the Shares or derivatives issued by the Company.

(b) Listing

The Shares are listed and traded on the main board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. MARKET PRICES

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the last trading day immediately preceding the date of the Joint Announcement; and (iii) at the end of each calendar month during the Relevant Period:

Date	Closing price per Share <i>HK\$</i>
31 May 2017	7.20
30 June 2017	6.22
31 July 2017	6.37
31 August 2017	7.21
29 September 2017	7.25
31 October 2017	7.88
10 November 2017 (the Last Trading Day)	8.60
30 November 2017	7.64
19 December 2017 (the Latest Practicable Date)	8.11

- (b) During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$8.60 on 10 November 2017 and 23 November 2017, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$5.99 on 20 July 2017.

4. DISCLOSURE OF INTERESTS IN SHARES AND COMMITMENTS WITH RESPECT TO THE OFFER

- (a) As at the Latest Practicable Date, the interest or short position of the Directors of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register; (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code, are as follows:

Name of director/ chief executive	Name of corporation	Nature of interest	Total number of shares ⁽¹⁾	Approximate percentage shareholding of the relevant entity
HUANG Ming-Tuan	Company	Beneficial owner, interest of spouse and interest in a controlled corporation ⁽³⁾	117,234,074 (L)	1.2289%
CHENG Chuan-Tai	Company	Beneficial owner	6,000,000 (L)	0.0629%
Xavier, Marie, Alain DELOM de MEZERAC	Auchan Holding S.A. ⁽²⁾	Beneficial owner	791 (L) ⁽⁴⁾ 459 (L) ⁽⁵⁾ 719 (L) ⁽⁶⁾	0.0026% 0.0015% 0.0024%
	Oney Bank S.A. ⁽⁷⁾	Beneficial owner	1,173 (L) ⁽⁸⁾	0.0811%
Wilhelm, Louis HUBNER	Auchan Holding S.A. ⁽²⁾	Beneficial owner	953 (L) 3,572 (L) ⁽¹⁰⁾	0.0031% 0.0118%
Desmond MURRAY	Company	Beneficial owner	55,000 (L)	0.0006%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Auchan Holding S.A. is a company incorporated in France and comprises various companies controlled by Gerard Mulliez and the other members of 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. Auchan Holding S.A. is one of our two ultimate controlling shareholders. Auchan Holding S.A. has adopted various share incentive plans pursuant to which share-based awards are granted to eligible directors and employees of Auchan Holding S.A. and its subsidiaries. These share incentive plans include the following:
- (i) Stock Option Plan (2018) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 29 August 2018 to 30 September 2018.

- (ii) Stock Option Plan (2019) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 28 August 2019 to 30 September 2019.

Note: With effect from 9 May 2012, the only class of shares issued by Auchan Holding S.A. is ordinary shares, the restricted shares and Class S shares were converted to ordinary shares on 9 May 2012. The issued share capital of Auchan Holding S.A. is 30,380,392 shares as at 30 June 2017.

- (3) Mr. HUANG Ming-Tuan holds 15,559,258 shares.

Ms. LEE Chih-Lan is the spouse of Mr. HUANG Ming-Tuan and holds 1,551,238 shares. Accordingly, Mr. HUANG Ming-Tuan is deemed to be interested in all of the shares held by Ms. LEE Chih-Lan.

Mr. 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.

Mr. 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 Ms. LEE Chih-Lan, the spouse of Mr. HUANG Ming-Tuan, holds the remaining 50%. Accordingly, he is deemed to be interested in all of the 82,153,964 shares held by Unique Grand Trading Ltd.

