
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in Times Ltd., you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Form of Acceptance, the contents of which form part of the terms of the Offer contained therein.

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.

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



Lotte Shopping Holdings (Hong Kong) Co., Limited
(Incorporated in Hong Kong with limited liability)

TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1832)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
RELATING TO
A VOLUNTARY CONDITIONAL CASH OFFER BY
NOMURA INTERNATIONAL (HONG KONG) LIMITED
ON BEHALF OF
LOTTE SHOPPING HOLDINGS (HONG KONG) CO., LIMITED
A WHOLLY-OWNED SUBSIDIARY OF LOTTE SHOPPING CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
TIMES LTD.**

**Financial adviser to
Lotte Shopping Holdings (Hong Kong) Co., Limited**

NOMURA

**Financial adviser to
Times Ltd.**

HSBC 

**Independent financial adviser to the
Times Ltd. independent board committee**

 **CIMB**

CIMB Securities (HK) Limited

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

This Composite Document is issued jointly by Lotte Hong Kong and Times Ltd..

A letter from Nomura containing, among other things, details of the terms of the Offer is set out on pages 6 to 16 of this Composite Document.

A letter from the Times Board is set out on pages 17 to 23 of this Composite Document.

A letter from the Independent Board Committee is set out on page 24 to 25 of this Composite Document. A letter from CIMB containing advice to the Independent Board Committee in respect of the Offer is set out on pages 26 to 45 of this Composite Document.

The procedures for acceptance and other related information are 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 Receiving Agent no later than 4:00 p.m. on 11 January 2010 (or such other time and/or date as Lotte Hong Kong may determine and announce with the consent of the Executive).

** For identification purposes only*

21 December 2009

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
LETTER FROM NOMURA	6
LETTER FROM THE TIMES BOARD	17
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	24
LETTER FROM CIMB	26
APPENDIX I — FURTHER TERMS OF THE OFFER	46
APPENDIX II — FINANCIAL INFORMATION OF TIMES LTD.	54
APPENDIX III — PROPERTY VALUATION	103
APPENDIX IV — STATUTORY AND GENERAL INFORMATION	134

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by Lotte Hong Kong and Times Ltd.. All time references contained in this Composite Document are to Hong Kong time.

Despatch date of this Composite Document and the commencement of the Offer (*Note 1*) Monday, 21 December 2009

Offer expected to be declared unconditional in all respects (*Note 2*) . . Tuesday, 22 December 2009

Latest time and date for acceptance of the Offer on the first Closing Date (*Note 3*) 4:00 p.m. on Monday, 11 January 2010

Latest time and date for the Offer remaining open for acceptance assuming the Offer becomes or is declared wholly unconditional on 22 December 2009 (*Note 4*) 4:00 p.m. on Monday, 11 January 2010

Announcement of the result of the Offer, as at the first Closing Date, on the website of the Stock Exchangeby 7:00 p.m. on Monday, 11 January 2010

Latest date for posting of remittances for the amount due in respect of valid acceptances received on the first Closing Date (*Note 5*) Thursday, 21 January 2010

Latest time and date by which the Offer can become or be declared unconditional as to acceptances (*Note 6*) 7:00 p.m. on Friday, 19 February 2010

Notes:

- (1) The Offer is made on Monday, 21 December 2009, namely the date of posting of this Composite Document, and is capable of being accepted on and from that date.
- (2) CS International has informed Times Ltd. that it intends to accept the Offer in respect of the CSI Shares on the date of despatch of this Composite Document. Assuming CS International accepts the Offer in respect of the CSI Shares by 4:00 p.m. on 21 December 2009 in accordance with the Irrevocable Undertaking and each of the Conditions is satisfied (or, if permissible, waived), Lotte Hong Kong intends to declare the Offer unconditional in all respects on Tuesday, 22 December 2009.
- (3) In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance of the Offer is 4:00 p.m. on Monday, 11 January 2010. See also note (4) below.
- (4) In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which the Composite Document is posted and, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than 14 days thereafter. Lotte Hong Kong reserves its right to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). Lotte Hong Kong will issue an announcement in relation to any extension of the Offer, which will state the next closing date or, if the Offer has become or is at that time unconditional, that the Offer will remain open until further notice. Lotte Hong Kong has stated its intention in this Composite Document to exercise certain rights under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares

EXPECTED TIMETABLE

not acquired by Lotte Hong Kong under the Offer if it and its Concert Parties, within four months of the posting of the Composite Document, acquire not less than 90% of the Shares (as at the date which is four months after the posting of the Composite Document) pursuant to Rule 2.11 of the Takeovers Code. The Offer may not remain open for acceptance for more than 4 months from the date of posting of this Composite Document, unless Lotte Hong Kong has by that time become entitled to exercise those rights of compulsory acquisition.

- (5) The consideration payable for the Shares under the Offer will be posted by ordinary post to the Shareholders accepting the Offer at their own risk as soon as possible, but in any event within 10 days of the later of: (i) the date of receipt by the Receiving Agent of all the relevant documents to render the acceptance under the Offer complete and valid, and (ii) the date the Offer becomes, or is declared, unconditional.
- (6) In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day on which this Composite Document is posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Friday, 19 February 2010, unless extended with the consent of the Executive.

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Lotte Hong Kong proceeds with the privatisation of Times Ltd., dealings in the securities of Times Ltd. will be suspended from the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Times Ltd.'s securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the compulsory acquisition rights are not available to Lotte Hong Kong, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Times Ltd., being 25% 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.

In the event that compulsory acquisition rights are not available to Lotte Hong Kong, Lotte Hong Kong intends Times Ltd. to remain listed on the Stock Exchange. The directors of Lotte Hong Kong and the new directors to be appointed to the Times Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Times Ltd.'s shares.

In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

DEFINITIONS

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

- “Affiliate”** means a person that directly or indirectly controls, is controlled by or is under common control with such specified person and “control” means in relation to any person at any time, the power (whether directly or indirectly and whether by ownership of share capital, possession of voting power, contract or otherwise) to appoint the majority of the members of the governing body or management, or otherwise to control the affairs and policies of that other person;
- “Business Day”** means a day on which securities listed on the Stock Exchange are traded;
- “BVI”** means the British Virgin Islands;
- “Cayman Islands Companies Law”** means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
- “CIMB”** means CIMB Securities (HK) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee in relation to the Offer;
- “Closing Date”** means the first closing date of the Offer, being 21 days after the date on which this Composite Document is posted, or any subsequent closing date as may be announced by Lotte Hong Kong and approved by the Executive;
- “Composite Document”** means the composite document in connection with the Offer, incorporating the Offer Document issued by Lotte Hong Kong and the Response Document issued by Times Ltd. in connection with the Offer;
- “Concert Parties”** means parties acting in concert with Lotte Hong Kong, as determined in accordance with the Takeovers Code;
- “Conditions”** means the conditions of the Offer, as set out under the paragraph headed “Conditions of the Offer” in the “Letter from Nomura” of this Composite Document;
- “Consent(s)”** means any consent, approval, authorisation, qualification, waiver, permit, grant, franchise, concession, agreement, licence, exemption or order of, registration, certificate, declaration or permission from, or filing with, or report or notice to, any Relevant Authority;

DEFINITIONS

“CS International”	means CS International Investment Limited, a company incorporated in the British Virgin Islands with limited liability, of which Mr. Fang is the largest single ultimate beneficial owner;
“CSI Shares”	means 631,800,000 Shares held by CS International as at the date of the Irrevocable Undertaking (representing approximately 72.3% of the issued share capital of Times Ltd. as at the Latest Practicable Date);
“Director(s)”	means the director(s) for the time being of Times Ltd.;
“Dudley”	means Dudley Surveyors Limited;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Form of Acceptance”	means the form of acceptance and transfer of the Shares in respect of the Offer;
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Companies Ordinance”	means the Companies Ordinance (Cap. 32 of the Laws of Hong Kong);
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Independent Board Committee”	means the independent committee of the Times Board comprising the existing independent non-executive Directors, namely Mr. Chan Wing Kee, Mr. Ting Woo Shou, Kenneth and Mr. Lau Yuen Sun, Adrian;
“Irrevocable Undertaking”	means the irrevocable undertaking dated 16 October 2009 given by CS International and Mr. Fang in favour of Lotte Hong Kong;
“Joint Announcement”	means the joint announcement issued by Lotte Hong Kong and Times Ltd. on 19 October 2009 in connection with the Offer;
“Korea”	means the Republic of Korea;

DEFINITIONS

“KRW”	means the Korean Won, the lawful currency of Korea;
“Last Trading Date”	means 9 October 2009, being the last full trading day prior to the suspension of trading in the Shares pending the publication of the Joint Announcement;
“Latest Practicable Date”	means 18 December 2009, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information referred to in this Composite Document;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Lotte Hong Kong”	means Lotte Shopping Holdings (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability;
“Lotte Hong Kong Directors”	means the directors for the time being of Lotte Hong Kong;
“Lotte Shopping”	means Lotte Shopping Co., Ltd., a company incorporated in Korea with limited liability and whose shares are listed on the Stock Market Division of the Korea Exchange;
“Mr. Fang”	means Mr. Fang Hung, Kenneth;
“Nomura”	means Nomura International (Hong Kong) Limited, a corporation limited under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities;
“Offer”	means the voluntary conditional cash offer by Nomura, on behalf of Lotte Hong Kong, at the Offer Price to acquire all of the Shares;
“Offer Document”	means the document required to be issued by, or on behalf of Lotte Hong Kong to all Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Offer and the terms and conditions of the Offer and forming part of the Composite Document;
“Offer Period”	means the period from 25 August 2009 until whichever is the latest of the date when the Offer closes for acceptance, the date when the Offer lapses, and the date when an announcement is made of the withdrawal of the Offer;
“Offer Price”	means the cash amount of HK\$5.575 payable by Lotte Hong Kong to Shareholders for each Share accepted under the Offer;

DEFINITIONS

“PRC”	means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan);
“PRC Antitrust Filing”	means the submission of a formal notification pursuant to The Anti-Monopoly Law of the PRC to the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC, in connection with the Offer;
“Pre-Condition”	means the pre-condition to the making of the Offer as described under the paragraph headed “Pre-Condition to the Offer” in the “Letter from Nomura” of this Composite Document;
“Receiving Agent”	means Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong;
“Relevant Authorities”	means any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution in the PRC;
“RMB”	means Renminbi, the lawful currency of the PRC;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	means ordinary shares of HK\$0.01 each in the issued share capital of Times Ltd.;
“Shareholders”	means registered holders for the time being of the Shares;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“Takeovers Code”	means the Code on Takeovers and Mergers issued by the SFC;
“Times Board”	means the board of directors of Times Ltd.;
“Times Ltd.”	means Times Ltd., a company incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange (Stock Code: 1832);
“Times Group”	means Times Ltd. and its subsidiaries; and
“%”	means per cent.

DEFINITIONS

In this Composite Document, unless otherwise stated, certain amounts denominated in one currency have been translated into another currency at the exchange rates set out below, in each case for illustration purposes only. Such conversions shall not be construed as representations that amounts in one currency were or may have been converted into another currency at such rates or any other exchange rates.

US\$1 = KRW1,260

US\$1 = HK\$7.75

HK\$1 = KRW162.6

HK\$1 = RMB0.881

Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.

LETTER FROM NOMURA

NOMURA

30th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

21 December 2009

To the Shareholders,

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
NOMURA INTERNATIONAL (HONG KONG) LIMITED
ON BEHALF OF LOTTE SHOPPING HOLDINGS (HONG KONG) CO., LIMITED
A WHOLLY-OWNED SUBSIDIARY OF LOTTE SHOPPING CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF TIMES LTD.**

1 INTRODUCTION

On 19 October 2009, Lotte Hong Kong (a wholly-owned subsidiary of Lotte Shopping) and Times Ltd. jointly announced that Nomura would, on behalf of Lotte Hong Kong and subject to the satisfaction of the Pre-Condition, make a voluntary conditional cash offer to acquire all of the Shares.

On 16 December 2009, Lotte Hong Kong and Times Ltd. jointly announced that the Pre-Condition had been fulfilled. Accordingly, Nomura will, on behalf of Lotte Hong Kong, make a voluntary conditional cash offer to acquire all of the Shares.

This letter sets out details of the principal terms of the Offer, together with information relating to Lotte Hong Kong and the intentions of Lotte Hong Kong in relation to the Times Group. Further details of the terms of the Offer are set out under the paragraph headed “Further Terms of the Offer” below, and details of the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the letter from the Times Board, the letter from the Independent Board Committee and the letter from CIMB contained in this Composite Document.

LETTER FROM NOMURA

2 THE OFFER

2.1 Consideration for the Offer

Nomura, on behalf of Lotte Hong Kong, is making the Offer to acquire all of the Shares on the following basis:

For each Share HK\$5.575 in cash

As at the Latest Practicable Date, there were 873,990,000 Shares in issue. Other than the 873,990,000 Shares in issue, Times Ltd. has no other shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares or other types of equity interest.

2.2 Comparisons of value

The Offer Price represents:

	Share Price of Times Ltd. HK\$	Premium of the Offer Price to the Share Price %
Closing price on the Latest Practicable Date	\$5.54	0.63%
Closing price on the Last Trading Date	\$4.45	25.28%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.45	25.28%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.30	29.65%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.17	33.69%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$3.77	47.88%
Closing price of the last business and trading day prior to the commencement of the Offer Period	\$3.75	48.67%

LETTER FROM NOMURA

2.3 Highest and lowest prices

During the period beginning 25 February 2009, being six months prior to the commencement of the Offer Period, and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$5.54 on 17 December 2009 and 18 December 2009 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.38 on 2 March 2009.

2.4 Consideration for the Shares

Based on the Offer Price of HK\$5.575 per Share and 873,990,000 Shares in issue as at the Latest Practicable Date, the maximum amount payable under the Offer (assuming the Offer is accepted in full or Lotte Hong Kong becomes entitled to exercise and does exercise the right of compulsory acquisition referred to under the subparagraph “Intentions in relation to Times Ltd.” below) is approximately HK\$4,872 million.

The consideration payable under the Offer was determined on the basis of the most recent published financial information of Times Ltd., Lotte Hong Kong’s review of Times Ltd.’s business and potential synergies arising from the acquisition of control by Lotte Hong Kong.

2.5 Confirmation of Financial Resources

The maximum aggregate cash consideration to be paid to Shareholders in connection with the Offer (assuming the Offer is accepted in full or Lotte Hong Kong becomes entitled to exercise and does exercise the right of compulsory acquisition referred to under the subparagraph “Intentions in relation to Times Ltd.” below) is approximately HK\$4,872 million. This amount will be funded by Lotte Hong Kong from funds which have been made available to it by its Affiliates.

Nomura has been appointed as the financial adviser to Lotte Hong Kong in respect of the Offer.

Nomura is satisfied that sufficient financial resources are available to Lotte Hong Kong to implement the Offer in full as described above.

3 PRE-CONDITION TO THE OFFER

As disclosed in the Joint Announcement, the making of the Offer was conditional upon any applicable waiting periods for a response from the Relevant Authorities having expired or being terminated and/or any Consents (including without limitation any approval in relation to any PRC Antitrust Filing) in relation to the Offer or the completion thereof having been obtained in terms satisfactory to Lotte Hong Kong or pursuant to the provisions of any laws or regulations in the PRC, in each case where necessary for completion of the Offer.

On 16 December 2009, Lotte Hong Kong and Times Ltd. jointly announced that, on 15 December 2009, Lotte Hong Kong formally obtained written clearance dated 15 December 2009 from the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in relation to the PRC Antitrust Filing in relation to the Offer and that, accordingly, Lotte Hong Kong is satisfied that the Pre-Condition had been fulfilled.

LETTER FROM NOMURA

4 CONDITIONS OF THE OFFER

The Offer is conditional on the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. (Hong Kong time) on the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) in respect of at least 70% of the Shares as at the Last Trading Date; and
- (b) save as disclosed in writing to Lotte Hong Kong or its advisers or as otherwise publicly announced through filings by Times Ltd. with the Stock Exchange prior to 16 October 2009 or as disclosed in the annual report and accounts of Times Ltd. for the year ended 31 December 2008, since 30 June 2009 and prior to satisfaction of Condition (a), there having been no material adverse change in the business, assets, liabilities, financial or trading position or prospects of any member of the Times Group, to an extent which is material in the context of the Times Group taken as a whole (and for this purpose, “material adverse change” shall include, without limitation, the closure, or the happening of any event which will or is reasonably expected to lead to the closure, of an aggregate of more than seven stores operated by any member of the Times Group including the four already disclosed).

Lotte Hong Kong reserves the right to waive Condition (b) in whole or in part. Condition (a) cannot be waived.

In addition to the Conditions set out above, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to Lotte Hong Kong that the Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of posting of this Composite Document. There have been no changes to the rights attaching to Shares and there have been no dividends or distributions declared, made or paid between the date of the Joint Announcement and the Latest Practicable Date.

The Offer is made in compliance with the Takeovers Code, which is administered by the Executive.

Completion of the Offer

If the Conditions are not satisfied (or, if permissible, waived) on or before the Closing Date in the case of Condition (a), or on or before the date of satisfaction of Condition (a) in the case of Condition (b), the Offer will lapse unless Condition (a) is extended by Lotte Hong Kong. In that case, Lotte Hong Kong will issue an announcement in relation to the revision, extension, expiry or unconditionality of the Offer in accordance with the Takeovers Code and Listing Rules by 7:00 p.m. (Hong Kong time) on the Closing Date. The latest date on which Lotte Hong Kong can declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

LETTER FROM NOMURA

CS International has informed Times Ltd. that it intends to accept the Offer in respect of the CSI Shares by 4:00 p.m. on 21 December 2009. Assuming CS International accepts the Offer in respect of the CSI Shares by 4:00 p.m. on 21 December 2009 in accordance with the Irrevocable Undertaking and each of the Conditions is satisfied (or, if permissible, waived), Lotte Hong Kong intends to declare the Offer unconditional in all respects on 22 December 2009.

If the Conditions are satisfied (or, if permissible, waived), Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

5 IRREVOCABLE UNDERTAKING

On 16 October 2009, CS International and Mr. Fang executed an Irrevocable Undertaking in favour of Lotte Hong Kong, pursuant to which CS International and Mr. Fang have undertaken to accept or procure the acceptance of the Offer in respect of the CSI Shares no later than 4:00 p.m. (Hong Kong time) on the 4th Business Day following the despatch of this Composite Document. The CSI Shares represented approximately 72.3% of the issued share capital of Times Ltd. as at the Latest Practicable Date.

The Irrevocable Undertaking given by CS International and Mr. Fang also provides that prior to the date on which CS International accepts the Offer in respect of the CSI Shares in the manner described above, CS International and Mr. Fang shall not, among other things, sell, transfer, charge, encumber, grant any option over or otherwise dispose of or create any encumbrance, interest or right of any kind in respect of any interest in the CSI Shares nor enter into any agreement and/or arrangement to do so, and shall not accept or agree to accept any other offer in respect of all or any of the CSI Shares.

Assuming the Conditions of the Offer described above are satisfied (or, if permissible, waived) and the Offer proceeds and based on the Offer Price of HK\$5.575 per Share, pursuant to the Irrevocable Undertaking, Lotte Hong Kong shall acquire from CS International the CSI Shares for a total consideration of HK\$3,522,285,000.

The Irrevocable Undertaking also provides for the appointment of such number of directors nominated by Lotte Hong Kong as Lotte Hong Kong shall request to the Times Board with effect from the date on which the Offer becomes unconditional in all respects.

The Irrevocable Undertaking executed by CS International and Mr. Fang shall terminate and their obligations shall cease if: (a) the Offer includes any material terms, or is subject to any material conditions, other than those set out in the Joint Announcement; or (b) the Offer lapses.

The Irrevocable Undertaking will remain binding even if a higher offer is made for the Shares by or on behalf of parties other than Lotte Hong Kong.

6 NON-COMPETITION UNDERTAKINGS

CS International and Mr. Fang have respectively undertaken in favour of Lotte Hong Kong that they shall not, and shall procure that their Affiliates shall not, until the date which is 36 months from the date on which CS International irrevocably accepts the Offer in respect of the CSI Shares, subject to certain exceptions, engage in the operation or management of hypermarkets and/or supermarkets in the PRC, or solicit or engage employees from the Times Group.

CS International has also given certain representations and warranties to Lotte Hong Kong in relation to the Times Group and the CSI Shares.

LETTER FROM NOMURA

7 GENERAL INFORMATION

7.1 Information on Lotte group, Lotte Shopping and Lotte Hong Kong

Lotte Hong Kong, a wholly-owned subsidiary of Lotte Shopping, was incorporated in Hong Kong on 12 August 2008, under the Hong Kong Companies Ordinance.

Lotte Shopping was incorporated in Korea on 2 July 1970 and is one of the principal entities of the Lotte group, a leading conglomerate in Korea and designated *chaebol* under the Korea Fair Trade Commission. As at 31 December 2008, Lotte Shopping was the largest entity by sales and equity value of the Lotte group, which is one of Korea's largest consumer goods and retail conglomerates. Lotte Shopping is a leading retail operator in Korea, and also has operations in several international markets. Lotte Shopping is listed on the Stock Market Division of the Korea Exchange, with a market capitalization of over KRW9.2 trillion (approximately over HK\$56.7 billion) as at 30 September 2009. Lotte Shopping's principal activities include the operation of department stores, discount stores, supermarkets, movie theaters, and branded donut shops in Korea. Lotte Shopping also has retail operations in the PRC, Indonesia, Vietnam and Russia.

The audited non-consolidated net asset value of Lotte Shopping was approximately KRW8.8 trillion (approximately HK\$54.3 billion), as of 31 December 2008. For the year ended 31 December 2008, audited non-consolidated profit before tax was approximately KRW927.0 billion (approximately HK\$5.7 billion) and audited non-consolidated net income was approximately KRW742.8 billion (approximately HK\$4.6 billion).

The Lotte group operates businesses in food and beverage, retail, industrials, engineering and leisure. Aside from the eight listed entities of the Lotte group, there are also a number of additional private unlisted entities engaged in property, engineering, logistics and other businesses.

As at the Latest Practicable Date, none of Lotte Hong Kong nor any of its Concert Parties owned or controlled any Shares or any convertible securities, warrants or options (or other outstanding derivatives) in respect of the Shares.

As at the Latest Practicable Date, none of Lotte Hong Kong nor any of its Concert Parties has borrowed or lent any Shares, save for any borrowed Shares which have been either on-lent or sold.

7.2 Reasons for the Offer

Lotte Hong Kong believes that the acquisition of a controlling stake in Times Ltd. results in various commercial and strategic benefits to Lotte Shopping's international retail operations.

Lotte Shopping is in the process of growing its retail presence in the PRC and the acquisition of Times Ltd. will greatly accelerate Lotte Shopping's growth in terms of sales, number of stores, distributor relationships and others. The acquisition of Times Ltd. also provides Lotte Shopping with access to prime store locations in top tier cities in the PRC, an experienced management team and well-trained workforce, as well as a powerful retail brand known for its strong hypermarket retail offering. Lastly, Times Ltd. will provide a platform and potential consolidation vehicle for the future growth of Lotte Shopping's retail operations in the PRC.

LETTER FROM NOMURA

7.3 Intentions in relation to Times Ltd.

Lotte Hong Kong intends to continue the principal business of the Times Group following the completion of the Offer. In the meantime, Lotte Hong Kong will conduct a review on the business operations and financial position of the Times Group for the purpose of formulating business plans and strategies for the future business development of the Times Group. Pending completion of the review and the development and approval of an integration plan by the senior management of the Lotte group, Lotte Hong Kong does not propose to institute any major changes to the business of the Times Group or to re-deploy the assets of the Times Group. There is a strong commitment to build on the business model of the Times Group, to improve the utilization of its fixed assets and to provide enhanced opportunities for the employees of the Times Group. Other than in its ordinary course of business, Lotte Hong Kong has no intention to discontinue the employment of the employees of the Times Group (save for the change in the composition of the Times Board).

Proposed changes to composition of the Times Board

All the existing Directors have informed Times Ltd. that they will resign from their office with effect from the earliest time permitted under the Takeovers Code. In this respect, Rule 7 of the Takeovers Code provides that the existing Directors may not resign until the first Closing Date, or the date when the Offer becomes or is declared unconditional, whichever is the later. Lotte Hong Kong has nominated Mr. Shin Dong Bin, Mr. Hwang Kag Gyu, Mr. Noh Byung Yong, Mr. Koo Ja Young, Mr. Choi Choon Seok, Mr. Hong Ik Pyo, Mr. Kim Jong In and Mr. Lee In Chul to serve as non-executive Directors and it is intended that they will be appointed by the Times Board as directors with effect from the day on which the Offer becomes unconditional. The rationale of such appointments is that upon the Offer becoming unconditional, Times Ltd. will, subject to payment of the consideration, have become a subsidiary of Lotte Hong Kong. Lotte Hong Kong considers it appropriate that, from such time, its appointees should constitute a majority of the Times Board. Upon the resignation on the first Closing Date (or the date when the Offer becomes or is declared unconditional, whichever is the later) of the existing Directors, Mr. Koo Ja Young, Mr. Hong Ik Pyo, Mr. Kim Jong In and Mr. Lee In Chul will resign from the Times Board in order to devote their time towards other businesses of the Lotte group.

After the resignations of the existing Directors, the number of independent non-executive Directors will fall below the minimum required under the Listing Rules. Appropriate appointments of independent non-executive Directors will be made within 3 months from the date of the relevant Directors' resignations in the event that compulsory acquisition rights do not become available to Lotte Hong Kong.

The brief biographies of the new Directors nominated by Lotte Hong Kong are set out below:

Mr. Shin Dong Bin, aged 54, is the executive vice chairman of Lotte group, as well as CEO of a number of entities of Lotte group. He has been with Lotte group since 1988.

Mr. Shin is also CEO of Lotte Confectionery Company, CEO of Honam Petrochemical Corporation, and CEO of lotte.com. Mr. Shin currently serves as a board member of Lotte Shopping, and Lotte Confectionery Company. He also holds the positions of Vice Chairman of the Federation of Korean Industries and Vice President of the Korea-Japan Economic Association.

LETTER FROM NOMURA

Mr. Shin graduated from Graduate School of Business of Columbia University in 1981 with a Master's Degree.

