
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Scheme Document, the Scheme or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional advisor.

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

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**ALIBABA INVESTMENT
LIMITED**

*(incorporated in British Virgin Islands
with limited liability)*

**INTIME INTERNATIONAL
HOLDINGS LIMITED**

*(incorporated in the Cayman Islands
with limited liability)*

**銀泰商业****INTIME RETAIL (GROUP) COMPANY LIMITED****銀泰商業(集團)有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

- (1) PROPOSED PRIVATISATION OF
INTIME RETAIL (GROUP) COMPANY LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**
- (2) PROPOSED WITHDRAWAL OF LISTING OF SHARES**
- (3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

Financial Adviser to the Joint Offerors



**CICC
中金香港证券**

Independent Financial Adviser to the Independent Board Committee of the Company



SOMERLEY CAPITAL LIMITED

Unless the context requires otherwise, capitalized terms used in this Scheme Document are defined under the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders and Optionholders in connection with the Proposal, the Option Offer and the Rollover Arrangement is set out in Part V of this Scheme Document. A letter from Somerley, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal, the Option Offer and the Rollover Arrangement, is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders and the Optionholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 3:00 p.m. on Monday, 8 May 2017 and the Extraordinary General Meeting to be held at 4:00 p.m. on Monday, 8 May 2017 (or in the case of the Extraordinary General Meeting immediately after the conclusion or the adjournment of the Court Meeting) are set out in Appendix V and Appendix VI to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting or any adjournment thereof, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under Part II – Actions to be taken of this Scheme Document. If the pink form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

This Scheme Document is issued jointly by Alibaba Investment Limited, Intime International Holdings Limited and Intime Retail (Group) Company Limited.

The English language texts of this Scheme Document, the Option Offer Letter and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

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NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The financial information included in this Scheme Document (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of its Options may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Scheme Shares and Share Options to enforce their rights and claims arising out of the US federal securities laws, since the Joint Offerors and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares or Share Options may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

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

“2016 Results Announcement”	the announcement dated 22 March 2017 issued by the Company in relation to the annual results of the Group for the financial year ended 31 December 2016
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Alibaba Investment”	Alibaba Investment Limited, one of the Joint Offerors
“Alibaba Group”	Alibaba Group Holding Limited and its subsidiaries
“Announcement”	the announcement dated 10 January 2017, issued jointly by Alibaba Investment, Shen Offeror and the Company in relation to the Proposal
“Announcement Date”	10 January 2017, being the date of the Announcement
“associates”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday) on which banks are generally open for business in Hong Kong
“Cancellation Price”	the cancellation price of HK\$10.00 per Scheme Share payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Chen Group”	Mr. Chen and Honor Mind Holdings Limited, a company wholly owned by Mr. Chen
“Chen Shares”	those Shares in the Company held by the Chen Group

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Joint Offerors, and a wholly-owned subsidiary of CICC Hong Kong. CICC is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“CICC Hong Kong”	China International Capital Corporation (Hong Kong) Limited, a company incorporated in Hong Kong in April 1997 and a wholly owned subsidiary of CICCL
“CICCL”	China International Capital Corporation Limited, a joint stock limited company incorporated in the People’s Republic of China whose shares are listed on the Stock Exchange
“CISC”	China Investment Securities Company Limited, a company which is wholly-owned by CICCL as at the Latest Practicable Date
“Clawback Mechanism”	has the meaning ascribed to it as set out in the section headed “Consortium Agreement” under Part VII –Explanatory Memorandum of this Scheme Document
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands
“Company”	Intime Retail (Group) Company Limited (stock code: 1833), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed “3. Conditions of the Proposal and the Scheme” under Part VII – Explanatory Memorandum of this Scheme Document
“Consortium Agreement”	the consortium agreement dated 9 January 2017 among Alibaba Investment and each member of the Shen Group in connection with the Proposal

“Court Meeting”	a meeting of the holders of Scheme Shares convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, which is to be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong at 3:00 p.m. on Monday, 8 May 2017, notice of which is set out in Appendix V to this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital of the Company resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, and which is expected to be Wednesday, 17 May 2017 (Cayman Islands time)
“EIT Law”	PRC Enterprise Income Tax Law
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document and issued in compliance with the Rules of the Grand Court of the Cayman Islands 1995 (revised)
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong at 4:00 p.m. on Monday, 8 May 2017 (or immediately after the Court Meeting convened on the same day and place shall have been concluded or adjourned), notice of which is set out in Appendix VI to this Scheme Document, or any adjournment thereof
“Form(s) of Acceptance”	the form(s) of acceptance dispatched to Optionholders in connection with the Option Offer
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, established by the Board to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Option Offer and the Rollover Arrangement
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. Somerley is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“Independent Shareholder(s)”	Shareholder(s) other than the Joint Offerors, the Joint Offerors Concert Parties and Chen Group. For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting in its capacity as a Registered Owner held on behalf of a Beneficial Owner where the Beneficial Owner (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not a Joint Offeror, a Joint Offerors Concert Party or a member of the Chen Group
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Joint Offerors”	Alibaba Investment and Shen Offeror
“Joint Offerors Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Joint Offerors under the definition of “acting in concert” under the Takeovers Code, including Alibaba Group, Shen Group, CICC group, Mr. Joseph C. Tsai, and The Libra Capital Greater China Fund Limited (but excluding the Joint Offerors)
“Last Trading Day”	23 December 2016, being the last trading day of the Shares prior to the date of suspension of trading in the Shares on the Stock Exchange pending the issuance of the Announcement

“Latest Options Exercise Date”	2:30 p.m. on Tuesday, 9 May 2017, being the expected latest date upon which holders must lodge notices of exercise (accompanied by full payment of the exercise price) of their Share Options in order for Optionholders to qualify for entitlements under the Scheme
“Latest Practicable Date”	Tuesday, 28 March 2017, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 August 2017
“Meeting Record Date”	Friday, 28 April 2017, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of holders of Scheme Shares to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the Extraordinary General Meeting
“Mr. Chen”	Mr. Chen Xiaodong, the chief executive officer and the executive Director of the Company
“Mr. Shen”	Mr. Shen Guojun
“Offeror”	one of the Joint Offerors
“Optionholders”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Joint Offerors to the holders of the outstanding Share Options
“Option Offer Letter”	the letter dated 31 March 2017 setting out the terms and conditions of the Option Offer sent separately to the Optionholders and substantially in the form set out in Appendix VII to this Scheme Document
“Outstanding Share Option(s)”	the outstanding, vested and unvested, share option(s) granted under the Share Option Scheme from time to time
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

“Proposal”	the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and the Option Offer and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Ratio”	has the meaning ascribed to it in the section headed “5. Consortium Agreement” under Part VII – Explanatory Memorandum of this Scheme Document
“Registered Owner”	any owner of Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) entered in the register of members of the Company
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Restricted Business”	the business of retail trade in merchandise (including but not limited to department stores, shopping malls and supermarkets) or as an owner of any property (including land use right and building) that is used for such business or as an operator of such business
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between Alibaba Investment, Shen Offeror and each member of the Chen Group on 9 January 2017, details of which are set out in the section headed “4. Rollover Arrangement” under Part VII – Explanatory Memorandum of this Scheme Document
“Rollover Arrangement”	the arrangement between the Joint Offerors and Chen Group under the Rollover Agreement as described in the section headed “4. Rollover Arrangement” under Part VII – Explanatory Memorandum of this Scheme Document
“Scheme”	the scheme of arrangement under Section 86 of the Companies Law set out in Appendix IV – Scheme of Arrangement to this Scheme Document (subject to any modifications or additions or conditions as may be approved or imposed by the Grand Court and agreed to by the Joint Offerors), involving, among other matters, the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before cancellation of the Scheme Shares

“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it
“Scheme Record Date”	Wednesday, 17 May 2017, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Joint Offerors, the Joint Offerors Concert Parties (other than Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) and Chen Group
“Scheme Shareholder(s)”	holder(s) of Scheme Shares as at the Scheme Record Date
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Share Options”	the share option(s) granted by the Company under the Share Option Scheme from time to time
“Share Option Offer Price”	the amount by which the Cancellation Price exceeds the relevant exercise price of that Share Option (or, where the relevant exercise price exceeds the Cancellation Price, a nominal amount of HK\$0.05 per 500 Share Options), payable in cash by the Joint Offerors to the holder of that Share Option on the terms and subject to the conditions of the Option Offer
“Share Option Record Date”	Wednesday, 17 May 2017, or such other time and date as shall have been announced to the Shareholders and the Optionholders, being the record date for the purpose of determining the entitlements of the holders of unvested Share Options, or vested Share Options in respect of which the underlying Shares have not been registered in the name of the relevant holder, to the Option Offer
“Share Option Scheme”	the share option scheme of the Company approved by the Shareholders on 24 February 2007, and which was expired on 19 March 2017

“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shen Family”	Ms. Shen Zhiwei (Mr. Shen’s daughter), Ms. Shen Junyan (Mr. Shen’s sister), Elite Rich Holdings Limited (a company wholly-owned by Ms. Shen Zhiwei), and Elite Sky International Limited (a company wholly-owned by Ms. Shen Junyan)
“Shen Group”	Mr. Shen, Shen Family, Fortune Achieve Group Limited, Glory Bless Limited, East Jump Management Limited, Sea Islands International Co., Ltd. and Shen Offeror
“Shen Offeror”	Intime International Holdings Limited, one of the Joint Offerors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“US” or “United States”	United States of America
“US Exchange Act”	the US Securities Exchange Act 1934, as amended
“US\$”	US dollar(s), the lawful currency of the US

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court hearing of the petition to sanction the Scheme and to confirm the capital reduction and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of holders of Scheme Shares to attend and vote at the Court Meeting and Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Friday, 28 April 2017 to Monday, 8 May 2017 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Thursday, 27 April 2017.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners. Subsequent purchasers of Scheme Shares will need to obtain a proxy form from the transferor.

Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged not later than 3:00 p.m. (Hong Kong time) on Saturday, 6 May 2017 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the white form of proxy for use at the Extraordinary General Meeting should be lodged not later than 4:00 p.m. (Hong Kong time) on Saturday, 6 May 2017.** The completion and return of a form of proxy for the Court Meeting and/or the Extraordinary General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the Extraordinary General Meeting, you will still be bound by the outcome of the Court Meeting and the Extraordinary General Meeting if, among other things, the resolutions are passed by the requisite majorities of the holders of Scheme Shares or the holders of Shares (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and the Extraordinary General Meeting in person or by proxy.

The Company will make an announcement in relation to the results of the Court Meeting and the Extraordinary General Meeting on Monday, 8 May 2017. If all the resolutions are passed at those meetings, the Company will make further announcements of the results of the hearing of the petition to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with another CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the Extraordinary General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting.

HKSCC Nominees Limited may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the Extraordinary General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your

name so as to qualify to attend and vote at the Court Meeting and the Extraordinary General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

ACTIONS TO BE TAKEN BY OPTIONHOLDERS

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If you are an Optionholder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance so as to reach the Joint Offerors, care of Intime Retail (Group) Company Limited at 1063-3 Creative Culture Industrial Park, Sihui East Road Chaoyang District, Beijing, China, for the attention of the Human Resources Department of the Company and marked “Intime Retail (Group) Company Limited – Option Offer” by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 31 May 2017 (or such later date and time as may be notified to you by the Joint Offerors, CICC and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance or other document evidencing the grant of Share Options or any other document will be given. The Joint Offerors will offer HK\$10.00 minus the relevant exercise price for each Share Option. If the exercise price of the relevant Share Option granted to you exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount (of HK\$0.05 per 500 Share Options) will be made.

The cash will be payable by the Joint Offerors on a staggered basis in accordance with the existing vesting schedule and subject to the other terms of your Share Options. In return: all rights and obligations under your Share Options will be immediately cancelled by the Joint Offerors and the Company upon your acceptance. **All Optionholders must lodge the duly completed and executed Form of Acceptance as mentioned above at or before 4:30 p.m. (Hong Kong time) on Wednesday, 31 May 2017 (or such later date and time as may be notified to you by the Joint Offerors, CICC and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange).**

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in Appendix VII to this Scheme Document.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE COMPANY AND THE JOINT OFFERORS STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE EXTRAORDINARY GENERAL MEETING. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, WE URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE EXTRAORDINARY GENERAL MEETING WITHOUT DELAY AND/OR

WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

Hong Kong Time

Date of dispatch of this Scheme Document Friday, 31 March 2017

Date of dispatch of the Option Offer Letter for the Option Offer Friday, 31 March 2017

Latest time for holders to lodge notices of exercise
(accompanied by full payment of the exercise price)
of their Share Options in order to become entitled
to vote at the Court Meeting and
the Extraordinary General Meeting (*Note 10*) 4:30 p.m. on Monday, 3 April 2017

Latest time for lodging transfers of Shares in order to
become entitled to vote at the Court Meeting and
the Extraordinary General Meeting 4:30 p.m. on Thursday, 27 April, 2017

Register of members of the Company closed for determination
of entitlements of holders of Scheme Shares to attend and
vote at the Court Meeting and of Shareholders to attend
and vote at the Extraordinary General Meeting (*Note 1*) from Friday, 28 April 2017
to Monday, 8 May 2017
(both days inclusive)

Meeting Record Date Friday, 28 April 2017

Latest time for lodging forms of proxy in respect of (*Note 2*)

- Court Meeting 3:00 p.m. on Saturday, 6 May 2017
- Extraordinary General Meeting 4:00 p.m. on Saturday, 6 May 2017

Court Meeting (*Note 3*) 3:00 p.m. on Monday, 8 May 2017

Extraordinary General Meeting (*Note 3*) 4:00 p.m. on Monday, 8 May 2017
(or immediately after the conclusion
or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and
the Extraordinary General Meeting posted on the
website of the Stock Exchange Monday, 8 May 2017