- (4) This represents 791 shares in Auchan Holding S.A.
- (5) This represents stock options in respect of 459 shares in Auchan Holding S.A. granted pursuant to the Auchan Holding S.A. Stock Option Plan (2018).
- (6) This represents stock options in respect of 719 shares in Auchan Holding S.A. granted pursuant to the Auchan Holding S.A. Stock Option Plan (2019).
- (7) Oney Bank S.A. is a company incorporated in France and a subsidiary of Auchan Holding S.A.. The major business of Oney Bank S.A. includes financial products and services as well as electronic banking provided to clients; and tailor-made solutions on payment and customer portfolio management provided to business partners. The issued share capital of Oney Bank S.A. as at 30 June 2017 is 1,445,771 shares.
- (8) This represents 1,173 free shares in Oney Bank S.A. to be exercised on 25 August 2018.
- (9) This represents 953 free shares in Auchan Holding S.A. to be exercised on 25 August 2018.
- (10) This represents 3,572 free shares in Auchan Holding S.A. to be exercised on 25 August 2020.

Save as disclosed above, so far as known to any Directors, as at the Latest Practicable Date, none of the Directors of the Company or any of their associates had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company and its associated corporations as defined in Part XV of the SFO, which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register; (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code.

- (b) As at the Latest Practicable Date, save as disclosed below, the Offeror did not own any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

Name of Shareholder	Capacity	Number of issued Shares held	Total interest in Shares	Percentage of total number of issued Shares (%)
Taobao China Holding Limited	Beneficial owner	2,001,450,083	2,001,450,083	20.98

- (c) As at the Latest Practicable Date, none of the directors of the Offeror was interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (d) As at the Latest Practicable Date, save and except (i) the holdings by exempt persons under the Takeovers Code; (ii) 4,865,338,686 Shares (representing approximately 51.00% of all issued Shares of the Company as at the Latest Practicable Date) held by A-RT (being a presumed concert party of the Offeror); and (iii) the 224,500 Shares held by relevant members of the CICC group (except those which are exempt principal traders or exempt fund managers recognised by the Executives as such for the purpose of the Takeovers Code) on a non-discretionary and non-proprietary basis for and on behalf of their clients (who are entitled to accept the Offer), none of the concert parties of the Offeror owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. The number of Shares so held by relevant members of the CICC group (except those which are exempt principal traders or exempt fund managers recognised by the Executives as such for the purpose of the Takeovers Code) for and on behalf of their clients on 7 December 2017 was 188,500 Shares, instead of 198,500 Shares as stated in the joint announcement of the Company and the Offeror dated 8 December 2017 in relation to, among others, the Completion.
- (e) As at the Latest Practicable Date, save for the 123,429,074 IU Shares, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had, prior to the Despatch Date, irrevocably committed themselves to accept or reject the Offer.
- (f) As at the Latest Practicable Date, no person with whom the Offeror or any of its concert parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (g) As at the Latest Practicable Date, save for: (i) 50,000 Shares held on a discretionary basis by HSBC Private Bank (Suisse) SA; and (ii) 171,633 Shares held on a discretionary basis by HSBC Bank USA, National Association, none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code but excluding any exempt principal trader and exempt fund manager owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (h) As at the Latest Practicable Date, save for Mr. HUANG Ming-Tuan (an executive Director), Mr. CHENG Chuan-Tai (a non-executive Director) and Mr. Desmond MURRAY (an independent non-executive Director), none of the Directors held any beneficial shareholding in the Company which would otherwise entitle them to accept or reject the Offer. Each of (i) Mr. HUANG Ming-Tuan and his associates; (ii) Mr. CHENG Chuan-Tai; and (iii) Mr. Desmond MURRAY has given an irrevocable undertaking in favour to the Offeror, pursuant to which each of them has undertaken that he/she/it will not accept the Offer in respect of the beneficial shareholdings of the Company held by each of them (details of their respective shareholdings has been disclosed above).
- (i) As at the Latest Practicable Date, save and except for certain borrowings or lendings by exempt persons under the Takeovers Code, none of the Offeror or its concert parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares or any convertible securities, warrants, options or derivatives in respect of any Shares which had been either on-lent or sold.
- (j) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares.

5. DISCLOSURE OF INTERESTS IN SHARES OF THE OFFEROR

- (a) As at the Latest Practicable Date, the Company had no shareholding in the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (b) As at the Latest Practicable Date, none of the Directors was interested within the meaning of Part XV of the SFO in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.