Mr. Hwang Kag Gyu, aged 54, is the executive vice president of Lotte group. Mr. Hwang joined Lotte group in 1979 and became executive vice president in 2008. Mr. Hwang has extensive experience in mergers and acquisitions and expanding new businesses. He has served as a managing director of the Global and New Business Division at Lotte Corporate Headquarters, and as a team manager of the Cross Function Division of Lotte Shopping. Mr. Hwang acquired his bachelor's degree in chemical engineering from Seoul National University in 1977.

Mr. Noh Byung Yong, aged 58, is the representative director of Lotte Mart and vice president of Lotte group. Mr. Noh joined Lotte group in 1979. Mr. Noh has extensive experience in retail business. He has served as the representative director of Lotte Midopa and the managing director in the Business Operations Headquarters of Lotte Mart. He acquired his bachelor's degree in business administration from Yonsei University.

Mr. Koo Ja Young, aged 54, is currently serving as the merchandising general executive director of Lotte Mart. He joined Lotte group in 1981. Mr. Koo has extensive experience in the operation of department stores. He has served as a managing director of Lotte Department Store. He acquired his master's degree in business administration from Korea University in 1984.

Mr. Choi Choon Seok, aged 49, is currently the sales general executive director of Lotte Mart. He joined Lotte group in 1987. Mr. Choi has extensive experience in retail business. He has served in the management team at Lotte Department Store and Lotte Mart. He acquired his bachelor's degree in business administration from Kwangwoon University in 1986.

Mr. Hong Ik Pyo, aged 56, has been the finance and treasury division executive director of Lotte Mart since 2004. He has extensive experience in finance. He has served as financial officer of Lotte Department Store and Lotte Mart. Mr. Hong received his bachelor's degree in business administration from Sungkyunkwan University in 1977.

Mr. Kim Jong In, aged 46, is the planning division executive director of Lotte Mart. Mr. Kim has extensive experience in business planning. He has served in the Business Strategic Division as well as the Planning Division of Lotte Mart. He acquired his bachelor's degree in Economics from Seoul National University in 1986.

Mr. Lee In Chul, aged in 50, is the business administration division executive director of Lotte Mart. Mr. Lee has extensive experience in human resources. He has served as a manager of the Human Resources Division of Lotte Mart. Mr. Lee joined Lotte group in 1987. He acquired his bachelor's degree in Public Administration from Dankook University in 1982.

Compulsory acquisition and withdrawal of listing

Lotte Hong Kong intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares not acquired by Lotte Hong Kong under the Offer if, within four months of the posting of the Composite Document, it and its Concert Parties acquire not less than 90% of the Shares (as at the date which is four months after the posting of the

LETTER FROM NOMURA

Composite Document). On completion of the compulsory acquisition, if exercised, Times Ltd. will become a wholly-owned subsidiary of Lotte Hong Kong and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where Lotte Hong Kong seeks to acquire or privatise Times Ltd. by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Offer and purchases made by Lotte Hong Kong and its Concert Parties during the period of four months after posting of this Composite Document total 90% of the disinterested Shares (as defined in the Takeovers Code).

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Lotte Hong Kong proceeds with the privatisation of Times Ltd., dealings in the securities of Times Ltd. will be suspended from the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Times Ltd.'s securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

In the event that the compulsory acquisition rights are not available to Lotte Hong Kong, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Times Ltd., being 25% 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.

In the event that compulsory acquisition rights are not available to Lotte Hong Kong, Lotte Hong Kong intends Times Ltd. to remain listed on the Stock Exchange. The directors of Lotte Hong Kong and the new directors to be appointed to the Times Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Times Ltd.'s shares.

In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

LETTER FROM NOMURA

7.4 General matters relating to the Offer

Availability of the Offer

Lotte Hong Kong intends to make available the Offer to all Shareholders, including those with registered addresses, as shown on the register of members of Times Ltd., outside Hong Kong, to the extent practicable. The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

The attention of Shareholders who are not resident in Hong Kong is drawn to sub-paragraph (i) of the paragraph headed “General” in Appendix I to this Composite Document.

In the event that the receipt of this Composite Document by overseas Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the Lotte Hong Kong Directors regard as unduly onerous or burdensome or otherwise not in the best interests of Lotte Hong Kong, this Composite Document, subject to the Executive’s consent, will not be despatched to such overseas Shareholders.

8 FURTHER TERMS OF THE OFFER

Further terms and conditions of the Offer, including the further procedures for acceptance, details of the acceptance period and the procedures for revisions and extension of the Offer, are set out in Appendix I to this Composite Document and the Form of Acceptance.

9 SETTLEMENT OF THE OFFER

9.1 The Offer

Provided that a valid Form of Acceptance and 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) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as Lotte Hong Kong may announce with the consent of the Executive), a cheque for the amount due to each Shareholder less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to the Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes or is declared unconditional in all aspects and the date of receipt of the completed Form of Acceptance and all the relevant documents by the Receiving Agent from the Shareholder accepting the Offer.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save in respect of the payment of seller’s ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which Lotte Hong Kong may otherwise be, or claim to be, entitled against such Shareholder.

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

LETTER FROM NOMURA

9.2 Hong Kong stamp duty

Hong Kong stamp duty at a rate of 0.1% of the amount of the consideration (rounded up to the nearest dollar) payable and calculated as determined by the Collector of the Stamp Revenue under the Stamp Duty Ordinance (Chapter 117, Laws of Hong Kong) is payable by the Shareholders who accept the Offer and will be deducted from the cash amount payable to the Shareholders who accept the Offer. Lotte Hong Kong will bear its own portion of stamp duty and will pay the seller's stamp duty so deducted to the Collector of Stamp Revenue on behalf of the accepting Shareholders.

10 TAXATION

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasized that none of Lotte Hong Kong, Times Ltd., Nomura or any of their respective directors or any persons involved in the Offer accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance of the Offer.

This Composite Document does not include any information in respect of overseas taxation. Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Shares.

11 GENERAL

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee 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 Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses as they appear in the register of members of Times Ltd. (as the case may be), and in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of Times Ltd., as applicable. None of Lotte Shopping, Lotte Hong Kong, its Concert Parties, Times Ltd., Nomura, the Receiving Agent or any of their respective directors or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

12 GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of
Nomura International (Hong Kong) Limited
Colin Banfield
Managing Director

LETTER FROM THE TIMES BOARD

TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1832)

Executive Directors:

Mr. Fang Hung, Kenneth, *GBS, CBE, JP*
Mr. Gao Chunhe
Mr. Fang Yan Tak, Douglas
Mr. Wong See Leung

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Chan Wing Kee, *GBS, OBE, JP*
Mr. Ting Woo Shou, Kenneth, *SBS, JP*
Mr. Lau Yuen Sun, Adrian

*Head office and principal place of
business in Hong Kong:*

4/F, 20-24 Kwai Wing Road
Kwai Chung
New Territories
Hong Kong

21 December 2009

To the Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
NOMURA INTERNATIONAL (HONG KONG) LIMITED
ON BEHALF OF
LOTTE SHOPPING HOLDINGS (HONG KONG) CO., LIMITED
A WHOLLY-OWNED SUBSIDIARY OF LOTTE SHOPPING CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
TIMES LTD.**

1 INTRODUCTION

On 19 October 2009, Lotte Hong Kong and Times Ltd. jointly announced that Nomura will, on behalf of Lotte Hong Kong (a wholly-owned subsidiary of Lotte Shopping) and subject to the satisfaction of the Pre-Condition, make a voluntary conditional cash offer to acquire all of the Shares.

On 16 December 2009, Lotte Hong Kong and Times Ltd. jointly announced that the Pre-Condition had been fulfilled, and Lotte Hong Kong would make, through Nomura, a voluntary conditional cash offer to acquire all of the Shares.

** for identification purposes only*

LETTER FROM THE TIMES BOARD

Mr. Chan Wing Kee, Mr. Ting Woo Shou, Kenneth and Mr. Lau Yuen Sun, Adrian, all of whom are independent non-executive Directors, have been appointed as members of the Independent Board Committee in respect of the Offer.

CIMB has been approved by the Independent Board Committee to act as the independent financial adviser to advise the Independent Board Committee on the Offer.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Times Group, Lotte Hong Kong and the Offer, as well as to set out the letter from the Independent Board Committee containing its recommendation to the Shareholders in respect of the Offer and the letter from CIMB containing its advice and recommendations to the Independent Board Committee in respect of the Offer.

2 THE OFFER

2.1 Consideration for the Offer

Nomura, on behalf of Lotte Hong Kong, is making the Offer to acquire all the Shares on the following basis:

For each Share HK\$5.575 in cash

As at the date of the Latest Practicable Date, there were 873,990,000 Shares in issue. Other than the 873,990,000 Shares in issue, Times Ltd. has no other shares, options, warrants, derivatives or other securities that carry a right to subscribe for, or which are convertible into, Shares or other types of equity interest.

Further details of the Offer, including the comparisons of value, the acceptance and settlement procedures, are set out in the section headed “Letter from Nomura” on pages 6 to 16 of this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE TIMES BOARD

2.2 Comparisons of value

The Offer Price represents:

	Share Price of Times Ltd. HK\$	Premium of the Offer Price to the Share Price %
Closing price on the Latest Practicable Date	\$5.54	0.63%
Closing price on the Last Trading Date	\$4.45	25.28%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.45	25.28%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.30	29.65%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.17	33.69%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$3.77	47.88%
Closing price of the last business and trading day prior to the commencement of the Offer Period	\$3.75	48.67%

2.3 Highest and lowest prices

During the period beginning 25 February 2009, being six months prior to the commencement of the Offer Period, and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$5.54 on 17 December 2009 and 18 December 2009 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.38 on 2 March 2009.

2.4 Maximum consideration

Based on the Offer Price of HK\$5.575 per Share and 873,990,000 Shares in issue as at the Latest Practicable Date, the maximum amount payable under the Offer (assuming the Offer is accepted in full or Lotte Hong Kong becomes entitled to exercise and does exercise the right of compulsory acquisition referred to under the subparagraph “Intentions in relation to Times Ltd.” in the “Letter from Nomura” of this Composite Document) is approximately HK\$4,872 million.

LETTER FROM THE TIMES BOARD

The consideration payable under the Offer was determined on the basis of the most recent published financial information of Times Ltd., Lotte Hong Kong's review of Times Ltd.'s business and potential synergies arising from the acquisition of control by Lotte Hong Kong.

2.5 Conditions of the Offer

In addition to the Conditions set out in the section headed "Letter from Nomura - Conditions of the Offer" of this Composite Document, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to Lotte Hong Kong that the Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever, and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of posting of this Composite Document. There have been no changes to the rights attaching to Shares and there have been no dividends or distributions declared, made or paid between the date of the Joint Announcement and the Latest Practicable Date.

Acceptance of the Offer in respect of the CSI Shares pursuant to the Irrevocable Undertaking described below will satisfy Condition (a) set out in the section headed "Letter from Nomura - Conditions of the Offer" of this Composite Document.

3 IRREVOCABLE UNDERTAKING

On 16 October 2009, CS International and Mr. Fang executed an Irrevocable Undertaking in favour of Lotte Hong Kong, pursuant to which CS International and Mr. Fang have undertaken to accept, or procure the acceptance of, the Offer in respect of the CSI Shares, no later than 4:00 p.m. (Hong Kong time) on the 4th Business Day following the despatch of this Composite Document. The CSI Shares represent approximately 72.3% of the issued share capital of Times Ltd. as at the Latest Practicable Date. CS International has informed Times Ltd. that it intends to accept the Offer in respect of the CSI Shares by 4:00 p.m. on 21 December 2009.

The Irrevocable Undertaking given by CS International and Mr. Fang also provides that prior to the date on which CS International accepts the Offer in respect of the CSI Shares in the manner described above, CS International and Mr. Fang shall not, among other things, sell, transfer, charge, encumber, grant any option over or otherwise dispose of or create any encumbrance, interest or right of any kind in respect of any interest in the CSI Shares nor enter into any agreement and/or arrangement to do so, and shall not accept or agree to accept any other offer in respect of all or any of the CSI Shares.

Assuming the Conditions of the Offer described above are satisfied (or, if permissible, waived) and the Offer proceeds and based on the Offer Price of HK\$5.575 per Share, pursuant to the Irrevocable Undertaking, Lotte Hong Kong shall acquire from CS International the CSI Shares for a total consideration of HK\$3,522,285,000.

The Irrevocable Undertaking also provides for the appointment of such number of directors nominated by Lotte Hong Kong as it shall request to the Times Board with effect from the date on which the Offer becomes unconditional in all respects.

LETTER FROM THE TIMES BOARD

The Irrevocable Undertaking executed by CS International and Mr. Fang shall terminate and their obligations shall cease if (a) the Offer includes any material terms, or is subject to any material conditions, other than those set out in the Joint Announcement; or (b) the Offer lapses.

The Irrevocable Undertaking will remain binding even if a higher offer is made for the Shares by or on behalf of parties other than Lotte Hong Kong.

4 NON-COMPETITION UNDERTAKINGS

CS International and Mr. Fang have respectively undertaken in favour of Lotte Hong Kong that they shall not, and shall procure that their Affiliates shall not, until the date which is 36 months from the date on which CS International irrevocably accepts the Offer in respect of the CSI Shares, subject to certain exceptions, engage in the operation or management of hypermarkets and/or supermarkets in the PRC, or solicit or engage employees from the Times Group.

CS International has also given certain representations and warranties to Lotte Hong Kong in relation to the Times Group and the CSI Shares.

5 GENERAL INFORMATION ON TIMES GROUP

5.1 Information on Times Group and CS International

Times Ltd. was incorporated in the Cayman Islands on 15 March 2007 as an exempted company with limited liability under the Cayman Islands Companies Law. Times Ltd. was listed on the Main Board of the Stock Exchange on 16 July 2007, trading under the stock code 1832. The Times Group is one of the leading operators of hypermarkets and supermarkets in the PRC.

The audited consolidated net asset value of Times Ltd. was approximately RMB1,271,689,000 (approximately HK\$1,443,461,000) as at 31 December 2008. Times Ltd. recorded an audited and unaudited consolidated profit before taxation and extraordinary items of approximately RMB198,023,000 (approximately HK\$224,771,000) and RMB111,710,000 (approximately HK\$126,799,000) for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively. Times Ltd. recorded an audited and unaudited consolidated net profit after taxation and extraordinary items attributable to Shareholders of approximately RMB137,306,000 (approximately HK\$155,852,000) and RMB77,541,000 (approximately HK\$88,015,000) for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively.

HSBC has been appointed as the financial adviser to Times Ltd. in respect of the Offer.

CS International, being the controlling shareholder of Times Ltd., is an investment company incorporated in the BVI. Mr. Fang is the largest single ultimate beneficial owner of CS International.

5.2 Lotte Hong Kong's intentions in relation to Times Ltd.

Your attention is drawn to the section headed "Letter from Nomura - Intentions in relation to Times Ltd." of this Composite Document.

LETTER FROM THE TIMES BOARD

The Times Board is pleased to learn that it is the intention of Lotte Hong Kong to continue the principal business of the Times Group and the Times Board notes the intention of Lotte Hong Kong in respect of the Times Group as disclosed on page 12 of the “Letter from Nomura” of this Composite Document.

Shareholders should note that Lotte Hong Kong has stated that it intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares not acquired by Lotte Hong Kong under the Offer if it and its Concert Parties, within four months of the posting of this Composite Document, acquire not less than 90% of the Shares (as at the date which is four months after the posting of this Composite Document). On completion of the compulsory acquisition, if exercised, Times Ltd. will become a wholly-owned subsidiary of Lotte Hong Kong and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where Lotte Hong Kong seeks to acquire or privatise Times Ltd. by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Offer and purchases made by Lotte Hong Kong and its Concert Parties during the period of four months after posting of this Composite Document total 90% of the disinterested Shares (as defined in the Takeovers Code).

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Lotte Hong Kong proceeds with the privatisation of Times Ltd., dealings in the securities of Times Ltd. will be suspended from the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Times Ltd.’s securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

In the event that the compulsory acquisition rights are not available to Lotte Hong Kong, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Times Ltd., being 25% 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.

In the event that compulsory acquisition rights are not available to Lotte Hong Kong, Lotte Hong Kong intends Times Ltd. to remain listed on the Stock Exchange. The directors of Lotte Hong Kong and the new directors to be appointed to the Times Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Times Ltd.’s shares.

LETTER FROM THE TIMES BOARD

In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

5.3 Statement by the executive Directors of Times Ltd.

Having considered the view of the Independent Board Committee as set out in the section headed “Letter from the Independent Board Committee” of this Composite Document and the advice and recommendations from CIMB in relation to the Offer as set out in the section headed “Letter from CIMB” of this Composite Document, the executive Directors believe that the terms of the Offer are fair and reasonable and in the interests of the Shareholders as a whole.

Shareholders are advised to read the “Letter from the Independent Board Committee” and the “Letter from CIMB” of this Composite Document and, if there is any doubt as to any aspect of the Offer, to consult their own independent adviser.

6 ADDITIONAL INFORMATION

Your attention is drawn to the sections headed “Letter from the Independent Board Committee” and “Letter from CIMB” of this Composite Document which set out the recommendations and opinions of the Independent Board Committee and the independent financial adviser in relation to the Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the section headed “Letter from Nomura” of this Composite Document and the accompanying Form of Acceptance in respect of inter alia, further details of the Offer and the acceptance and settlement procedures of the Offer, as well as the additional information contained in the Appendices which form part of this Composite Document.

By order of the Board of
Times Ltd.
FANG Hung Kenneth
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1832)

21 December 2009

To the Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
NOMURA INTERNATIONAL (HONG KONG) LIMITED
ON BEHALF OF
LOTTE SHOPPING HOLDINGS (HONG KONG) CO., LIMITED
A WHOLLY-OWNED SUBSIDIARY OF LOTTE SHOPPING CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
TIMES LTD.**

INTRODUCTION

We refer to the Composite Document dated 21 December 2009 jointly issued by Nomura, on behalf of Lotte Hong Kong, and Times Ltd., of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Shareholders are concerned.

CIMB has been appointed as the independent financial adviser to the Independent Board Committee to advise us in respect of the terms of the Offer. Details of its advice and principal factors taken into consideration in arriving at its recommendations are set out in the section headed “Letter from CIMB” contained in the Composite Document. CIMB considers that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned, and advises us to recommend the Shareholders to accept the Offer.

We also wish to draw your attention to the sections: (i) “Letter from the Times Board”; (ii) “Letter from Nomura”; and (iii) the additional information set out in the Appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendations of CIMB in relation to the Offer, we consider that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Shareholders that they should consider accepting the Offer.

Notwithstanding our recommendation, the Shareholders should consider carefully the terms of the Offer.

Yours faithfully,

The Independent Board Committee

Mr. Chan Wing Kee

Mr. Ting Woo Shou, Kenneth

Mr. Lau Yuen Sun, Adrian

(signed by

Mr. Lau Yuen Sun, Adrian
under a power of attorney
dated 11 December 2009)

Independent non-executive directors

* *for identification purposes only*

LETTER FROM CIMB



CIMB Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

21 December 2009

To the Independent Board Committee

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER BY
NOMURA INTERNATIONAL (HONG KONG) LIMITED
ON BEHALF OF LOTTE SHOPPING HOLDINGS (HONG KONG) CO., LIMITED
A WHOLLY-OWNED SUBSIDIARY OF LOTTE SHOPPING CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
TIMES LTD.**

INTRODUCTION

We refer to our appointment, as approved by the Independent Board Committee, as the independent financial adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the Composite Document of Times Ltd. dated 21 December 2009, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

An Independent Board Committee comprising Mr. Chan Wing Kee, Mr. Ting Woo Shou, Kenneth, and Mr. Lau Yuen Sun, Adrian, being the three independent non-executive Directors, has been established to advise the Shareholders and to give recommendations to the Shareholders in respect of the terms of the Offer. In our capacity as the independent financial adviser to the Independent Board Committee, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable and whether the Shareholders should accept the Offer.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts supplied to us and representations expressed by the Directors and/or management of the Times Group. The Directors have declared in a responsibility statement set out in Appendix IV to the Composite Document that they collectively and individually accept full responsibility for the accuracy of the information contained in the Composite Document (in respect of the Times Group and its associates), we have assumed that

LETTER FROM CIMB

all such information and facts and any representations made to us or contained in the Composite Document were true, accurate and complete at the time they were made and continue to be so at the date of the Composite Document and during the period up to the close of the Offer. We have been advised by the Directors and/or the management of the Times Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

We consider we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs of the Times Group.

We have not considered the tax implications on the Shareholders of their acceptances or non-acceptances of the Offer since this is particular to their own individual circumstances. In particular, the Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Offer, we have considered the following principal factors and reasons:

I. Background to and major terms of the Offer

Background

As announced by Times Ltd. on 25 August 2009, Times Ltd. has conducted a strategic review of the full range of options available to it. As a result of the strategic review process, Times Ltd. and Lotte Hong Kong agreed to the release of a joint announcement on 19 October 2009 in relation to the Offer on the terms and conditions set out therein. As a consequence, the strategic review process of Times Ltd. has come to an end.

Lotte Hong Kong and Times Ltd. jointly announced on 19 October 2009 that Nomura would, on behalf of Lotte Hong Kong (a wholly-owned subsidiary of Lotte Shopping) and subject to the satisfaction of the Pre-Condition, make a voluntary conditional cash offer to acquire all of the Shares. On 16 December 2009, Lotte Hong Kong and Times Ltd. jointly announced that the Pre-Condition had been fulfilled. Accordingly, Nomura will, on behalf of Lotte Hong Kong, make a voluntary conditional cash offer to acquire all of the Shares.

Major terms of the Offer

The Offer is made on the following basis:

For each ShareHK\$5.575 in cash

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As at the Latest Practicable Date, there were 873,990,000 Shares in issue. Other than the 873,990,000 Shares in issue, Times Ltd. had no other shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares or other types of equity interest.

Conditions of the Offer

The Offer is conditional on the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. (Hong Kong time) on the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) in respect of at least 70% of the issued share capital of Times Ltd. as at the Last Trading Date; and
- (b) save as disclosed in writing to Lotte Hong Kong or its advisers or as otherwise publicly announced through filings by Times Ltd. with the Stock Exchange prior to 16 October 2009 or as disclosed in the annual report and accounts of Times Ltd. for the year ended 31 December 2008, since 30 June 2009 and prior to satisfaction of Condition (a), there having been no material adverse change in the business, assets, liabilities, financial or trading position or prospects of any member of the Times Group, to an extent which is material in the context of the Times Group taken as a whole (and for this purpose, “material adverse change” shall include, without limitation, the closure, or the happening of any event which will or is reasonably expected to lead to the closure, of an aggregate of more than seven stores operated by any member of the Times Group including the four already disclosed).

Lotte Hong Kong reserves the right to waive Condition (b) in whole or in part. Condition (a) cannot be waived.

In addition to the Conditions set out above, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to Lotte Hong Kong that the Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of posting of this Composite Document. There have been no changes to the rights or benefits of Shareholders or distributions declared, made or paid between the date of the Joint Announcement and the Latest Practicable Date.

The Offer is made in compliance with the Takeovers Code, which is administered by the Executive.

Irrevocable Undertakings

On 16 October 2009, CS International and Mr. Fang executed an Irrevocable Undertaking in favour of Lotte Hong Kong, pursuant to which CS International and Mr. Fang have undertaken to accept or procure the acceptance of the Offer in respect of the CSI Shares no later than 4:00 p.m. (Hong Kong time) on the 4th Business Day following the despatch of this Composite

LETTER FROM CIMB

Document. The Irrevocable Undertaking executed by CS International and Mr. Fang shall terminate and their obligations shall cease if: (a) the Offer includes any material terms, or is subject to any material conditions, other than those set out in the Joint Announcement; or (b) the Offer lapses.

Non-competition and non-solicitation undertakings

CS International and Mr. Fang have respectively undertaken in favour of Lotte Hong Kong that they shall not, and shall procure that their Affiliates shall not, until the date which is 36 months from the date on which CS International irrevocably accepts the Offer in respect of the CSI Shares, subject to certain exceptions, engage in the operation or management of hypermarkets and/or supermarkets in the PRC, or solicit or engage employees from the Times Group.

Background of Lotte Hong Kong

Lotte Hong Kong, a wholly-owned subsidiary of Lotte Shopping, was incorporated in Hong Kong on 12 August 2008, under the Hong Kong Companies Ordinance.

Lotte Shopping was incorporated in Korea on 2 July 1970 and is one of the principal entities of the Lotte group, a leading conglomerate in Korea and designated chaebol under the Korea Fair Trade Commission. As at 31 December 2008, Lotte Shopping was the largest entity by sales and equity value of the Lotte group, which is one of Korea's largest consumer goods and retail conglomerates. Lotte Shopping is a leading retail operator in Korea, and also has operations in several international markets. Lotte Shopping is listed on the Stock Market Division of the Korea Exchange, with a market capitalization of over KRW9.2 trillion (approximately over HK\$56.7 billion) as at 30 September 2009. Lotte Shopping's principal activities include the operation of department stores, discount stores, supermarkets, movie theaters, and branded donut shops in Korea. Lotte Shopping also has retail operations in the PRC, Indonesia, Vietnam and Russia.

The audited non-consolidated net asset value of Lotte Shopping was approximately KRW8.8 trillion (approximately HK\$54.3 billion), as of 31 December 2008. For the year ended 31 December 2008, audited non-consolidated profit before tax was approximately KRW927.0 billion (approximately HK\$5.7 billion) and audited non-consolidated net income was approximately KRW742.8 billion (approximately HK\$4.6 billion).

The Lotte group operates businesses in food and beverage, retail, industrials, engineering and leisure. Aside from the eight listed entities of the Lotte group, there are also a number of additional private unlisted entities engaged in property, engineering, logistics and other businesses.

As stated in the letter from Nomura, Lotte Hong Kong intends to continue the principal business of the Times Group following the completion of the Offer. In the meantime, Lotte Hong Kong will conduct a review on the business operations and financial position of the Times Group for the purpose of formulating business plans and strategies for the future business development of the Times Group. Pending completion of the review and the development and approval of an integration plan by the senior management of the Lotte group, Lotte Hong Kong does not propose to institute any major changes to the business of the Times Group or to re-deploy the assets of the Times Group. There is a strong commitment to build on the business model of the Times

LETTER FROM CIMB

Group, to improve the utilization of its fixed assets and to provide enhanced opportunities for the employees of the Times Group. Other than in its ordinary course of business, Lotte Hong Kong has no intention to discontinue the employment of the employees (save for the change in the composition of the Times Board).