Latest time for holders to lodge notices of exercise (accompanied
by full payment of the exercise price) of their Share Options
in order to qualify for entitlements under the Scheme
("Latest Options Exercise Date") (*Note 5 and Note 10*) 2:30 p.m. on Tuesday, 9 May 2017

PART III**EXPECTED TIMETABLE**

Expected last day for trading in the Shares on the Stock Exchange	Wednesday, 10 May 2017
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Monday, 15 May 2017
Register of members of the Company closed for determining entitlements to qualify under the Scheme (<i>Note 4 and Note 5</i>)	From Tuesday, 16 May 2017
Court hearing of the petition to sanction the Scheme and to confirm the capital reduction	Tuesday, 16 May 2017 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the capital reduction, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	Before 1:00 p.m. on Wednesday, 17 May 2017
Scheme Record Date	Wednesday, 17 May 2017
Share Option Record Date (<i>Note 5 and Note 6</i>)	Wednesday, 17 May 2017
Effective Date (<i>Note 7</i>)	Wednesday, 17 May 2017 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	Before 8:30 a.m. on Thursday, 18 May 2017
Expected withdrawal of the listing of Shares on the Stock Exchange becomes effective (<i>Note 8</i>)	4:00 p.m. on Friday, 19 May 2017
Latest time to dispatch cheques for cash payment under the Scheme	Friday, 26 May 2017
Latest time and date to accept the Option Offer (<i>Note 6</i>)	4:30 p.m. on Wednesday, 31 May 2017
Lapse of all Share Options (<i>Note 11</i>)	Wednesday, 31 May 2017
Announcement of the results of the Option Offer posted on the website of the Stock Exchange	not later than 7:00 p.m. on Wednesday, 31 May 2017

Latest time to dispatch cheques for cash payment under the Option Offer in respect of Share Options that have vested as at the Share Option Record Date but in respect of which the underlying Shares have not been registered in the name of the relevant holder (or its nominee) as at the Scheme Record Date (*Note 9*) Friday, 9 June 2017

Shareholders and Optionholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the Extraordinary General Meeting. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the Extraordinary General Meeting must be lodged no later than the latest times and date(s) stated above. Each holder of Scheme Shares is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the Chairman shall have absolute discretion as to whether or not to accept those proxy forms. Completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude a holder of Scheme Shares and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.
- (3) The Court Meeting and the Extraordinary General Meeting will be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix V to this Scheme Document and the notice of Extraordinary General Meeting set out in Appendix VI to this Scheme Document for details.
- (4) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.

- (5) If holders of vested Share Options wish to qualify for entitlements under the Scheme, they must exercise their Share Options and lodge their notices of exercise before the time specified above on the Latest Options Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of Shares by the time of the Scheme Record Date. Holders of Share Options that are unvested as at the Share Option Record Date are not able to exercise their Share Options in time to qualify as Scheme Shareholders for entitlements under the Scheme, and will only be entitled to the Option Offer.
- (6) Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Joint Offerors, care of Intime Retail (Group) Company Limited at 1063-3 Creative Culture Industrial Park, Sihui East Road Chaoyang District, Beijing, China for the attention of the Human Resources Department of the Company not later than 4:30 p.m. on Wednesday, 31 May 2017 (or such later date as may be notified by the Joint Offerors, CICC and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange).
- (7) The Scheme shall become effective upon all the Conditions set out in the paragraph headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
- (8) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 4:00 p.m. on Friday, 19 May 2017.
- (9) Payment (by cheque or bank transfer) in relation to Share Options that have vested as at the Share Option Record Date in respect of validly completed Forms of Acceptance received after the Share Option Record Date but before 4:30 p.m. on Wednesday, 31 May 2017 will be dispatched within 7 Business Days following receipt of such validly completed Forms of Acceptance. In respect of Share Options that are unvested as at the Share Option Record Date, as set out in the Option Offer Letter in the form of Appendix VII of this Scheme Document, payment in respect of each such unvested Share Option will be made by the Joint Offerors within 60 days of the original vesting dates of the relevant Share Option.
- (10) These denote the recommended latest dates, which are based on the time estimated by the Company to complete the required processes to issue the underlying Shares before the Meeting Record Date or the Scheme Record Date (as the case may be). For any Share Options being exercised (as the case may be) after the specified time on the Latest Options Exercise Date but before the Scheme Record Date, the Joint Offerors and the Company may at their sole discretion issue or transfer (as the case may be) the underlying Shares to the holders so that they can qualify for entitlements under the Scheme before the Scheme Record Date.
- (11) Pursuant to the terms of the Share Option Scheme, all Share Options shall lapse automatically and not be exercisable at the expiry of the 14-day period after the Effective Date.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.



銀泰商业

INTIME RETAIL (GROUP) COMPANY LIMITED

銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

Non-executive directors:

Mr. Zhang Yong (*chairman*)
Mr. Xin Xiangdong

Executive director:

Mr. Chen Xiaodong

Independent non-executive directors:

Mr. Chow Joseph
Mr. Chen Jiangxu
Mr. Hu Yongmin

Registered office:

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

Headquarters:

1063-3, Creative Culture Industrial Park
Sihui East Road
Chaoyang District
Beijing 100124
PRC

Principal place of business in Hong Kong:

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

31 March 2017

To: The Shareholders and Optionholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
INTIME RETAIL (GROUP) COMPANY LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
(2) PROPOSED WITHDRAWAL OF LISTING
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

INTRODUCTION

On 28 December 2016, the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and,

in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange, subject to the fulfilment or waiver (as applicable) of the Conditions.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the Option Offer, the Rollover Arrangement and the expected timetable and to give you notice of the Court Meeting and the Extraordinary General Meeting (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from Somerley Capital Limited, being the Independent Financial Adviser, set out in Part VI of this Scheme Document, the Explanatory Memorandum set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix IV to this Scheme Document.

TERMS OF THE PROPOSAL

The Scheme

Subject to the fulfilment or waiver (as applicable) of the Conditions as described in the Explanatory Memorandum, the Proposal will be implemented by way of the Scheme, pursuant to which the issued share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

Immediately upon completion of the Proposal, on the assumption that no outstanding Share Options are exercised before the Scheme Record Date and there is no other change in shareholding of the Company before completion of the Proposal and based on the confirmed financial resources of Shen Offeror, the Joint Offerors, namely Alibaba Investment and Shen Offeror, will hold approximately 73.79% and 16.17% of the issued share capital of the Company, respectively.

Immediately upon completion of the Proposal, on the assumption that all Share Options that are expected to vest before the Long Stop Date with positive "see-through" price held by Optionholders (other than Mr. Chen) are exercised before the Scheme Record Date and that there is no other change in shareholding of the Company before completion of the Proposal and based on the confirmed financial resources of Shen Offeror, the Joint Offerors, namely Alibaba Investment and Shen Offeror, will hold approximately 73.90% and 16.10% of the issued share capital of the Company, respectively.

The Scheme will provide that the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$10.00 in cash for each Scheme Share.

On the assumption that no outstanding Share Options as at the Latest Practicable Date are exercised and no further Shares are issued from the Latest Practicable Date until the Scheme Record Date, the amount of cash required for the Proposal (before taking into account the Option Offer to be made but including the contingency of the Shares held by (i) Shen Group and (ii) Chen Group becoming Scheme Shares) is approximately HK\$19,664.58 million.

On the assumption that (i) all vested outstanding Share Options as at the Scheme Record Date are exercised (given that unvested outstanding Share Options as at the Scheme Record Date will not be capable of exercise prior to the Scheme Record Date and will only be entitled to the “see-through” price under the Option Offer), (ii) vested outstanding Share Options as at the Scheme Record Date where the “see-through” price is zero will not be exercised but the holders of such vested options will receive a cash offer of a nominal amount of HK\$0.05 per 500 Share Options, (iii) no further Share Options are granted from the Latest Practicable Date until the Scheme Record Date and (iv) the Share Option Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$255.26 million.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$19,919.84 million.

Assuming that the Scheme becomes effective on Wednesday, 17 May 2017 (Cayman Islands time), cheques for cash entitlements under the Scheme will be paid for by the Joint Offerors as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Friday, 26 May 2017. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Joint Offerors, the Company, CICC, Somerley or any of them will be responsible for any loss or delay in dispatch.

Comparison of values and financial effects

Cancellation Price

Under the Scheme, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$10.00 in cash for every Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

The Cancellation Price will not be increased, and the Joint Offerors do not reserve the right to do so.

Comparison of value

The Cancellation Price of HK\$10.00 per Scheme Share represents:

- a premium of approximately 2.99% over the closing price of HK\$9.7100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 47.86% over the average closing price of approximately HK\$6.7630 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 51.77% over the average closing price of approximately HK\$6.5890 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 53.59% over the average closing price of approximately HK\$6.5108 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 52.59% over the average closing price of approximately HK\$6.5533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 54.09% over the average closing price of approximately HK\$6.4896 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 53.67% over the average closing price of approximately HK\$6.5075 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 60.86% over the net asset value per Share attributable to the Shareholders of approximately RMB5.5047 as at 31 December 2016, based on RMB to HK\$ exchange rate of RMB0.88548 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Latest Practicable Date) (Note).

Note: The net asset value per Share attributable to the Shareholders is arrived at on the basis of 2,722,185,626 Shares in issue as at the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

The Option Offer

As at the Latest Practicable Date, there are 38,543,100 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 26,993,100 Share Options are held by other employees of the Group. As at the Latest Practicable Date, the Joint Offerors and the Joint Offerors Concert Parties do not hold any Share Options.

The Joint Offerors will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Joint Offerors will offer holders of Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code.

Please see “14. Option Offer” in the Explanatory Memorandum for further details.

REASONS FOR, AND BENEFITS OF, THE PROPOSAL

You are urged to read carefully the section headed “13. Background to, Reasons for and Benefits of the Proposal” in the Explanatory Memorandum of this Scheme Document.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the Extraordinary General Meeting; (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Rollover Arrangement at the Extraordinary General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Although Mr. Zhang Yong is a non-executive Director, as Mr. Zhang Yong is currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment, Mr. Zhang Yong is regarded as being interested in the Proposal and will not form part of the Independent Board Committee.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

ROLLOVER ARRANGEMENT**Rollover Agreement**

The Joint Offerors and each member of the Chen Group have entered into the Rollover Agreement on 9 January 2017 in respect of, among other things, the Shares held by Chen Group. Under the Rollover Agreement:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Independent Shareholders' Approval" in "4. Rollover Arrangement" in the Explanatory Memorandum, Chen Group will remain as Shareholders after the Scheme becomes effective and none of the Chen Shares will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting (save that if the aforementioned approval is not obtained, the Chen Shares will be treated in the same manner as the Scheme Shares and Chen Group has agreed to provide an undertaking to the Grand Court agreeing to be bound by the terms of the Scheme in the case of such an event);
- (b) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), each member of Chen Group will not (A) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him directly or indirectly in the Company (and in the case of Mr. Chen, any of the shares held by him directly or indirectly in Honor Mind Holdings Limited), save for (i) pre-existing charges disclosed before the date of the Rollover Agreement to Alibaba Investment and in relation thereto, the relevant member of Chen Group has undertaken, in the event of any foreclosure over such Shares or the shares directly and indirectly in Honor Mind Holdings Limited, to use its/his reasonable endeavours to procure that the chargor will offer to sell such Shares or shares to Alibaba Investment prior to selling to other parties or (ii) any transfer of Shares between Mr. Chen and Honor Mind Holdings Limited provided that the ultimate beneficial owner of the Shares remains solely as Mr. Chen and such transfer does not contravene any relevant laws, regulations and regulatory requirements, or (B) acquire, subscribe for or otherwise deal in the Shares, convertible securities, options or other securities of the Company without prior consent of Alibaba Investment;
- (c) immediately after the Scheme becomes effective:
 - (i) each member of Chen Group will not charge any of the Shares held by it/him from time to time to any third party unless (x) the Shares are charged to investment banks, commercial banks or other financial institution of international repute for financing purpose; (y) as permitted by such investment banks, commercial banks or other financial institution, Alibaba Investment is provided with relevant documentation solely relating to the charge upon execution; and (z) it/he will use reasonable endeavours to procure the chargor to agree to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;

- (ii) Alibaba Investment is entitled to a right of first refusal over Chen Group's Shares, so that before Chen Group transfers its Shares to a third party, Chen Group must offer its Shares to Alibaba Investment on the same terms which Chen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Chen Group may transfer the Shares to such third party on no less favourable terms;
 - (iii) Alibaba Investment will have drag-along rights over the Shares held by Chen Group if Alibaba Investment wishes to transfer its Shares;
 - (iv) if an event of default as described in the Rollover Agreement occurs and is continuing in relation to any member of the Chen Group, Alibaba Investment may demand Chen Group to transfer its Shares to Alibaba Investment or its affiliates; and
 - (v) Chen Group shall have tag-along rights in the event that Alibaba Investment transfers its Shares to a third party if Alibaba Investment transfers 50% of the issued share capital of the Company at the time of the transfer to any one person who is not a member of Alibaba Group; and
- (d) Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated when (i) the Scheme lapses or is withdrawn in accordance with its terms, or (ii) Alibaba Group ceases to directly or indirectly own any Shares in the Company, or (iii) when Chen Group ceases to directly or indirectly own any Shares in the Company, or (iv) on a date as the parties otherwise agree in writing.

As the Rollover Agreement was only entered into by and between the Joint Offerors and Chen Group and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code and the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Rollover Arrangement.

Please see "4. Rollover Arrangement" in the Explanatory Memorandum for further details.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1833. The Group is principally engaged in the business of operation and management of department stores and shopping malls in the PRC.

INFORMATION ON THE JOINT OFFERORS**Alibaba Investment Limited**

Alibaba Investment Limited is an investment holding company incorporated in the British Virgin Islands, which is a directly wholly-owned subsidiary and the principal holding company for the strategic investments of Alibaba Group Holding Limited. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. As at the Latest Practicable Date, substantial shareholders (as defined in the Takeovers Code) of Alibaba Group Holding Limited are SoftBank Group Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc..