6. DEALINGS IN SHARES

- (a) During the Relevant Period, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares.

- (b) During the Offer Period and up to the Latest Practicable Date, save for the dealings for value by a member of the HSBC group as set out below, none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company or, any adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

Set out below are the dealings for value by a member of the HSBC group during the period beginning on 20 November 2017 and ending on the Latest Practicable Date (which were dealings on a discretionary basis):

Item	Date dd/mm/yyyy	Purchase/Sale	Number of shares	Price per share
1	28 November 2017	Purchase	7,500	\$8.00
2	28 November 2017	Purchase	10,000	\$8.06
3	28 November 2017	Purchase	1,500	\$8.05
4	28 November 2017	Purchase	1,000	\$8.03
5	28 November 2017	Purchase	13,000	\$7.93
6	28 November 2017	Purchase	200	\$7.84
7	28 November 2017	Purchase	4,500	\$8.06
8	28 November 2017	Purchase	500	\$8.05
9	28 November 2017	Purchase	15,500	\$8.00
10	28 November 2017	Purchase	2,000	\$7.96
11	28 November 2017	Purchase	3,000	\$7.98
12	28 November 2017	Purchase	12,000	\$7.93
13	28 November 2017	Purchase	9,000	\$7.92
14	28 November 2017	Purchase	2,000	\$7.88
15	28 November 2017	Purchase	25,500	\$7.90
16	28 November 2017	Purchase	2,000	\$7.86
17	28 November 2017	Purchase	10,000	\$7.85
18	28 November 2017	Purchase	8,500	\$7.89
19	28 November 2017	Purchase	8,000	\$7.91
20	28 November 2017	Purchase	10,000	\$7.94
21	28 November 2017	Purchase	270	\$7.95
22	1 December 2017	Purchase	9,500	\$7.79
23	1 December 2017	Purchase	163	\$7.81
24	8 December 2017	Purchase	5,000	\$7.61
25	8 December 2017	Purchase	6,000	\$7.67
26	8 December 2017	Purchase	5,000	\$7.68

- (c) During the Relevant Period, save for (i) entering into the Share Purchase Agreements and the Share Exchange and Transfer Agreements and (ii) certain dealings by exempt persons under the Takeovers Code, which are subject to private disclosure under the Takeovers Code, and the following dealings for value by members of the CICC group, none of the Offeror, the directors of the Offeror or its concert parties had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

Set out below are the dealings for value by members of the CICC group during the period beginning on 20 May 2017 and ending on the Latest Practicable Date (which were dealings on a non-discretionary basis):

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
23 June 2017	7,000	6.75
23 June 2017	5,000	6.75
23 June 2017	5,000	6.75
23 June 2017	5,000	6.75
23 June 2017	10,500	6.75
23 June 2017	6,000	6.75
23 June 2017	500	6.75
23 June 2017	500	6.75
23 June 2017	3,500	6.75
23 June 2017	2,500	6.75
23 June 2017	8,500	6.75
23 June 2017	7,500	6.75
23 June 2017	4,500	6.74
23 June 2017	3,000	6.74
23 June 2017	5,000	6.74
23 June 2017	10,000	6.74
23 June 2017	5,000	6.74
23 June 2017	25,500	6.75
26 June 2017	(5,500)	6.36
26 June 2017	(16,000)	6.51
26 June 2017	(1,500)	6.36
26 June 2017	(500)	6.36
26 June 2017	(4,000)	6.36
26 June 2017	(500)	6.36
26 June 2017	(32,500)	6.36
26 June 2017	(10,000)	6.36
26 June 2017	4,000	6.71
26 June 2017	(7,000)	6.37
26 June 2017	(1,500)	6.37
26 June 2017	(11,000)	6.37
26 June 2017	(2,500)	6.37
26 June 2017	(5,500)	6.37
26 June 2017	(4,500)	6.37
26 June 2017	(19,000)	6.37
26 June 2017	3,000	6.71
26 June 2017	(64,500)	6.78
26 June 2017	(14,500)	6.36
26 June 2017	7,000	6.70
26 June 2017	500	6.71