Proposed changes to board composition of the Times Board.

All the existing Directors have informed Times Ltd. that they will resign from their office with effect from the earliest time permitted under the Takeovers Code. In this respect, Rule 7 of the Takeovers Code provides that the existing Directors may not resign until the first Closing Date, or the date when the Offer becomes or is declared unconditional, whichever is the later. Lotte Hong Kong has nominated Mr. Shin Dong Bin, Mr. Hwang Kag Gyu, Mr. Noh Byung Yong, Mr. Koo Ja Young, Mr. Choi Choon Seok, Mr. Hong Ik Pyo, Mr. Kim Jong In and Mr. Lee In Chul to serve as non-executive Directors and it is intended that they will be appointed by the Times Board as directors with effect from the day on which the Offer becomes unconditional. The brief biographies of the new Directors nominated by Lotte Hong Kong are set out in the letter from Nomura.

Compulsory acquisition and withdrawal of listing

Lotte Hong Kong intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares not acquired by Lotte Hong Kong under the Offer if, within four months of the posting of the Composite Document, it and its Concert Parties acquires not less than 90% of the Shares (as at the date which is four months after the posting of the Composite Document). On completion of the compulsory acquisition, if exercised, Times Ltd. will become a wholly-owned subsidiary of Lotte Hong Kong and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

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II. Historical financial performance of the Times Group

Times Ltd. was incorporated in the Cayman Islands on 15 March 2007 as an exempted company with limited liability under the Cayman Islands Companies Law. Times Ltd. was listed on the Main Board of the Stock Exchange on 16 July 2007. The Times Group is one of the leading operators of hypermarkets and supermarkets in the PRC. Set out below is selected financial information of the Times Group for the three years ended 31 December 2008 as extracted from the relevant annual reports of Times Ltd. for the years presented and the unaudited consolidated results of the Times Group for the six months ended 30 June 2009:

	Six months Ended 30 June 2009 <i>(unaudited)</i> RMB'000	Six months Ended 30 June 2008 <i>(unaudited)</i> RMB'000	Year Ended 31 December		
			2008 RMB'000	2007 RMB'000	2006 RMB'000
Turnover					
- Sales of Merchandise	2,096,577	2,036,780	3,906,045	3,295,857	2,750,728
- Commission from concessionaire sales	51,507	51,614	100,957	86,097	77,917
	<u>2,148,084</u>	<u>2,088,394</u>	<u>4,007,002</u>	<u>3,381,954</u>	<u>2,828,645</u>
Net profit before taxation	<u>111,710</u>	<u>126,957</u>	<u>198,023</u>	<u>146,844</u>	<u>118,742</u>
Profit attributable to shareholders	<u>77,541</u>	<u>89,299</u>	<u>137,306</u>	<u>84,655</u>	<u>77,518</u>

For the year ended 31 December 2007 (“FY2007”), the Times Group recorded a turnover of RMB3,381,954,000 (approximately HK\$3,838,767,000) representing an increase of 19.6% as compared with the previous year ended 31 December 2006 (“FY2006”) of RMB2,828,645,000 (approximately HK\$3,210,721,000). Such increase in turnover was attributable to the increased number of stores and the overall growth in same-store-sales. As at 31 December 2007, the Times Group operated a total of 58 stores, including 41 hypermarkets and 17 supermarkets. The profit attributable to Shareholders for FY2007 of RMB84,655,000 (approximately HK\$96,090,000), representing an increase of 9.2% as compared to RMB77,518,000 (approximately HK\$87,989,000) reported in FY2006. Such increase in profit was attributable to the Times Group’s improved operational efficiency and healthier capital structure after the initial public offer of Shares in July 2007.

LETTER FROM CIMB

For the year ended 31 December 2008 (“FY2008”), the Times Group recorded a turnover of RMB4,007,002,000 (approximately HK\$4,548,243,000) representing an increase of 18.5% as compared with those recorded in FY2007 of approximately RMB3,381,954,000 (approximately HK\$3,838,767,000). The increase in turnover for FY2008 was mainly attributable to the increased number of stores and the overall growth in same-store-sales. As at 31 December 2008, the Times Group operated a total of 66 stores, including 52 hypermarkets and 14 supermarkets. The profit attributable to Shareholders for FY2008 of RMB137,306,000 (approximately HK\$155,852,000), representing a increase of 62.2% from approximately RMB84,655,000 (approximately HK\$96,090,000) reported in FY2007. Such increase in profit was mainly due to expansion of the gross profit margin, the change of PRC Enterprise Income Tax rate and the reduction of finance costs.

For the six months ended 30 June 2009, the Times Group recorded a turnover of RMB2,148,084,000 (approximately HK\$2,438,234,000) representing an increase of 2.9% as compared with the previous six months ended 30 June 2008 of RMB2,088,394,000 (approximately HK\$2,370,481,000). As at 30 June 2009, the Times Group operated a total of 66 stores, including 53 hypermarkets and 13 supermarkets. The profit attributable to Shareholders for the six months ended 30 June 2009 of RMB77,541,000 (approximately HK\$88,015,000), representing a decrease of 13.2% as compared to RMB89,299,000 (approximately HK\$101,361,000) as reported for the six months ended 30 June 2008. Such decrease in profit was attributable to the negative growth recorded for average year-on-year same store sales and an increase in selling and distribution costs due to the increased number of hypermarkets. The unaudited consolidated net asset value of the Times Group amounted to RMB1,307,652,000 (approximately HK\$1,484,281,000) as at 30 June 2009.

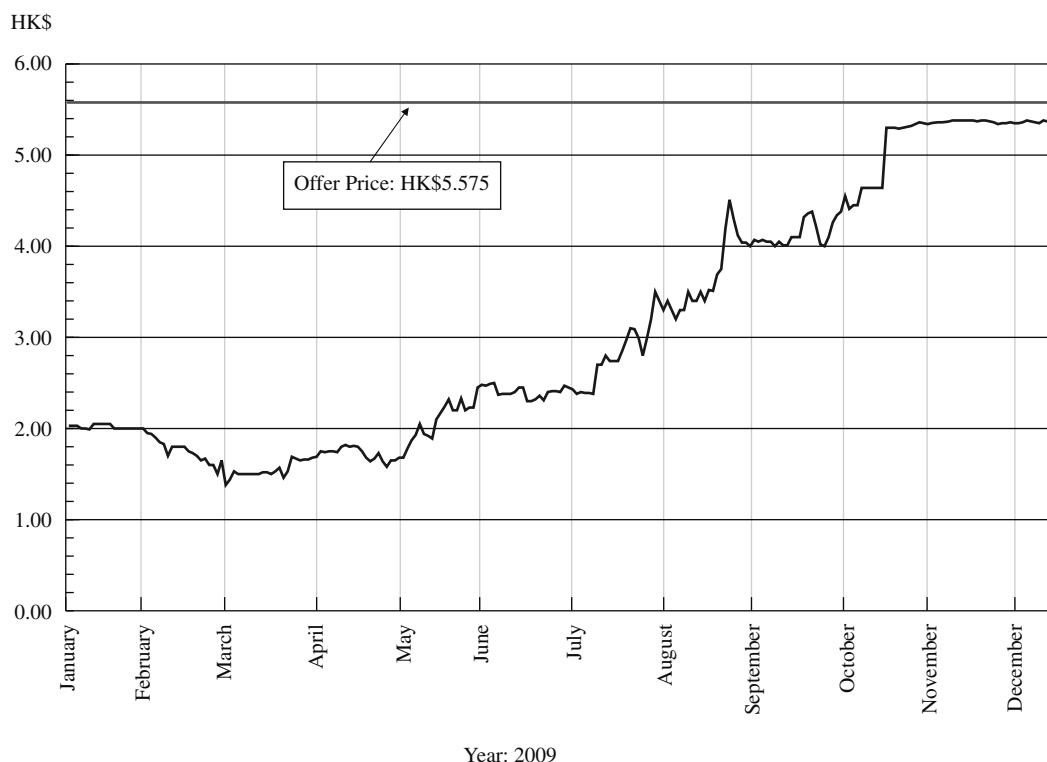
As noted from the 2008 annual report of Times Ltd., the Times Group will continue to focus its business in the affluent second and third tier cities in Eastern China with high growth potentials to achieve organic expansion in these regions. The Times Group is also actively seeking opportunities to acquire properties for use as shop premises as well as other acquisition opportunities to enhance its market share and to sustain its long-term growth objective in the best interest of the Times Group and its shareholders.

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III. Offer Price

(i) *Historical market price and liquidity of the Shares*

The following chart shows the closing price of the Shares as extracted from Bloomberg from 2 January 2009 to the Latest Practicable Date (both dates inclusive) (the “Review Period”):



Times Ltd. went public on 16 July 2007 by listing on the main board of the Stock Exchange at the initial public offer price of HK\$4.18 per Share. On 25 August 2009, Times Ltd. announced that it was conducting a strategic review of the full range of options available to the company. On 24 September 2009, Times Ltd. announced that the strategic review was ongoing, and the process may or may not lead to a general offer for the company. It is observed that the price per Share has embarked on an upward trend since May 2009. As shown in the above chart, during the period from 2 January 2009 to the Last Trading Date (the “Pre-Announcement Period”), the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$4.55 per Share recorded on 6 October 2009, and HK\$1.38 per Share recorded on 2 March 2009 respectively.

The Offer Price is above the closing price of the Shares throughout the Pre-Announcement Period and represents a premium of approximately 22.53% over such highest closing price per Share; and a premium of approximately 303.99% over such lowest closing price per Share during the Pre-Announcement Period.

The Offer Price also represents a considerable premium of approximately 120.36% over the average closing price of HK\$2.53 per Share during the Pre-Announcement Period.

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Trading of Shares was suspended on 10 October 2009 pending release of the Announcement on 19 October 2009. During the period from 20 October 2009 to the Latest Practicable Date (both dates inclusive) (the “Post-Announcement Period”), the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$5.54 recorded on 17 December 2009 and 18 December 2009, and HK\$5.29 recorded on 23 October 2009. The Offer Price is above the closing prices of the Shares throughout the Post-Announcement Period and represents a premium of approximately 0.63% and 5.39%, respectively, to such highest closing price and lowest closing prices per Share recorded during the Post-Announcement Period.

The following table sets out the trading volume of the Shares during the Review Period:

	Average daily trading volume for the month/ period (Note 1)	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date (%)	Percentage of average daily trading volume to total number of Shares held by public shareholders as at the Latest Practicable Date (Note 2) (%)
2009			
January	250,000	0.029	0.10
February	98,671	0.011	0.04
March	174,517	0.020	0.07
April	617,300	0.071	0.25
May	544,971	0.062	0.23
June	107,273	0.012	0.04
July	81,750	0.009	0.03
August	159,250	0.018	0.07
September	207,762	0.024	0.09
2 October – 9 October	184,917	0.021	0.08
Simple average during the Pre-Announcement Period	242,641	0.028	0.10
20 October – 31 October	6,397,425	0.732	2.64
01 November up to and including the Latest Practicable Date	1,278,678	0.146	0.53
Simple average during the Post-Announcement Period	3,838,051	0.439	1.58

Source: Bloomberg

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Notes:

- 1 Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
- 2 Based on 242,190,000 Shares held by the public Shareholders as at the Latest Practicable Date, being the total number of Shares in issue less the number of Shares held by CS International as at the Latest Practicable Date.

As illustrated in the above table, the simple average daily trading volume of the Shares during the Pre-Announcement Period was approximately 242,641 Shares, representing approximately 0.028% of the total number of the Shares in issue or approximately 0.10% of the total number of the Shares held by the public Shareholders as at the Latest Practicable Date.

Trading volume of the Shares increased significantly compared to that for the Pre-Announcement Period after 20 October 2009, with the average daily trading volume of the Shares during the Post-Announcement Period being 3,838,051 Shares, representing approximately 0.44% of the total number of the Shares in issue as at the Latest Practicable Date and approximately 1.58% of the total number of the Shares held by the public Shareholders as at the Latest Practicable Date.

In view of the above, we consider that the overall liquidity of the Shares was low during the Review Period. As such, Shareholders who intend to dispose of a large number of the Shares in the open market may not be able to do so without exerting a downward pressure on the price of the Shares. Accordingly, we consider that the Offer provides an alternative exit to such Shareholders to realize their investment in Times Ltd. at the Offer Price, which is above the highest closing price of the Shares during the Review Period.

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(ii) *Offer Price*

The Offer Price of HK\$5.575 per Share represents:

	Share Price of Times Ltd. HK\$	Premium of the Offer Price to the Share Price %
Closing price on the Latest Practicable Date	\$5.54	0.63%
Closing price on the Last Trading Date	\$4.45	25.28%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.45	25.28%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.30	29.65%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$4.17	33.69%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	\$3.77	47.88%
Closing price of the last business and trading day prior to the commencement of the Offer Period	\$3.75	48.67%
Audited net asset value per Share as at 31 December 2008 (based on the net asset value of approximately RMB1,271,689,000 and 873,990,000 Shares in issue as at 31 December 2008 and the exchange rate at HK\$1 = RMB0.881)	\$1.65	237.88%

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(iii) *Comparison of the Offer Price with the comparables*

In assessing the fairness of the Offer Price, we have, to our best efforts, conducted a search of all companies listed on the Stock Exchange whose principal business is engaging in operation of supermarkets in the PRC and have identified four companies (the “Comparable Companies”), being an exhaustive list of comparable companies to our best knowledge. The criteria for selecting the Comparable Companies are those companies principally engaging in operation of supermarkets in the PRC and who have a market capitalization of between HK\$2 billion and HK\$15 billion. We have compared the respective valuation multiples, including price-to-earnings multiple (“PER”) and price-to-book multiple (“PBR”) of the Comparable Companies, with the implied PER and the implied PBR at the Offer Price, details of which are set out in the table (“Table A”) below:

Table A

Name of company	Stock code	Principal business of the company, its subsidiaries and/or associates and/or jointly controlled entities	As at the Last Trading Date			As at the Latest Practicable Date		
			Market capitalization (HK\$' million)	PER (times) (Note 1)	PBR (times) (Note 1)	Market capitalization (HK\$' million)	PER (times) (Note 2)	PBR (times) (Note 2)
Wumart Stores, Inc.	8277	Operates and manages supermarkets and convenient stores in Beijing, Tianjin, and Hebei, and also a hypermarket in Beijing	14,839	32.37	5.24	14,644	30.90	6.00
Lianhua Supermarket Holdings Co., Ltd.	980	Operates hypermarkets, supermarkets, and convenience stores in the PRC	10,400	22.31	3.46	13,155	28.21	4.37
Beijing Jingkelong Company Limited	814	Owns and operates a supermarket chain	2,090	11.75	1.39	2,597	14.59	1.73
AEON Stores (Hong Kong) Co., Limited	984	Engaged in the operation of general merchandise stores in Hong Kong and the PRC	3,614	16.65	3.45	3,318	15.28	3.16
		Average		20.77	3.38		22.25	3.82
		Implied value at Offer Price	4,872	31.26	3.28	4,872	31.26	3.28
				(Note 3)	(Note 4)		(Note 3)	(Note 4)

Source: Bloomberg

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Notes:

1. *Based on the last traded price per share of the Comparable Companies, their respective earnings and net asset values as extracted from Bloomberg on the Last Trading Date.*
2. *Based on the last traded price per share of the Comparable Companies, their respective earnings and net asset values as extracted from Bloomberg on the Latest Practicable Date.*
3. *Calculated based on the Offer Price and the net profit per Share for the year ended 31 December 2008 and the exchange rate at HK\$1 = RMB0.881.*
4. *Calculated based on the Offer Price and the equity attributable to the Shareholders per Share as at 30 June 2009 and the exchange rate at HK\$1 = RMB0.881.*

PER and PBR analysis

As Times Ltd. is engaged in retail business, we consider the PER analysis is more applicable than the PBR analysis. However, we have also included the PBR analysis as an additional reference. As shown in Table A, as at the Last Trading Date, the PERs of the Comparable Companies ranged from approximately 11.75 times to approximately 32.37 times, with an average of approximately 20.77 times, and the PBRs of the Comparable Companies ranged from approximately 1.39 times to approximately 5.24 times, with an average of approximately 3.38 times. As at the Latest Practicable Date, the PERs of the Comparable Companies ranged from approximately 14.59 times to approximately 30.90 times, with an average of approximately 22.25 times, and the PBRs of the Comparable Companies ranged from approximately 1.73 times to approximately 6.00 times, with an average of approximately 3.82 times.

The implied PER (“Implied PER”) of 31.26 times of the Offer Price of HK\$5.575 is within the range of the PER of the Comparable Companies as at the Last Trading Date as shown in Table A, and is higher than the average of those PERs. The implied PBR (“Implied PBR”) of 3.28 times of the Offer Price of HK\$5.575 is within the range of the PBRs of the Comparable Companies as at the Last Trading Date as shown in Table A. Additionally, as shown in Table A, the Implied PER of 31.26 times of the Offer Price is within the range of the PER of the Comparable Companies as at the Latest Practicable Date, and is higher than the average of those PERs. The Implied PBR of 3.28 times of the Offer Price is also within the range of the PBRs of the Comparable Companies as at the Latest Practicable Date as shown in Table A.

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Dividend yield analysis

We have reviewed the dividend related statistics of Times Ltd. since listing on the main board of the Stock Exchange on 16 July 2007 with the summary set out as follows:

For the year ended 31 December	Dividend per Share HK\$	Basic earnings per Share (Note) HK\$	Dividend payout ratio %	Average daily closing price of the Share for the year then ended HK\$	Dividend yield based on average daily closing price for the year %	Dividend yield based on closing price on the Latest Practicable Date %
2007	0.0318	0.129	24.65	4.08	0.78	0.57
2008	0.054	0.178	30.34	2.89	1.87	0.97

Note: Based on the basic earnings per share figures as extracted from the latest available annual report of Times Ltd.

We have also reviewed the dividend related statistics of the Comparable Companies for the two financial years ended 31 December 2007 and 2008 with the summary set out as follows:

For the year ended 31 December	Dividend per share (Note 1) HK\$	Basic earnings per share (Note 1) HK\$	Dividend payout ratio %	Average daily closing price of the share for the year then ended HK\$	Dividend yield based on average daily closing price for the year %	Dividend yield based on closing price on the Latest Practicable Date %
2007						
Wumart Stores, Inc.	0.148	0.284	52.11	6.93	2.14	1.23
Lianhua Supermarket Holdings Co., Ltd.	0.136	0.488	27.87	11.12	1.22	0.64
Beijing Jingkelong Company Limited	0.199	0.362	54.97	7.28	2.73	3.16
AEON Stores (Hong Kong) Co., Limited	0.260 <i>(Note 2)</i>	1.077 <i>(Note 2)</i>	24.14	12.62	2.06	2.04

LETTER FROM CIMB

For the year ended 31 December	Dividend per share (Note 1) HK\$	Basic earnings per share (Note 1) HK\$	Dividend payout ratio %	Average daily closing price of the share for the year then ended HK\$	Dividend yield based on average daily closing price for the year %	Dividend yield based on closing price on the Latest Practicable Date %
2008						
Wumart Stores, Inc.	0.170	0.454	37.44	6.51	2.61	1.42
Lianhua Supermarket Holdings Co., Ltd.	0.170	0.704	24.15	10.42	1.63	0.80
Beijing Jingkelong Company Limited	0.238	0.431	55.22	4.33	5.50	3.78
AEON Stores (Hong Kong) Co., Limited	0.279 <i>(Note 2)</i>	1.050 <i>(Note 2)</i>	26.57	13.39	2.08	2.19
			Average for FY 2007:		2.04	1.77
			Average for FY 2008:		2.96	2.05

Note:

1. *Based on the dividend per share and basic earnings per share figures as extracted from the respective annual reports of the Comparable Companies and converted based on the exchange rate of HK\$1=RMB0.881.*
2. *Based on the dividend per share and basic earnings per share figures as extracted from the annual reports of AEON Stores (Hong Kong) Co. Limited*

We note from the above tables that Times Ltd. has a lower dividend payout ratio for the two financial years ended 31 December 2008 as compared to the Comparable Companies. For FY 2007 and FY 2008, Times Ltd. had a dividend payout ratio of 24.65% and 30.34% respectively, as compared to 39.77% and 35.85% respectively for the Comparable Companies. For the two financial years ended 31 December 2008, the dividend yield of Times Ltd., calculated based on average daily closing price of the Shares for the year, was approximately 0.78% and 1.87% respectively, as compared to 2.04% and 2.96% respectively for the Comparable Companies. The dividend yield of Times Ltd. for the two financial years ended 31 December 2008 calculated based on the closing price of the Share on the Latest Practicable Date, was approximately 0.57% and 0.97% respectively, as compared to 1.77% and 2.05% respectively for the Comparable Companies. Based on the above, we are of the view that the dividend payout ratio and dividend yield of Times Ltd. are lower when compared with the Comparable Companies.

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(iv) *Comparison of the Offer with other cash offer transactions*

For additional reference, we have, to the best of our efforts, also conducted a search on the Stock Exchange's website, and reviewed and compared the Offer Price with offers prices of all offer announced (including takeovers and privatizations), during the period commencing from 2 January 2009 to the date of the Joint Announcement, by companies listed on the Stock Exchange (the "Offer Comparables"). However, as the offer price offered by an investor for the shares of a particular company is affected by, among other factors, the industry, business or operational performance, financial position and future prospects of that particular company, the comparison with the Offer Comparables is solely for reference purpose only. The table ("Table B") below sets out the comparison between the Offer and the Cash Offer Comparables:

Table B

Name of Offer Comparables	Announcement date	Offer price (HK\$)	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Natural Beauty Bio-Technology Limited (157)	19-Oct-09	1.25	(8.09)%	(7.54)%	9.46%
Prosperity Investment Holdings Limited (310)	16-Oct-09	0.90	0.00%	5.00%	6.00%
Shell Electric MFG. (Holdings) Company Limited (81)	29-Sept-09	5.00	33.30%	30.55%	30.75%
Allied Group Limited (373)	17-Sep-09	18.5	(2.12)%	2.61%	6.94%
Greenfield Chemical Holdings Limited (582)	11-Sep-09	1.50	(6.25)%	(6.25)%	(7.69)%
The Hong Kong Building and Loan Agency Limited (145)	28-Aug-09	1.83	47.58%	61.95%	75.96%
Sewco International Holdings Limited (209)	24-Aug-09	0.40	14.29%	14.29%	19.40%
Theme International Holdings Limited (990)	18-Aug-09	0.34501	0.003%	(11.08)%	(12.88)%

LETTER FROM CIMB

Name of Offer Comparables	Announcement date	Offer price (HK\$)	Premium/ (discount) of offer price to closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Rojam Entertainment Holdings Limited (8075)	11-Aug-09	0.028	(78.50)%	(79.40)%	(78.20)%
Cheong Ming Investments Limited (1196)	23-Jul-09	0.38	15.15%	15.15%	18.20%
iOne Holdings Limited (982)	21-Jul-09	0.66	(67.00)%	(65.6)%	(63.90)%
Nam Fong International Holdings Limited (1176)	17-Jul-09	0.10	(90.20)%	(87.98)%	(87.75)%
BEP International Holdings Limited (2623)	26-Jun-09	0.00814	(89.8)%	(90.79)%	(91.04)%
A-S China Plumbing Products Limited (8262)	22-Jun-09 and 7-Jul-09	3.05, being the minimum per share consideration	205.0%	237.4%	272.0%
Sun Innovation Holdings Limited (547)	17-Jun-09	0.08	95.1%	86.92%	97.04%
Binhai Investment Company Limited (8035)	12-Jun-09	0.08	(87.5)%	(88.2)%	(89.0)%
Oriental Press Group Limited (18)	1-Jun-09	0.95	15.9%	17.6%	17.3%
Stone Group Holdings Limited (409)	25-May-09	0.48	39.1%	37.9%	43.9%
Nam Tai Electronic & Electrical Products Limited (2633)	19-May-09	1.52	2.0%	3.0%	3.4%
Automated Systems Holdings Limited (771)	6-May-09	1.29	(39.4)%	(31.7)%	(29.1)%
Royale Furniture Holdings Limited (1198)	6-May-09	0.33	(1.5)%	(1.5)%	(4.6)%

LETTER FROM CIMB

Name of Offer Comparables	Announcement date	Offer price (HK\$)	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Hong Kong Catering Management Limited (668)	6-May-09	0.388	(22.4)%	(21.8)%
MAE Holdings Limited (851)	22-Apr-09	0.184	(12.4)%	(12.0)%
Yu Ming Investments Limited (666)	20-Apr-09	0.10	2.0%	4.2%
Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (8115)	17-Apr-09	0.216	13.7%	9.1%
China Resources Microelectronics Limited (597)	18-Mar-09	0.30	80.7%	86.8%
Delta Networks, Inc. (722)	12-Mar-09	2.2 ^(Note 1)	43.8%	60.1%
Nam Tai Electronic & Electrical Products Limited (2633)	24-Feb-09	1.50	163.2%	161.3%
Crocodile Garments Limited (122)	17-Feb-09	0.42 ^(Note 1)	101.9%	102.5%
Same Time Holdings Limited (451)	9-Feb-09	1.23	12.8%	15.4%
CCT Telecom Holdings Limited (138)	6-Jan-09	0.50	44.9%	46.6%
	Average:		13.72%	15.95%
Offer Price		5.575	25.28%	25.28%
				19.82%
				29.65%

Note:

- The offer prices and the comparisons with the respective 5-day and 10-day average prices are based on the respective revised offer prices as announced by Delta Networks, Inc. and Crocodile Garments Limited on 2 June 2009 and 30 April 2009 respectively.*

As set out above, the premiums of the Offer Price over the closing price on the Last Trading Date, average closing price for the last 5 trading days up to and including the Last Trading Date, and the average closing price for the last 10 trading days up to and including the Last Trading Date are higher than the corresponding average premium/discount for the Offer Comparables.

LETTER FROM CIMB

Our view

Having considered the above, we are of the view that the Offer Price is fair and reasonable so far as the Shareholders are concerned.