Alibaba Investment Limited holds direct or indirect equity interests in various public companies including AGTech Holdings Limited (Hong Kong stock code: 8279), Alibaba Pictures Group Ltd. (Hong Kong stock code: 1060) and Alibaba Health Information Technology Ltd. (Hong Kong stock code: 241) in Hong Kong.

Intime International Holdings Limited

Intime International Holdings Limited is a limited liability company incorporated in the Cayman Islands and indirectly wholly-owned by Mr. Shen.

INTENTIONS OF THE JOINT OFFERORS AND THE COMPANY

Your attention is drawn to the section headed “17. Intentions of the Joint Offerors and the Company” in the Explanatory Memorandum.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with either of them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

COURT MEETING AND EXTRAORDINARY GENERAL MEETING

Court Meeting

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Holders of Scheme Shares whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting. At the Court Meeting, the holders of Scheme Shares (other than HKSCC Nominee Limited), present and voting either in person or by proxy, will be entitled to vote all of their respective Scheme Shares in favour of the Scheme or against it. HKSCC Nominees Limited may vote for and against the Scheme in accordance with the instructions received from CCASS Participants (as defined under the General Rules of CCASS).

For the purpose of calculating the “majority in number” requirement at the Court Meeting, each holder of Scheme Shares (other than HKSCC Nominees Limited) shall be counted as one Shareholder voting for or against the Scheme (as applicable) whilst each CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

The Scheme is conditional upon, among other things, approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Shares representing not less than 75% in value of the Scheme Shares held by the holders of Scheme Shares present and voting either in person or by proxy at the Court Meeting, provided that: (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting by the Independent Shareholders is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders.

As regards the voting requirements on the holders of Scheme Shares and Shareholders at the Court Meeting and the Extraordinary General Meeting respectively, please see the section headed “26. Court Meeting and Extraordinary General Meeting” in the Explanatory Memorandum.

In accordance with the Companies Law, the “75% in value” requirement, as described above, will be met if the total value of the Scheme Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Shares voted at the Court Meeting. In accordance with the Companies Law, the “majority in number” requirement, as described above, will be met if the number of holders of Scheme Shares voting in favour of the Scheme exceeds the number of holders of Scheme Shares voting against the Scheme at the Court Meeting. For the purpose of calculating the “majority in number” requirement, the number of holders of Scheme Shares, present and voting in person or by proxy, will be counted in the manner described above.

Notice of the Court Meeting is set out in Appendix V to this Scheme Document. The Court Meeting will be held at 3:00 p.m. (Hong Kong time) on Monday, 8 May 2017 at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong.

Extraordinary General Meeting

The Extraordinary General Meeting will be held immediately following the Court Meeting.

All Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend the Extraordinary General Meeting and vote, in person or by proxy, on among other things, (i) the special resolution by Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the ordinary resolution by Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Joint Offerors and (iii) the ordinary resolution by the Independent Shareholders to approve the Rollover Arrangement.

The special resolution described under (i) in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the Extraordinary General Meeting, are in favour of the special resolution. The ordinary resolution described under (ii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting. The ordinary resolution described under (iii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Independent Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting.

At the Extraordinary General Meeting, a poll will be taken and each Shareholder or Independent Shareholder (as the case may be) present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special resolution and/or the ordinary resolutions.

Alternatively, such Shareholder or Independent Shareholder (as the case may be) may vote some of his/her/its Shares in favour of the special resolution and/or the ordinary resolutions and any or all of the balance of their Shares against the special resolution and/or the ordinary resolutions (and vice versa).

The Joint Offerors have indicated that the Shares legally held by them will be voted in favour of the special resolution in relation to the reduction of the issued share capital of the Company and the ordinary resolution in relation to the increase in the issued share capital of the Company to be proposed at the Extraordinary General Meeting, but the Joint Offerors, the Joint Offeror Concert Parties and the Chen Group will be required to abstain from voting on the ordinary resolution to approve the Rollover Arrangement at the Extraordinary General Meeting.

Notice of Extraordinary General Meeting is set out in Appendix VI to this Scheme Document. The Extraordinary General Meeting will be held at 4:00 p.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the Court Meeting convened on the same day and place) on Monday, 8 May 2017 at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 17 May 2017 (Cayman Islands time). Further announcements will be made to give details of the results of the Court Meeting and the Extraordinary General Meeting and, if all the resolutions are passed at those meetings, the result of the hearing of the petition for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, the Scheme Record Date, the Effective Date, and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Your attention is drawn to the section headed “26. Court Meeting and Extraordinary General Meeting” in the Explanatory Memorandum.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “23. Overseas Shareholders and Optionholders” in the Explanatory Memorandum.

ACTIONS TO BE TAKEN

Your attention is drawn to “Part II – Actions to be taken” of this Scheme Document and the section headed “28. Summary of actions to be taken” in the Explanatory Memorandum.

RECOMMENDATION

The Independent Financial Adviser has advised the Independent Board Committee that it considers, as far as the Independent Shareholders are concerned, the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable, and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable, and accordingly, it advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions(s) to be proposed at the Court Meeting and the Extraordinary General Meeting to approve and implement the Proposal, the Scheme and the Rollover Arrangement and the Optionholders to accept the Option Offer.

The Independent Board Committee, having been so advised, considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable, and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions(s) to be proposed at the Court Meeting and the Extraordinary General Meeting to approve and implement the Proposal, the Scheme and the Rollover Arrangement and the Optionholders to accept the Option Offer.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “22. Registration and Payment” in the Explanatory Memorandum.

TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “24. Taxation” in the Explanatory Memorandum.

It is emphasised that none of the Joint Offerors, the Company, CICC and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme and the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme. All holders of Scheme Share and Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from Somerley Capital Limited, the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix IV to this Scheme Document, the notice of Court Meeting as set out in Appendix V to this Scheme Document and the notice of Extraordinary General Meeting as set out in Appendix VI to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners of Shares.

Yours faithfully
For and on behalf of the board of
Intime Retail (Group) Company Limited
Xin Xiangdong
Non-executive Director



銀泰商业

INTIME RETAIL (GROUP) COMPANY LIMITED

銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

*Members of the
Independent Board Committee:*

Mr. Xin Xiangdong
Mr. Chow Joseph
Mr. Chen Jiangxu
Mr. Hu Yongmin

Registered office:

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

31 March 2017

To: The Independent Shareholders and Optionholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF
INTIME RETAIL (GROUP) COMPANY LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

We refer to the document dated 31 March 2017 jointly issued by the Joint Offerors and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, respectively, details of which are set out in “Part IV – Letter from the Board” and “Part VII – Explanatory Memorandum” of this Scheme Document.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in “Part VI – Letter from the Independent Financial Adviser” of this Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

In the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Independent Shareholders are concerned and the terms of the Option Offer in totality are fair and reasonable as far as the Optionholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed (i) at the Court Meeting and the Extraordinary General Meeting to approve and implement the Scheme; and (ii) at the Extraordinary General Meeting to approve the Rollover Arrangement and to recommend the Optionholders to accept the Option Offer.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter in Part VI of this Scheme Document, considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable, and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Independent Shareholders to vote in favour of the Scheme;
- (b) at the Extraordinary General Meeting:
 - (i) the Shareholders to vote in favour of:
 - (1) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling the Scheme Shares;
 - (2) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Joint Offerors; and
 - (ii) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement; and
- (c) the Optionholders to accept the Option Offer.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee draws the attention of the Independent Shareholders and the Optionholders to (i) the letter from the Board set out in Part IV of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum set out in Part VII of the Scheme Document.

Yours faithfully,

The Independent Board Committee

XIN, Xiangdong
*Non-executive director
of the Company*

CHOW, Joseph
*Independent
non-executive director
of the Company*

CHEN, Jiangxu
*Independent
non-executive director
of the Company*

HU, Yongmin
*Independent
non-executive director
of the Company*

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee regarding the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, for the purpose of incorporation in this Scheme Document.



SOMERLEY CAPITAL LIMITED

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

31 March 2017

To: the Independent Board Committee

Dear Sirs,

**(1) PROPOSED PRIVATISATION OF
INTIME RETAIL (GROUP) COMPANY LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW);
(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES;
AND
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with (i) the Proposal, (ii) the Scheme, (iii) the Option Offer; and (iv) the Rollover Arrangement. Details of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are set out in the Scheme Document dated 31 March 2017, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 28 December 2016, the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. The Scheme will involve the cancellation of all the Scheme Shares. Under the Scheme, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$10.00 in cash for every Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

The Joint Offerors and each member of the Chen Group have also entered into the Rollover Agreement on 9 January 2017, pursuant to which the Joint Offerors would allow Chen Group to retain its shareholdings in the Company after the Scheme becomes effective to provide incentives for Mr. Chen to continue to contribute to the development of the Group. The Rollover Arrangement is one of the waivable conditions of the Proposal. As the Rollover Agreement was only entered into by and between the Joint

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Offerors and Chen Group and the Rollover Arrangement thereunder is not offered to all Shareholders, it constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Joint Offerors have made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser publicly stating in its opinion that the Rollover Arrangement is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders (by way of poll) at the Extraordinary General Meeting to approve the Rollover Arrangement.

An Independent Board Committee comprising the following non-executive Directors, namely Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the Extraordinary General Meeting; (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Rollover Arrangement at the Extraordinary General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer. Although Mr. Zhang Yong is a non-executive Director, as Mr. Zhang Yong is currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment, Mr. Zhang Yong is regarded as being interested in the Proposal and will not form part of the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

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

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the “**Management**”), which we have assumed to be true, accurate and complete. We have reviewed, among other things, the Rollover Agreement, the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”), the annual results announcement for the year ended 31 December 2016 (the “**2016 AR Announcement**”), the trading performance of the Shares on the Stock Exchange and Bloomberg, and information set out in the Scheme Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Joint Offerors or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Scheme Document were true at the time they were made and at the date of the Scheme Document and will continue to be true up to the time of the Court Meeting and the Extraordinary General Meeting, and Independent Shareholders and Optionholders will be informed of any material change as soon as possible.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications on the Independent Shareholders or the Optionholders of acceptance or non-acceptance of the Proposal or the Option Offer, as the case may be, since these are particular to their individual circumstances. In particular, the Independent Shareholders or the Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme

On 28 December 2016, the Joint Offerors requested the Board to put forward a proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share and the withdrawal of the listing of the Shares on the Stock Exchange, subject to the fulfilment or waiver (as applicable) of the Conditions.

Subject to the fulfilment or waiver (as applicable) of the Conditions as described in “Part VII - Explanatory Memorandum” in the Scheme Document, the Proposal will be implemented by way of the Scheme, pursuant to which the issued share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company’s books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

The Cancellation Price will not be increased, and the Joint Offerors do not reserve the right to do so.

As at the Latest Practicable Date, Alibaba Investment held 755,727,738 Shares representing approximately 27.76% of the issued share capital of the Company, and Shen Offeror held 249,073,015 Shares representing approximately 9.15% of the issued share capital of the Company. Such Shares will not form part of the Scheme Shares and the Joint Offerors will not vote on the Scheme at the Court Meeting.

As at the Latest Practicable Date, the Joint Offerors Concert Parties held in aggregate 239,132,000 Shares, representing approximately 8.78% of the issued share capital of the Company. Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.49% of the issued share capital of the Company as at the Latest Practicable Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 8,112,000 Shares (representing approximately 0.30% of the issued share capital of the Company as at the Latest Practicable Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the 42,250,000 Shares (representing approximately 1.55% of the issued share capital of the Company as at the Latest Practicable Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement, and will not be voted on the Scheme at the Court Meeting.

The Option Offer

As at the Latest Practicable Date, there are 38,543,100 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 26,993,100 Share Options are held by other employees of the Group. As at the Latest Practicable Date, the Joint Offerors and the Joint Offerors Concert Parties do not hold any Share Options. As disclosed in “Part VII – Explanatory Memorandum” in the Scheme Document, the Share Option Scheme expired on 19 March 2017 and, despite the fact that no further Share Options may be granted under the Share Option Scheme, all other provisions remain in force to govern all the outstanding Share Options previously granted until the end of their respective exercise periods.

The Joint Offerors will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Joint Offerors will offer holders of Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every such vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code.

Share Option exercise price (HK\$)	“See-through” price (HK\$)	Total outstanding options (vested and unvested)	Exercise period (MM/DD/YYYY)
10.77	0.00 (note)	2,102,000	04/02/2015-04/01/2017
7.56	2.44	2,360,400	06/23/2015-06/22/2018
9.27	0.73	3,472,700	04/11/2015-04/10/2019
6.85	3.15	4,202,000	06/26/2015-06/25/2020
4.85	5.15	12,236,000	03/28/2016-03/27/2021
6.37	3.63	14,170,000	03/31/2017-03/30/2022

Note: If the exercise price of the relevant Share Option under the Option Offer exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) will be made.

Under the Option Offer, the cash due to the holders of Outstanding Share Options will be paid on a staggered basis, in accordance with the respective vesting schedules under, and subject to, the existing terms of each of the Outstanding Share Options.

Allocation proportion between the Joint Offerors

The Joint Offerors’ payment obligations to the Scheme Shareholders in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by Alibaba Investment as to such number of Shares represented by the balance of the total number of Scheme Shares less the number of

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shares to be taken up by Shen Offeror, and by Shen Offeror as to 191,125,531 Scheme Shares subject to the Clawback Mechanism pursuant to which Alibaba Investment will pay for such Scheme Shares clawed back from Shen Offeror. The Joint Offerors' payment obligations to the Optionholders shall be fulfilled according to the Ratio, which is in the same proportion as their payment obligations to the Scheme Shareholders.

Given the total number of Scheme Shares will not be determined until the Scheme Record Date, for illustration purposes only, assuming there is no change in the shareholding structure as at the Latest Practicable Date and based on the confirmed financial resources of Shen Offeror, and that Shen Offeror will comply with its financial obligations in full under the Scheme, the number of new Shares to be issued to Alibaba Investment and to Shen Offeror are 1,252,989,342 Shares and 191,125,531 Shares respectively, and the Ratio is therefore 6.5558:1.

Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as set out in "Part VII – Explanatory Memorandum" of the Scheme Document including:

- (1) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Shares representing not less than three-fourths in value of the Scheme Shares held by the holders of Scheme Shares present and voting either in person or by proxy at the Court Meeting provided that:
 - (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (2)
 - (a) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
 - (b) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Joint Offerors;

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (5) all necessary consents (including consents from the relevant lenders) in connection with the Proposal and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remained in effect;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Joint Offerors to proceed with the Proposal or the Scheme;
- (7) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal);
- (8) since the Announcement Date, there having not been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (9) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Agreement is fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Rollover Agreement under the Takeovers Code, and (iii) the consent from the Executive to the Rollover Agreement.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Joint Offerors reserve the right to waive conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter, which will be decided by Alibaba Investment in its sole discretion on behalf of the Joint Offerors. Conditions (1), (2), (3) and (4) cannot be waived in any event. The Company has no right to waive any of the Conditions.

Please refer to “Part VII – Explanatory Memorandum” for further details of the Conditions. As at the Latest Practicable Date, none of the conditions has been fulfilled or waived.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

A. The Proposal, the Scheme and the Option Offer

1. Background to and reasons for the Proposal and the Scheme

As set out in “Part VII – Explanatory Memorandum” of the Scheme Document, under the environment of the retail industry’s transformation, the Joint Offerors plan to have deeper co-operation with the Company, to explore new development opportunities and to implement a series of long-term growth strategies, which may affect the Company’s short-term growth profile and may result in divergence between the Company’s and Joint Offerors’ view on the Company’s potential long-term value on the one hand, and the investors’ views on the Company’s share price, on the other. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the pressure of market expectations and share price fluctuation associated with being a publicly listed company.

It is further stated in “Part VII – Explanatory Memorandum” of the Scheme Document that due to the low liquidity in the trading of its Shares, the Company’s current listing platform no longer sufficiently serves as a source of funding for the Company’s business and growth. The relatively low trading liquidity of the Shares makes it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal is, therefore, intended to provide the Scheme Shareholders and the Optionholders with an opportunity to realise their investment in the Company for cash without having to suffer any illiquidity discount.

2. Information and prospects of the Group

(a) Background information of the Company

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

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2016 AR Announcement, as at 31 December 2016, the Group operated and managed a total of 29 department stores and 20 shopping malls with a total gross floor area of 3,301,023 square meters, including 20 department stores and 11 shopping malls located in the principal cities of Zhejiang province, 6 department stores and 2 shopping malls located in Hubei province, 1 department store located in Beijing, 4 shopping malls located in Anhui province, 1 shopping mall located in Hebei province, 1 shopping mall located in Guangxi province, and 2 department stores and 1 shopping mall located in Shaanxi province.

(b) *Financial information of the Group*

(i) Financial performance

Set out below are certain key financial information on the Group as extracted from the consolidated statement of profit or loss for the three years ended 31 December 2016 (collectively, the “**Period**”), details of which are set out in the 2015 Annual Report and the 2016 AR Announcement:

	For the year ended 31 December		
	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Retail revenue			
– <i>Sale of goods</i>	1,999,558	1,814,296	1,671,654
– <i>Commissions from concessionaire sales</i>	2,382,692	2,380,301	2,334,953
– <i>Rental income</i>	1,078,440	912,122	543,576
– <i>Management fee income from operation of department stores</i>	22,821	36,959	22,550
– <i>Commission from sale of goods</i>	17,978	9,520	15,097
	<u>5,501,489</u>	<u>5,153,198</u>	<u>4,587,830</u>
Sale of properties	<u>482,773</u>	<u>602,255</u>	<u>662,738</u>
Total revenue	<u><u>5,984,262</u></u>	<u><u>5,755,453</u></u>	<u><u>5,250,568</u></u>
Other income and gains	<u>1,184,550</u>	<u>1,075,672</u>	<u>867,016</u>
Profit before tax	1,986,019	1,841,616	1,805,256
Income tax expense	<u>(570,175)</u>	<u>(492,518)</u>	<u>(641,474)</u>
Profit for the year	<u><u>1,415,844</u></u>	<u><u>1,349,098</u></u>	<u><u>1,163,782</u></u>
<i>Profit for the year attributable to:</i>			
– Owners of the Company	1,319,687	1,317,474	1,121,483
– Non-controlling interests	96,157	31,624	42,299

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

As shown in the table above, revenue generated from direct sales and concessionaire sales in department stores and shopping malls in the PRC has been the main source of income, which represented over 70% of the annual total revenue of the Group during the Period. The rest of the revenue came from rental income from investment properties and management fee from operation of department stores, as well as sale of properties.

As disclosed in the 2015 Annual Report, for the financial year ended 31 December 2015 (“FY2015”), the Group achieved an increase in total revenue of approximately 9.6% to approximately RMB5,755.5 million, which was mainly due to the same store sales growth of 0.5%, the inclusion of the sales performances of the new stores and shopping malls opened in the year of 2014 and the significant increase in rental income. In addition, the Group recorded an increase in other income and gains of around 24.1% to approximately RMB1,075.7 million which was principally contributed by the increase in advertisement, promotion and administration income from suppliers and concessionaires, and the net gains arising from, amongst other, the disposal of the subsidiaries and jointly-controlled entity and shares of an associate of the Company which was one-off in nature. Profit attributable to owners of the Company for FY2015 amounted to approximately RMB1,317.5 million, represented an increase of around 17.5% from RMB1,121.5 million for the financial year ended 31 December 2014 (“FY2014”) which was mainly attributable to the increase in total revenue and other income and gains during FY2015.

The Group's total revenue slightly increased to approximately RMB5,984.3 million for the financial year period ended 31 December 2016 (“FY2016”). The increase in total revenue was mainly due to increase in sale proceeds and rental income of the Group during FY2016, partly offset by decrease in revenue from sale of properties. In addition, the Group recorded an increase in other income and gains of around 10.1% to approximately RMB1,184.6 million (amongst which, as advised by the Management, approximately RMB497.1 million were one-off gains in nature) which was principally arisen from increase in, among other things, gain on the disposal of the associate/subsidiaries of the Company in FY2016, offset by, among other things, decrease in fair value gain from investment properties. The profit attributable to owners of the Company increased slightly by approximately 0.2% from approximately RMB1,317.5 million in FY2015 to approximately RMB1,319.7 million in FY2016.

Independent Shareholders should note that, as disclosed in the 2016 AR Announcement, the Board has recommended the payment of a final dividend of RMB0.08 per Share for FY2016, subject to the passing of an ordinary resolution by the Shareholders at the forthcoming annual general meeting of the Company scheduled to be held on Friday, 23 June 2017. Upon the approval to be obtained from such annual general meeting, the final dividend will be payable on 21 July 2017 to the Shareholders whose name appears on register of members of the Company at close of business on 7 July 2017. Scheme Shareholders should note that, as stated in “Part VII – Explanatory Memorandum” of the Scheme Document, in the event that the Scheme becomes effective before the record date for the entitlement to the proposed final dividend for

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FY2016 (if approved), the Scheme Shareholders will not be entitled to the proposed final dividend for FY2016 as their Scheme Shares will have already been cancelled. As disclosed in “Part III – Expected Timetable” of the Scheme Document (which is subject to change), the Effective Date of the Scheme is expected to be Wednesday, 17 May 2017 (Cayman Islands time), which is earlier than 7 July 2017, the expected record date for the entitlement to the proposed final dividend for FY2016 (if approved).

(ii) Financial position

Set out below is a summary of the Group’s consolidated financial positions as at 31 December 2015 and 31 December 2016, as extracted from the 2016 AR Announcement:

	As at 31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Property, plant and equipment	5,260,801	5,975,499
Investment properties	7,353,000	7,249,000
Prepaid land lease payments	1,435,171	1,545,106
Investments in associates	2,604,040	2,480,903
Other non-current assets	2,986,450	2,520,958
	<u>19,639,462</u>	<u>19,771,466</u>
Current assets		
Inventories	540,873	523,480
Completed properties held for sale	1,224,150	1,567,721
Cash in transit	146,168	88,263
Pledged deposits	–	67,000
Restricted bank balances	58,038	46,777
Cash and cash equivalents	1,700,526	1,580,529
Other current assets	3,394,072	3,176,429
	<u>7,063,827</u>	<u>7,050,199</u>
Assets of disposal group classified as held for sale	<u>45,981</u>	<u>1,456,517</u>
	<u>7,109,808</u>	<u>8,506,716</u>
Total assets	<u><u>26,749,270</u></u>	<u><u>28,278,182</u></u>

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	As at 31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities		
Trade and bills payable	1,765,601	2,621,636
Other payables and accruals	4,227,424	5,504,251
Interest-bearing bank and other borrowings	2,050,060	2,564,721
Other current liabilities	<u>621,233</u>	<u>515,777</u>
	8,664,318	11,206,385
Liabilities directly associated with the assets classified as held for sale	<u>28,481</u>	<u>789,481</u>
	<u>8,692,799</u>	<u>11,995,866</u>
Net current liabilities	<u>(1,582,991)</u>	<u>(3,489,150)</u>
Non-current liabilities		
Interest-bearing bank and other borrowings	1,683,749	313,000
Convertible bonds	–	3,101,509
Other non-current liabilities	<u>959,728</u>	<u>843,286</u>
	<u>2,643,477</u>	<u>4,257,795</u>
Total liabilities	<u><u>11,336,276</u></u>	<u><u>16,253,661</u></u>
Total equity		
Equity attributable to owners of the Company	14,984,683	11,037,548
Non-controlling interests	<u>428,311</u>	<u>986,973</u>
	<u><u>15,412,994</u></u>	<u><u>12,024,521</u></u>

As at 31 December 2016, total assets amounted to approximately RMB26,749.3 million whilst total liabilities amounted to approximately RMB11,336.3 million. Total assets of the Group as at 31 December 2016 decreased by around 5.4% as compared with that as at 31 December 2015; while the total liabilities of the Group decreased by around 30.3% from approximately RMB16,253.7 million as at 31 December 2015 to approximately RMB11,336.3 million which was mainly due to the full conversion of the convertible bonds held by Alibaba Investment in June 2016.

As provided by the Management, among the total assets, the carrying value of the property interests held by the Group for self-use, for investment and held for sale in aggregate amounted to approximately RMB13,914.7 million which represented approximately 52.0% of the total assets as at 31 December 2016.

As at 31 December 2016, the net book value of the property interests occupied by the Group for its own uses attributable to the Group of approximately RMB4,766.9 million comprised mainly the department stores and shopping malls currently held and operated by the Group and have been accounted for in items of property, plant and equipment and prepaid land lease payments in the consolidated balance sheet. As at 31 December 2016, the carrying value of the property interests held for investment and sale attributable to the Group of approximately RMB8,423.0 million comprised mainly the shopping malls, hotels and residential/commercial properties currently held by the Group to earn rental income or for sale and have been accounted for in items of investment properties and completed properties held for sale in the consolidated balance sheet. According to the accounting policy adopted by the Company, except for investment properties which have been measured at fair value, all the aforesaid property interests of the Group as shown in the consolidated balance sheet of the Group have not been marked to market. The latest market value of the property interest of the Group are further discussed in the section headed “2(b) (iii) Valuation on property interests of the Group” below.

The Group had cash (including cash in transit, pledged deposits, restricted bank deposits and cash and cash equivalents) of approximately RMB1,904.7 million as at 31 December 2016, representing an increase of approximately 6.9% from 31 December 2015. Total interest-bearing bank and other borrowings and convertible bonds decreased from approximately RMB5,979.2 million as at 31 December 2015 by approximately 37.6% to approximately RMB3,733.8 million as at 31 December 2016 which was mainly attributable to the full conversion of the convertible bonds held by Alibaba Investment in June 2016. The Group recorded net current liabilities of approximately RMB1,583.0 million as at 31 December 2016, representing a prominent decrease by approximately 54.6% from approximately RMB3,489.2 million as at 31 December 2015 which was mainly due to the repayment of syndicated loan during FY2016. The current ratio of the Group slightly improved from approximately 0.71 times as at 31 December 2015 to approximately 0.82 times as at 31 December 2016. As at 31 December 2016, total equity attributable to owners of the Company amounted to approximately RMB14,984.7 million, representing total equity attributable to owners of the Company per Share of around RMB5.5047 (on the basis of 2,722,185,626 Shares in issue as at the Latest Practicable Date, equivalent to approximately HK\$6.2166, based on RMB to HK\$ exchange rate of RMB0.88548 to HK\$1, being the exchange rate as quoted by the People’s Bank of China on the Latest Practicable Date).

(iii) Valuation on property interests of the Group

The property interests of the Group (including the property interests held by associates of the Group, collectively, the “**Properties**”) have been valued by Knight Frank Petty Limited (“**Knight Frank**”), an independent and duly qualified Hong Kong valuer. The full text of the valuation report and certificate of Properties for their respective market value in existing state as at 31 December 2016 (the “**Valuation Report**”) is set out in Appendix II to the Scheme Document. According to the Valuation Report, the market value in existing state of the Properties attributable to the Group is approximately RMB22,762.7 million as at 31 December 2016 (the “**Valuation**”).

We have reviewed the Valuation Report and discussed with Knight Frank regarding the methodology of, and bases and assumptions adopted for the valuations and adjustments made to arrive at the Valuation. We noted that Knight Frank has valued the properties which are held by the Group for investment and properties which are held by the Group for self-use by reference to sales evidence as available on the

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market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to Knight Frank by the Group. Knight Frank has also allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

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

For properties which are held by the associate companies of the Group, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties and associated companies of the Group.

For the leased term interests of two properties of the Group located in Wuhan city, Hubei Province, Knight Frank has valued the properties with reference to their lease term interests and its rights in sub-letting and/or transferring the lease term interests of the properties. The two properties are owned by a third party independent to the Company and its connected persons and was leased to the Group pursuant to a cooperative agreement dated 9 July 2009 for a term of 50 years. The two properties were classified as investment property and property, plant and equipment respectively on the Group's financial statements.