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
26 June 2017	61,000	6.71
26 June 2017	(1,500)	6.36
26 June 2017	500	6.71
26 June 2017	(4,500)	6.36
28 June 2017	(500)	6.38
28 June 2017	(500)	6.38
12 July 2017	10,000	6.19
13 July 2017	(10,000)	6.25
20 July 2017	10,000	6.00
26 July 2017	(10,000)	6.35
26 July 2017	23,000	6.26
26 July 2017	58,000	6.28
26 July 2017	7,500	6.29
26 July 2017	50,500	6.30
26 July 2017	24,000	6.32
27 July 2017	10,000	6.33
27 July 2017	10,000	6.34
31 July 2017	11,000	6.35
31 July 2017	14,000	6.36
31 July 2017	7,000	6.37
31 July 2017	32,500	6.38
31 July 2017	15,500	6.41
31 July 2017	10,000	6.40
1 August 2017	40,000	6.69
1 August 2017	20,000	6.70
2 August 2017	(15,000)	6.40
2 August 2017	(39,500)	6.41
3 August 2017	(18,500)	6.42
3 August 2017	(10,000)	6.44
3 August 2017	(31,000)	6.30
3 August 2017	(34,500)	6.33
3 August 2017	(17,000)	6.31
3 August 2017	(30,000)	6.29
4 August 2017	(14,500)	6.39
7 August 2017	(60,000)	6.41
7 August 2017	(13,000)	6.42
7 August 2017	(21,500)	6.40
7 August 2017	(24,000)	6.38
7 August 2017	(4,500)	6.39
10 August 2017	20,000	6.66
10 August 2017	(20,000)	6.61
10 August 2017	20,000	6.64
10 August 2017	(20,000)	6.63

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
10 August 2017	500	6.63
11 August 2017	30,000	7.09
11 August 2017	(30,000)	7.13
11 August 2017	(500)	7.07
14 August 2017	11,000	7.25
14 August 2017	(11,000)	7.28
14 August 2017	20,000	7.30
14 August 2017	(17,000)	7.35
14 August 2017	500	7.37
14 August 2017	(4,000)	7.34
14 August 2017	500	7.38
17 August 2017	50,000	7.40
17 August 2017	(50,000)	7.43
27 September 2017	60,000	7.31
27 September 2017	(20,000)	7.34
27 September 2017	(10,500)	7.31
27 September 2017	(29,500)	7.35
27 September 2017	(2,000)	7.31
27 September 2017	500	7.31
27 September 2017	1,500	7.31
11 October 2017	10,000	7.50
11 October 2017	(13,500)	7.59
11 October 2017	3,500	7.55
11 October 2017	12,000	7.52
11 October 2017	3,000	7.47
12 October 2017	5,000	7.55
12 October 2017	(10,000)	7.59
13 October 2017	(5,000)	7.64
13 October 2017	(5,000)	7.63
20 November 2017	(5,000)	8.19
20 November 2017	(3,500)	7.79
20 November 2017	(1,000)	7.79
20 November 2017	(10,000)	7.79
20 November 2017	3,500	7.52
20 November 2017	1,500	8.16
20 November 2017	500	8.16
20 November 2017	2,500	8.16
20 November 2017	2,500	8.16
20 November 2017	2,000	8.16
20 November 2017	1,500	8.16
20 November 2017	2,000	8.16
20 November 2017	2,000	8.16
20 November 2017	15,500	8.16