IV. RECOMMENDATION

Having considered the above principal factors and reasons, in particular that:

- the Implied PER of 31.26 times of the Offer Price is higher than the average PER of the Comparable Companies as at the Last Trading Date;
- the Offer Price represents a considerable premium of approximately 120.36% and 25.28% over the average closing price of HK\$2.53 per Share during the Pre-Announcement Period and the closing price of HK\$4.45 on the Last Trading Date respectively. Therefore, we consider that the Offer Price offers an attractive premium over the price of the Shares under normal trading conditions.
- in light of the low liquidity of Shares during the Review Period, the disposal of a large number of Shares by Shareholder(s) in the open market may exert a downward pressure on the price of the Shares, and the Offer provides an alternative exit to Shareholders to realize all their investment in Times Ltd. at the Offer Price, which is above the highest closing price of the Shares during the Review Period; and
- the Offer Price represents a premium of approximately 237.88% over the audited net asset value per Share of approximately HK\$1.65 as at 31 December 2008,

we consider the terms of the Offer fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Shareholders to accept the Offer if it is not feasible to realize a higher return from their selling their Shares in the open market.

Shareholders should note that the price of the Shares have substantially increased to close to the Offer Price following the publication of the Announcement and closed at HK\$5.54 per Share as at the Latest Practicable Date, and the trading volume of the Shares also correspondingly increased significantly. Shareholders are reminded that they should carefully and closely monitor the market price of the Shares before the end of the Offer Period and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are significantly more than the net amount to be received under the Offer.

However, Shareholders should also note the possibility that the trading volume of the Shares may return to its previously low levels and may render it difficult for some Shareholders to dispose of their Shares in the open market after the close of the Offer Period without depressing the market price. Although the trading volume of the Shares has surged after the publication of the Announcement, it is uncertain that such higher level of trading volume is sustainable in the long term. Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price may consider the Offer as a fall back exit route for their investment in Times Ltd..

LETTER FROM CIMB

Furthermore, those Shareholders should note that if the compulsory acquisition condition can be fulfilled, Lotte Hong Kong will effect the compulsory acquisition and to seek withdrawal of listing of the Shares from the Stock Exchange. On the other hand, should the Lotte Hong Kong not exercise its compulsory acquisition rights within four months from the date of despatch of the Composite Document, Lotte Hong Kong will continue to maintain the listing of the Shares on the Stock Exchange. However, if, following completion of the Offer, the number of the Shares which remain in public hands is insufficient to satisfy the minimum public float requirement under the Listing Rules, trading in the Shares may or may not be suspended until the required percentage of Shares held by the public is restored. Lotte Hong Kong will then be required to place down some of the Shares to maintain the minimum public float and there remains a possibility that Lotte Hong Kong may or may not be able to do so without selling the Shares at a discount to the Offer Price, which may indirectly exert a downward pressure on the Share price.

Yours faithfully,

For and on behalf of

CIMB Securities (HK) Limited

Alex Lau

Director

Head of Corporate Finance

Mabel Lam

Senior Vice President

1. FURTHER TERMS OF THE OFFER

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.

- (a) 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 duly completed Form of Acceptance 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) by post or by hand to the Receiving Agent, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, marked "Lotte Hong Kong Offer" on the envelope.
- (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 the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect 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 duly completed Form of Acceptance 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 number of Shares in respect of which you intend to accept the Offer to the Receiving Agent; or
 - (ii) arrange for the Shares to be registered in your name by Times Ltd. through the Receiving Agent, and send the duly completed Form of Acceptance 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 Receiving Agent; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Receiving Agent). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in the securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in the securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your Investor Participant Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Receiving Agent).
- (c) If the 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) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Receiving Agent together with a letter stating that you have lost one or more of your 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) or that it/they is/are not readily available. 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 satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Receiving Agent as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Receiving Agent for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Receiving Agent.
- (d) 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 in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Receiving Agent together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Nomura and/or Lotte Hong Kong or their respective agent(s) to collect from the Receiving Agent on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Receiving Agent as if it was/they were delivered to the Receiving Agent with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Receiving Agent no later than 4:00 p.m. on the Closing Date or such later time and/or date as Lotte Hong Kong may determine and announce with the consent of the Executive, 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 the Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
- (ii) from a registered Shareholder or his/her/its 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 (e)); or
- (iii) certified by the Receiving Agent or the Stock Exchange.

- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Receiving Agent must be produced.
- (g) Sellers' ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each accepting Shareholder at a rate of 0.1% of the amount of the consideration (rounded up to the nearest dollar) payable by Lotte Hong Kong in respect of the relevant acceptance and will be deducted from the cash amount due to such accepting Shareholder. Lotte Hong Kong will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.
- (h) No acknowledgement of receipt of any Form of Acceptance, 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) will be given.
- (i) If the Offer is withdrawn or lapses, Lotte Hong Kong shall, as soon as possible but in any event within 10 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 Shareholder(s).

2. SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and 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) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as Lotte Hong Kong may announce with the consent of the Executive), a cheque for the amount due to each Shareholder less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to the Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes or is declared unconditional in all aspects and the date of receipt of the completed Form of Acceptance and all the relevant documents by the Receiving Agent from the Shareholder accepting the Offer.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which Lotte Hong Kong may otherwise be, or claim to be, entitled against such Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Lotte Hong Kong has the right, subject to the Takeovers Code, to extend the Offer after the dispatch of this Composite Document or to revise the terms of the Offer, and may introduce new conditions to be attached to any revision to any of the Offer or any subsequent revision thereof to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (b) Unless the Offer has previously been extended with the consent of the Executive, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance and the Offer will be closed on the Closing Date.
- (c) If in the course of the Offer, Lotte Hong Kong revises its terms, all the Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.
- (d) If the Offer is extended, the announcement of such extension will state the next closing date or, if the Offer becomes or is declared unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those Shareholders who have not accepted the Offer and an announcement will be published.
- (e) Except with the consent of the Executive, the Offer shall not be capable of remaining open for acceptance after four months from posting of this Composite Document in the event that Lotte Hong Kong chooses to exercise its power of compulsory acquisition, unless, by that time, Lotte Hong Kong has become entitled to exercise rights of compulsory acquisition.
- (f) If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer so extended.
- (g) The acceptance by or on behalf of a Shareholder of the Offer in its original and/or any previously revised form shall be treated as an acceptance of the relevant Offer(s) as so revised.
- (h) Any acceptance of the relevant revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the accepting Shareholder becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

4. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF TIMES LTD.

In the event that the conditions as stated in the paragraph headed "Conditions of the Offer" in the "Letter from Nomura" in this Composite Document are satisfied (or waived, as the case may be), Lotte Hong Kong intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares not acquired by Lotte Hong Kong under the Offer if it and its Concerted Parties, within four months of the posting of the Composite Document, acquire not less than 90% of the Shares (as at the date which is four months after the

posting of the Composite Document). On completion of the compulsory acquisition, if exercised, Times Ltd. will become a wholly-owned subsidiary of Lotte Hong Kong and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where Lotte Hong Kong seeks to acquire or privatise Times Ltd. by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Offer and purchases made by Lotte Hong Kong and its Concert Parties during the period of four months after posting of the Offer Document total 90% of the disinterested Shares (as defined in the Takeovers Code).

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Lotte Hong Kong proceeds with the privatisation of Times Ltd., dealings in the securities of Times Ltd. will be suspended from the Closing Date (or such later time or date as Lotte Hong Kong may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Times Ltd.'s securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the compulsory acquisition rights are not available to Lotte Hong Kong, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Times Ltd., being 25% 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.

In the event that compulsory acquisition rights are not available to Lotte Hong Kong, Lotte Hong Kong intends Times Ltd. to remain listed on the Stock Exchange. The directors of Lotte Hong Kong and the new directors to be appointed to the Times Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Times Ltd.'s shares.

In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), Lotte Hong Kong must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. Lotte Hong Kong must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired or has become or been declared unconditional.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix, and which have been received by the Receiving Agent respectively no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the Closing Date if the Offer has not by then become unconditional as to acceptances.
- (b) If Lotte Hong Kong is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix, the Executive may require that the Shareholders who have tendered acceptances to 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.
- (c) If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, Lotte Hong Kong shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) lodged with the Form of Acceptance to the relevant Shareholder(s).

7. GENERAL

- (a) All communications, notices, Form of Acceptance, certificate(s) of Shares, transfer receipt(s), other documents of title or indemnity and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of Lotte Hong Kong, its Concert Parties, Nomura, Times Ltd., the Receiving Agent nor any of their respective directors or other parties involved in the Offer or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the 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 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.
- (e) Due execution of the Form of Acceptance will constitute an authority to Lotte Hong Kong or such person or persons as Lotte Hong Kong may direct to complete, amend 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 purpose of vesting in Lotte Hong Kong, Nomura 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 person or persons will be deemed to constitute a warranty by such person or persons to Lotte Hong Kong and Nomura that the Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including without limitation, the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of posting of this Composite Document. There have been no changes to the rights attaching to Shares and there have been no dividends or distributions declared, made or paid between the date of the Joint Announcement and the Latest Practicable Date.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to Lotte Hong Kong and Nomura that the number of Shares in respect of which it is indicated in the Form of Acceptance is the number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof.
- (i) The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction.

Any such overseas Shareholder shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. Lotte Hong Kong, Nomura and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Shareholders should consult their professional adviser if in doubt.

- (j) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person to Lotte Hong Kong and Nomura and that such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

- (k) All acceptances, instructions, authorities and undertakings given by Shareholders in the Form of Acceptance shall be irrevocable and unconditional except as permitted under the Takeovers Code.
- (l) Shares sold to Lotte Hong Kong by way of the Offer will be registered under the name of Lotte Hong Kong or its nominee.
- (m) In making their decision, the Shareholders must rely on their own examination of Lotte Hong Kong, Times Ltd. 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 are not to be construed as any legal or business advice. Shareholders should consult their own professional advisers for professional advice.
- (n) Subject to the terms of the Takeovers Code, acceptance(s) of the Offer may, at the discretion of Lotte Hong Kong, be treated as valid even if it is not entirely in order or is not 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 in respect thereof), but, in such cases, the consideration due will not be despatched until the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) has/have been received by the Receiving Agent. However, such acceptances will not be counted towards fulfilling the acceptance condition nor towards fulfilling the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code that permits a compulsory acquisition.
- (o) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

A. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statements of the Times Group for each of the three years ended 31 December 2008 and the unaudited consolidated statement of comprehensive income of the Times Group for the six months ended 30 June 2009. The auditor's reports issued by Deloitte Touche Tohmatsu in respect of the Times Group's audited financial statements for each of the three years ended 31 December 2008 did not contain any qualifications. Other than described below, there were no extraordinary items, exceptional items or minority interests for each of the three years ended 31 December 2008 and for the six months ended 30 June 2009.

Financial Summary

	Year ended 31 December			Six months ended
	2006	2007	2008	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	2,828,645	3,381,954	4,007,002	2,148,084
Profit before taxation	118,742	146,844	198,023	111,710
Taxation	(41,224)	(62,189)	(60,717)	(34,169)
Profit for the year	77,518	84,655 ⁽ⁱ⁾	137,306	77,541
Proposed final dividends	—	26,045	41,515	—
Dividends per share (RMB)	—	0.0298	0.0475	—
Basic earnings per share (RMB)	0.1230	0.1140	0.1570	0.089

Note:

(i) the amount after deducting the professional fees and other expenses of RMB21,621,000 related to the initial public offer in 2007.

B. FINANCIAL INFORMATION OF THE TIMES GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

Set out below is the audited financial statements of the Times Group as extracted from the annual report of Times Ltd. for the year ended 31 December 2008.

Consolidated Income Statement

For the year ended 31 December 2008

	<i>NOTES</i>	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Revenue	6	4,007,002	3,381,954
Cost of sales		<u>(3,336,569)</u>	<u>(2,826,059)</u>
Gross profit		670,433	555,895
Other income	8	336,674	293,806
Selling and distribution costs		(698,217)	(582,140)
Administrative expenses		(104,889)	(83,431)
Other expenses	9	—	(21,621)
Finance costs	10	<u>(5,978)</u>	<u>(15,665)</u>
Profit before taxation		198,023	146,844
Taxation	11	<u>(60,717)</u>	<u>(62,189)</u>
Profit for the year	12	<u>137,306</u>	<u>84,655</u>
Dividends	15	<u>41,515</u>	<u>26,045</u>
Earnings per share			
Basic (RMB)	16	<u>0.157</u>	<u>0.114</u>

Consolidated Balance Sheet

At 31 December 2008

	<i>NOTES</i>	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	17	1,011,006	663,769
Prepaid lease payments	18	315,953	267,724
Prepaid lease rentals	19	169,058	69,384
Deposits for acquisition of property, plant and equipment and leasehold land	20	204,738	30,484
Deferred tax assets	21	9,355	10,327
		<u>1,710,110</u>	<u>1,041,688</u>
Current assets			
Inventories	22	741,770	574,792
Trade and other receivables	23	172,090	109,260
Prepaid lease payments	18	8,989	7,572
Prepaid lease rentals	19	97,289	113,902
Pledged bank deposits	24	12,026	4,916
Bank balances and cash	25	405,214	521,592
		<u>1,437,378</u>	<u>1,332,034</u>
Current liabilities			
Trade and other payables	26	1,525,678	1,159,100
Tax liabilities		14,240	24,194
Bank borrowings	27	283,733	30,000
		<u>1,823,651</u>	<u>1,213,294</u>
Net current (liabilities) assets		<u>(386,273)</u>	<u>118,740</u>
Total assets less current liabilities		<u>1,323,837</u>	<u>1,160,428</u>

Consolidated Balance Sheet (Continued)

At 31 December 2008

	<i>NOTES</i>	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Capital and reserves			
Share capital	28	8,478	8,478
Reserves		<u>1,263,211</u>	<u>1,151,950</u>
Total equity		<u>1,271,689</u>	<u>1,160,428</u>
Non-current liabilities			
Bank borrowings	27	50,000	—
Deferred tax liability	21	<u>2,148</u>	<u>—</u>
		<u>52,148</u>	<u>—</u>
		<u>1,323,837</u>	<u>1,160,428</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company								
	Statutory							Accumulated profits	Total
	Share capital	Share premium	Statutory	public	Enterprise	Special reserve			
			surplus	welfare	development				
reserve			fund	fund					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
		(Note a)	(Note b)	(Note b)					
At 1 January 2007	8	—	14,175	6,108	3,149	(25,423)	49,596	47,613	
						(Note c)			
Profit for the year and total recognised income for the year	—	—	—	—	—	—	84,655	84,655	
Issue of shares	2,350	978,703	—	—	—	—	—	981,053	
Capitalisation issue (Note d)	5,643	(5,643)	—	—	—	—	—	—	
Transaction costs attributable to issue of shares (Note 9)	—	(32,670)	—	—	—	—	—	(32,670)	
Shareholder's contribution (Note e)	—	—	—	—	—	79,777	—	79,777	
Reserve arising from corporate reorganisation (Note f)	477	—	—	—	—	(477)	—	—	
Appropriations	—	—	10,829	1,083	4,332	—	(16,244)	—	
At 31 December 2007	8,478	940,390	25,004	7,191	7,481	53,877	118,007	1,160,428	
Profit for the year and total recognised income for the year	—	—	—	—	—	—	137,306	137,306	
Dividend paid	—	—	—	—	—	—	(26,045)	(26,045)	
Transfer to statutory surplus reserve (Note b)	—	—	14,672	(7,191)	(7,481)	—	—	—	
Appropriations	—	—	15,910	—	—	—	(15,910)	—	
At 31 December 2008	8,478	940,390	55,586	—	—	53,877	213,358	1,271,689	

Notes:

- (a) The Articles of Association of the subsidiaries of the Company incorporated in the People's Republic of China ("PRC") require the appropriation of 10% of its profit after taxation (prepared under the generally accepted accounting principles in the PRC) each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provisions of the Articles of Association of the PRC incorporated companies comprising the Group, in normal circumstances, the statutory surplus reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its production and operation. Such appropriations are made on an annual basis at the end of each financial year.

- (b) Pursuant to the PRC Company Law, the subsidiaries of the Company incorporated in the PRC shall make an allocation to the statutory public welfare fund and enterprise development fund from their profit after taxation (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The enterprise development fund can be used for making good losses and capitalisation into paid-in-capital. Both the statutory public welfare fund and the enterprise development fund form part of the shareholders' equity but are non-distributable other than in liquidation. Such appropriations were made on an annual basis at the end of each financial year on or before 31 December 2007.

Pursuant to the changes of the relevant PRC Company Law, the subsidiaries of the Company incorporated in the PRC are no longer required to make appropriation to the statutory public welfare fund and enterprise development fund. The balances of the statutory public welfare fund and enterprise development fund were transferred to the statutory surplus reserve during the year ended 31 December 2008.

- (c) The amount represents special reserve of RMB25,423,000 resulted from a corporate reorganisation. Details of which are set out in the prospectus ("Prospectus") issued by the Company dated 29 June 2007.
- (d) Pursuant to the written shareholder's resolutions passed on 26 June 2007, the Company allotted and issued an aggregate of 581,800,000 shares by way of capitalisation from the amount standing to the credit of the share premium account of the Company on 16 July 2007 amounting to HK\$5,818,000 (equivalent to approximately RMB5,643,000), details of which are set out in the Prospectus.
- (e) Pursuant to the corporate reorganisation on 26 June 2007, the amount due to the then ultimate holding company, S.C. Fang & Sons, amounted to RMB79,777,000 was assigned to a subsidiary of the Company, Times Supermarket Limited ("Times Supermarket"), satisfied by issuing one share of Time Supermarket ("Share") amounting to US\$1 to the immediate holding company, CS International Investment Limited ("CS International"). Details of the above are set out in the Prospectus. As a result of this assignment, a surplus of approximately RMB79,777,000 over the nominal value of the Share was credited to the equity of the Group as a shareholder's contribution.
- (f) Pursuant to the share swap agreement entered between the Company and CS International on 26 June 2007, the Company allotted and issued 49,999,999 shares to CS International and credited the nil-paid share issued on 15 March 2007 as fully paid as a consideration to acquire the entire interest in Times Supermarket from CS International. The special reserve of the Group represents the difference between the nominal value of the issued share capital of Times Supermarket and the Company in the event of share swap.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	<i>NOTE</i>	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
OPERATING ACTIVITIES			
Profit before taxation		198,023	146,844
Adjustments for:			
Interest expense		5,978	15,665
Depreciation of property, plant and equipment		73,111	59,593
Loss on disposal of property, plant and equipment		1,304	729
Interest income		(6,994)	(11,111)
Prepaid lease payments charged to profit and loss		<u>7,754</u>	<u>5,338</u>
Operating cash flows before movements in working capital		279,176	217,058
Increase in inventories		(166,978)	(152,707)
Increase in trade and other receivables		(62,830)	(20,923)
Increase in prepaid lease rentals		(83,061)	(37,815)
Increase in trade and other payables		<u>366,578</u>	<u>283,410</u>
Cash generated from operations		332,885	289,023
PRC Enterprise Income Tax paid		<u>(67,551)</u>	<u>(50,181)</u>
NET CASH FROM OPERATING ACTIVITIES		<u>265,334</u>	<u>238,842</u>
INVESTING ACTIVITIES			
Acquisition of assets	33	—	(126,264)
Purchases of property, plant and equipment		(391,670)	(151,327)
Deposits paid for acquisition of property, plant and equipment and leasehold land		(204,738)	(25,084)
Payments for prepaid lease		(57,400)	(19,263)
Repayments from related companies		—	20,126
Repayment from immediate holding company		—	8
Proceeds from disposal of property, plant and equipment		502	687
Interest received		6,994	11,111
(Increase) decrease in pledged bank deposits		<u>(7,110)</u>	<u>5,598</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(653,422)</u>	<u>(284,408)</u>

Consolidated Cash Flow Statement (Continued)

For the year ended 31 December 2008

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
FINANCING ACTIVITIES		
Net proceeds from issue of shares	—	948,383
Repayment to a director	—	(137,995)
Repayments to related companies	—	(200,453)
Advance from ultimate holding company	—	397
Repayment to a fellow subsidiary	—	(68,497)
Dividend paid	(26,045)	—
New bank borrowings raised	475,733	703,290
Repayment of bank borrowings	(172,000)	(872,572)
Interest paid	<u>(5,978)</u>	<u>(15,665)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>271,710</u>	<u>356,888</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(116,378)	311,322
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	521,592	215,456
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>—</u>	<u>(5,186)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	<u>405,214</u>	<u>521,592</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 15 March 2007. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 July 2007. Its immediate holding company and ultimate holding company are CS International and Loyson Pacific Limited respectively. Both of them are limited companies incorporated in the British Virgin Islands (“BVI”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 4th Floor, 20-24 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong respectively.

Pursuant to the corporate reorganisation (the “Corporate Reorganisation”) in preparation for the listing of the Company’s shares on the Stock Exchange (“Listing”), the Company became the holding company of the Group on 26 June 2007. Details of the Corporate Reorganisation are set out in the Prospectus.

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the period from 1 January 2007 to 16 July 2007 have been prepared on the basis as if the Company had always been the holding company of the Group, using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

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

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

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which were effective for the Group’s financial year beginning on 1 January 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²

HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ²
HKFRS 8	Operating segments ²
HK(IFRIC) - INT 9 & HKAS 39	Embedded derivatives ⁴
HK(IFRIC) - INT 13	Customer loyalty programmes ⁵
HK(IFRIC) - INT 15	Agreements for the construction of real estate ²
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁶
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners ³
HK(IFRIC) - INT 18	Transfer of assets from customers ⁷

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

2 Effective for annual periods beginning on or after 1 January 2009.

3 Effective for annual periods beginning on or after 1 July 2009.

4 Effective for annual periods ending on or after 30 June 2009.

5 Effective for annual periods beginning on or after 1 July 2008.

6 Effective for annual periods beginning on or after 1 October 2008.

7 Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. HKAS 23 (Revised) removes the option to expense borrowing costs as incurred and requires capitalisation of borrowing costs attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Merger accounting for business combinations under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of merchandise is recognised when the merchandise is delivered and title has passed.

Commissions from concessionaire sales are recognised upon the sale of goods by the relevant concessionaire suppliers.

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

Service income including promotion income and management fee income is recognised when services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on the investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Government grant

Government grants with no future related cost are recognised as income when they are unconditional and become receivable and are reported separately as "other income".

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses, if any. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Impairment losses on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified as loans and receivables. The accounting policies adopted in respect of loans and receivables are set out below.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. (see accounting policy on impairment loss on loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at each balance sheet date. They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- the receivables become past due for a long period of time.

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

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

The carrying amount of loans and receivables is reduced by the impairment loss directly except for trade receivables, where the carrying amount is reduced through the use of an allowance account (if any). Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Expenses are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Loans and receivables (including bank balances and cash)	<u>454,799</u>	<u>539,259</u>
Financial liabilities		
Amortised cost	<u>1,327,417</u>	<u>870,835</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Fair value and cash flow interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings (see note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see note 27 for details). The Group currently does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate offered by the People's Bank of China arising from the Group's Renminbi denominated bank balances and bank borrowings.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the variable-rate bank balances and borrowings outstanding at the balance sheet date were outstanding for the whole year. A 50 basis point (2007: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points (2007: 50 basis points) lower/higher and all other variables were held constant, the Group's post-tax profit for each of the years ended 31 December 2008 and 2007 would decrease/increase by approximately RMB874,000 and RMB1,229,000 respectively.

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent cash flow interest rate risk as the year-end exposure does not reflect the exposure during the years.

Currency risk

Several subsidiaries of the Company have bank borrowings and bank balances denominated in Hong Kong dollar which is different from the functional currency of the respective group entities. Hence, exposures to foreign exchange rate fluctuation arise. The Group has not entered into any forward contract to hedge against its foreign currency exposure. However, the management of the Group will consider to hedge these balances should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in Hong Kong dollar at the balance sheet dates are as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Bank balances	11,884	155,639
Bank borrowings	<u>61,733</u>	<u>—</u>

Sensitivity analysis

The Group's currency risk is mainly arising from the exchange rate of Renminbi against Hong Kong dollar.

The following table details the Group's sensitivity to a 5% (2007: 5%) increase/decrease in Renminbi against Hong Kong dollar. The 5% (2007: 5%) change represents management's assessment of the reasonably possible change in Renminbi against Hong Kong dollar. The sensitivity analysis includes only outstanding bank balances and bank borrowings denominated in Hong Kong dollar and adjusts their translations at the year end for a 5% (2007: 5%) change in Renminbi against Hong Kong dollar. The following table indicates the change in post-tax profit for the year where Renminbi strengthens against Hong Kong dollar.

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Increase (decrease) in post-tax profit for the year	<u>2,374⁽ⁱ⁾</u>	<u>(7,411)⁽ⁱ⁾</u>

(i) This is mainly attributable to the exposure outstanding on the Group's bank balances and bank borrowings denominated in Hong Kong dollar at the year end.

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the years.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheets.

The major financial assets of the Group are pledged bank deposits and bank balances. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group has net current liabilities of approximately RMB386,273,000 as at 31 December 2008. The consolidated financial statements have been prepared on a going concern basis because the directors believed that the Group has sufficient funds to finance its current working capital requirements taking into account of the existing banking facilities and cashflows from operations.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2008, the Group has bank balances and cash of approximately RMB405,214,000. The Group relies on cash generated from operating activities as a significant source of liquidity. For the year ended 31 December 2008, the Group have cash generated from operating activities of approximately RMB265,334,000. Other than the cash generated from operating activities, the Group's management is responsible to maintain continuing of funding from bank loans and the management also monitors the utilisation of bank loans and ensures compliance with loan covenants. The directors believe that the Group will have sufficient funds available to meet its financial obligations in the foreseeable future based on management working capital forecast.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. As at 31 December 2008, the Group has available unutilised overdraft and short-term bank loan facilities of approximately RMB98,000,000 (2007: RMB174,548,000).