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

(iv) Adjusted NAV

In evaluating the Proposal and the Scheme, we have taken into account the adjusted consolidated net assets (the “Adjusted NAV”) of the Group, based on the 2016 AR Announcement and the adjustment as set out in the table below.

	<i>RMB'million</i>
Consolidated net asset value of the Group attributable to owners of the Company as at 31 December 2016	14,984.7
<i>Add:</i>	
Revaluation surplus arising from the valuation of property interests attributable to the owners of the Company as at 31 December 2016 (<i>Note 1</i>)	<u>2,238.4</u>
Adjusted NAV	<u><u>17,223.1</u></u>
Adjusted NAV per Share (RMB) (<i>Note 2</i>)	6.3269
Equivalent to HK\$ (<i>Note 3</i>)	7.1452
Cancellation Price (HK\$)	10.00
– Premium to Adjusted NAV per Share	39.95%

Notes:

1. This represents a revaluation surplus calculated by the fair value of the property interests held by the Group as disclosed in the Valuation Report, net of the book value of such property interests as of 31 December 2016 and relevant potential PRC tax liability.
2. Based on 2,722,185,626 Shares in issue as at the Latest Practicable Date.
3. The exchange rate of RMB0.88548 to HK\$1 as at the Latest Practicable Date was extracted from Bloomberg and used in the above calculation.

As set out in the above table, the Cancellation Price of HK\$10.00 per Share represents a premium of approximately 39.95% to the Adjusted NAV per Share of approximately HK\$7.1452.

(c) Prospects of the Group

As set out in the 2016 AR Announcement, the future of consumer retail will be a combination of both the online and offline experience. As stated in the 2016 AR Announcement, the Group plans to comprehensively cooperate with Alibaba Group on online to offline (“**O2O**”) business integration and development. Based on our discussion with the Management, the future development of the Group is likely to be driven by factors set out below:

Economic growth in China

The economic growth of China has been slowing in recent years with a growth rate in gross domestic product of 7.0% in 2015, compared to annual growth of 8.2% and 10.2% in 2014 and 2013 respectively, according to statistics released by the National Bureau of Statistics of the PRC. The statistics also show that the expenditure of urban residents in China has slowed to 7.0% in 2015 as compared to 7.7% and 8.0% in 2014 and 2013 respectively. Both the stock market and currency market in the PRC have experienced significant fluctuations during 2016, creating uncertainties on the economic outlook.

Chinese consumers are upgrading their purchases towards branded and high quality products with increasing disposable income. However, based on data released by the National Bureau of Statistics of the PRC, the growth rate in national per capita disposable income of China in 2015 slowed to approximately 8.9% as compared to approximately 10.1% in 2014.

If the decelerating trend in growth of economy and disposable income in China continues, this would potentially affect the demand for retail products, the category of products the Group is focusing on, leading to uncertainties in the development of the Group in the long run.

O2O business integration and development

As discussed in the 2016 Interim Report, the online retail sales in the PRC reached RMB2,236.7 billion in the first half of 2016, representing a year-on-year growth of 28.2%, among which the online retail sales of physical goods were RMB1,814.3 billion, representing an increase of 26.6%. The online retail sales of physical goods accounted for 11.6% of the PRC's total retail sales of consumer goods in the first half of 2016. While traditional retailers continue to struggle, e-commerce has continued to provide an avenue for sales that is experiencing strong growth.

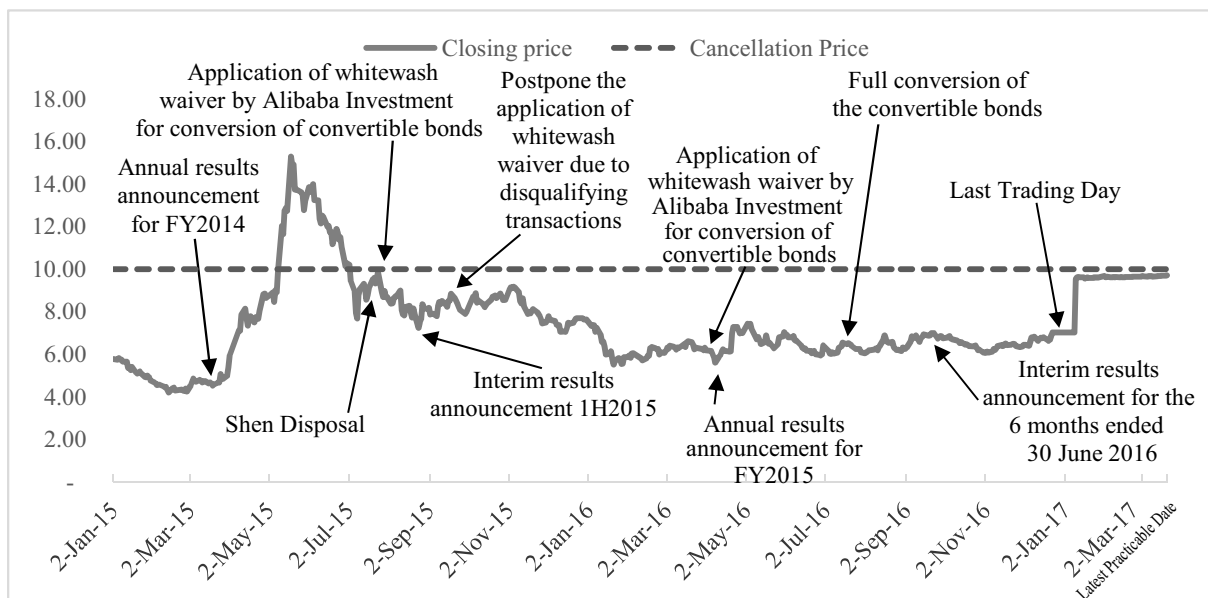
As set out in "Part VII – Explanatory Memorandum" of the Scheme Document and mentioned above, under the environment of the retail industry's transformation, the Joint Offerors plan to have deeper co-operations with the Company, to explore new development opportunities and to implement a series of long-term growth strategies, which may, however, affect the Company's short-term growth profile and may result in divergence between the Company's and Joint Offerors' view on the Company's potential long-term value on the one hand, and the investors' views on the Company's share price, on the other.

Based on the above, given the declining growth in the economy and disposable income in the PRC, the demand for retail products may weaken. It is therefore anticipated that the retail product market could become more challenging for traditional retailers. But for those who are able to adjust the business model to implement O2O business integration, there would be growth potentials given the fast growing e-commerce sector in the PRC. The Group is currently in the transitional stage to integrate O2O platforms to its retail business through unifying the online and offline information about customers, products and services. Consequently, the future of the Group is subject to uncertainties given the downward trend of growth in Chinese economy and as regards the implementation of O2O business integration and development which may or may not affect the Company's short-term growth profile.

3. Analysis of price performance and trading liquidity of the Shares

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 2 January 2015 to the Latest Practicable Date (the “**Review Period**”) and highlights of announcements by the Company of certain corporate events that took place during the Review Period:



Source: Bloomberg and website of the Stock Exchange

As illustrated above, during the Review Period, the Shares closed in the range between HK\$4.22 and HK\$15.30 per Share, with an average of around HK\$7.50 per Share. We also note that the Shares closed below the Cancellation Price of HK\$10.00 in most of the time during the Review Period.

The Shares closed at HK\$5.79 each on 2 January 2015. The closing price of the Shares gradually went down to its trough during the Review Period of HK\$4.22 on 13 February 2015 but since then, the closing price of the Shares started to rebound and closed at HK\$4.68 on 24 March 2015 which was the trading day immediately prior to the release of the annual results announcement of the Group for FY2014. Following the release of the annual results for FY2014, the closing price of the Shares further surged to HK\$5.08 on 25 March 2015, and continued to rise and reached its peak of HK\$15.30 each on 18 May 2015. As advised by the Company, it did not aware of any particular reason for the aforesaid surge in share prices during such period. Since then, the closing price of the Shares led a general downward trend until end of January 2016.

Closing price of the Shares gradually dropped from its peak to HK\$9.54 each on 20 July 2015, being the trading day immediately following the release of the Company’s announcement in relation to the disposal of Shares by Mr. Shen to his associates and certain independent third parties on 17 July 2015 (after trading hours) (the “**Shen Disposal**”). After trading hours on 20 July 2015, the Company announced the application of whitewash waiver by Alibaba Investment for conversion of convertible bonds of the

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Company. The closing price of the Shares slightly increased to HK\$9.60 on 21 July 2015, and subsequently experienced a downward trend again and reached HK\$7.74 per Share on 19 August 2015, after the trading hours on which the Company announced its interim results for the six months period ended 30 June 2015 (“1H2015”). Despite the slight rebound of the closing price of the Shares immediately following the release of the Group’s interim results for 1H2015 from HK\$8.16 each on 20 August 2015 to HK\$9.16 on 3 November 2015, the closing price of the Shares experienced in general a downward trend and further reached HK\$5.53 per Share on 21 January 2016. Since 22 January 2016 and up to the Last Trading Day, fluctuation of the closing price of the Shares was narrowed in the range between HK\$5.56 and HK\$7.45 per Share. The Share price closed at HK\$7.03 on the Last Trading Day.

Upon resumption of trading in the Shares following release of the Announcement, the Share price closed in a range between HK\$9.54 and HK\$9.75 during the period from the date of the Announcement to the Latest Practicable Date, which were significantly above the closing price of the Share in most of the time during the period from 2 January 2015 to the Last Trading Day (the “**Pre-announcement Period**”). However, Independent Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse.

In summary, the Cancellation Price of HK\$10.00:

- represents a premium of approximately 2.99% over the closing price of HK\$9.7100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- is higher than the closing price of the Shares price for most of the time (452 days out of 489 days) during the Pre-announcement Period;
- is higher than the closing price of the Shares since 3 July 2015;
- represents a premium of approximately 37.78% over the average of the closing price of the Shares of approximately HK\$7.2580 per Share during the Pre-announcement Period;
- represents a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- represents a premium of approximately 47.86% over the average closing price of approximately HK\$6.7630 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- represents a premium of approximately 51.77% over the average closing price of approximately HK\$6.5890 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- represents a premium of approximately 53.59% over the average closing price of approximately HK\$6.5108 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

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- represents a premium of approximately 54.09% over the average closing price of approximately HK\$6.4896 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- represents a premium of approximately 53.67% over the average closing price of approximately HK\$6.5075 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- represents a premium of approximately 60.86% over the net asset value per Share attributable to the Shareholders of approximately RMB5.5047 as at 31 December 2016 (on the basis of 2,722,185,626 Shares in issue as at the Latest Practicable Date, equivalent to approximately HK\$6.2166, based on RMB to HK\$ exchange rate of RMB0.88548 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Latest Practicable Date).

(b) Trading liquidity

Set out below in the table are the average daily trading volume of the Shares and the percentages of the average daily trading volume to the total issued Shares and public float of the Company respectively during the Review Period:

	Average daily trading volume	Approximate % of average daily trading volume to the total issued Shares <i>(note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(note 2)</i>
2015			
January	4,299,627	0.1980	0.3536
February	16,600,285	0.7642	1.3645
March	17,723,825	0.8158	1.4565
April	34,645,029	1.5914	2.8368
May	51,309,927	2.3457	4.1728
June	16,628,229	0.7597	1.3140
July	23,048,596	1.0530	1.8213
August	11,206,921	0.5120	0.6737
September	4,660,147	0.2129	0.2801
October	7,108,865	0.3262	0.4298
November	12,672,641	0.5813	0.7658
December	4,167,239	0.1912	0.2518
2016			
January	6,622,062	0.3038	0.4002
February	3,572,259	0.1639	0.2159
March	4,462,191	0.2047	0.2697

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	Average daily trading volume	Approximate % of average daily trading volume to the total issued Shares <i>(note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(note 2)</i>
April	9,167,739	0.4205	0.5540
May	4,374,723	0.2007	0.2644
June	5,037,076	0.1855	0.3045
July	5,210,049	0.1919	0.3149
August	4,856,850	0.1789	0.2936
September	5,864,872	0.2159	0.3544
October	4,460,911	0.1643	0.2696
November	5,660,705	0.2084	0.3420
From 1 December to 23 December	5,109,965	0.1881	0.3088
Average during the Pre-announcement Period		0.6528	1.0725
From 10 January 2017 to the Latest Practicable Date <i>(note 3)</i>	14,866,908	0.5461	0.8967

Source: Bloomberg

Notes:

- (1) The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
- (2) The total number of Shares held by the public is calculated based on the number of total issued Shares excluding those held by Shen Group (excluding Shen Family), Alibaba Investment and Chen Group, at the end of each month or as at the Latest Practicable Date, as applicable.
- (3) Trading of the Shares was suspended from 28 December 2016 to 9 January 2017.

We note from the above table that during the Pre-announcement Period, the average daily trading volume of the Shares was (i) save for April, May and July 2015, less than 1% of the total issued Shares; and (ii) save for February to July 2015, less than 1% of the issued Shares constituting public float of the Company, and therefore, had been thin in general during the Pre-announcement Period. The average daily trading volume of the Shares during the Pre-announcement Period was within the range between (i) approximately 0.1639% and 2.3457% of the total issued Shares, with an average of approximately 0.6528%; and (ii) approximately 0.2159% and 4.1728% of the issued Shares constituting public float of the Company, with an average of approximately 1.0725%. The number of Shares traded daily from 10 January 2017 (the

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first trading day immediately following the publication of the Announcement) up to the Latest Practicable Date, on average, represented approximately 0.5461% of the total Shares in issue and approximately 0.8967% the issued Shares constituting public float of the Company.

Given the generally low liquidity of the Shares during the Review Period, Independent Shareholders should note that if they wish to realise their investments in the Company, especially those with bulk quantities of Shares, they might not be able to dispose the Shares in the market without exerting a downward pressure on the market price of the Shares in short term.