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
20 November 2017	9,000	8.10
20 November 2017	2,000	8.10
20 November 2017	19,000	8.10
20 November 2017	(35,500)	7.79
20 November 2017	(3,000)	8.18
20 November 2017	(10,000)	8.18
20 November 2017	(1,000)	8.18
20 November 2017	(14,500)	8.18
20 November 2017	(8,500)	8.18
20 November 2017	(6,000)	8.18
20 November 2017	(1,000)	8.18
20 November 2017	(5,000)	8.18
20 November 2017	(4,000)	8.18
20 November 2017	(2,000)	8.18
20 November 2017	41,500	7.52
20 November 2017	5,000	7.52
20 November 2017	5,000	9.07
20 November 2017	9,000	9.21
20 November 2017	500	9.21
20 November 2017	500	9.21
20 November 2017	11,000	8.07
20 November 2017	10,500	8.27
20 November 2017	7,500	8.38
20 November 2017	20,000	8.58
20 November 2017	20,000	8.58
20 November 2017	1,500	8.78
20 November 2017	1,500	8.21
20 November 2017	1,500	7.81
20 November 2017	1,500	7.51
20 November 2017	500	8.12
20 November 2017	(6,000)	8.21
20 November 2017	(500)	8.25
20 November 2017	(10,000)	8.30
21 November 2017	12,000	8.10
21 November 2017	3,000	8.10
21 November 2017	4,000	8.10
21 November 2017	10,000	8.10
21 November 2017	6,000	8.10
21 November 2017	2,000	8.10
21 November 2017	500	8.10
21 November 2017	10,000	8.10
21 November 2017	4,000	8.10
21 November 2017	8,500	8.10

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
21 November 2017	19,500	7.90
21 November 2017	2,000	7.90
21 November 2017	10,500	7.90
21 November 2017	30,000	7.90
21 November 2017	8,000	7.90
21 November 2017	(1,000)	7.72
21 November 2017	(5,000)	7.72
21 November 2017	(20,000)	7.72
21 November 2017	(5,000)	7.72
21 November 2017	(500)	7.72
21 November 2017	(6,000)	7.72
21 November 2017	(3,500)	7.72
21 November 2017	(5,000)	7.71
21 November 2017	(8,000)	7.71
21 November 2017	(5,000)	7.71
21 November 2017	(1,000)	7.71
21 November 2017	(25,000)	8.03
21 November 2017	(4,500)	8.03
21 November 2017	(500)	8.03
21 November 2017	(3,000)	8.03
21 November 2017	(5,000)	8.03
21 November 2017	(10,000)	8.03
21 November 2017	(22,000)	8.03
21 November 2017	(3,000)	8.28
21 November 2017	(7,000)	8.28
21 November 2017	500	7.87
21 November 2017	12,500	7.87
21 November 2017	3,500	7.87
21 November 2017	1,500	7.87
21 November 2017	5,500	7.87
21 November 2017	2,500	7.87
21 November 2017	3,500	7.93
21 November 2017	10,000	7.91
21 November 2017	(500)	8.04
21 November 2017	(500)	8.04
21 November 2017	(500)	8.04
21 November 2017	(2,000)	8.04
21 November 2017	(2,500)	8.04
21 November 2017	(4,000)	7.79
21 November 2017	(2,500)	7.79
21 November 2017	(500)	7.79
21 November 2017	(500)	7.79
21 November 2017	50,000	8.36

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
21 November 2017	(1,000)	7.79
21 November 2017	(10,000)	7.79
21 November 2017	(30,500)	7.79
21 November 2017	(1,000)	7.79
21 November 2017	500	8.38
21 November 2017	2,000	7.91
21 November 2017	1,500	8.38
22 November 2017	1,000	7.89
22 November 2017	6,000	7.89
22 November 2017	3,000	7.89
22 November 2017	1,000	7.71
22 November 2017	3,000	7.65
23 November 2017	7,000	8.20
23 November 2017	10,000	8.24
23 November 2017	500	8.15
23 November 2017	4,500	8.15
23 November 2017	3,000	8.20
23 November 2017	5,000	8.15
23 November 2017	(1,000)	8.67
23 November 2017	(1,000)	8.66
23 November 2017	(3,500)	8.66
23 November 2017	(4,500)	8.66
23 November 2017	(5,000)	8.29
23 November 2017	20,000	8.81
23 November 2017	6,500	8.29
23 November 2017	(3,000)	8.70
23 November 2017	(20,000)	8.76
23 November 2017	(1,500)	8.46
23 November 2017	12,000	8.70
24 November 2017	(500)	8.68
24 November 2017	(2,500)	8.23
24 November 2017	(500)	8.23
24 November 2017	(1,500)	8.23
24 November 2017	(10,000)	8.23
24 November 2017	11,500	8.68
24 November 2017	2,500	8.68
24 November 2017	2,000	8.68
24 November 2017	30,000	8.22
24 November 2017	20,000	8.19
24 November 2017	(10,000)	8.68
24 November 2017	(500)	8.68
24 November 2017	(1,500)	8.68
24 November 2017	(1,500)	8.68