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows (including interest payments computed based on prevailing market rates at the balance sheet date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	0-30 days RMB'000	31 to 90 days RMB'000	91 to 180 days RMB'000	181 to 365 days RMB'000	1-2 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2008								
Non-interest bearing trade and other payables	—	513,476	409,771	67,981	2,456	—	993,684	993,684
Variable interest rate bank borrowings	4.9	62,106	—	163,926	—	—	226,032	221,733
Fixed interest rate bank borrowings	5.6	—	—	25,584	39,107	58,100	122,791	112,000
		<u>575,582</u>	<u>409,771</u>	<u>257,491</u>	<u>41,563</u>	<u>58,100</u>	<u>1,342,507</u>	<u>1,327,417</u>
As at 31 December 2007								
Non-interest bearing trade and other payables	—	326,491	497,437	4,487	12,420	—	840,835	840,835
Fixed interest rate bank borrowings	7.5	—	—	30,548	—	—	30,548	30,000
		<u>326,491</u>	<u>497,437</u>	<u>35,035</u>	<u>12,420</u>	<u>—</u>	<u>871,383</u>	<u>870,835</u>

Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt (which includes the bank borrowings disclosed in note 27) and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

The Group's board of directors reviews the capital structure on a continuous basis. As a part of this review the board of directors considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the raising of new debt or the repayment of existing debt. The Group's overall strategy remains unchanged from prior year.

6. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for merchandise sold by the Group to outside customers and the service income, less sales tax during the years. An analysis of the Group's revenue for the year is as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of merchandise	3,906,045	3,295,857
Commissions from concessionaire sales (note)	<u>100,957</u>	<u>86,097</u>
	<u><u>4,007,002</u></u>	<u><u>3,381,954</u></u>

Note:

The commissions from concessionaire sales are analysed below:

Gross proceeds received from concessionaire sales	756,022	672,276
Commissions from concessionaire sales	<u>100,957</u>	<u>86,097</u>

7. SEGMENT INFORMATION

The Group is principally engaged in the operation of hypermarkets and supermarkets in the PRC. Nearly all identifiable assets of the Group are located in the PRC. Accordingly, no segmental analysis is presented.

8. OTHER INCOME

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Promotion income	166,106	139,562
Rental income from leasing of shop premises	141,592	106,464
Government subsidies (<i>note a</i>)	16,404	16,695
Interest income on bank deposits	6,994	10,504
Interest income on amount due from a related company (<i>note 34</i>)	—	607
Indemnity income (<i>note b</i>)	883	7,713
Net exchange gain	—	7,425
Others	<u>4,695</u>	<u>4,836</u>
	<u><u>336,674</u></u>	<u><u>293,806</u></u>

Notes:

- (a) The amounts represent subsidies received from 南通經濟技術開發區財政局 (Nantong Economic and Technological Development Area Finance Bureau) for the purpose of encouraging the Group to expand its retailing business. There are no conditions attached to the subsidies granted to the Group.
- (b) For the year ended 31 December 2007, the amount of indemnity income included compensation received from certain landlords for early termination of leases amounting to RMB6.5 million which were determined in accordance with the terms of respective lease agreements.

9. OTHER EXPENSES

The amount represented professional fees and other expenses related to the Listing. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as an deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs were recognised as an expense when incurred.

10. FINANCE COSTS

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Interests on		
- bank borrowings wholly repayable within five years	5,978	14,446
- amount due to a fellow subsidiary wholly repayable within five years (<i>note 34</i>)	—	833
- amount due to a related company wholly repayable within five years (<i>note 34</i>)	—	386
	<u>5,978</u>	<u>15,665</u>

11. TAXATION

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
The charge comprises PRC Enterprise Income Tax:		
Current taxation	<u>57,597</u>	<u>64,071</u>
Deferred tax charge (credit) (<i>note 21</i>)		
Current year	3,120	(3,417)
Attributable to a change in tax rate	—	1,535
	<u>3,120</u>	<u>(1,882)</u>
	<u>60,717</u>	<u>62,189</u>

PRC Enterprise Income Tax is calculated at a tax rate of 25% (2007: 33%), which is the prevailing tax rate in the PRC.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the PRC Enterprise Income Tax rate was reduced from 33% to 25% from 1 January 2008 onwards. As at 31 December 2007, the deferred tax balance had been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset was realised.

No Hong Kong Profits Tax is provided for both years ended 31 December 2008 and 2007 as the Group’s income neither arises in, nor is derived from, Hong Kong.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>198,023</u>	<u>146,844</u>
Taxation at the domestic income tax rate of 25% (2007: 33%)	49,506	48,458
Tax effect of expenses not deductible for tax purpose	11,387	16,037
Tax effect of income not taxable for tax purpose	(2,324)	(3,841)
Withholding tax on undistributed earnings of a subsidiary (<i>note 21</i>)	2,148	—
Decrease in opening deferred tax asset resulting from a decrease in the domestic income tax rate	<u>—</u>	<u>1,535</u>
Taxation for the year	<u>60,717</u>	<u>62,189</u>

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

12. PROFIT FOR THE YEAR

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Auditor's remuneration	2,137	2,856
Cost of inventories recognised as expense	3,336,569	2,826,059
Depreciation of property, plant and equipment	73,111	59,593
Net exchange loss (included in administrative expenses)	3,820	—
Operating lease rentals in respect of rented land and premises (included in selling and distribution costs)	168,462	142,282
Prepaid lease payments charged to profit and loss	7,754	5,338
Loss on disposal of property, plant and equipment	1,304	729
Staff costs:		
Directors' remuneration (<i>note 13</i>)	1,296	671
Salaries and other benefits	214,289	177,532
Retirement benefits scheme contributions	24,194	15,677
	<u>239,779</u>	<u>193,880</u>

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2007: 7) directors were as follows:

	Executive directors				Independent non-executive directors			Total
	Mr. Fang Hung, ("Mr. Kenneth Fang")	Mr. Gao Chunhe	Mr. Fang Yan Tak, ("Mr. Douglas Fang")	Mr. Wong See Leung	Mr. Chan Wing Kee	Mr. Ting Woo Shou Kenneth	Mr. Lau Yuen Sun, Adrian	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2008								
Fees	—	295	182	273	182	182	182	1,296
2007								
Fees	—	155	90	135	97	97	97	671

During both years, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office and no directors of the Company waived or agreed to waive any emoluments.

14. EMPLOYEES' EMOLUMENTS

All the five individuals with the highest emoluments in 2008 and 2007 were employees of the Group. The emoluments of the five individuals were as follows:

	2008	2007
	RMB'000	RMB'000
Salaries and other benefits	7,028	1,781
The emolument of each of the individuals was within the following bands:		
Nil up to HK\$1,000,000.	4	5
HK\$4,500,001 to HK\$5,000,000	1	—

15. DIVIDENDS

	2008	2007
	RMB'000	RMB'000
Dividends recognised as distribution during the year	26,045	—
Dividends proposed	41,515	26,045

The final dividend of HK5.4 cents, equivalent to RMB4.75 cents (2007: HK\$3.18 cents, equivalent to RMB2.98 cents) per share, has been proposed by the directors and is subject to approval by the shareholders in general meeting.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the two years ended 31 December 2008 and 2007 is based on the consolidated profit for the respective years and on 873,990,000 shares and 743,591,096 shares respectively.

	2007
Number of shares of the year ended 31 December 2007 represents:	
Shares arising from Corporate Reorganisation (<i>Note</i>)	631,800,000
Weighted average number of ordinary shares issued on public floatation and exercise of over allotment option	<u>111,791,096</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>743,591,096</u></u>

Note: The number of shares for the purpose of calculating basic earnings per share for the year ended 31 December 2007 is based on the assumption that the 50,000,000 shares issued and outstanding upon Corporate Reorganisation had been outstanding as at beginning of the year ended 31 December 2007 and also has been adjusted for the 581,800,000 shares issued pursuant to the capitalisation issue as disclosed in note 28(e).

There was no diluted earnings per share presented for both years as there were no potential ordinary shares outstanding.

17. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress <i>RMB'000</i>	Leasehold land and buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2007	—	—	261,478	309,118	9,981	580,577
Additions	25,146	3,783	55,780	86,287	1,941	172,937
Acquired on acquisition of assets (<i>note 33</i>)	—	177,101	—	15,017	—	192,118
Disposals	—	—	(6,021)	(9,518)	(694)	(16,233)
At 31 December 2007	25,146	180,884	311,237	400,904	11,228	929,399
Additions	75,597	192,973	57,534	94,868	1,182	422,154
Transfers	(98,730)	98,730	—	—	—	—
Disposals	—	—	—	(11,322)	(1,170)	(12,492)
At 31 December 2008	2,013	472,587	368,771	484,450	11,240	1,339,061
DEPRECIATION						
At 1 January 2007	—	—	81,884	134,371	4,599	220,854
Charge for the year	—	4,406	21,986	31,809	1,392	59,593
Eliminated on disposals	—	—	(6,021)	(8,291)	(505)	(14,817)
At 31 December 2007	—	4,406	97,849	157,889	5,486	265,630
Charge for the year	—	6,229	26,213	39,285	1,384	73,111
Eliminated on disposals	—	—	—	(9,904)	(782)	(10,686)
At 31 December 2008	—	10,635	124,062	187,270	6,088	328,055
CARRYING VALUES						
At 31 December 2008	2,013	461,952	244,709	297,180	5,152	1,011,006
At 31 December 2007	25,146	176,478	213,388	243,015	5,742	663,769

The above items of property, plant and equipment (other than construction in progress) are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the remaining term of lease, or 35 years
Leasehold improvements	Over the remaining term of lease
Furniture, fixtures and equipment	9.5% - 24.3%
Motor vehicles	11.3% - 18%

The Group is in the process of obtaining a land use right certificate for a medium-term leasehold land included in leasehold land and buildings. The leasehold land is included in property, plant and equipment as the allocation between the land and buildings elements cannot be made reliably. The aggregate carrying value of the relevant land and buildings is RMB58,862,000 (2007: Nil).

18. PREPAID LEASE PAYMENTS

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
The Group's prepaid lease payments comprise:		
Leasehold land located in the PRC under medium-term leases	<u>324,942</u>	<u>275,296</u>
Analysed for reporting purposes as:		
Current assets	8,989	7,572
Non-current assets	<u>315,953</u>	<u>267,724</u>
	<u>324,942</u>	<u>275,296</u>

As at 31 December 2008, the Group is in the process of obtaining a land use right certificate for leasehold interest in a piece of land with a carrying amount of RMB53,600,000 (2007: nil).

19. PREPAID LEASE RENTALS

The amounts represent prepaid rentals to landlords for its shops and office premises in accordance with the relevant lease agreements.

20. DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Deposits for acquisition of:		
Property, plant and equipment	20,489	19,764
Leasehold land	<u>184,249</u>	<u>10,720</u>
	<u>204,738</u>	<u>30,484</u>

21. DEFERRED TAXATION

The following are the major deferred tax assets (liability) recognised by the Group and movement thereon, during the current and prior years:

	Deferred tax assets		Deferred tax liability	Total RMB'000
	Temporary difference arising from pre-operating expenses RMB'000	Temporary difference arising from accruals not deductible for tax purpose RMB'000	Temporary difference arising from undistributed earnings of a PRC subsidiary RMB'000 (Note)	
At 1 January 2007	8,445	—	—	8,445
Credit to consolidated income statement for the year	773	2,644	—	3,417
Effect of change in tax rate	(1,535)	—	—	(1,535)
At 31 December 2007	7,683	2,644	—	10,327
Credit (charge) to consolidated income statement for the year (note 11)	1,672	(2,644)	(2,148)	(3,120)
At 31 December 2008	9,355	—	(2,148)	7,207

Note: Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences relating to the undistributed profits of certain PRC subsidiaries amounting to approximately RMB10,533,000 (2007: nil) as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

The following is the analysis of deferred tax balances for financial reporting purpose:

	2008 RMB'000	2007 RMB'000
Deferred tax asset	9,355	10,327
Deferred tax liability	(2,148)	—
	7,207	10,327

As at 31 December 2008 and 2007, the Group had no other significant unprovided deferred taxation.

22. INVENTORIES

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
At cost:		
Merchandise for resale	727,140	559,840
Consumables	14,630	14,952
	<u>741,770</u>	<u>574,792</u>

23. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days for bulk purchases by corporate customers with good repayment history. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aged analysis of trade receivables at the balance sheet dates:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	7,806	6,132
31 - 60 days	734	1,439
61 - 90 days	—	93
Over 90 days	69	—
Total trade receivables	8,609	7,664
Prepayments, deposits and other receivables	163,481	101,596
Total trade and other receivables	<u>172,090</u>	<u>109,260</u>

Prepayments, deposits and other receivables mainly include value added tax receivables of RMB116,758,000 (2007: RMB87,940,000).

None of the Group's trade and other receivables was past due or impaired at the balance sheet dates.

24. PLEDGED BANK DEPOSITS

The pledged bank deposits carry average effective interest rates of 0.36% (2007: 0.72%) per annum. All pledged bank deposits will be released upon the settlement of relevant bills payable included in trade and other payables and are therefore classified as current assets.

25. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. As at 31 December 2008, bank balances of approximately RMB11,884,000 (2007: RMB155,639,000) were denominated in Hong Kong dollar. These balances carried interest at an average interest rate of 1.2% (2007: 3.3%) per annum. The remaining balance of approximately RMB354,254,000 (2007: RMB324,927,000) carried interest rates ranged from 0.36% to 1.35% (2007: 0.72% to 1.71%) per annum.

26. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet dates:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	416,365	343,219
31 - 60 days	225,051	214,752
61 - 90 days	82,502	73,473
Over 90 days	<u>95,213</u>	<u>69,942</u>
Total trade and bills payable	819,131	701,386
Other payables, deposits and accrued charges	<u>706,547</u>	<u>457,714</u>
Total trade and other payables	<u><u>1,525,678</u></u>	<u><u>1,159,100</u></u>

Other payables, deposits and accrued charges mainly include advances from customers of RMB469,844,000 (2007: RMB312,262,000).

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs. The analysis of bills payables is as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Secured by pledged bank deposits (<i>Note 24</i>)	11,875	4,835
Unsecured	<u>11,875</u>	<u>4,836</u>
	<u><u>23,750</u></u>	<u><u>9,671</u></u>

27. BANK BORROWINGS

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Unsecured	<u>333,733</u>	<u>30,000</u>
Carrying amount repayable:		
On demand or within one year	283,733	30,000
More than two years, but not more than five years	<u>50,000</u>	<u>—</u>
	333,733	30,000
Less: Amounts due within one year shown under current liabilities	<u>(283,733)</u>	<u>(30,000)</u>
	<u><u>50,000</u></u>	<u><u>—</u></u>

As at 31 December 2008, the Group had variable-rate bank borrowings of approximately RMB61,733,000 (2007: nil) denominated in Hong Kong dollar, which carried interest rate of Hong Kong Interbank Offered Rate plus 0.75%. The remaining variable-rate bank borrowings of RMB160,000,000 (2007: nil) were denominated in Renminbi and bore interest rates ranging from 4.8% to 7.5% per annum.

As at 31 December 2008, the Group also had fixed-rate bank borrowings denominated in Renminbi of approximately RMB112,000,000 (2007: RMB30,000,000), which carried average fixed interest rates ranging from 5.2% to 6.1% (2007: 7.5%) per annum.

28. SHARE CAPITAL

	Number of shares	Share capital	
	'000	HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On date of incorporation (note a)	10,000	100	—
Increase on 26 June 2007 (note b)	<u>1,490,000</u>	<u>14,900</u>	<u>—</u>
At 31 December 2007 and 2008	<u>1,500,000</u>	<u>15,000</u>	<u>—</u>
Issued and fully paid:			
1 share allotted and issued nil paid on date of incorporation (note a)	—	—	—
Issue of shares on Corporate Reorganisation (note c)	50,000	500	485
Issued on public flotation (note d)	210,600	2,106	2,043
Issued by capitalisation of the share premium account (note e)	581,800	5,818	5,643
Exercise of over allotment option (note f)	<u>31,590</u>	<u>316</u>	<u>307</u>
At 31 December 2007 and 2008	<u>873,990</u>	<u>8,740</u>	<u>8,478</u>

Notes:

- (a) The Company was incorporated in the Cayman Islands on 15 March 2007 with an authorised share capital of HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each. 1 share of HK\$0.01 was issued nil paid to CS International on date of incorporation.
- (b) Pursuant to the written resolutions on 26 June 2007, the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 by the creation of an additional of 1,490,000,000 shares.
- (c) Pursuant to the share swap agreement entered between the Company and CS International on 26 June 2007, the Company allotted and issued 49,999,999 shares to CS International and credited the nil-paid share issued on 15 March 2007 as fully paid in consideration to acquire the entire interest in Times Supermarket from CS International.
- (d) On 16 July 2007, the Company issued 210,600,000 new shares pursuant to the Listing and the Company's shares were listed on the Stock Exchange on the same date.
- (e) Pursuant to the written shareholder's resolutions passed on 26 June 2007, the Company allotted and issued an aggregate of 581,800,000 shares by way of capitalisation from the amount standing to the credit of the share premium account of the Company on 16 July 2007 amounting to HK\$5,818,000, details of which are set out in the Prospectus.
- (f) On 20 July 2007, an over-allotment option of 31,590,000 shares was exercised by The Hongkong and Shanghai Banking Corporation Limited, the sole global coordinator and sole bookrunner of the Listing.

29. OPERATING LEASE COMMITMENTS**The Group as lessee**

At the balance sheet dates, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	127,538	73,492
In the second to fifth year inclusive	806,110	796,991
Over five years	<u>2,780,932</u>	<u>2,775,379</u>
	<u>3,714,580</u>	<u>3,645,862</u>

Operating lease payments represent rentals payable by the Group for its shop and office premises. Leases are negotiated and rentals are fixed for average lease term of 16 years.

The Group as lessor

At the balance sheet dates, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	100,670	77,705
In the second to fifth year inclusive	93,808	84,154
Over five years	<u>33,258</u>	<u>28,867</u>
	<u>227,736</u>	<u>190,726</u>

Leases are negotiated and rentals are fixed for lease term of one to twenty years.

30. CAPITAL COMMITMENTS

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment and leasehold land contracted for but not provided in the consolidated financial statements	<u>84,438</u>	<u>98,725</u>
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	<u>—</u>	<u>9,857</u>

31. RETIREMENT BENEFIT PLAN

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during each of the two years are disclosed in note 12.

32. SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") was approved and adopted by the written resolutions of the shareholder of the Company passed on 26 June 2007 to recognise and acknowledge the contributions of selected participants to the growth of the Group.

The board of directors (the "Board") may, in its absolute discretion, offer to grant options to any executive and employee of the Group, any director (including non-executive director and independent non-executive director) and any consultant, adviser and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date on which the shares of the Company are listed on the Stock Exchange excluding the shares to be granted under the over-allotment option which can be refreshed according to the Stock Option Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Stock Option Scheme shall not exceed 30% of the shares in issue of the Company from time to time.

The total number of shares issued and which fall to be issued upon the exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to any individual in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approval by the Company's shareholders in accordance with the Share Option Scheme.

Subject to the rules of the Share Option Scheme, options may be exercised, in whole or in part, at any time during the period from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and the tenth anniversary of the Share Option Scheme. No amount is payable on acceptance of an offer of options.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

No option has been granted since the adoption of the Share Option Scheme.

33. ACQUISITION OF ASSETS

The Group acquired certain properties through purchase of the entire equity interest of the following companies (“Acquired Companies”) during the year ended 31 December 2007.

Name of company	Meili International Limited (“Meili International”)	Hong Fung Limited (“Hong Fung”)	Waho (China) Limited (“Waho”)	East Fine Enterprise Limited (“East Fine”)	Wealthland Corporation Limited (“Wealthland”)	Goldwell Corporation Limited (“Goldwell”)	淄博奔達置業有限公司 (Zibo Branda Properties Limited) (“Zibo Branda”)	Total
Date of acquisition	6 March 2007	8 March 2007	12 March 2007	8 March 2007	8 March 2007	8 March 2007	26 September 2007	
Seller	Trueway Investment Limited (notes 1 & 3)	Mr. Woo Lap Fu (note 2)	Mr. Douglas Fang (note 3)	Mr. Kenneth Fang (note 3)	Mr. Kenneth Fang (note 3)	Mr. Kenneth Fang (note 3)	淄博匯澤房地產開發有限公司 (Zibo Huize Real Estate Development Limited)	
Consideration:								
In RMB ('000)	18,198	23,208	7,013	64,843	—	10,475	32,982	156,719
Net assets acquired (RMB'000):								
Non-current assets								
Property, plant and equipment	25,596	57,722	9,682	52,981	—	46,137	—	192,118
Prepaid lease payments	9,079	33,467	22,303	102,031	25,363	7,639	54,222	254,104
Deposits paid for acquisition of property, plant and equipment	—	5,400	—	—	—	—	—	5,400
	<u>34,675</u>	<u>96,589</u>	<u>31,985</u>	<u>155,012</u>	<u>25,363</u>	<u>53,776</u>	<u>54,222</u>	<u>451,622</u>
Current assets								
Prepaid lease payments	430	884	679	3,108	546	229	1,391	7,267
Other receivables	5	5,379	28	23	5	10	12,060	17,510
Amounts due from related companies	—	20,126	—	—	—	—	—	20,126
Bank balance and cash	231	4,568	1,192	2,497	512	1,676	19,779	30,455
	<u>666</u>	<u>30,957</u>	<u>1,899</u>	<u>5,628</u>	<u>1,063</u>	<u>1,915</u>	<u>33,230</u>	<u>75,358</u>
Current liabilities								
Amount due to a director	(7,805)	(40,010)	(23,281)	(38,875)	(20,015)	(8,009)	—	(137,995)
Amounts due to related companies	—	(45,732)	(3,488)	(53,489)	(6,401)	(36,863)	(54,458)	(200,431)
Other payables	(9,338)	(18,296)	(10)	(3,193)	(10)	(243)	(12)	(31,102)
Tax payable	—	(300)	(92)	(240)	—	(101)	—	(733)
	<u>(17,143)</u>	<u>(104,338)</u>	<u>(26,871)</u>	<u>(95,797)</u>	<u>(26,426)</u>	<u>(45,216)</u>	<u>(54,470)</u>	<u>(370,261)</u>
Net assets	<u>18,198</u>	<u>23,208</u>	<u>7,013</u>	<u>64,843</u>	<u>—</u>	<u>10,475</u>	<u>32,982</u>	<u>156,719</u>

Notes:

- (1) Mr. Kenneth Fang, is the sole director and shareholder of Trueway Investment Limited.
- (2) Mr. Woo Lap Fu (“Mr. Woo”) is a senior officer of Hua Tai Garment Factory Limited (“Hua Tai”). Mr. Woo held the equity interest of Hong Fung as nominee for Mr. Kenneth Fang.
- (3) Mr. Douglas Fang and Mr. Kenneth Fang, are the directors of the Company.

The net cash used in acquisition of assets (net of cash and cash equivalents acquired) amounted to approximately RMB126,264,000.

The principal assets of the Acquired Companies are properties. The Group in substance acquired assets instead of business. The consideration was fully settled in cash.

34. RELATED PARTY TRANSACTIONS

During the years, the Group had entered into the following significant transactions with related parties:

	2008 RMB'000	2007 RMB'000
Sales to Nantong Times Property Co., Ltd ("Nantong Times") (note a)	97,214	91,659
Supply of marketing materials to Nantong Times (note a)	925	1,024
Purchases from 南通中誠實業有限公司 (Nantong Zhongchen Industry Co., Ltd.) (「Nantong Zhongchen」) (note a)	—	190
Management fee paid to 南通輝騰有限公司 (Nantong Fightingale Estates Co., Ltd.) (「Nantong Fightingale」) (note a)	400	400
Facilities usage fee paid to Nantong Fightingale (note a)	600	600
Rentals paid to		
Meili International (note b)	—	167
Hong Fung (note b)	—	1,080
Waho (note b)	—	250
East Fine (note b)	—	1,266
Goldwell (note b)	—	467
Nantong Fightingale (note a)	1,000	1,000
Core Post Company Limited (note a)	55	34
	1,055	4,264
Interest paid to Hua Tai (note a)	—	833
Interest paid to Nantong Zhongchen (note a)	—	386
Interest received from 南通德誠房地產有限公司 (Nantong Decheng Real Estate Co., Ltd.) (note a)	—	607
Management fee received from Nantong Times (note c)	194	110

Notes:

- (a) These are related companies of the Group, in which certain directors of the Company have beneficial interests.
- (b) These were related companies in which certain directors have controlling interest and were acquired by the Group during the year ended 31 December 2007. Details are set out in note 33.
- (c) During the years ended 31 December 2008 and 2007, Jiangsu Times provided management and operation services to Nantong Times in respect of its supermarket ("Supermarket") located at 57 Ren Min Dong Lu, Nantong without charging any fee until 18 June 2007. On 18 June 2007, the Group and Nantong Times entered into a management agreement for a term of three years for the provision of management and operation services to the Supermarket at a fee of 0.2% of the total monthly turnover of the Supermarket.

In March 2007, the Group acquired the Acquired Companies, excluding Zibo Branda, from the directors of the Company or an entity in which the directors of the Company has beneficial interest with a consideration in aggregate of approximately RMB123,737,000. Details are set out in note 33.

On 8 March 2007 and 20 July 2007, the Group acquired the entire issued share capital of Branda International Group Limited (“Branda International”) and Fortune Trade Enterprises Investment Limited (“Fortune Trade”) from the director of the Company at an aggregate consideration of US\$2.

The directors of the Company considered that the executive directors and the five highest paid individuals are the key management of the Group, whose emoluments have been disclosed in notes 13 and 14 respectively.

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company’s subsidiaries as at the balance sheet dates are as follows:

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at		Principal activities
			31 December 2008	2007	
Times Supermarket*	BVI	US\$951	100%	100%	Investment holding
Swift Harvest	Hong Kong	HK\$1	100%	100%	Investment holding
江蘇時代超市有限公司# Jiangsu Times	PRC	RMB472,000,000	100%	100%	Hypermarket and supermarket operations
Hong Fung	Hong Kong	HK\$1	100%	100%	Investment holding
Waho	Hong Kong	HK\$1	100%	100%	Investment holding
East Fine	Hong Kong	HK\$1	100%	100%	Investment holding
Wealthland	Hong Kong	HK\$1	100%	100%	Investment holding
Goldwell	Hong Kong	HK\$1	100%	100%	Investment holding
Fortune Trade	BVI	US\$1	100%	100%	Investment holding
Supreme Forum Limited	BVI	US\$1	100%	100%	Investment holding
Wealth Concept Inc	BVI	US\$1	100%	100%	Investment holding
Meili International	BVI	US\$1	100%	100%	Investment holding
Branda International	BVI	US\$1	100%	100%	Investment holding
Fine Spring Limited	Hong Kong	HK\$1	100%	100%	Investment holding
Fine Port Limited	Hong Kong	HK\$1	100%	100%	Investment holding

APPENDIX II
FINANCIAL INFORMATION OF TIMES LTD.