The high level of trading volume subsequent to the Announcement in relation to a possible pre-conditional proposal for the privatisation of the Company may not be sustainable if the Proposal and the Scheme lapse. The Proposal and the Scheme, therefore, provide an opportunity for the Independent Shareholders, especially those holding a large block of the Shares, to dispose their entire holdings at a fixed cash price.

4. *Privatisation precedents*

We have compared the Proposal and the Scheme to privatisation proposals of other companies listed on the Stock Exchange announced since 1 January 2015, approximately two years before the date of the Announcement, and up to the Latest Practicable Date, excluding privatisation proposals which were not/yet to be approved (the “**Privatisation Precedents**”), which represents an exhaustive list of privatisation proposals we were able to identify from the Stock Exchange’s website satisfying the above selection criteria. The table below illustrates the premiums represented by the offer/cancellation price over the respective last trading day and respective 30 days, 90 days, 120 days and 180 days average share prices under such privatisation proposals have been priced:

Date of initial announcement	Company	Premium of offer/cancellation price over the share price of the relevant company prior to announcement of privatisation proposal				
		Last trading day	30 days share price average	90 days share price average	120 days share price average	180 days share price average
23-Sep-16	Chinalco Mining Corporation International (Stock code: 3668)	32.38%	34.13%	46.88%	51.48%	62.72%
8-Jul-16	Nirvana Asia Ltd (stock code: 1438)	22.45%	35.75%	36.36%	36.36%	35.75%
17-Jun-16	Bracell Limited (stock code: 1768)	44.30%	132.65%	156.18%	162.07%	159.09%
12-Jun-16	TCL Communication Technology Holdings Limited (stock code: 2618)	34.65%	47.06%	42.05%	39.15%	36.36%
30-May-16	Dalian Wanda Commercial Properties Co., Ltd. (Stock code: 3699) <i>(Note)</i>	3.02%	24.12%	33.17%	25.45%	18.23%

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Date of initial announcement	Company	Premium of offer/cancellation price over the share price of the relevant company prior to announcement of privatisation proposal				
		Last trading day	30 days share price average	90 days share price average	120 days share price average	180 days share price average
29-May-16	AUPU Group Holding Company Limited (stock code: 477)	24.88%	29.67%	30.29%	27.83%	28.44%
24-May-16	Peak Sport Products Co., Limited (stock code: 1968)	35.42%	30.00%	33.33%	28.08%	25.60%
4-Feb-16	Dongpeng Holdings Company Ltd (stock code: 3386)	31.76%	46.89%	54.48%	50.34%	35.76%
2-Feb-16	Anhui Tianda Oil Pipe Company Limited (stock code: 839)	59.05%	49.11%	28.46%	27.48%	20.14%
6-Jan-16	New World China Land Limited (stock code: 917)	25.60%	40.79%	53.85%	57.89%	56.94%
20-Oct-15	Wumart Stores, Inc (stock code: 1025)	90.21%	68.56%	31.78%	18.93%	15.40%
13-Aug-15	Jingwei Textile Machinery Company Limited (stock code: 350)	8.11%	18.93%	6.57%	10.70%	16.96%
27-May-15	Dorsett Hospitality International Limited (stock code: 2266)	32.35%	41.73%	42.86%	39.53%	34.33%
26-Feb-15	Econtext Asia Limited (stock code: 1390)	41.03%	59.77%	51.48%	49.82%	43.01%
	Highest	90.21%	132.65%	156.18%	162.07%	159.09%
	Lowest	3.02%	18.93%	6.57%	10.70%	15.40%
	Average	34.66%	47.08%	46.27%	44.65%	42.05%
	Median	32.37%	41.26%	39.21%	37.76%	35.04%
10-Jan-17	The Proposal and the Scheme	42.25%	51.77%	52.59%	54.09%	53.67%

Source: Bloomberg and website of the Stock Exchange

Note: As the initial indicative offer price for share of Dalian Wanda Commercial Properties Co., Ltd. (“Wanda”) was not less than HK\$48.0 as stated in the initial announcement of Wanda dated 30 March 2016; while the final offer price was set at HK\$52.8 as stated in the joint announcement of Wanda and the relevant offerors dated 30 May 2016 (“Wanda Joint Announcement”), we have taken 22 April 2016 being the last full trading day prior to the suspension of trading in the shares in Wanda pending the release of the Wanda Joint Announcement, as the last trading day and the final offer price of HK\$52.8 per share of Wanda for the purpose of the above calculation.

Based on the table above, the means of premiums of the Privatisation Precedents over the last trading day share price, 30 days, 90 days, 120 days and 180 days share price averages were approximately 34.66%, 47.08% 46.27%, 44.65%, 42.05% respectively. We note that the premiums represented by the Cancellation

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Price over closing price of the Shares on the Last Trading Day, the 30 days, 90 days, 120 days and 180 days Share price averages are all above the corresponding means of premiums of the Privatisation Precedents, which is considered favourable.

5. Peer companies

As discussed above, revenue generated from direct sales and concessionaire sales in department stores and shopping malls in the PRC has been the main source of income which represented over 70% of the total revenue of the Group during the Period. Therefore, we have identified 5 companies (the “**Comparable Companies**”) which (i) are listed on the Mainboard of the Stock Exchange; (ii) are principally engaged in the business of operation and management of department stores and shopping malls in the PRC, which have not less than 70% of revenue derived from such business activities in the latest financial year as set out in their respective published annual report/annual results announcement; and (iii) are profit-making for the latest financial year as set out in their respective published annual report/annual results announcement. We consider the Comparable Companies an exhaustive list of relevant comparable companies based on the said criteria above.

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

Stock code	Company name	Closing price HK\$ (Note 1)	Market capitalisation HK\$'million (Note 1)	Latest earnings HK\$'million	Net assets attributable to owners HK\$'million	P/E Ratio times (Note 2)	P/B Ratio times (Note 3)
312	Shirble Department Store Holdings (China) Ltd.	0.57	1,422.2	68.3	1,514.4	20.8	0.9
602	Jiahua Stores Holdings Ltd.	0.55	570.6	51.5	649.7	11.1	0.9
825	New World Department Store China Ltd.	1.29	2,175.1	45.6	5,726.0	47.7	0.4
3308	Golden Eagle Retail Group Ltd.	12.10	20,266.1	1,174.2	5,727.8	17.3	3.5
3368	Parkson Retail Group Ltd.	0.97	2,569.8	166.3	5,444.6	15.5	0.5
					Max	47.7	3.5
					Min	11.1	0.4
					Average	22.5	1.2
1833	Intime Retail (Group) Co. Ltd.	10.000 (Note 4)	27,221.9 (Note 5)	1,490.4 (Note 6)	16,922.7 (Note 7)	18.3 (Note 8)	1.6 (Note 9)

Source: Website of the Stock Exchange and Bloomberg

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Notes:

- (1) The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the website of the Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respectively closing share price and number of issued shares as at the Latest Practicable Date. The audited/unaudited consolidated net asset value attributable to owners are extracted from the latest annual/interim reports/results announcement of the Comparable Companies and audited profits attributable to owners are extracted from the latest annual reports/results announcement of the Comparable Companies. Century Ginwa Retail Holdings Ltd. (“**Century Ginwa**”) is excluded from the Comparable Companies given the circumstances that (i) following the change of financial year end date of Century Ginwa from 31 December to 31 March, the latest audited earnings published by Century Ginwa was profit attributable to owners of Century Ginwa for the fifteen months ended 31 March 2016 as disclosed in Century Ginwa’s annual report for the fifteen months ended 31 March 2016; and (ii) according to the announcement of Century Ginwa dated 29 February 2016, Century Ginwa recorded a loss attributable to its shareholders for the twelve months period ended 31 December 2015.
- (2) The historical P/E Ratios of the Comparable Companies are calculated based on their latest audited consolidated profits attributable to owners and their market capitalisations as at the Latest Practicable Date.
- (3) The historical P/B Ratios of the Comparable Companies are calculated based on their latest audited/unaudited consolidated net asset value attributable to owners and their market capitalisations as at the Latest Practicable Date.
- (4) Being the Cancellation Price of HK\$10.00 per Scheme Share.
- (5) Theoretical market capitalisation of the Company being the Cancellation Price times 2,722,185,626 Shares in issue as at the Latest Practicable Date.
- (6) Being the earnings attributable to owners of the Company for FY2016 which is extracted from the 2016 AR Announcement.
- (7) Being the consolidated net asset value attributable to owners of the Company as at 31 December 2016 which is extracted from the 2016 AR Announcement.
- (8) The P/E Ratio of the Company is calculated based on (i) its theoretical market capitalisation; and (ii) the earnings attributable to owners of the Company for FY2016.
- (9) The P/B of the Company is calculated based on (i) its theoretical market capitalisation; and (ii) consolidated net asset value attributable to owners of the Company as at 31 December 2016.
- (10) For the purpose of this table, the translation of RMB into HK\$ is based on the exchange rate of RMB0.88548 to HK\$1 as at the Latest Practicable Date for the purpose of illustration only.

P/E Ratio comparison

As shown in the above table, the historical P/E Ratios of the Comparable Companies ranged from approximately 11.1 times to 47.7 times, with an average of approximately 22.5 times. The P/E Ratio of the Company based on its market capitalisation represented by the Cancellation Price of approximately 18.3 times is within the range of the P/E Ratios of the Comparable Companies.

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As discussed in the sub-section headed “2(b) Financial information of the Group” above, the Group recorded one-off net gains arising from, amongst other, the disposal of the subsidiaries and associates of the Company, of approximately RMB497.1 million in FY2016. If such one-off net gains were excluded, the Group would have recorded net profit attributable to owners of the Company of approximately RMB822.6 million (equivalent to approximately HK\$928.9 million) and accordingly, the P/E Ratio calculated based on such net profit would be approximately 29.3 times which is higher than the average P/E Ratios of the Comparable Companies of around 22.5 times.

P/B Ratio comparison

As at the Latest Practicable Date, the historical P/B Ratios of the Comparable Companies ranged from 0.4 times to 3.5 times with an average of 1.2 times. The P/B Ratio represented by the Cancellation Price over the net asset value attributable to owners of the Company per Share as at 31 December 2016 of approximately 1.6 times is higher than the average of the P/B Ratios of the Comparable Companies, which is considered favourable to the Company and the Shareholders as a whole.

6. Option Offer

As at the Latest Practicable Date, there are 38,543,100 outstanding Share Options granted under the Share Option Scheme, each relating to one Share, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 26,993,100 Share Options are held by other employees of the Group. The exercise of all the said Share Options in full would result in the issue of 38,543,100 new Shares (representing approximately 1.42% of the issued share capital of the Company as at the Latest Practicable Date) and approximately 1.40% of the issued share capital of the Company as enlarged by the issue of such new Shares. The Joint Offerors will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. Such Option Offer will be conditional upon the Scheme becoming effective.

Each holder of Share Options as at the Share Option Record Date who accepts the Option Offer and lodges a completed Form of Acceptance by the prescribed deadline set out in “Part III – Expected Timetable” of the Scheme Document will be entitled to receive the Share Option Offer Price as set out in the respective Share Option Offer Letter that is sent to each holder of Share Options individually. The Share Option Offer Price will represent the “see-through” price of that Share Option, being the amount by which the Cancellation Price exceeds the relevant exercise price of that Share Option. If the exercise price of a holder’s Share Option exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount (of HK\$0.05 per 500 Share Options) will be made. As set out in the sub-section headed “Option Offer” in “Part VII – Explanatory Memorandum” contained in the Scheme Document, under the Option Offer, the cash due to the holders of Outstanding Share Options will be paid on a staggered basis, in accordance with the respective existing vesting schedules and subject to the other terms of the Share Options Scheme. For avoidance of doubt, payment in respect of Share Options that have vested but in respect of which the underlying Shares have not been registered in the name of the relevant holder, as at the Scheme Record Date, shall be made as soon as possible and in any event within 7 Business Days of the Effective Date, or in the case of Forms of Acceptance received after the Effective Date, within 7 Business Days of receipt of the relevant Form of Acceptance. Payment in respect of each Share Option that is unvested as at the Share Option Record Date will be made by the Joint Offerors within 60 days of the original vesting dates

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of the relevant Share Option. Optionholders are also reminded that they can only choose to accept or reject the Option Offer for all, but not any part, of the Share Options held by them based on the choices available to the Optionholders in the Option Offer Letter which is substantially in the form set out in Appendix VII to the Scheme Document. Optionholders should read carefully the information including but not limited to the details in relation to the procedures for the acceptance of the Option Offer which are stated in the Option Offer Letter substantially in the form as set out in Appendix VII to the Scheme Document.

We note that it is a common market practice to adopt a “see-through” price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the minimum offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares. As the exercise prices of outstanding Share Options are HK\$10.77, HK\$7.56, HK\$9.27, HK\$6.85, HK\$4.85 and HK\$6.37 each, respectively, the option offer prices of HK\$0.00 (with a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) to be made), HK\$2.44, HK\$0.73, HK\$3.15, HK\$5.15 and HK\$3.63 each respectively represent the difference between the Cancellation Price and the respective exercise price of the Share Options. Therefore, we consider such basis of determining the option offer price acceptable and in line with market practice.

Optionholders should note that if holders of vested Share Options wish to qualify for entitlements under the Scheme, they must exercise their Share Options and lodge their notices of exercise before the time specified above on the Latest Options Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of Shares by the time of the Scheme Record Date. Holders of Share Options that are unvested as at the Share Option Record Date are not able to exercise their Share Options in time to qualify as Scheme Shareholders for entitlements under the Scheme, and will only be entitled to the Option Offer.