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
24 November 2017	(2,000)	8.68
24 November 2017	(500)	8.23
24 November 2017	(3,000)	8.23
24 November 2017	(2,000)	8.23
24 November 2017	(5,500)	8.23
24 November 2017	(5,500)	8.23
24 November 2017	(1,500)	8.23
24 November 2017	(1,000)	8.23
24 November 2017	(4,500)	8.23
24 November 2017	(4,500)	8.23
24 November 2017	(5,000)	8.23
24 November 2017	(2,500)	8.23
24 November 2017	1,000	8.80
24 November 2017	1,500	8.80
24 November 2017	8,000	8.80
24 November 2017	1,500	8.79
24 November 2017	1,000	8.79
29 November 2017	(9,500)	8.01
29 November 2017	(2,000)	8.01
29 November 2017	(500)	8.01
29 November 2017	(2,000)	8.01
29 November 2017	(500)	8.01
29 November 2017	(4,000)	8.01
29 November 2017	(1,500)	8.01
30 November 2017	(1,000)	7.80
30 November 2017	2,000	7.61
30 November 2017	500	7.61
30 November 2017	4,000	7.61
30 November 2017	6,500	7.60
30 November 2017	5,000	7.79
30 November 2017	1,500	7.79
30 November 2017	500	7.84
30 November 2017	1,500	7.84
30 November 2017	1,000	7.84
30 November 2017	1,000	7.84
30 November 2017	(9,000)	7.80
30 November 2017	(1,000)	7.80
30 November 2017	1,000	7.61
30 November 2017	(5,000)	7.80
30 November 2017	(4,000)	7.80
30 November 2017	2,000	7.81
30 November 2017	500	7.82
30 November 2017	1,500	7.82

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
30 November 2017	500	7.79
30 November 2017	2,000	7.77
30 November 2017	500	7.77
30 November 2017	1,000	7.77
30 November 2017	1,500	7.77
30 November 2017	2,000	7.59
30 November 2017	1,000	7.59
30 November 2017	500	7.59
30 November 2017	500	7.59
30 November 2017	2,000	7.60
30 November 2017	1,000	7.80
1 December 2017	500	7.84
1 December 2017	3,000	7.84
1 December 2017	2,500	7.84
1 December 2017	1,500	7.84
1 December 2017	12,500	7.85
6 December 2017	(500)	7.74
6 December 2017	(6,500)	7.74
6 December 2017	(10,000)	7.75
6 December 2017	(3,000)	7.74
7 December 2017	5,000	7.69
7 December 2017	500	7.69
7 December 2017	500	7.69
7 December 2017	500	7.69
7 December 2017	2,500	7.69
7 December 2017	1,000	7.69
8 December 2017	(5,000)	8.17
8 December 2017	500	8.01
8 December 2017	1,000	8.01
8 December 2017	500	8.02
8 December 2017	1,000	8.01
8 December 2017	2,000	8.02
11 December 2017	5,000	8.28
11 December 2017	5,000	8.30
11 December 2017	10,000	8.31
11 December 2017	1,000	8.15
11 December 2017	2,500	8.15
11 December 2017	10,000	8.15
11 December 2017	500	8.15
11 December 2017	1,000	8.15
11 December 2017	1,500	8.15
11 December 2017	2,500	8.15
11 December 2017	3,000	8.15