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at		Principal activities
			31 December 2008	2007	
南通康豐置業有限公司# Nantong Kangfeng Properties Limited**	PRC	HK\$84,000,000	100%	100%	Property investment
南通康豐倉儲有限公司# Nantong Kangfeng Storage Limited**	PRC	RMB10,000,000	100%	100%	Property investment
諸暨德誠置業有限公司# Zhuzhi Decheng Properties Limited**	PRC	US\$3,000,000	100%	100%	Property investment
南通耀東置業有限公司# Nantong Yaodong Properties Limited**	PRC	US\$12,500,000	100%	100%	Property investment
南通富華置業有限公司# Nantong Fuhua Properties Limited**	PRC	HK\$37,500,000	100%	100%	Investment holding
池州市富華置業有限公司# Chizho City Fuhua Properties Limited**	PRC	RMB37,000,000	100%	100%	Property investment
南通金優置業有限公司# Nantong Jinyou Properties Limited**	PRC	HK\$45,000,000	100%	100%	Property investment
南通美林置業有限公司# Nantong Meili Properties Limited**	PRC	US\$2,200,000	100%	100%	Property investment
南通奔達置業有限公司# Nantong Branda Properties Limited**	PRC	HK\$52,000,000	100%	100%	Investment holding
南通輝港置業有限公司# Nantong Supreme Forum Properties Limited**	PRC	HK\$50,000,000	100%	—	Property investment
南通春輝置業有限公司# Nantong Fine Spring Properties Limited**	PRC	HK\$15,000,000	100%	—	Property investment

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at		Principal activities
			31 December 2008	2007	
姜堰市輝港置業有限公司# Jiangyan City Supreme Forum Properties Limited**	PRC	RMB23,470,000	100%	—	Property investment
南通富貿置業有限公司# Nantong Fortune Trade Properties Limited**	PRC	HK\$41,000,000	100%	100%	Property investment
淄博奔達置業有限公司# Zibo Branda Properties Limited**	PRC	RMB3,000,000	100%	100%	Property investment

* Times Supermarket is directly held by the Company whereas the remaining subsidiaries are indirectly held by the Company.

** The English names of these PRC incorporated entities are for identification purpose only.

Wholly foreign owned and limited liability enterprise registered in the PRC.

None of the subsidiaries had issued debt securities at the end of both years.

C. FINANCIAL INFORMATION OF THE TIMES GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2009

Set out below is the unaudited condensed consolidated financial statements of the Times Group as extracted from the interim report of Times Ltd. for the six months ended 30 June 2009.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	NOTES	Six months ended	
		30.6.2009	30.6.2008
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	2,148,084	2,088,394
Cost of sales		<u>(1,806,832)</u>	<u>(1,737,413)</u>
Gross profit		341,252	350,981
Other income	5	202,351	151,186
Selling and distribution costs		(383,519)	(327,116)
Administrative expenses		(44,312)	(47,224)
Finance costs		<u>(4,062)</u>	<u>(870)</u>
Profit before taxation		111,710	126,957
Taxation	6	<u>(34,169)</u>	<u>(37,658)</u>
Profit for the period and total comprehensive income for the period	7	<u>77,541</u>	<u>89,299</u>
Earnings per share			
Basic (RMB)	8	<u>0.089</u>	<u>0.102</u>

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	<i>NOTES</i>	30.6.2009 <i>RMB'000</i> <i>(unaudited)</i>	31.12.2008 <i>RMB'000</i> <i>(audited)</i>
Non-current assets			
Property, plant and equipment	10	1,151,678	1,011,006
Prepaid lease payments		408,192	315,953
Prepaid lease rentals		149,500	169,058
Deposits for acquisition of property, plant and equipment and leasehold land		69,667	204,738
Deferred tax assets	11	8,674	9,355
		<u>1,787,711</u>	<u>1,710,110</u>
Current assets			
Inventories		548,718	741,770
Trade and other receivables	12	204,276	172,090
Prepaid lease payments		10,867	8,989
Prepaid lease rentals		142,282	97,289
Pledged bank deposits		12,161	12,026
Bank balances and cash		372,397	405,214
		<u>1,290,701</u>	<u>1,437,378</u>
Current liabilities			
Trade and other payables	13	1,270,509	1,525,678
Tax liabilities		15,976	14,240
Bank borrowings	14	431,021	283,733
		<u>1,717,506</u>	<u>1,823,651</u>
Net current liabilities		<u>(426,805)</u>	<u>(386,273)</u>
Total assets less current liabilities		<u>1,360,906</u>	<u>1,323,837</u>
Capital and reserves			
Share capital		8,478	8,478
Reserves		1,299,174	1,263,211
Total equity		<u>1,307,652</u>	<u>1,271,689</u>
Non-current liabilities			
Bank borrowings	14	50,000	50,000
Deferred tax liability	11	3,254	2,148
		<u>53,254</u>	<u>52,148</u>
		<u>1,360,906</u>	<u>1,323,837</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (Note a)	Statutory public welfare fund RMB'000 (Note b)	Enterprise development fund RMB'000 (Note b)	Special reserve RMB'000 (Note c)	Accumulated profits RMB'000	Total RMB'000
At 1 January 2008 (audited)	8,478	940,390	25,004	7,191	7,481	53,877	118,007	1,160,428
Profit for the period and total comprehensive income for the period	—	—	—	—	—	—	89,299	89,299
Dividend paid (note 9)	—	—	—	—	—	—	(26,045)	(26,045)
Transfer to statutory surplus reserve	—	—	14,672	(7,191)	(7,481)	—	—	—
At 30 June 2008 (unaudited)	<u>8,478</u>	<u>940,390</u>	<u>39,676</u>	<u>—</u>	<u>—</u>	<u>53,877</u>	<u>181,261</u>	<u>1,223,682</u>
At 1 January 2009 (audited)	8,478	940,390	55,586	—	—	53,877	213,358	1,271,689
Profit for the period and total comprehensive income for the period	—	—	—	—	—	—	77,541	77,541
Dividend paid (note 9)	—	—	—	—	—	—	(41,578)	(41,578)
At 30 June 2009 (unaudited)	<u>8,478</u>	<u>940,390</u>	<u>55,586</u>	<u>—</u>	<u>—</u>	<u>53,877</u>	<u>249,321</u>	<u>1,307,652</u>

Notes:

- (a) The Articles of Association of the subsidiaries of the Company incorporated in the People's Republic of China ("PRC") require the appropriation of 10% of its profit after taxation (prepared under the generally accepted accounting principles in the PRC) each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provisions of the Articles of Association of the PRC incorporated companies comprising the Group, in normal circumstances, the statutory surplus reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its production and operation. Such appropriations are made on an annual basis at the end of each financial year.
- (b) Pursuant to the PRC company law, the subsidiaries of the Company incorporated in the PRC shall make an allocation to the statutory public welfare fund and enterprise development fund from their profit after taxation (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The enterprise development fund can be used for making good losses and capitalisation into paid-in-capital. Both the statutory public welfare fund and the enterprise development fund form part of the shareholders' equity but were non-distributable other than in liquidation. Such appropriation were made on an annual basis at the end of each financial year on or before 31 December 2007.

Pursuant to the changes of the relevant PRC company law, the subsidiaries of the Company incorporated in the PRC were no longer required to appropriation to the statutory public welfare fund and enterprise development fund. The balances of the statutory public welfare fund and enterprise development fund were transferred to the statutory surplus reserve during the period ended 30 June 2008.

- (c) The amount mainly represents the difference between the amount due to the then ultimate holding company, S.C. Fang & Sons Company Limited, as assigned in exchange for an issued share capital of a subsidiary of the Company, Times Supermarket Limited ("Times Supermarket"), and the nominal value of the share capital issued by the Times Supermarket pursuant to the corporate reorganisation.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

		Six months ended	
	<i>NOTES</i>	30.6.2009	30.6.2008
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Increase in prepaid lease rentals		(122,679)	(86,367)
Other operating cash flows (net)		<u>133,730</u>	<u>69,973</u>
Net cash from (used in) operating activities		<u>11,051</u>	<u>(16,394)</u>
Investing activities			
Acquisition of assets	16	(57,928)	—
Purchases of property, plant and equipment	10	(51,334)	(82,890)
Deposits paid for acquisition of property, plant and equipment and leasehold land		(43,667)	(198,749)
Proceeds from disposal of property, plant and equipment	10	363	70
Other investing cash flows (net)		<u>7,050</u>	<u>(1,459)</u>
Net cash used in investing activities		<u>(145,516)</u>	<u>(283,028)</u>
Financing activities			
Dividends paid	9	(41,578)	(26,045)
New bank borrowings raised	14	302,288	55,000
Repayment of bank borrowings	14	(155,000)	(30,000)
Other financing cash flows (net)		<u>(4,062)</u>	<u>(870)</u>
Net cash from (used in) financing activities		<u>101,648</u>	<u>(1,915)</u>
Net decrease in cash and cash equivalents		(32,817)	(301,337)
Cash and cash equivalents at beginning of period		<u>405,214</u>	<u>521,592</u>
Cash and cash equivalents at end of period, represented by bank balances and cash		<u><u>372,397</u></u>	<u><u>220,255</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

In current period, the Group has applied a number of new or revised standards, amendments and interpretations that are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2008.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments (see note 4) and has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) Presentation of financial statements

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

HKAS 23 (Revised) Borrowing costs

HKAS 23 (Revised) removes the option to expense borrowing costs as incurred and requires capitalisation of borrowing costs attributable to the acquisition, construction or production of a qualifying asset. As the Group expensed all borrowing costs as incurred in prior periods, the revised standard has resulted a change in the Group’s accounting policy in current interim period. In accordance with the transitional provisions in the revised standard, the Group applies the revised standard on a prospective basis to capitalise approximately RMB4,272,000 borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Had the previous accounting policy been applied, the borrowing costs would have been expensed. Therefore, the change in accounting policy has resulted in an increase in the profit for the period of approximately RMB4,272,000.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹

HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised 2008)	Business Combinations ¹
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for merchandise sold by the Group to outside customers and the service income, less sales tax during the periods. An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales of merchandise	2,096,577	2,036,780
Commissions from concessionaire sales (Note)	<u>51,507</u>	<u>51,614</u>
	<u><u>2,148,084</u></u>	<u><u>2,088,394</u></u>

Note:

The commissions from concessionaire sales are analysed below:

Gross proceeds received from concessionaire sales	394,453	387,427
Commissions from concessionaire sales	<u>51,507</u>	<u>51,614</u>

4. SEGMENT INFORMATION

HKFRS 8 "Operating Segments", with effect from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating

decision maker in order to allocate resources to the segment and to assess its performance. The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operation. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segment (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

No segmental analysis was presented in prior years as the Group is principally engaged in the retail business through the operation of retail stores in the PRC and nearly all identifiable assets of the Group are located in the PRC.

For the purpose of resources allocation and performance assessment, the Group's executive directors review operating results and financial information on a store by store basis. Each store is identified as an operating segment in accordance with HKFRS 8. As each store is operating in similar business model, selling similar products and subject to a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is presented.

5. OTHER INCOME

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Rental income from leasing of shop premises	80,585	68,488
Government subsidies (<i>Note</i>)	1,435	2,976
Promotion income	108,988	71,416
Interest income on bank deposits	7,187	5,801
Indemnity income	415	413
Others	3,741	2,092
	<u>202,351</u>	<u>151,186</u>

Note: The amounts represent subsidies received from the PRC government for the purpose of encouraging the Group to expand its retailing business. There are no conditions attached to the subsidies granted to the Group.

6. TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
The charge comprises:		
PRC Enterprise Income Tax — current taxation	32,382	35,327
Deferred tax charge — current period (<i>note 11</i>)	1,787	2,331
	<u>34,169</u>	<u>37,658</u>

PRC Enterprise Income Tax is calculated at a tax rate of 25%, which is the prevailing tax rate in the PRC, for the current and prior periods.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	47,047	34,767
Operating lease rentals in respect of rented land and premises	97,244	83,475
Prepaid lease payments charged to profit and loss	4,526	3,768
Loss on disposal of property, plant and equipment	650	172
Staff costs including directors' remuneration	131,642	107,370
Net exchange loss	<u>137</u>	<u>2,527</u>

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the period ended 30 June 2009 and 2008 is based on the condensed consolidated profit for the respective periods and on the basis of 873,990,000 shares of the Company in issue during both periods.

There was no diluted earnings per share presented for both periods as there were no potential ordinary shares outstanding.

9. DIVIDENDS

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Dividend recognised as distribution and paid during the periods:		
2008 final dividend paid - HK5.4 cents per ordinary share (equivalents to RMB4.75 cents)	41,578	—
2007 final dividend paid - HK3.18 cents per ordinary share (equivalents to RMB2.98 cents)	<u>—</u>	<u>26,045</u>
	<u>41,578</u>	<u>26,045</u>

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB51,300,000 (six months ended 30 June 2008: RMB82,900,000) on additions to property, plant and equipment, for the purpose of expanding its retail networks in the PRC.

In addition, the Group disposed of certain plant and equipment with a carrying amount of RMB1,013,000 (six months ended 30 June 2008: RMB242,000) for proceeds of RMB363,000 (six months ended 30 June 2008: RMB70,000), resulting in a net loss on disposal of RMB650,000 (six months ended 30 June 2008: RMB172,000).

11. DEFERRED TAXATION

The followings are the major deferred tax assets (liability) recognised by the Group and movement thereon, during the current and prior periods.

	Deferred tax assets		Deferred tax liability	Total RMB'000
	Temporary difference arising from pre-operating expenses RMB'000	Temporary difference arising from accruals not deductible for tax purpose RMB'000	Temporary difference arising from undistributed earnings of a PRC subsidiary RMB'000 (Note)	
At 1 January 2008 (audited)	7,683	2,644	—	10,327
Credit (charge) to condensed consolidated statement of comprehensive income	313	(2,644)	—	(2,331)
At 30 June 2008 (unaudited)	7,996	—	—	7,996
Credit (charge) to condensed consolidated statement of comprehensive income	1,359	—	(2,148)	(789)
At 31 December 2008 (audited)	9,355	—	(2,148)	7,207
Charge to condensed consolidated statement of comprehensive income	(681)	—	(1,106)	(1,787)
At 30 June 2009 (unaudited)	8,674	—	(3,254)	5,420

Note: Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the condensed consolidated financial statements in respect of temporary differences relating to the undistributed profits of certain PRC subsidiaries amounting to approximately RMB13,500,000 (31 December 2008: RMB10,533,000) as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

As at 30 June 2009 and 31 December 2008, the Group had no significant unprovided deferred taxation.

12. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days for bulk purchases by corporate customers with good repayment history. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aged analysis of trade receivables at the end of the reporting periods:

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
0 - 30 days	12,342	7,806
31 - 60 days	2,944	734
61 - 90 days	200	—
Over 90 days	<u>50</u>	<u>69</u>
Total trade receivables	15,536	8,609
Prepayments, deposits and other receivables	<u>188,740</u>	<u>163,481</u>
Total trade and other receivables	<u><u>204,276</u></u>	<u><u>172,090</u></u>

13. TRADE AND OTHER PAYABLES

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

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
0 - 30 days	291,330	416,365
31 - 60 days	174,826	225,051
61 - 90 days	61,632	82,502
Over 90 days	<u>91,215</u>	<u>95,213</u>
Total trade and bills payables	619,003	819,131
Other payables, deposits and accrued charges	<u>651,506</u>	<u>706,547</u>
Total trade and other payables	<u><u>1,270,509</u></u>	<u><u>1,525,678</u></u>

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

14. BANK BORROWINGS

During the period, the Group obtained new bank loans amounting to approximately RMB302,288,000 and repaid approximately RMB155,000,000. The loans carry prevailing market interest rates ranging from 1.96% to 6.14% per annum. The proceeds were used to finance the acquisition of property, plant and equipment and leasehold land.

15. CAPITAL COMMITMENTS

At the end of the reporting periods, the Group was committed to capital expenditure in respect of acquisition of property, plant and equipment and leasehold land.

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Contracted for but not provided	<u>30,061</u>	<u>84,438</u>

Apart from the above commitment, the Group entered into a co-operation agreement dated 27 May 2009 (“Co-operation Agreement”) with Shanghai Liansen Industrial (Group) Co., Ltd (“Shanghai Liansen”), an independent third party, in relation to the acquisition of 100% equity interest in Lianyungang Yixiang Properties Co., Ltd (“Lianyungang Yixiang”) for a cash consideration of approximately RMB130 million. The acquisition is made for the purpose of purchase the interest in a hypermarket in the PRC, which is the principal asset of Lianyungang Yixiang.

At 30 June 2009, approximately RMB11 million was paid to Shanghai Liansen and included in the deposits for acquisition of property, plant and equipment and leasehold land. The remaining amount of RMB119 million will be settled in several instalments until the relevant registrations and procedures for the transfer of registered capital are completed.

At the date of this report, the above acquisition has not yet been completed.

16. ACQUISITION OF ASSETS

During the period, the Group acquired the entire interests in 姜堰市廣源置業有限公司 (Jiangyin City Guangyuan Property Co., Ltd.) and 興化市百昌置業有限公司 (Xinghua City Baichang Property Co., Ltd.) at considerations of approximately RMB63,000,000 and RMB8,000,000 respectively. The major assets acquired were prepaid lease payments on leasehold land located in the PRC and bank balances. Other assets and liabilities acquired were insignificant. The acquisition is accounted as acquisition of assets.

The net cash used in the acquisition of assets (net of cash and cash equivalents acquired) amounted to approximately RMB57,928,000.

17. RELATED PARTY TRANSACTIONS

During the periods, the Group had entered into the following significant transactions with related parties:

	Six months ended	
	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales to Nantong Times Property Co., Ltd. ("Nantong Times") (<i>Note a</i>)	54,970	52,288
Supply of marketing materials to Nantong Times (<i>Note a</i>)	283	579
Management fee paid to Nantong Fightingale Estates Co., Ltd. ("Nantong Fightingale") (<i>Note a</i>)	200	200
Facilities usage fee paid to Nantong Fightingale (<i>Note a</i>)	300	300
Rentals paid to Nantong Fightingale (<i>Note a</i>)	500	500
Management fee received from Nantong Times (<i>Note a and b</i>)	118	105
Key management compensation (<i>Note c</i>)	<u>3,135</u>	<u>2,627</u>

Notes:

- (a) These are related companies of the Group, in which certain directors of the Company have beneficial interests.
- (b) During the periods ended 30 June 2009 and 2008, the Group provided management and operation services to Nantong Times in respect of its supermarket ("Supermarket") located at 57 Ren Min Dong Lu, Nantong at a fee of 0.2% of the total turnover of the Supermarket.
- (c) The remuneration of directors and key executives were determined by the remuneration committee having regard to the performance of individuals and market trends.

D. INDEBTEDNESS STATEMENT

As at 31 October 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Times Group had outstanding unsecured bank borrowings of approximately RMB559 million.

Save as aforesaid, and apart from intra-group liabilities, the Times Group did not have any bank overdrafts or loans or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2009.

Times Ltd. is not aware of any material changes from 31 October 2009 to the Latest Practicable Date to the indebtedness and contingent liabilities position of the Times Group.

E. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Times Group since 31 December 2008, being the date to which the latest audited consolidated financial statements of the Times Group were made up, to and including the Latest Practicable Date.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation into this Composite Document, received from Dudley Surveyors Limited, an independent property valuer, in connection with its valuation as at 31 October 2009 of the property interests of the Times Group.



21 December 2009

The Directors
Times Ltd.
4th Floor
Nos. 20-24 Kwai Wing Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests of **Times Ltd.** and its subsidiaries (hereinafter referred to as “the Group”) in the People’s Republic of China (“the PRC”) other than those property interests held pursuant to operating leases, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such property interests as at 31 October 2009 (the “date of valuation”).

Our valuation of each of the concerned property interests has been based on the Market Value which is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

In forming our opinion of the market values of the property interests in Group I (except property No.10), which are held and occupied by the Group, we have adopted the Direct Comparison Method by making reference to the comparable transactions as available in the relevant market. In addition for property No.10, due to the nature of buildings and structures constructed thereon, there is no readily identifiable market comparable and the property cannot be valued by comparison with open market transactions. Hence, we have adopted the Depreciated Replacement Cost (DRC) Approach in assessing the value of the property interests. This approach of valuation is based on an estimate of the open market value for the existing use of the land, plus the current gross replacement costs of the buildings and structures erected thereon, less allowance for physical deterioration and all relevant forms of obsolescence. The DRC Approach furnishes the most reliable indication of value for property in the absence of a known market based on comparable.

In valuing the property interests in Group II, which is held under development by the Group, we have valued them by Direct Comparison Method by making reference to the comparable transactions as available in the relevant market.

In valuing the property interests in Group III, which is held for future development by the Group, we have valued them by Direct Comparison Method by making reference to the comparable transactions as available in the relevant market.

Our valuations have been made on the assumption that the owner sells the property interests in the open market in their existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreement or any similar arrangement which could serve to increase the value of the property interests. In addition, no account has been taken of any options or rights of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission and the Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

We have been provided with copies of the Title Documents relating to the property interests. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on information given by your Group and the legal opinion of the Group's PRC legal advisors, 上海亞太長城律師事務所南通分所 (Asia Pacific Great Wall (Shanghai) Law Firm, Nantong Office), and have accepted advice given to us on such matters as the property interests to be valued, planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of buildings, particulars of occupancy, site and gross floor areas, attributable interests and all other relevant information.

As at the date of the valuation in this report, the Group has no intention to dispose of any of the property interests, except part of property no. 11. Any disposal of property interests may be subject to various taxes in the PRC, including Business Tax, Stamp Tax, Land Appreciation Tax and Income Tax. The Group is considering to dispose of part of property no. 11 and taxes as mentioned above will be payable if the property is eventually sold. The potential tax liability arising upon sale of part of property no. 11 is estimated by the Group to be approximately RMB6,570,000. As the Group has no intention to dispose of other properties, the likelihood of the relevant tax liability in respect of other properties being quantifiable or crystallized is remote.

Dimensions, measurements and areas included in this valuation certificate are based on information contained in the documents provided to us and are therefore approximations only. We have not been able to carry out on-site measurements to verify the correctness of the site and the floor areas of the property interests and we have assumed that the site and the floor areas shown on the documents handed to us are correct.

We have inspected the exteriors and, where possible, the interiors of the property interests. No structural survey has been made but in the course of our inspection, we did not notice any serious defects. We are therefore not able to report that the property interests are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have no reasons to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We have relied on the Group's confirmation that no material facts have been omitted from the information supplied.

Unless otherwise stated, all money amounts are stated in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Dudley Surveyors Limited

Ellen Y.T. Lo
B.Sc. (Est. Man.), MRICS, MHKIS,
Registered Professional Surveyor (GP)
Managing Director

Note: Ms. Ellen Y.T. Lo, who is a Chartered Surveyor and a China Real Estate Appraiser, has over 27 years' of experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

No. Property	Capital Value in Existing State as at 31 October 2009 <i>RMB</i>	Interest attributable to the Group %	Capital Value in Existing State as at 31 October 2009 attributable to the Group <i>RMB</i>
Group I — Property Interests held and occupied by the Group in the PRC			
1. Unit 101 on Level 1 and Units 202 & 203 on Level 2 of Wuling Street Central Vegetable Market, Chengxiang Town, Taicang City, Jiangsu Province, The PRC	63,570,000	100 %	63,570,000
2. Land and building on Basement Floor of Renmin Plaza, Danyang City, Jiangsu Province, The PRC	103,610,000	100 %	103,610,000
3. Land and building located at the western side of Station Road East and southern side of Renmin Road Central, Shuyang District, Suqian City, Jiangsu Province, The PRC	205,140,000	100 %	205,140,000
4. Land and building located at No.528, Renmin Road Central, Qidong City, Jiangsu Province, The PRC	206,780,000	100 %	206,780,000
5. Land and building located at the junction of Changjiang Road Central and Qiupu Road West, Chizhou City, Anhui Province, The PRC	138,420,000	100 %	138,420,000
6. Land and building located at the junction of Shengli Road and Yishan Road, Guanyun County, Lianyungang City, Jiangsu Province, The PRC	102,640,000	100 %	102,640,000
7. Land and building located at the northeastern side of the junction of Hailing Road and Jichuan Road, Taizhou City, Jiangsu Province, The PRC	166,480,000	100 %	166,480,000

No.	Property	Capital Value in Existing State as at 31 October 2009 <i>RMB</i>	Interest attributable to the Group %	Capital Value in Existing State as at 31 October 2009 attributable to the Group <i>RMB</i>
8.	Land and building located at No. 29 Liuquan Road, Zhangdian District, Zibo City, Shandong Province, The PRC	172,320,000	100%	172,320,000
9.	Land and building located at No. 31 Anyi Road East, Anyi Town, Baoying City, Jiangsu Province, The PRC	65,060,000	100%	65,060,000
10.	Land and buildings located at No.55, Tongfu Road North, Nantong City, Jiangsu Province, The PRC	72,940,000	100%	72,940,000
			Sub-total:	<u>1,296,960,000</u>
Group II — Property Interests held under development by the Group in the PRC				
11.	Land and building located at eastern side of Fengshou Road and northern side of Pailou Road, Xinghua City, Jiangsu Province, The PRC	96,000,000	100%	96,000,000
			Sub-total:	<u>96,000,000</u>

No. Property	Capital Value in Existing State as at 31 October 2009 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Capital Value in Existing State as at 31 October 2009 attributable to the Group <i>RMB</i>
Group III — Property Interests held for future development by the Group in the PRC			
12. A parcel of Land located at the southeastern side of the junction of Renmin Road and Gongnong Road, Nantong City, Jiangsu Province, The PRC	154,750,000	100 %	154,750,000
13. A parcel of Land located at northwestern side of the junction of Huaihai Road North and Beijing Road West, Huaian City, Jiangsu Province, The PRC	65,080,000	100 %	65,080,000
14. A parcel of Land located at Western Main Street, Jiangyan City, Jiangsu Province, The PRC	54,790,000	100 %	54,790,000
		Sub-total:	<u>274,620,000</u>
		Grand Total:	<u><u>1,667,580,000</u></u>

VALUATION CERTIFICATE

Group I — Property Interests held and occupied by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
1. Unit 101 on Level 1 and Units 202 & 203 on Level 2 of Wuling Street Central Vegetable Market, Chengxiang Town, Taicang City, Jiangsu Province, The PRC	<p>The property comprises three parcels of land with a total site area of approximately 1,990.4 sq.m. (21,425 sq.ft.). Erected on the site is a 4-storey commercial building of reinforced concrete construction completed in around 1999.</p> <p>The property comprises 3 commercial units on Level 1 and Level 2 of a commercial building. The total gross floor area is approximately 6,674.43 sq.m. (71,844 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 29 September 2041 for commercial purposes.</p>	The property is currently for retailing, office and storage purposes.	RMB63,570,000 (100% interest attributable to the Group: RMB63,570,000)

Notes:

1. Pursuant to the Business License No. 330600400009170 dated 8 April 2008, 諸暨德誠置業有限公司 (Zhuji Dencheng Real Estate Co., Ltd.) (“Zhuji Dencheng”) was incorporated with a registered capital of US\$3,000,000 for a valid period from 13 December 2005 to 12 December 2035 and its scope of business includes interior decoration and property management.
2. Pursuant to a State-owned Land Use Rights Certificate - Tai Guo Yong (2006) No. 422061050 issued by the People’s Government of Taicang City on 11 July 2006, the land use rights of the parcel of land with an area of 23.3 sq.m. was granted to Zhuji Dencheng for a term expiring on 29 September 2041 for commercial purposes.
3. Pursuant to a State-owned Land Use Rights Certificate - Tai Guo Yong (2006) No. 422061051 issued by the People’s Government of Taicang City on 11 July 2006, the land use rights of the parcel of land with an area of 697.4 sq.m. was granted to Zhuji Dencheng for a term expiring on 29 September 2041 for commercial purposes.
4. Pursuant to a State-owned Land Use Rights Certificate - Tai Guo Yong (2006) No. 422061052 issued by the People’s Government of Taicang City on 11 July 2006, the land use rights of the parcel of land with an area of 1,269.7 sq.m. was granted to Zhuji Dencheng for a term expiring on 29 September 2041 for commercial purposes.
5. Re: Units 101, 202 and 203
 - i. Pursuant to a Building Ownership Certificate - Tai Fang Quan Zheng Cheng Xiang Zi No. 00054073 issued by the People’s Government of Taicang City on 20 June 2006, the ownership of the units with a total gross floor area of 6,674.43 sq.m. is held by Zhuji Dencheng for non-domestic use.
6. Zhuji Dencheng is a wholly-owned subsidiary of the Group.
7. As advised by the Group, part of the property with a total gross floor area of 109.7 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 19 April 2011 at a total monthly rent of RMB76,684.4.