We noted from the terms of the Share Option Scheme which have provided that, among other things, if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Optionholders. If such offer, having been approved or conducted in accordance with applicable laws and regulatory requirements becomes effective, or becomes or is declared unconditional, each Optionholder will be entitled to exercise the Share Option up to his entitlement (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes effective or becomes or is declared unconditional (the “**14-Day Period**”). In other words, after the Scheme becomes effective and during the 14-Day Period, holders of the Share Options which are unvested immediately before the Scheme becoming effective, who do not accept the Option Offer, will be entitled to convert their Share Options into Shares to the extent that such Share Options are vested under its existing terms. The Share Option Scheme further stated that all Share Options will lapse automatically and not be exercisable after the expiry of the 14-Day Period. Accordingly, following the Effective Date, Optionholders will be left with three options which are either to (1) convert the Share Options during the 14-Day Period to receive the unlisted Shares with no open market; (2) reject the Option Offer and the Share Options will then lapse upon expiry of the 14-Day Period; or (3) accept the Option Offer to receive the Share Option Offer Price.

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We would like to draw to the attention of the Optionholders that,

- (i) as discussed above, after the Scheme becomes effective and during the 14-Day Period, Optionholders (including holders of the unvested Share Options) who do not accept the Option Offer will be entitled to convert their Share Options into Shares, to the extent that such Share Options are vested under its existing terms. However, the Shares then issued pursuant to the exercise of the Share Options after the Effective Date (being a date on or after the Scheme Record Date) and during the 14-Day Period will not be subject to the Scheme. In such circumstances, Optionholders are reminded that the Shares to be received will then become unlisted and an open market will no longer exist for the trading of the Shares. If Optionholders choose to exercise their Share Options within the 14-Day Period, they will be required to pay the exercise price for such exercise, but will lack the open market in which they can sell the Shares issued (if any) from such exercise. In addition, as explicitly stated in the Option Offer Letter which is substantially in the form set out in Appendix VII to the Scheme Document, the Joint Offerors may take steps to ensure that the Company becomes wholly-owned by the Joint Offerors, Shen Group (excluding Shen Offeror) and Chen Group on and from the Effective Date by, for example, amending the terms of the articles of association of the Company to ensure that Optionholders are not entitled to receive any Shares. Accordingly, Optionholders should note that there is no certainty that they will receive any consideration for their Share Options if they reject the Options Offer;
- (ii) if Optionholders choose to reject the Option Offer, they will not be entitled to receive the Share Option Offer Price and the Share Options will automatically lapse upon the expiry of the 14-Day Period;
- (iii) if Optionholders choose to accept the Option Offer, they can enjoy a guaranteed return at the see-through price as offered by the Joint Offerors. Despite that the cash payable pursuant to the acceptance of the Option Offer will only be paid on a staggered basis in accordance with the respective existing vesting schedules and subject to the other terms of the Share Option Scheme, however, as compared to the alternatives of rejecting the Share Options or holding the unlisted Shares upon conversion as discussed above, the acceptance of the Option Offer, though with the staggered payment arrangement, would still be the better option for Optionholders to get a guaranteed return among the three;
- (iv) the Share Option Scheme only provides that in the case of a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is being made to all the holders of Shares, the Company shall use its best endeavours to procure that such offer is extended to all the Optionholders and each Optionholder will be entitled to exercise their Share Options within the 14-Day Period. However, there is no provisions within the Share Option Scheme specifying any particular requirements on the timing of the settlement of consideration for the Optionholders under such offer. In this regard, we note that the staggered payment arrangement under the Option Offer is consistent with the timing at which Optionholders were originally entitled to enjoy the right to exercise the Share Options if the Proposal does not become effective. On that basis and given the acceptance of

the Option Offer still being the better option for Optionholders to get a guaranteed return as discussed above, the staggered payment arrangement is considered commercially acceptable; and

- (v) although the staggered payment arrangement may not be very common in takeover/ privatization cases of companies listed on the Stock Exchange, it is noted that similar staggered payment arrangement was previously adopted in the share option offer under the privatization of Alibaba.com Limited (stock code 1688) by way of a scheme of arrangement in 2012 which was approved by its independent shareholders in May 2012.

Having taken into account all the above, in totality, we consider that the terms of the Option Offer as a whole fair and reasonable so far as the Optionholders are concerned.

7. Discussion and analysis

We consider that the terms of the Proposal and the Scheme, including the Cancellation Price and the Option Offer, are fair and reasonable as the Independent Shareholders and the Optionholders respectively are concerned after taking into account all the above principal factors and reasons, in particular:

- (1) the Cancellation Price represents significant premiums over prevailing market prices of the Shares, in particular, the Cancellation Price has been at all time higher than the closing prices of the Shares since 3 July 2015 and up to the Last Trading Day. In addition, the Cancellation Price of HK\$10.00 per Scheme Share is above the average closing price of the Shares during the Pre-announcement Period of HK\$7.2580 per Share;
- (2) given the generally thin trading volume of the Shares as discussed in section headed “3 (b) Trading liquidity” above, the Scheme Shareholders might not be able to dispose the Shares without causing a downward pressure on the market price of the Shares and the relatively high level of trading recently may not be sustainable if the Proposal and the Scheme lapse, we consider the Proposal and the Scheme offer an opportunity for the Independent Shareholders to dispose their shareholdings, especially those holding a large block of Shares, at a fixed cash price, which is at a premium over the market price of the Shares as at the Latest Practicable Date;
- (3) as discussed under the sub-section headed “2 (b) (iv) Adjusted NAV” above, the Cancellation Price of HK\$10.00 per Share represents a premium of approximately 39.95% over the Adjusted NAV per Share of approximately HK\$7.1452;
- (4) the premiums represented by the Cancellation Price under the Scheme and the Proposal over the last trading day, the 30 days, 90 days, 120 days and 180 days Share price averages are above the corresponding means of premiums of the Privatisation Precedents;
- (5) as discussed in section headed “5. Peer Companies” above, the P/E ratio and the P/B ratio represented by the Cancellation Price are in line with those of the Comparable Companies; and

- (6) as discussed under the section headed “6. Option Offer” above, the adoption of a “see-through” price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the minimum offer/cancellation price for the Share Option is considered acceptable and in line with market practice, and the terms of the Option Offer, in totality, are considered fair and reasonable so far as the Optionholders are concerned.

B. The Rollover Arrangement

1. Background for the Rollover Arrangement

Mr. Chen is the chief executive officer and the executive Director of the Company. He constitutes a key part of the management team of the Group who has extensive operational expertise and an in-depth understanding of the operations of the Group. As discussed in the sub-section headed “1. Background to and reasons for the Proposal and the Scheme” above, under the environment of the retail industry’s transformation, the Joint Offerors plan to have deeper co-operation with the Company, to explore new development opportunities and to implement a series of long-term growth strategies. It is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will have incentive to continue to contribute to the development of the Group.

The Joint Offerors would like to allow Chen Group to retain its shareholding in the Company after the Scheme becomes effective and therefore, the Joint Offerors and each member of the Chen Group have entered into the Rollover Agreement on 9 January 2017 in respect of, among other things, the Shares held by Chen Group. Chen Group holds 42,250,000 Shares (representing approximately 1.55% of the issued share capital of the Company) and Mr. Chen holds 11,550,000 Share Options as at the Latest Practicable Date.

As the Rollover Agreement was only entered into by and between the Joint Offerors and Chen Group and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code and the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Rollover Arrangement.

2. Terms of the Rollover Agreement

Terms of the Rollover Agreement are set out in the sub-section headed “4. Rollover Arrangement” in “Part VII – Explanatory Memorandum” of the Scheme Document and are summarised as follows:

- (a) subject to, among others, the Independent Shareholders’ approval as set out in the section headed “Independent Shareholders’ Approval” under “4. Rollover Arrangement” in “Part VII – Explanatory Memorandum” of the Scheme Document, Chen Group will remain as Shareholders after the Scheme becomes effective and none of the Chen Shares will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting (save that if the aforementioned approval is not obtained, the Chen Shares will be treated in the same manner as the Scheme Shares and Chen Group has agreed to provide an undertaking to the Grand Court agreeing to be bound by the terms of the Scheme in the case of such an event);

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- (b) before the Scheme becomes effective, lapses or is withdrawn and closing of the Option Offer (whichever is later), each member of Chen Group will not (A) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him directly/indirectly in the Company (and in the case of Mr. Chen, any of the shares held by him directly or indirectly in Honor Mind Holdings Limited), save for certain circumstances as detailed in “4. Rollover Arrangement” in “Part VII – Explanatory Memorandum” of the Scheme Document, or (B) acquire, subscribe for or otherwise deal in the Shares, convertible securities, options or other securities of the Company without prior consent of Alibaba Investment;
- (c) immediately after the Scheme becomes effective:
 - (i) each member of Chen Group will not charge any of the Shares held by it/him from time to time to any third party unless certain circumstances as detailed in “4. Rollover Arrangement” in “Part VII – Explanatory Memorandum” of the Scheme Document;
 - (ii) Alibaba Investment is entitled to a right of first refusal over Chen Group’s Shares, so that before Chen Group transfers its Shares to a third party, Chen Group must offer its Shares to Alibaba Investment on the same terms which Chen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Chen Group may transfer the Shares to such third party on no less favourable terms;
 - (iii) Alibaba Investment will have drag-along rights over the Shares held by Chen Group if Alibaba Investment wishes to transfer its Shares;
 - (iv) if an event of default as described in the Rollover Agreement occurs and is continuing in relation to any member of the Chen Group, Alibaba Investment may demand Chen Group to transfer its Shares to Alibaba Investment or its affiliates; and
 - (v) Chen Group shall have tag-along rights in the event that Alibaba Investment transfers its Shares to a third party if Alibaba Investment transfers 50% of the issued share capital of the Company at the time of the transfer to any one person who is not a member of Alibaba Group; and
- (d) Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated when (i) the Scheme lapses or is withdrawn in accordance with its terms, or (ii) Alibaba Group ceases to directly or indirectly own any Shares in the Company, or (iii) when Chen Group ceases to directly or indirectly own any Shares in the Company, or (iv) on a date as the parties otherwise agree in writing.

3. Assessment on the Rollover Arrangement and the Rollover Agreement

In assessing the reasonableness of the Rollover Arrangement, we have considered the following major factors as follows:

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(i) Reduced protection and potential risks for the Shareholders in an unlisted company

In the case where the Independent Shareholders were given the opportunity to retain interests in the Company, subsequent to the Scheme had become effective and the withdrawal of listing of the Shares, their interests would no longer be safeguarded by regulations relating to minority protection applicable to listed companies on the Stock Exchange, in particular, the existing protections under the Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions respectively that are currently applicable to the Company as a listed company. In relation to dilution of shareholdings, under the Listing Rules, general mandate for issuing new shares is limited to a maximum of 20% of the issued share capital and specific shareholders' approval is required if such limit has been exceeded. In addition, the Takeovers Code would only remain applicable to the Company as long as the Company remains a public company in Hong Kong. In the event that the Company ceases to be a public company, for example due to having less than 50 members, it would no longer be subject to the Takeovers Code. In that case, the interests of the Independent Shareholders would only be safeguarded primarily by the constitutional documents of the Company and provisions regarding minority shareholders' interest protection under the Companies Law, which do not necessarily provide the same level of minority protections that would be available had the Listing Rules and the Takeovers Code continued to apply.

In addition, these Shareholders might find it difficult to realise their shareholdings as no public trading of the Shares would be available.

(ii) Uncertainties on the prospects of the Group

Mr. Chen is an Executive Director and senior management of the Group with extensive operational expertise and an in-depth understanding of the operations of the Group, and he is actively involved in the management and operations of the Group. As discussed in section headed "2(c) Prospects of the Group" above, the future of the Group is subject to uncertainties given the downward trend of growth in Chinese economy and as regards the implementation of O2O business integration and development. Prospects and future performance of the Group would therefore, to a certain extent and among other things, hinge on the capabilities and performance of its management including Mr. Chen and how they formulate and implement the business growth strategies and react to the market challenges in the future. As such, Mr. Chen, as compared with Independent Shareholders, is in a unique position enabling him to justify himself for the risks for remaining as a Shareholder in the Company against the certainty of immediate return to be brought about by the Scheme and the Cancellation Price.

(iii) Premium of the Cancellation Price over market

Under the Scheme, Independent Shareholders will be offered the opportunity to realise their holdings at the Cancellation Price of HK\$10.00 per Scheme Share, which is not available to Chen Group, and is conditional upon the approval of the Rollover Arrangement subject to a waiver from the Joint Offerors on such condition.

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As discussed in section headed “3 (a) Historical price performance of the Shares” above, the Share price closed below HK\$10.00 in most of the time (452 days out of 489 days) during the Pre-announcement Period. In particular, the Share price has been at all time below the Cancellation Price of HK\$10.00 since 3 July 2015 up to the Last Trading Day. In addition, the Cancellation Price of HK\$10.00 per Scheme Share is above the average closing price of the Shares during the Pre-announcement Period of HK\$7.2580 per Share.

Further as set out in the section headed “4. Privatisation precedents” of this letter, the premiums represented by the Cancellation Price under the Proposal and the Scheme range from 42.25% to 54.09% which are all above the means of premiums of the Privatisation Precedents, over the last trading day, the 30 days, 90 days, 120 days and 180 days share price averages. As such, the Proposal and the Scheme represent an opportunity for Independent Shareholders, but not available to Chen Group, to realise their investment at the Cancellation Price which is considered fair and reasonable.

We understand that the Scheme is conditional upon, among other things, the approval of the Rollover Arrangement which is a condition waivable by the Joint Offerors. Although the Joint Offerors reserve the right to waive such Condition pursuant to the Proposal and the Scheme, there is no guarantee that the Joint Offerors will exercise their discretion to waive this Condition if the Rollover Agreement was vetoed by the Independent Shareholders. In the case that the Rollover Agreement was vetoed by the Independent Shareholders and the Joint Offerors did not exercised their discretion to waive this Condition, the Proposal and the Scheme will lapse and Independent Shareholders will lose all the benefits from the Scheme as discussed in section “1. Background to and reasons for the Proposal and the Scheme” above.