Trading Date	No. of Shares bought (sold)	Transfer price per Share (HK\$)
11 December 2017	1,500	8.15
11 December 2017	1,000	8.15
11 December 2017	1,500	8.15
11 December 2017	3,000	8.15
11 December 2017	500	8.15
11 December 2017	1,000	8.15
11 December 2017	5,500	8.15
11 December 2017	3,500	8.15
11 December 2017	500	8.15
11 December 2017	3,000	8.31
12 December 2017	(3,000)	8.15
13 December 2017	1,500	8.29
13 December 2017	7,000	8.29
13 December 2017	500	8.29
13 December 2017	1,000	8.29
13 December 2017	(4,000)	8.28
13 December 2017	(26,000)	8.28
13 December 2017	(4,000)	8.20
14 December 2017	9,000	8.13
14 December 2017	1,000	8.13

- (d) During the Offer Period and up to the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code has dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) During the Offer Period and up to the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

7. DEALINGS IN SHARES OF THE OFFEROR

During the Relevant Period, neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

Name	Position	Term of Contract	Amount of remuneration
Ludovic, Frédéric, Pierre HOLINIER	Executive Director	a term of 3 years from 11 July 2017 to 10 July 2020 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$1 per annum
HUANG Ming-Tuan	Executive Director	a term of 3 years from 27 July 2017 to 26 July 2020 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$1 per annum
CHENG Chuan-Tai	Non-executive Director and Chairman	a term of 3 years from 27 July 2017 to 26 July 2020 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$1 per annum
Xavier, Marie, Alain DELOM de MEZERAC	Non-executive Director	a term of 3 years from 27 July 2017 to 26 July 2020 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$1 per annum
Wilhelm, Louis HUBNER	Non-executive Director	a term of 3 years from 11 December 2015 to 10 December 2018 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$1 per annum
Karen Yifen CHANG	Independent non-executive Director	a term of 3 years from 27 June 2017 to 26 June 2020 (both dates inclusive)	HK\$345,000 per annum

Name	Position	Term of Contract	Amount of remuneration
Desmond MURRAY	Independent non-executive Director	a term of 3 years from 27 June 2017 to 26 June 2020 (both dates inclusive)	HK\$425,000 per annum
HE Yi	Independent non-executive Director	a term of 3 years from 27 June 2017 to 26 June 2020 (both dates inclusive)	HK\$345,000 per annum

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which: (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. MATERIAL CONTRACTS

The following contracts (being the contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by the Company or any of its subsidiaries within the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are or maybe material:

- (a) a sale and purchase agreement dated 11 July 2017 and entered into between the Company and Grand Charm Ventures Limited (億昌創投有限公司, a company incorporated in British Virgin Islands) in relation to the acquisition of 14.255% equity interest in Feiniu E-Commerce Hong Kong Limited (a company incorporated in Hong Kong with limited liability) for a consideration of RMB166,732,576, pursuant to which Feiniu E-Commerce Hong Kong Limited became a wholly-owned subsidiary of the Company;
- (b) a sale and purchase agreement dated 25 August 2017 and entered into between the Company (as purchaser), Fields China Holdings Limited (as seller, a company incorporated in British Virgin Islands) and TZG Fields Limited (a company incorporated in British Virgin Islands) in relation to the acquisition of approximately 24.37% equity interest in Fields Hong Kong Limited (a company incorporated in Hong Kong with limited liability) for a consideration of US\$2,974,672;

- (c) a sale and purchase agreement dated 25 August 2017 and entered into between the Company (as purchaser) and Sharingbrook Holdings Limited (a company incorporated in Samoa) in relation to the acquisition of approximately 8.40% equity interest in Fields Hong Kong Limited (a company incorporated in Hong Kong with limited liability) for a consideration of US\$1,025,328; and
- (d) a joint venture agreement dated 20 December 2016 and entered into between the Company and Hotel Shilla Co., Ltd. (a company incorporated in the Republic of Korea) in relation to the incorporation of Hong Kong LLABEAU Limited (a joint venture company incorporated in Hong Kong with limited liability) for the development, management and operation of cosmetics specialty retail business in the PRC, and Taiwan.