8. Pursuant to the Tenancy Agreement dated 20 January 2006; the Supplemental Tenancy Agreement dated 16 August 2007 and the Supplemental Tenancy Agreement (2) dated 16 November 2007 entered into between Zhuji Dencheng and 江蘇時代超市有限公司 (Jiangsu Times Supermarket Co., Ltd.) (“Jiangsu Times”) a wholly-owned subsidiary of the Group, Levels 1-2 of the subject building with a total gross floor area of approximately 6,630 sq.m. erected thereon is rented to Jiangsu Times for a term of 15 years commencing from 1 June 2006 at an annual rent of RMB1,500,000.

9. We have been provided with a legal opinion on the title on the property prepared by the Group’s PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.

 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.

 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.

 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
2. Land and Building on Basement Floor of Renmin Plaza, Danyang City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 12,717.6 sq.m. (136,892 sq.ft.). Erected on the site is a commercial podium on the basement floor of reinforced concrete construction completed in around 2001.</p> <p>The gross floor area of the property is approximately 12,685.9 sq.m. (136,551 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 19 August 2041 for commercial purposes.</p>	The property is currently for retailing, office and storage purposes.	<p>RMB103,610,000</p> <p>(100% interest attributable to the Group: RMB103,610,000)</p>

Notes:

- Pursuant to the Business License No. 320600400017039 dated 4 May 2008, 南通金優置業有限公司 (Nantong Jinyou Properties Limited) ("Nantong Jinyou") was incorporated with a registered capital of HK\$45,000,000 for a valid period from 20 June 2006 to 19 June 2036 and its scope of business includes leasing and property management.
- Pursuant to a State-owned Land Use Rights Certificate- Dan Guo Yong (2006) No.05229 issued by the People's Government of Danyang City on 17 July 2006, the land use rights of the parcel of land with an area of 12,717.6 sq.m. was granted to Nantong Jinyou for a term expiring on 19 August 2041 for commercial purposes.
- Pursuant to a Building Ownership Certificate - Dan Fang Quan Zheng Yun Yang Zi No. 01022275 issued by the People's Government of Danyang City on 6 July 2006, a building with a gross floor area of 12,685.9 sq.m. is held by Nantong Jinyou.
- Nantong Jinyou is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 1,909 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 31 December 2011 at a total monthly rent of RMB302,274.
- Pursuant to the Tenancy Agreement dated 18 July 2006 and the Supplemental Tenancy Agreement dated 16 August 2007 entered into between Nantong Jinyou and Jiangsu Times, the whole basement with a gross floor area of approximately 12,390 sq.m. erected thereon is rented to Jiangsu Times for a term of 15 years commencing from 21 July 2006 at an annual rent of RMB2,800,000 per annum. From 1 January 2008 onwards the annual rent will be RMB3,840,000 per annum.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
3. Land and building located at the western side of Station Road East and southern side of Renmin Road Central, Shuyang District, Suqian City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 17,813.0 sq.m. (191,739 sq.ft.). Erected on the site is a 5-storey commercial/residential composite building and basement of reinforced concrete construction completed in around 2006.</p> <p>The total gross floor area of the whole building is approximately 40,401.57 sq.m. (434,882 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 20 February 2046 for commercial use.</p>	The property is currently for retailing, office and storage purposes.	RMB205,140,000 (100% interest attributable to the Group: RMB205,140,000)

Notes:

- Pursuant to the Business License No. 320600400013504 dated 4 May 2008, 南通康豐置業有限公司 (Nantong Kangfeng Properties Limited) ("Nantong Kangfeng Properties") was incorporated with a registered capital of HK\$84,000,000 for a valid period from 9 August 2005 to 8 August 2035 and its scope of business includes leasing, property management and commercial storage.
- Pursuant to a State-owned Land Use Rights Certificate - Shu Guo Yong (2006) No. 027023 issued by the People's Government of Shuyang County on 23 February 2006, the land use rights of the parcel of land with an area of 17,813.0 sq.m. was granted to Nantong Kangfeng Properties for a term expiring on 20 February 2046 for commercial use.
- Pursuant to a Building Ownership Certificate - Shu Cheng Zi No. 0025800 issued by the People's Government of Shuyang County on 6 April 2007, the ownership of a building with a total gross floor area of 40,401.57 sq.m. is held by Nantong Kangfeng Properties for commercial purposes.
- Nantong Kangfeng Properties is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 3,688.2 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 31 August 2026 at a total monthly rent of RMB403,664.92.
- Pursuant to the Tenancy Agreement dated 18 April 2006 and the Supplemental Tenancy Agreement dated 16 August 2007 entered into between Nantong Kangfeng Properties and Jiangsu Times, Levels 1-4 with a total gross floor area of approximately 39,174 sq.m. erected thereon is rented to Jiangsu Times for a term of 15 years commencing from 21 September 2006 at an annual rent of RMB6,480,000 for the first three years. From the fourth year onwards, the annual rent will be increased by 1% for every year.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
4. Land and building located at No.528, Renmin Road Central, Qidong City, Jiangsu Province, The PRC	<p>The development comprises 6 parcels of land with a total site area of approximately 10,212.6 sq.m. (109,928 sq.ft.) for commercial and office use completed in around 2006.</p> <p>The property comprises level 1 of the commercial podium; basement and shop nos. 22, 23, 24 & 25 at level 2 with a total gross floor area of approximately 18,673.38 sq.m. (201,000 sq.ft.).</p> <p>The land use rights of the property were granted for a term commencing from 20 May 2003 and expiring on 20 May 2043 for commercial & service purposes.</p>	The property is currently for retailing, office and storage purposes.	RMB206,780,000 (100% interest attributable to the Group: RMB206,780,000)

Notes:

- Pursuant to the Business License No. 320681400002559 dated 26 May 2008, 南通耀東置業有限公司 (Nantong East Fine Real Estate Co., Ltd.) ("Nantong East Fine") was incorporated with a registered capital of US\$12,500,000 for a valid period from 20 December 2005 to 20 December 2035 and its scope of business includes leasing and property management.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064548 issued by the People's Government of Qidong City on 16 May 2007, the ownership of a basement with a total gross floor area of 6,121.95 sq.m. is held by Nantong East Fine.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064458 issued by the People's Government of Qidong City on 11 May 2007, the ownership of a building with a total gross floor area of 12,331.42 sq.m. is held by Nantong East Fine.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064460 issued by the People's Government of Qidong City on 11 May 2007, the ownership of shop no.25 with a total gross floor area of 55.09 sq.m. is held by Nantong East Fine.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064461 issued by the People's Government of Qidong City on 11 May 2007, the ownership of shop no.24 with a total gross floor area of 55.80 sq.m. is held by Nantong East Fine.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064462 issued by the People's Government of Qidong City on 11 May 2007, the ownership of shop no.22 with a total gross floor area of 53.32 sq.m. is held by Nantong East Fine.
- Pursuant to a Building Ownership Certificate - Qidong Fang Quan Zheng Hui Long Zi No. 064463 issued by the People's Government of Qidong City on 11 May 2007, the ownership of shop no.23 with a total gross floor area of 55.80 sq.m. is held by Nantong East Fine.
- Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0753 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 29.10 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.

9. Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0754 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 30.50 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.
10. Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0755 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 30.50 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.
11. Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0756 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 30.10 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.
12. Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0757 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 3,348.20 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.
13. Pursuant to a State-owned Land Use Rights Certificate - Qi Guo Yong (2007) Zi No. 0758 issued by the People's Government of Qidong City on 7 June 2007, the land use rights of the parcel of land with an area of 6,744.20 sq.m. was granted to Nantong East Fine for a term expiring on 20 May 2043 for commercial & service purposes.
14. Nantong East Fine is a wholly-owned subsidiary of the Group.
15. As advised by the Group, part of the property with a total gross floor area of 1,459.41 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 30 June 2010 at a total monthly rent of RMB355,480.72.
16. Pursuant to the Tenancy Agreement dated 18 July 2006 and the Supplemental Tenancy Agreement dated 16 August 2007 entered into between Nantong East Fine and Jiangsu Times, Levels 1-2 of the subject building with a total gross floor area of approximately 18,580 sq.m. erected thereon is rented to Jiangsu Times for a term of 15 years commencing from 8 December 2006 at an annual rent of RMB7,600,000 per annum for the first 3 years. From the fourth year onwards the yearly rental will be increased by 1% for every year.
17. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
5. Land and building located at the junction of Changjiang Road Central and Qiupu Road West, Chizhou City, Anhui Province, The PRC	<p>The development comprises a parcel of land with a site area of approximately 7,596.73 sq.m. (81,771 sq.ft.). Erected on the site is a five-storey commercial building of reinforced concrete construction and basement completed in around 2008.</p> <p>The total gross floor area of the whole building is approximately 26,420.05 sq.m. (284,385 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 19 August 2053 for commercial and residential purposes.</p>	The property is currently for retailing, office and storage purposes.	RMB138,420,000 (100% interest attributable to the Group: RMB138,420,000)

Notes:

- Pursuant to the Business License No. 341701000009559(2-1) dated 3 June 2008, 池州市富華置業有限公司 (Chizho City Fuhua Properties Limited) ("Chizho City Fuhua") was incorporated with a registered capital of RMB37,000,000 and its scope of business includes leasing and property management.
- Pursuant to a State-owned Land Use Rights Certificate - Chi Tu Guo Yong (2006) No.16043104828 CHZ-049/2006 issued by the People's Government of Chizhou City on 15 June 2006, the land use rights of the parcel of land with an area of 7,596.73 sq.m. was granted to Chizho City Fuhua for a term expiring on 19 August 2053 for commercial and residential purposes.
- Pursuant to a Real Estate Title Certificate - Fang De Quan Chi Zi No. 0946468A issued by the People's Government of Chizhou City on 17 January 2009, the ownership of a building with a total gross floor area of 26,420.05 sq.m. is held by Chizho City Fuhua.
- Chizho City Fuhua is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 2,009 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 31 December 2023 at a total monthly rent of RMB248,647.
- Pursuant to the Tenancy Agreement dated 14 January 2008 entered into between Chizho City Fuhua and Jiangsu Times, Levels 1-5 of the subject building with a total gross floor area of approximately 25,000 sq.m. and basement with a total gross floor area of not less than 5000 sq.m. erected thereon is rented to Jiangsu Times for a term of 10 years commencing from 10 September 2008 at an annual rent of RMB6,000,000 per annum.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
6. Land and building located at the junction of Shengli Road and Yishan Road, Guanyun County, Lianyungang City, Jiangsu Province, The PRC	<p>The development comprises a portion of land within a site of approximately 77,446 sq.m. (833,629 sq.ft.) for commercial, residential and office use completed in around 2008.</p> <p>The property comprises two-storey commercial building (17,020.72 sq.m.) and basement (3,050 sq.m.) with a total gross floor area of approximately 20,070.72 sq.m. (216,041 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 19 May 2046 for commercial part and 19 May 2076 for residential part.</p>	The property is currently for retailing, office and storage purposes.	RMB102,640,000 (100% interest attributable to the Group: RMB102,640,000)

Notes:

- Pursuant to the Business License No. 320600400023320 dated 21 July 2008, 南通富貿置業有限公司 (Nantong Fortune Trade Properties Limited) (“Nantong Fortune Trade”) was incorporated with a registered capital of HK\$41,000,000 for a valid period from 26 June 2007 to 25 June 2037 and its scope of business includes leasing and property management.
- Pursuant to the Sale & Purchase Contract No.fygc211-01 dated 23 December 2008 entered into between 連雲港市富園房地產開發有限公司 (Lianyungang City Fuyuan Properties Development Co., Ltd.) (“Lianyungang Fuyuan”), an independent third party to the Group, and Nantong Fortune Trade, with a total gross floor area of approximately 6233.94 sq.m. erected thereon was acquired by Nantong Fortune Trade. The land use right of the property is granted for a term commencing from 17 May 2006 and expiring on 17 May 2046 for composite purposes.
- Pursuant to the Sale & Purchase Contract No.fygc211-48 dated 23 December 2008 entered into between Lianyungang Fuyuan and Nantong Fortune Trade, with a total gross floor area of approximately 215.47 sq.m. erected thereon was acquired by Nantong Fortune Trade. The land use right of the property is granted for a term commencing from 17 May 2006 and expiring on 17 May 2046 for composite purposes.
- Pursuant to the Sale & Purchase Contract No.fygc211-49 dated 23 December 2008 entered into between Lianyungang Fuyuan and Nantong Fortune Trade, with a total gross floor area of approximately 42.48 sq.m. erected thereon was acquired by Nantong Fortune Trade. The land use right of the property is granted for a term commencing from 17 May 2006 and expiring on 17 May 2046 for composite purposes.
- Pursuant to the Sale & Purchase Contract No.fygc211-50 dated 23 December 2008 entered into between Lianyungang Fuyuan and Nantong Fortune Trade, with a total gross floor area of approximately 40.35 sq.m. erected thereon was acquired by Nantong Fortune Trade. The land use right of the property is granted for a term commencing from 17 May 2006 and expiring on 17 May 2046 for composite purposes.
- Pursuant to the Sale & Purchase Contract No.fygc212-01 dated 23 December 2008 entered into between Lianyungang Fuyuan and Nantong Fortune Trade, with a total gross floor area of approximately 10,488.48 sq.m. erected thereon was acquired by Nantong Fortune Trade. The land use right of the property is granted for a term commencing from 17 May 2006 and expiring on 17 May 2046 for composite purposes.
- Nantong Fortune Trade is a wholly-owned subsidiary of the Group.

8. As advised by the Group, part of the property with a total gross floor area of 1,925.5 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 30 November 2023 at a total monthly rent of RMB158,795.56.
9. Pursuant to the Tenancy Agreement dated 18 March 2008 entered into between Nantong Fortune Trade and Jiangsu Times, with a total gross floor area of approximately 15,988 sq.m. erected thereon is rented to Jiangsu Times for a term of 20 years commencing from 1 December 2008 at an annual rent of RMB4,500,000 per annum.
10. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally purchased the property and is in the process of applying for the state-owned land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property once the state-owned land use rights certificate and the building ownership certificate have been obtained.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
7. Land and building located at the northeastern side of the junction of Hailing Road and Jichuan Road, Taizhou City, Jiangsu Province, The PRC	<p>The development comprises a portion of land within a site of approximately 188,926 sq.m. (2,033,599 sq.ft.) for commercial and office use completed in around 2008.</p> <p>The property comprises a three-storey commercial building and basement with a total gross floor area of approximately 29,471.8 sq.m. (317,234 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 30 January 2047 for commercial part and 30 January 2077 for residential part.</p>	The property is currently for retailing, office and storage purposes.	RMB166,480,000 (100% interest attributable to the Group: RMB166,480,000)

Notes:

- Pursuant to the Business License No. 320681400002559 dated 26 May 2008, Nantong East Fine was incorporated with a registered capital of US\$12,500,000 for a valid period from 20 December 2005 to 20 December 2035 and its scope of business includes leasing and property management.
- Pursuant to a Cooperative Agreement dated 24 April 2007 entered into between 泰州市鵬欣房地產開發有限公司 (Taizho City Pengxin Properties Development Co., Ltd.) ("Taizho City Pengxin"), an independent third party to the Group, and Nantong East Fine, the land use rights of the parcel land with an area of 20 mu was granted to Nantong East Fine for construction of a comprehensive super store of four-storey and basement with a total gross floor area of approximately 30,000 sq.m.
- Pursuant to the Sale & Purchase Contract No.pxsj39綜合商場 ("Zong He Shang Chang") sy dated 11 December 2008 entered into between Taizho City Pengxin and Nantong East Fine, with a total gross floor area of approximately 29,471.8 sq.m. erected thereon was acquired by Nantong East Fine. The land use right of the property is granted for a term commencing from 31 January 2007 and expiring on 31 January 2047 for composite purposes.
- Nantong East Fine is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 4,634 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 26 January 2024 at a total monthly rent of RMB253,129.03.
- Pursuant to the Tenancy Agreement dated 28 April 2007 entered into between Nantong East Fine and Jiangsu Times, Levels 1-4 of the subject building with a total gross floor area of approximately 22,000 sq.m. and basement with a gross floor area of approximately 8,000 sq.m. erected thereon is rented to Jiangsu Times for a term of 20 years commencing from the 1 January 2009 at an annual rent of RMB7,000,000.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally purchased the property and is in the process of applying for the state-owned land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property once the state-owned land use rights certificate and the building ownership certificate have been obtained.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
8. Land and building located at No. 29 Liuquan Road, Zhangdian District, Zibo City, Shandong Province, The PRC	<p>The development comprises a parcel of land with a site area of approximately 15,236.51 sq.m. (164,006 sq.ft.) for commercial and office use completed in around 2007.</p> <p>The property comprises four-storey commercial building and basement with a total gross floor area of approximately 32,070.86 sq.m. (345,211 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 3 September 2047 for commercial purposes.</p>	The property is currently for retailing, office and storage purposes.	RMB172,320,000 (100% interest attributable to the Group: RMB172,320,000)

Notes:

- Pursuant to the Business License No. 3703001851726 dated 27 September 2007, 淄博奔達置業有限公司 (Zibo Branda Properties Limited) ("Zibo Branda") was incorporated with a registered capital of RMB3,000,000 and its scope of business includes real estate development and sale, leasing and property management.
- Pursuant to a State-owned Land Use Rights Certificate - Zi Guo Yong (2007) No.A12342 issued by the People's Government of Zibo City on 21 September 2007, the land use rights of the parcel of land with an area of 15,236.51 sq.m. was granted to Zibo Branda for a term expiring on 3 September 2047 for commercial purposes.
- Pursuant to a Building Ownership Certificate - Zibo Shi Fang Quan Zheng Zhang Dian Qu Zi No. 01-1108333 issued by the People's Government of Zibo City on 7 August 2009, the ownership of a building with a total gross floor area of 32,070.86 sq.m. is held by Zibo Branda for commercial purposes.
- Zibo Branda is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 3,766.82 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 31 December 2013 at a total monthly rent of RMB199,646.4.
- Pursuant to the Tenancy Agreement dated 18 March 2008 entered into between Zibo Branda and Jiangsu Times, Levels 1-4 of the subject building with a total gross floor area of approximately 27,000 sq.m. erected thereon is rented to Jiangsu Times for a term of 20 years commencing from 1 January 2009 at an annual rent of RMB5,000,000 per annum.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
9. Land and building located at No. 31 Anyi Road East, Anyi Town, Baoying City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 2,495 sq.m. (26,856 sq.ft.). Erected on the site is an 11-storey commercial building of reinforced concrete construction completed in around 1993.</p> <p>The total gross floor area of the whole building is approximately 11,886.06 sq.m. (127,942 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 10 March 2044 for commercial purposes.</p>	The property is currently for retailing, office and storage purposes.	RMB65,060,000 (100% interest attributable to the Group: RMB65,060,000)

Notes:

- Pursuant to the Business License No. 320600400008829 dated 4 May 2008, 南通美林置业有限公司 (Nantong Meili Properties Limited) ("Nantong Meili") was incorporated with a registered capital of US\$2,200,000 for a valid period from 15 January 2004 to 14 January 2034 and its scope of business includes leasing, property management and commercial storage purposes.
- Pursuant to a State-owned Land Use Rights Certificate - Baoying Guo Yong (2004) No. 0147 issued by the Baoying County State-owned Land and Resources Bureau on 9 March 2004, the land use rights of the parcel of land with an area of 2,495 sq.m. was granted to Nantong Meili for a term expiring on 10 March 2044 for commercial purposes.
- Pursuant to a Building Ownership Certificate - Bao Fang Quan Zheng An Yi Zi No. 211210 issued by the People's Government of Baoying County on 22 September 2005, the ownership of a building with a total gross floor area of 11,886.06 sq.m. is held by Nantong Meili for commercial purposes.
- Nantong Meili is a wholly-owned subsidiary of the Group.
- As advised by the Group, part of the property with a total gross floor area of 159.7 sq.m. is sublet to various independent third parties for various terms with the latest expiry date of 31 December 2009 at a total monthly rent of RMB42,977.34.
- Pursuant to the Tenancy Agreement dated 18 December 2005 and the Supplemental Tenancy Agreement dated 16 August 2007 entered into between Nantong Meili and Jiangsu Times, a total gross floor area of approximately 9,563 sq.m. erected thereon is rented to Jiangsu Times for a term of 15 years commencing from 1 January 2006 and expiring on 31 December 2020 at an annual rent of RMB1,000,000 and increase to RMB1,400,000 from 1 January 2008.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
10. Land and buildings located at No.55, Tongfu Road North, Nantong City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 60 mu (40,001.77 sq.m.; 430,579sq.ft.). Erected on the site are two 1-storey warehouses and a 2-storey warehouse with office.</p> <p>The total gross floor areas of these buildings are approximately 29,682.41 sq.m. (319,501 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 29 December 2056 for storage purposes.</p>	The property is currently owner-occupied for warehouse purposes.	RMB72,940,000 (100% interest attributable to the Group: RMB72,940,000)

Notes:

- Pursuant to the Business License No. 320691000002567 dated 15 August 2008, 南通康豐倉儲有限公司 (Nantong Kangfeng Storage Limited) ("Nantong Kanfeng Storage"), was incorporated with a registered capital of RMB10,000,000 for a valid period from 21 December 2006 to 21 November 2026 and its scope of business includes logistic purposes, leasing and property management.
- Pursuant to a State-owned Land Use Rights Certificate- Tong Kai Guo Yong (2007) No. 0310066 issued by the People's Government of Nantong City on 11 May 2007, the land use rights of the parcel of land with an area of 40,001.77 sq.m. is held by Nantong Kanfeng Storage for a term expiring on 29 December 2056 for storage purposes.
- Pursuant to a Building Ownership Certificate - Nantong Fang Zi No. 32024263 issued by Nantong City Real Estate Administrative Bureau on 25 June 2008, the ownership of a 1-storey building with a total gross floor area of 11,001.60 sq.m. and a 2-storey building with a total gross floor area of 12,226.44 sq.m. is held by Nantong Kanfeng Storage for non-domestic purposes.
- Pursuant to a Building Ownership Certificate - Nantong Fang Zi No. 32026219 issued by Nantong City Real Estate Administrative Bureau on 21 January 2009, the ownership of a 1-storey building with a total gross floor area of 6,454.37 sq.m. is held by Nantong Kanfeng Storage for non-domestic purposes.
- Nantong Kanfeng Storage is a wholly-owned subsidiary of the Group.
- Pursuant to the Tenancy Agreement dated 30 December 2008 entered into between Nantong Kanfeng Storage and Jiangsu Times, a total gross floor area of approximately 23,228.04 sq.m. erected thereon is rented to Jiangsu Times for a term commencing from 1 January 2009 and expiring on 31 May 2028 at an annual rent of RMB1,680,000 per annum.

7. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained both the state-owned land use rights certificate and the building ownership certificate of the property, and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate and the building ownership certificate.
 - ii. The Group has the rights to lease, mortgage or otherwise dispose of the property.
 - iii. The Tenancy Agreement is valid, binding and enforceable under the PRC laws.
 - iv. The Tenancy Agreement has been registered.

Group II — Property Interests held under development by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009								
11. Land and building located at eastern side of Fengshou Road East and northern side of Pailou Road, Xinghua City, Jiangsu Province, The PRC	The property comprises a parcel of land with a site area of approximately 13,537.9 sq.m. (145,722 sq.ft.) which is planned to be developed as a multi-storey commercial building (including basement) with a total gross floor area of approximately 41,092 sq.m. (442,314 sq.ft.) to be completed by early 2010. The breakdown of the gross floor area are listed as follows:	The property is currently under construction.	RMB96,000,000 (100% interest attributable to the Group: RMB96,000,000)								
	<table border="1"> <thead> <tr> <th>Portion</th> <th>Approx. G.F.A (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retails</td> <td>27,400</td> </tr> <tr> <td>Small Office/Home Office</td> <td>13,692</td> </tr> <tr> <td>Total</td> <td>41,092</td> </tr> </tbody> </table>	Portion	Approx. G.F.A (sq.m.)	Retails	27,400	Small Office/Home Office	13,692	Total	41,092		
Portion	Approx. G.F.A (sq.m.)										
Retails	27,400										
Small Office/Home Office	13,692										
Total	41,092										
	The land use rights of the property were granted for a term expiring on 6 May 2048 for commercial and 6 May 2078 for residential purposes.										

Notes:

- Pursuant to the Business License No. 321281000074636 dated 30 June 2009, 興化市百昌置業有限公司 (Xinghua City Baichang Properties Co., Ltd.) (“Xinghua Baichang”) was incorporated with a registered capital of RMB8,000,000 for a valid period from 15 October 2008 and its scope of business includes real estate development, sale and leasing.
- Pursuant to the Business License No. 320600400026041 dated 4 July 2008, 南通春輝置業有限公司 (Nantong Fine Spring Properties Limited) (“Nantong Fine Spring”) was incorporated with a registered capital of HK\$50,000,000 for a valid period from 25 April 2008 to 24 April 2038 and its scope of business includes leasing and property management.
- Pursuant to a State-owned Land Use Rights Certificate - Xing Guo Yong (2008) No. 006202 issued by the People’s Government of Xinghua City on 29 December 2008, the land use rights of the parcel of land with an area of 13,537.9 sq.m. was granted to Nantong Fine Spring and Xinghua Baichang for a term expiring on 6 May 2048 for commercial and 6 May 2078 for residential purposes.
- Pursuant to a Planning Permit for Construction Works Planning - Jian Zi No.200900024 issued by the Bureau of Planning of Xinghua City on 7 April 2009, the planning approval was granted to Nantong Fine Spring and Xinghua Baichang for construction of a building with gross floor area of 33,608 sq.m. (excluding basement carpark of 7,484 sq.m.)
- Pursuant to a Planning Permit for Construction Land Use Planning - De Zi No.2009012 issued by the Bureau of Planning of Xinghua City on 2 March 2009, the planning approval for a site with an area of 13,536.4 sq.m. for composite purposes was granted to Nantong Fine Spring and Xinghua Baichang construction of a building with gross floor area of 33,840 sq.m.

6. Both Xinghua Baichang and Nantong Fine Spring are wholly-owned subsidiary of the Group.
7. According to the information provided by the Group, the expended construction cost as at 31 October 2009 was about RMB36,850,000, in the course of our valuation, we have taken the said costs into account. The estimated total construction cost to complete the whole development is about RMB102,310,000.
8. The Capital Value upon completion of the property as at 31 October 2009 would be RMB223,300,000.
9. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained the state-owned land use rights certificate and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate.
 - ii. The Group has obtained the permissions from relevant government authorities to develop on the property in accordance with the legal requirements.
 - iii. The Group has the rights to lease, mortgage or otherwise dispose of the development once the building ownership certificate has been obtained.

Group III — Property Interests held for future development by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
12. A parcel of Land located at southeastern side of the junction of Renmin Road and Gongnong Road, Nantong City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 24,544.27 sq.m. (264,195 sq.ft.).</p> <p>According to the information provided by the Group, the property is planned to be developed as a multi-storey commercial building with a total gross floor area of approximately 58,079 sq.m. (625,162 sq.ft.) and the planned completion date is around June 2011.</p> <p>The land use rights of the property were granted for a term of 40 years for commercial and 70 years for residential purposes commencing from the date of handover of the site.</p>	The property is currently a vacant site.	RMB154,750,000 (100% interest attributable to the Group: RMB154,750,000)

Notes:

1. Pursuant to the Business License No. 320600400014675 dated 26 June 2008, Jiangsu Times was incorporated with a registered capital of RMB472,000,000 for a valid period from 11 July 1997 to 4 December 2035 and its scope of business includes general sales, storage and property management.
2. Pursuant to a Contract for Grant of State-owned Land Use Rights - Tong De Chu Zi (2008) No.018 dated 29 April 2008 entered into between 南通市國土資源局 (Bureau of State-owned Land and Resources of Nantong City) and Jiangsu Times, the land use rights of the parcel of land with an area of 24,544.27 sq.m. was granted to Jiangsu Times for a term of 40 years for commercial and 70 years for residential purposes commencing from the date of handover of the site.
3. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has settled the land purchase payment and is in the process of applying for the state-owned land use rights certificate.
 - ii. The Group can develop on the property once planning permissions from relevant government authorities have been obtained.
 - iii. The Group has the rights to lease, mortgage or otherwise dispose of the property once the state-owned land use rights certificate and the building ownership certificate have been obtained.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
13. A parcel of Land located at northwestern side of the junction of Huaihai Road North and Beijing Road West, Huaian City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 11,174.6 sq.m. (120,283 sq.ft.).</p> <p>According to the information provided by the Group, the property is planned to be developed as a multi-storey commercial building with total gross floor area of approximately 40,000 sq.m. (430,560 sq.ft.) and the planned completion date is around August 2011.</p> <p>The land use rights of the property were granted for a term of 40 years for commercial purposes commencing from the date of handover of the site.</p>	<p>The property is currently with a number of structures erected thereof. The subject site will be handed over to the Group upon clearance of the site by the government in around January 2010.</p>	<p>RMB65,080,000</p> <p>(100% interest attributable to the Group: RMB65,080,000)</p>

Notes:

1. Pursuant to the Business License No. 320300400006794 dated 30 July 2009, 淮安滿信置業有限公司 (Huaian Full Faith Real Estate Co., Ltd.) (“Huaian Full Faith”) was incorporated with a registered capital of HK\$77,500,000 for a valid period from 15 June 2009 to 14 June 2039 and its scope of business includes real estate development, leasing and property management.
2. Pursuant to a Contract for Grant of State-owned Construction Land Use Rights - No.3208012009CR0170 dated 3 May 2009 entered into between 中華人民共和國江蘇省淮安市(縣)國土資源局 (Bureau of State-owned Land and Resources of Huaian City (County), Jiangsu PRC) and Full Faith Development Limited (滿信發展有限公司) (“Full Faith”), the land use rights of the parcel of land with an area of 11,174.6 sq.m. was granted to Full Faith for a term of 40 years for commercial purposes commencing from date of handover of the site.
3. Pursuant to the Hong Kong Business License No. 1151204 dated 19 July 2007, Full Faith was incorporated in Hong Kong under the Companies Ordinance.
4. Both Huaian Full Faith and Full Faith are wholly-owned subsidiary of the Group.
5. We have been provided with a legal opinion on the title on the property prepared by the Group’s PRC legal advisor, which contains inter alia, the following information
 - i. The Group has settled the land purchase payment and is in the process of applying for the state-owned land use rights certificate.
 - ii. The Group can develop on the property once planning permissions from relevant government authorities have been obtained.
 - iii. The Group has the rights to lease, mortgage or otherwise dispose of the property once the state-owned land use rights certificate and the building ownership certificate have been obtained.

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2009
14. A parcel of Land located at Western Main Street, Jiangyan City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 6,423.20 sq.m. (69,139 sq.ft.). Erected on the site is a 2-storey commercial building with total gross floor area approximately 7,650 sq.m., together with various structures of 2 to 5 storey for a combined total G.F.A. of approximately 58,079 sq.m. (625,162 sq.ft.).</p> <p>According to the information provided by the Group, the property is planned to be developed into a multi-storey commercial building (including basement) with total gross floor area of approximately 36,469 sq.m.(392,552 sq.ft.) and the planned completion date is around September 2011.</p> <p>The land use rights of the property was granted for a term expiring on 24 April 2078 for commercial and residential purposes.</p>	The structures located on the subject site had been vacated on 4 August 2009 and is currently vacant.	RMB54,790,000 (100% interest attributable to the Group: RMB54,790,000)

Notes:

1. Pursuant to the Business License No. 321284000068512 dated 13 March 2009, 姜堰市廣源置業有限公司 (Jiangan City Guangyuan Properties Co., Ltd.) ("Jiangan Guangyuan"), was incorporated with a registered capital of RMB62,770,000 for a valid period from 25 September 2008 to 24 September 2018 and its scope of business includes real estate development and all general sales.
2. Pursuant to a State-owned Land Use Rights Certificate- Jiang Guo Yong (2008) No. 4313 issued by the People's Government of Jiangan City on 7 November 2008, the land use rights of the parcel of land with an area of 6,423.20 sq.m. was granted to Jiangan Guangyuan for a term expiring on 24 April 2078 for commercial and residential purposes.
3. Jiangan Guangyuan is a wholly-owned subsidiary of the Group.
4. We have been provided with a legal opinion on the title on the property prepared by the Group's PRC legal advisor, which contains inter alia, the following information
 - i. The Group has legally obtained the state-owned land use rights certificate and has the rights to use and occupy the property in accordance with the valid term and usage stipulated by the land use rights certificate.
 - ii. The Group can develop on the property once planning permissions from relevant government authorities have been obtained.
 - iii. The Group has the rights to lease, mortgage or otherwise dispose of the development once the building ownership certificate has been obtained.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Offer, Lotte Hong Kong and Times Ltd..

The Lotte Hong Kong Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Times Group and CS International) 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 Times Group and CS International) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Lotte Shopping directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Times Group and CS International) 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 Times Group and CS International) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Lotte Hong Kong, its Concert Parties and Nomura) 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 Lotte Hong Kong, its Concert Parties and Nomura) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF TIMES LTD.**(a) Authorised and issued share capital**

As at the Latest Practicable Date, the authorised and issued share capital of Times Ltd. were as follows:

Authorised:

HK\$15,000,000 divided into 1,500,000,000 Shares of HK\$0.01 each

Issued and fully paid up:

HK\$8,739,900 divided into 873,990,000 Shares of HK\$0.01 each

No new Shares have been issued by Times Ltd. since 31 December 2008 (being the date to which its latest published audited accounts were prepared). All of the Shares currently in issue rank *pari passu* in all respects with each other, including rights and entitlements as to dividends, voting rights and return of capital.

(b) Listing

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

As at the Latest Practicable Date, other than the 873,990,000 Shares in issue, Times Ltd. has no other Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares.

3. MARKET PRICES

- (a) During the period beginning 25 February 2009, being six months prior to the commencement of the Offer Period, and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$5.54 per Share on 17 December 2009 and 18 December 2009, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.38 per Share on 2 March 2009.
- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	Closing price per Share (HK\$)
27 February 2009	1.65
31 March 2009	1.68
30 April 2009	1.65
29 May 2009	2.23
30 June 2009	2.47
31 July 2009	3.50
24 August 2009, being the last Business Day prior to the commencement of the Offer Period	3.75
31 August 2009	4.04
30 September 2009	4.26
Last Trading Date	4.45
30 October 2009	5.34
30 November 2009	5.35

- (c) The closing price of the Shares as quoted on the Stock Exchange on the Last Trading Date was HK\$4.55 per Share.
- (d) The closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date was HK\$5.54 per Share.

4. DISCLOSURE OF INTERESTS UNDER THE SFO

(a) Directors' interests and short positions in Shares and the shares of Times Ltd.'s associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of Times Ltd. in the Shares, underlying shares and debentures of Times Ltd. and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to Times Ltd. and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), to be notified to Times Ltd. and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

Times Ltd. — Long positions in Shares

As at the Latest Practicable Date, the table below sets out the long positions in the Shares and underlying shares held by the Directors and chief executive of Times Ltd.:

Name of Times Ltd. Director/chief executive	Capacity	Number of Shares	Approximate percentage of issued share capital (%)
Fang Hung, Kenneth	Corporate interest	631,800,000 ⁽ⁱ⁾	72.29
Wong See Leung	Personal interest	291,000	0.03
Ting Woo Shou, Kenneth	Personal interest	1,260,000	0.14

Note:

- (i) *These shares were held by CS International, which is owned as to 51% by Loyson Pacific Limited and 49% by Lenstar Global Limited. Loyson Pacific Limited is a company incorporated in the BVI and is beneficially owned as to 45% by Mr. Fang Hung, Kenneth, 45% by Mr. Fang Chiu, Laurence and 10% by Mr. Fang Kang, Vincent. Lenstar Global Limited is a company incorporated in the BVI and is entirely and beneficially owned by Mr. Fang Hung, Kenneth.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of Times Ltd. had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of Times Ltd. or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to Times Ltd. and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to Times Ltd. and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(b) Substantial shareholders' interests and short positions in the Shares

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of Times Ltd.) were substantial shareholders of Times Ltd. (as defined in the Listing Rules) and had an interest or short position in the Shares which would fall to be disclosed to Times Ltd. under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by Times Ltd. under section 336 of the SFO and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Long position in Shares

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of issued share capital
CS International ⁽ⁱⁱⁱ⁾	Beneficial owner	631,800,000	72.29%
Mr. Laurence Fang ⁽ⁱ⁾	Interest in controlled corporation	631,800,000	72.29%
Mr. Vincent Fang ⁽ⁱ⁾	Interest in controlled corporation	631,800,000	72.29%
Loyson Pacific Limited ⁽ⁱ⁾	Interest in controlled corporation	631,800,000	72.29%
Lenstar Global Limited ⁽ⁱⁱ⁾	Interest in controlled corporation	631,800,000	72.29%
Commonwealth Bank of Australia ^(iv)	Interest in controlled corporation	53,832,000	6.16%
Lotte Hong Kong ^(v)	Beneficial owner	631,800,000	72.29%
Lotte Shopping ^(v)	Interest in controlled corporation	631,800,000	72.29%

Notes:

- (i) *Loyson Pacific Limited is a company incorporated in the BVI and is beneficially owned as to 45% by Mr. Fang Hung, Kenneth, 45% by Mr. Fang Chiu, Laurence and 10% by Mr. Fang Kang, Vincent. Mr. Fang Hung, Kenneth, Mr. Fang Chiu, Laurence and Mr. Fang Kang, Vincent are brothers who collectively control Loyson Pacific.*
- (ii) *Lenstar Global Limited is a company incorporated in the BVI and is entirely and beneficially owned by Mr. Fang Hung, Kenneth.*
- (iii) *CS International is a company incorporated in the BVI and is owned as to 51% by Loyson Pacific Limited and 49% by Lenstar Global Limited.*
- (iv) *According to the information disclosed to the Company under Part XV of the SFO, these shares were held by corporations controlled directly and indirectly as to 100% by Commonwealth Bank of Australia.*
- (v) *Lotte Hong Kong is 100% owned by Lotte Shopping. Lotte Hong Kong is interested in 631,800,000 Shares pursuant to the Irrevocable Undertaking as further described under the section headed “Irrevocable Undertaking” in the “Letter to Nomura” on pages 6 to 16 of this Composite Document.*

As at the Latest Practicable Date, save as disclosed above, neither Lotte Hong Kong nor any of its Concert Parties owned or controlled any Shares.

Save as disclosed above, the Directors were not aware that there was any person (other than a Director or chief executive of Times Ltd.) who, as at the Latest Practicable Date, was a substantial shareholder of Times Ltd. (as defined in the Listing Rules) and had an interest or short position in the Shares or underlying shares of Times Ltd. which would fall to be disclosed to Times Ltd. under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by Times Ltd. under section 336 of the SFO or which were required to be disclosed pursuant to the Takeovers Code.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

(a) Interests discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

- (i) the shareholding of Lotte Hong Kong in Times Ltd. (as defined in Note 1(a) to paragraph 4 of Schedule I to the Takeovers Code) is set out in the section headed “Disclosure of Interests under the SFO — Substantial shareholders’ interests and short positions in the Shares” in this Appendix to this Composite Document.
- (ii) no director of Lotte Hong Kong was interested in any Shares, convertible securities, warrants, options or derivatives of Times Ltd.
- (iii) save as disclosed in the section headed “Disclosure of Interests under the SFO — Substantial shareholders’ interests and short positions in the Shares” in this Appendix of this Composite Document, none of the parties acting in concert with Lotte Hong Kong owned or controlled any Shares, convertible securities, warrants, options or derivatives of Times Ltd..

- (iv) the shareholdings in Times Ltd. (as defined in Note 1(a) to paragraph 4 of Schedule I to the Takeovers Code) owned or controlled by Mr. Fang and CS International, being parties who have given an Irrevocable Undertaking, are set out in the section headed “Disclosure of Interests under the SFO” in this Appendix to this Composite Document.
- (v) none of Lotte Hong Kong nor any parties acting in concert with Lotte Hong Kong had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of Times Ltd. (save for any borrowed Shares which have been on-lent or sold).
- (vi) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between Lotte Hong Kong, or any party acting in concert with Lotte Hong Kong or any other associate of Lotte Hong Kong, and any other person.
- (vii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between Lotte Hong Kong, or any party acting in concert with Lotte Hong Kong or any other associate of Lotte Hong Kong, and any other person during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

(b) Interests discloseable under Schedule II to the Takeovers Code

As at the Latest Practicable Date:

- (i) Times Ltd. had no holdings of shares, convertible securities, warrants, options or derivatives of Lotte Hong Kong.
- (ii) save as disclosed in the sections headed “Disclosure of Interests under the SFO — Directors’ interests and short positions in the Shares and the shares of Times Ltd.’s associated corporations” and “Disclosure of Interests under the SFO — Substantial shareholders’ interests and short positions in the Shares” in this Appendix of this Composite Document, none of the Directors was interested in any Shares, convertible securities, warrants, options or derivatives of Times Ltd.. None of the Directors was interested in any shares, convertible securities, warrants, options or derivatives of Lotte Hong Kong.
- (iii) no subsidiary of Times Ltd., nor any pension fund of Times Ltd. or any of its subsidiaries, nor any adviser to Times Ltd. as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any Shares, convertible securities, warrants, options or derivatives of Times Ltd..
- (iv) no Shares, convertible securities, warrants, options or derivatives of Times Ltd. were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with Times Ltd..
- (v) Mr. Fang and CS International have undertaken pursuant to the Irrevocable Undertaking to accept the Offer or procure the acceptance of the Offer in respect of the CSI Shares. Save as the aforesaid, the other Directors intend to accept the Offer in respect of their own beneficial shareholdings.

- (vi) none of Times Ltd. nor any Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of Times Ltd. (save for any borrowed Shares which have been either on-lent or sold).
- (vii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between Times Ltd., or any party who is an associate of Times Ltd. by virtue of classes (1), (2), (3) or (4) of the definition of associate in the Takeovers Code, and any other person.

6. DEALINGS IN SECURITIES

(a) Dealings in Shares discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

- (i) none of Lotte Hong Kong nor its Concert Parties has dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.
- (ii) none of the Lotte Hong Kong Directors has dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.
- (iii) Mr. Fang and CS International, being parties who have given an Irrevocable Undertaking to undertake to accept the Offer, have not dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

(b) Dealings in Shares discloseable under Schedule II to the Takeovers Code

- (i) Times Ltd. has not dealt for value in the shares, convertible securities, warrants, options or derivatives of Lotte Hong Kong during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.
- (ii) Mr. Wong See Leung acquired:
 - (1) 90,000 Shares at the price of HK\$1.69 per Share, 10,000 Shares at the price of HK\$1.70 per Share, 20,000 Shares at the price of HK\$1.74 per Share, and 10,000 Shares at the price of HK\$1.75 per Share on 24 March 2009;
 - (2) 40,000 Shares at the price of HK\$1.68 per Share, and 21,000 Shares at the price of HK\$1.69 per Share on 25 March 2009; and
 - (3) 20,000 Shares at the price of HK\$1.67 per Share, 70,000 Shares at the price of HK\$1.68 per Share, and 10,000 Shares at the price of HK\$1.69 per Share on 1 April 2009.
- (iii) save as disclosed in paragraph 6(b)(ii) above, none of the Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of any of Times Ltd. or Lotte Hong Kong during the period from six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

- (iv) none of the subsidiaries of Times Ltd., any pension fund of Times Ltd. or any of its subsidiaries, nor any adviser to Times Ltd. as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders, exempt fund managers and in the case of HSBC excluding dealings for non-discretionary investment clients which must be privately disclosed in accordance with the Takeover Code) has dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the Offer Period and ending on the Latest Practicable Date.
- (v) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Times Ltd. or with any person who is an associate of Times Ltd. by virtue of classes (1), (2), (3) and (4) of the definition of associate has dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the Offer Period and ending on the Latest Practicable Date.
- (vi) no fund manager (other than exempt fund managers) managing funds on a discretionary basis which are connected with Times Ltd. has dealt for value in the Shares, convertible securities, warrants, options or derivatives of Times Ltd. during the Offer Period and ending on the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, no member of the Times Group was engaged in any litigation or arbitration or claim of material importance and the Directors were not aware of any litigation or claim of material importance pending or threatened by or against any member of the Times Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, no member of the Times Group had entered into any contract other than in the ordinary course of business after the date falling two years immediately preceding the commencement of the Offer Period up to the Latest Practicable Date which is or may be material.

9. SERVICE CONTRACTS

None of the Directors had entered into any service contract (including continuous or fixed term contracts) with Times Ltd. or any of its subsidiaries or associated companies which (a) were entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

10. ARRANGEMENTS IN RELATION TO THE OFFER

As at the Latest Practicable Date:

- (a) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of Lotte Hong Kong which might be material to the Offer;

- (b) there was no benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (c) save for the Irrevocable Undertaking, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (d) save for the Irrevocable Undertaking, there was no material contract entered into by Lotte Hong Kong in which any Director has a material personal interest;
- (e) save for the Irrevocable Undertaking, there was no irrevocable commitment to accept or reject the Offer which had been received by Lotte Hong Kong or its Concert Parties;
- (f) save as disclosed in the sections headed “Pre-Condition to the Offer”, “Conditions of the Offer”, “Irrevocable Undertaking” and “Non-competition undertakings” in the “Letter from Nomura” contained in this Composite Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Lotte Hong Kong or its Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (g) save as disclosed in the sections headed “Pre-Condition to the Offer”, “Conditions of the Offer” and “Irrevocable Undertaking” in the “Letter from Nomura” contained in this Composite Document, there were no agreements or arrangements to which Lotte Hong Kong was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (h) there was no agreement, arrangement or understanding between Lotte Hong Kong and any other person to transfer, charge or pledge the beneficial interests in the Shares acquired in pursuance of the Offer.

11. EXPERTS

The following are qualifications of each of the experts who are named in this Composite Document or have given their opinion, letters or advice which are contained in this Composite Document:

Nomura a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to Lotte Hong Kong in relation to the Offer

HSBC a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)

CIMB	a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee in relation to the Offer
Dudley	Property Valuer

12. CONSENTS

Each of Nomura, HSBC, CIMB and Dudley has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion herein of its letter and/or the references to its name, in the form and context in which they are included.

13. MATERIAL CHANGES

The Directors are not aware of any material changes in the financial or trading position or outlook of Times Ltd. since 31 December 2008, the date to which the latest audited consolidated financial statements of the Times Group were made up, to and including the Latest Practicable Date.

14. GENERAL

- (a) The company secretary of Times Ltd. is Mr. Lau Siu Ki, Kevin. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (b) The Lotte Hong Kong Directors are Mr. Lee Chul Woo, Mr. Noh Byung Yong and Mr Kim Hyun Soo.
- (c) The Hong Kong branch share registrar and transfer office of Times Ltd. is Tricor Investor Services Limited.
- (d) The registered office of Times Ltd. is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111 and its head office and principal place of business in Hong Kong is at 4/F, 20-24 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong.
- (e) The registered office of Lotte Hong Kong is at Room 1808, 18/F Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong.
- (f) The registered office of Lotte Shopping is at 1 Sogong-dong, Jung-gu, Seoul, 100-721, Korea.
- (g) The directors of Lotte Shopping are Mr. Shin Kyuk Ho, Mr. Shin Dong Bin, Mr. Lee Inwon, Mr. Lee Chul Woo, Mdm Shin Young Ja, Mr. Kim Se Ho, Mr. Yun Sai Ree, Mr. Sohn Sung Kyu, Mr. Jwa Sung Hee, Mr. Kang Jeon Woong and Mr. Lim Jong In.
- (h) The registered address of Nomura, being the financial adviser to Lotte Hong Kong and the agent making the Offer on behalf of Lotte Hong Kong, is at 30/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

- (i) The address of HSBC, being the financial adviser to Times Ltd., is at HSBC Main Building, 1 Queen's Road Central, Hong Kong.
- (j) The address of CIMB, being the independent financial adviser to the Times Ltd. independent board committee, is at 25/F Central Tower, 28 Queen's Road Central, Hong Kong.
- (k) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection (i) on the websites of Times Ltd. and the SFC at <http://www.timesltd.com.hk> and <http://www.sfc.hk> respectively; and (ii) at the principal place of business of Times Ltd. in Hong Kong at 4/F, 20-24 Kwai Wing Road, Kwai Chung, New Territories, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) while the Offer remains open for acceptance:

- (a) the memorandum of association and articles of association of Times Ltd.;
- (b) the memorandum of association and articles of association of Lotte Hong Kong;
- (c) the annual reports of the Times Group for each of the two years ended 31 December 2007 and 31 December 2008;
- (d) the interim report of the Times Group for the six months ended 30 June 2009;
- (e) the letter from Nomura, the financial adviser to Lotte Hong Kong and the agent making the Offer on behalf of Lotte Hong Kong, the text of which is set out on pages 6 to 16 of this Composite Document;
- (f) the letter from the Times Board, the text of which is set out on pages 17 to 23 of this Composite Document;
- (g) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 24 to 25 of this Composite Document;
- (h) the letter of advice from CIMB, the independent financial adviser to the Independent Board Committee, the text of which is set out on pages 26 to 45 of this Composite Document;
- (i) the letter and full valuation report relating to certain property interests of the Times Group, prepared by Dudley, the text of which is set out in Appendix III to this Composite Document;
- (j) the letters of written consent from each of the parties listed in the paragraph headed "Consents" in this Appendix; and
- (k) the Irrevocable Undertaking given by CS International and Mr. Fang as referred to in this Composite Document.