11. EXPERTS

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

Name	Qualification
CICC	a licensed corporation under the SFO, licensed to carry out 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
Somerley Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
HSBC	a registered institution under the SFO registered to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
KPMG	Certified Public Accountants
Cushman & Wakefield Limited	independent property valuer
JunHe LLP Shanghai Office (君合律師事務所上海分所)	PRC legal adviser
(collectively, the “ Experts ”)	

12. CONSENTS

Each of the Experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name and logo in the form and context in which they are respectively included.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director has a material personal interest.
- (d) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, or its concert parties, and any other person.
- (e) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any of the Company's associates by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person.
- (f) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of its concert parties, on the one hand, and any Directors, recent directors of the Company, Shareholders or recent shareholders of the Company, on the other hand, having any connection with or dependence upon or is otherwise connected with the Offer.
- (g) The Shares acquired in the Offer will not be charged or pledged to any other persons; and unless otherwise required by the Listing Rules with regard to the public float requirements or under the letter of undertaking dated 20 November 2017 between the Offeror and Auchan as disclosed in the section headed "Letter from CICC – Letter of undertaking between the Offeror and Auchan" of this Composite Document, the Offeror has no intention to transfer any such Shares acquired in the Offer.
- (h) The principal members of the Offeror's concert group include Alibaba Group and CICC.

- (i) The Offeror is an indirectly wholly-owned subsidiary of Alibaba Group. The directors of Alibaba Group are MA Jack Yun, TSAI Joseph C., ZHANG Daniel Yong, EVANS J. Michael, JING Eric Xiangdong, TUNG Chee Hwa, KWAUK Walter Teh Ming, YANG Jerry, EKHOLM Börje E., MARTELLO Wan Ling and SON Masayoshi.
- (j) The registered address of the Offeror is 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (k) The registered address of Alibaba Group is Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands.
- (l) The registered address of the Company is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (m) The head office and principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (n) The principal business address of CICC is at 29th Floor, One International Finance Centre 1 Harbour View Street Central, Hong Kong.
- (o) The Offer is unconditional in all respects; and, as such, there is no agreement or arrangement to which the Offeror is party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at www.sunartretail.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from the date of this Composite Document up to the Closing Date:

- (a) the articles of association of the Company;
- (b) the articles of association of the Offeror;
- (c) the annual reports of the Company for each of the years ended 31st December 2015 and 31st December 2016;
- (d) the letter from CICC dated 22 December 2017, the text of which is set out on pages 8 to 19 of this Composite Document;
- (e) the letter from the Board dated 22 December 2017 to the Offer Shareholders, the text of which is set out on pages 20 to 25 of this Composite Document;

- (f) the letter from the Independent Board Committee dated 22 December 2017 to the Offer Shareholders, the text of which is set out on pages 26 to 27 of this Composite Document;
- (g) the letter from the Independent Financial Adviser dated 22 December 2017 to the Independent Board Committee, the text of which is set out on pages 28 to 53 of this Composite Document;
- (h) the letter from KPMG dated 22 December 2017 on the Profit Estimate, the text of which is set out in Appendix III to this Composite Document;
- (i) the letter from HSBC dated 22 December 2017 on the Profit Estimate the text of which is set out in Appendix IV to this Composite Document;
- (j) the letter and full property valuation report of the Group (including the valuation certificates) prepared by Cushman & Wakefield Limited, a summary of which is set out in Appendix V to this Composite Document;
- (k) the material contracts referred to in paragraph 10 of this Appendix VI;
- (l) the service contracts referred to in paragraph 8 of this Appendix VI;
- (m) the written consents referred to in paragraph 12 of this Appendix VI; and
- (n) the Irrevocable Undertakings.