4. Discussion and analysis

The approval by the Independent Shareholders of the terms of the Rollover Arrangement is one of the Conditions of the Proposal and the Scheme, therefore it is part and parcel of the Proposal and the Scheme. Although the Joint Offerors reserve the right to waive such Condition pursuant to the Proposal and the Scheme, there is no guarantee that the Joint Offerors will exercise their discretion to waive this Condition if the Rollover Agreement was vetoed by the Independent Shareholders. Considering (i) that terms of the Rollover Agreement is acceptable and consistent with the purpose of the Rollover Agreement for retaining Mr. Chen as the management and a Shareholder after the Scheme becoming effective; (ii) that the Independent Shareholders’ interests in the Company would no longer be safeguarded by regulatory mechanisms applicable to listed companies on the Stock Exchange subsequent to the withdrawal of listing of the Shares in the case where the Independent Shareholders were given the opportunity to retain the Shares; (iii) Mr. Chen, as compared with Independent Shareholders, is in an unique position enabling him to justify himself for the risks for remaining as a Shareholder in the Company against the certainty of immediate return to be brought about by the Scheme and the Cancellation Price; and (iv) that without Independent Shareholders approving the Rollover Agreement and Chen Group remaining as Shareholders, the Joint Offerors may not put forward the Proposal which is considered fair and reasonable to Independent Shareholders, we are of the view that the Rollover Arrangement, which is a condition to the Proposal and the Scheme, is fair and reasonable.

OPINION AND RECOMMENDATIONS

Based on the above principal factors and reasons, we consider the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed (i) at the Extraordinary General Meeting to approve the Rollover Arrangement; and (ii) at the Court Meeting and the Extraordinary General Meeting to approve and implement the Scheme.

Having considered the above principal factors and reasons, we are of the view that the terms of the Option Offer in totality are fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Optionholders to accept the Option Offer.

Though it is noted that the Shares have been traded below the Cancellation Price since 3 July 2015 up to the Latest Practicable Date, there is still possibility that the Share price may nevertheless exceed the Cancellation Price by 10 May 2017, being the expected last day for trading in the Shares on the Stock Exchange. Accordingly, Shareholders and holders of vested Share Options are reminded to monitor the trading price and liquidity of the Shares during the period prior to the expected last day for trading in the Shares on the Stock Exchange and should, having regard to their own circumstances, consider selling their Shares in the open market, or exercising their vested Share Options and selling the Shares to be issued upon such exercise in the open market instead of accepting the Option Offer, respectively, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds under the Scheme and from accepting the Option Offer respectively. However, the Optionholders are reminded that there will be a time lag between the exercise of the Share Options and the receipt of the Shares to be issued upon such exercise due to the time required for the administrative procedures for exercising the Share Options. Accordingly, the Optionholders who wish to exercise their Share Options should be mindful of the possible price fluctuations of the Shares during the aforesaid time lag. Both Shareholders and Optionholders should also keep in mind that, if applicable, dealings in the Shares will be suspended from 11 May 2017, being the day immediately following the expected last day for trading in the Shares on the Stock Exchange and up to the withdrawal of listing of the Shares from the Stock Exchange.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4) (e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).

**SCHEME OF ARRANGEMENT
TO CANCEL ALL THE SCHEME SHARES
IN CONSIDERATION OF THE JOINT OFFERORS AGREEING TO PAY THE
CANCELLATION PRICE FOR EACH SCHEME SHARE AND OPTION OFFER**

1. INTRODUCTION

On 10 January, 2017, the Joint Offerors and the Company jointly announced that on 28 December, 2016, the Joint Offerors had requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme.

The Scheme involves the cancellation of all the Scheme Shares in exchange for HK\$10.00 in cash for each Scheme Share, and the subsequent issue of new Shares to the Joint Offerors, as a result of which it is intended that the Company will be wholly-owned by the Joint Offerors, Shen Group (excluding Shen Offeror) and Chen Group.

The Joint Offerors are making the Option Offer to the Optionholders to cancel all Share Options. The Option Offer will be conditional on the Scheme becoming effective.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal, the Scheme and the Option Offer, which are to be implemented by the Scheme and the Option Offer Letter, and to provide the Scheme Shareholders and Optionholders with other relevant information in relation to the Scheme and the Option Offer, in particular, to provide the intentions of the Joint Offerors with regard to the Company and the shareholding structure of the Company before and after the Scheme.

The particular attention of the Scheme Shareholders and Optionholders is drawn to the following sections of this Scheme Document: (a) a letter from the Board set out in Part IV of this Scheme Document; (b) a letter from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter from Somerley, the Independent Financial Adviser, set out in Part VI of this Scheme Document; and (d) the terms of the Scheme set out in Appendix IV to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of a scheme of arrangement under Section 86 of the Companies Law.

Under the Scheme, the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder whose name appears in the register of members of the Company as at the Scheme Record Date will be entitled to receive HK\$10.00 in cash for each Scheme Share.

Scheme Shareholders whose names appear in the register of members of the Company as at the record date for entitlement to a dividend (if any) declared by the Company on or before the Effective Date will be entitled to receive such dividend (if any).

As disclosed in the 2016 Results Announcement, the Board has recommended the payment of a final dividend of RMB0.08 per Share for the year ended 31 December 2016, subject to the passing of an ordinary resolution by the Shareholders at the forthcoming annual general meeting of the Company scheduled to be held on Friday, 23 June 2017. Upon the approval to be obtained from such annual general meeting, the final dividend will be payable on 21 July 2017 to the Shareholders whose name appears on register of members of the Company at close of business on 7 July 2017. Scheme Shareholders should note that, in the event that the Scheme becomes effective before the record date for the entitlement to the proposed final dividend for the year ended 31 December 2016 (if approved), the Scheme Shareholders will not be entitled to the proposed final dividend for the year ended 31 December 2016 as their Scheme Shares will have already been cancelled. As disclosed in Part III – Expected Timetable of this Scheme Document (which is subject to change), the Effective Date of the Scheme is expected to be Wednesday, 17 May 2017 (Cayman Islands time), which is earlier than 7 July 2017, the expected record date for the entitlement to the proposed final dividend for the year ended 31 December 2016 (if approved).

As at the Latest Practicable Date, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares, and the Company had 2,722,185,626 Shares in issue. All of the Shares rank equally in all respects as regards to rights to capital, dividends and voting. As at the Latest Practicable Date, the Scheme Shares, comprising 1,444,114,873 Shares, represented approximately 53.05% of the issued share capital of the Company.

As at the Latest Practicable Date, there were 38,543,100 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 26,993,100 Share Options are held by other employees of the Group. The relevant exercise price applicable to each Share Option, which is set out in the table below, ranges from HK\$4.85 to HK\$10.77.

Share Option exercise price (HK\$)	“See-through” price (HK\$)	Total outstanding options (vested and unvested)	Exercise period (MM/DD/YYYY)
10.77	0.00 (<i>Note</i>)	2,102,000	04/02/2015-04/01/2017
7.56	2.44	2,360,400	06/23/2015-06/22/2018
9.27	0.73	3,472,700	04/11/2015-04/10/2019
6.85	3.15	4,202,000	06/26/2015-06/25/2020
4.85	5.15	12,236,000	03/28/2016-03/27/2021
6.37	3.63	14,170,000	03/31/2017-03/30/2022

Note: If the exercise price of the relevant Share Option under the Option Offer exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) will be made.

In the event that any Share Option vests and is exercised: (i) any Shares registered in the name of the relevant Optionholder prior to or on the Scheme Record Date as a result of the vesting and exercise of such Share Option, will be subject to and eligible to participate in the Scheme; and (ii) in addition, the holder of any Shares which are registered in the name of the relevant Optionholder prior to or on the Meeting Record Date as a result of the vesting and exercise of such Share Option, will be entitled to attend and vote at the Court Meeting and Extraordinary General Meeting in respect of such Shares.

Any Optionholder whose Share Option remains unvested or, to the extent the Share Option has vested, in respect of which the underlying Shares have not been registered in the name of the relevant Optionholder, as at the Scheme Record Date and/or the Meeting Record Date as the case may be, will not be eligible to participate in the Scheme in respect of such Share Option, and will not be entitled to attend and vote at the Court Meeting and the Extraordinary General Meeting in respect of such Share Option, respectively.

Details of the Option Offer to be made in respect of the above Share Options are set out in the section headed “14. Option Offer” below, and in the Option Offer Letter set out in Appendix VII to this Scheme Document.

Save for the outstanding Share Options, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into the Shares as at the Latest Practicable Date. After the Scheme becomes effective, the listing of the Shares on the Stock Exchange will be withdrawn and the Company will be wholly owned by the Joint Offerors, Shen Group (excluding Shen Offeror) and Chen Group. The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “3. Conditions of the Proposal and the Scheme” below. All the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will not proceed and will lapse. Further announcements on any changes regarding the timetable of the Scheme will be made as and when necessary.

If the Proposal does not become unconditional, the Company has no intention to seek the immediate withdrawal of the listing of the Shares on the Stock Exchange.

Settlement of the Cancellation Price and the Option Offer will be implemented in full in accordance with the terms of the Scheme and the Option Offer, respectively, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against any such Scheme Shareholder or Optionholder.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Shares representing not less than three-fourths in value of the Scheme Shares held by the holders of Scheme Shares present and voting either in person or by proxy at the Court Meeting provided that:
 - (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (2)
 - (a) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
 - (b) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Joint Offerors;
- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (5) all necessary consents (including consents from the relevant lenders) in connection with the Proposal and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remained in effect;

- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Joint Offerors to proceed with the Proposal or the Scheme;
- (7) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal);
- (8) since the Announcement Date, there having not been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (9) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Agreement is fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Rollover Agreement under the Takeovers Code, and (iii) the consent from the Executive to the Rollover Agreement.

The Joint Offerors reserve the right to waive conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter, which will be decided by Alibaba Investment in its sole discretion on behalf of the Joint Offerors. Conditions (1), (2), (3) and (4) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Joint Offerors in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 17 May 2017 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the Extraordinary General Meeting and, if all the resolutions are passed at those meetings, (ii) the result of the hearing of the petition for the sanction of the Scheme by the Grand Court, (iii) the Scheme Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in Part III – Expected Timetable of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Joint Offerors and the Company.

Shareholders and potential investors should be aware that the implementation of the Scheme and the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.

4. ROLLOVER ARRANGEMENT

The Joint Offerors would like to allow Chen Group to retain its shareholding in the Company after the Scheme becomes effective. Chen Group, directly or indirectly, holds 42,250,000 Shares (representing approximately 1.55% of the issued share capital of the Company) and Mr. Chen holds directly 11,550,000 Share Options as at the Latest Practicable Date.

Mr. Chen is the chief executive officer and the executive Director of the Company. He constitutes a key part of the management team of the Group who has extensive operational expertise and an in-depth understanding of the operations of the Group. It is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will have incentive to continue to contribute to the development of the Group.

Rollover Agreement

The Joint Offerors and each member of the Chen Group have entered into the Rollover Agreement on 9 January 2017 in respect of, amongst other things, the Shares held by Chen Group. Under the Rollover Agreement:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Independent Shareholders' Approval" below, Chen Group will remain as Shareholders after the Scheme becomes effective and none of the Chen Shares will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting (save that if the aforementioned approval is not obtained, the Chen Shares will be treated in the same manner as the Scheme Shares and Chen Group has agreed to provide an undertaking to the Grand Court agreeing to be bound by the terms of the Scheme in the case of such an event);

- (b) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), each member of Chen Group will not (A) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him directly or indirectly in the Company (and in the case of Mr. Chen, any of the shares held by him directly or indirectly in Honor Mind Holdings Limited), save for (i) pre-existing charges disclosed before the date of the Rollover Agreement to Alibaba Investment and in relation thereto, the relevant member of Chen Group has undertaken, in the event of any foreclosure over such Shares or the shares directly and indirectly in Honor Mind Holdings Limited, to use its/his reasonable endeavours to procure that the chargor will offer to sell such Shares or shares to Alibaba Investment prior to selling to other parties or (ii) any transfer of Shares between Mr. Chen and Honor Mind Holdings Limited provided that the ultimate beneficial owner of the Shares remains solely as Mr. Chen and such transfer does not contravene any relevant laws, regulations and regulatory requirements, or (B) acquire, subscribe for or otherwise deal in the Shares, convertible securities, options or other securities of the Company without prior consent of Alibaba Investment;
- (c) immediately after the Scheme becomes effective:
- (i) each member of Chen Group will not charge any of the Shares held by it/him from time to time to any third party unless (x) the Shares are charged to investment banks, commercial banks or other financial institution of international repute for financing purpose; (y) as permitted by such investment banks, commercial banks or other financial institution, Alibaba Investment is provided with relevant documentation solely relating to the charge upon execution; and (z) it/he will use reasonable endeavours to procure the chargor to agree to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
 - (ii) Alibaba Investment is entitled to a right of first refusal over Chen Group's Shares, so that before Chen Group transfers its Shares to a third party, Chen Group must offer its Shares to Alibaba Investment on the same terms as those that Chen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Chen Group may transfer the Shares to such third party on no less favourable terms;
 - (iii) Alibaba Investment will have drag-along rights over the Shares held by Chen Group if Alibaba Investment wishes to transfer its Shares;
 - (iv) if an event of default as described in the Rollover Agreement occurs and is continuing in relation to any member of the Chen Group, Alibaba Investment may demand Chen Group to transfer its Shares to Alibaba Investment or its affiliates; and

- (v) Chen Group shall have tag-along rights in the event that Alibaba Investment transfers its Shares to a third party if Alibaba Investment transfers 50% of the issued share capital of the Company at the time of the transfer to any one person who is not a member of Alibaba Group; and
- (d) Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated when (i) the Scheme lapses or is withdrawn in accordance with its terms, or (ii) Alibaba Group ceases to directly or indirectly own any Shares in the Company, or (iii) when Chen Group ceases to directly or indirectly own any Shares in the Company, or (iv) on a date as the parties otherwise agree in writing.

Independent Shareholders' Approval

As the Rollover Agreement was entered into only by and between the Joint Offerors and Chen Group and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Joint Offerors have made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser publicly stating that in its opinion the terms of the Rollover Arrangement is fair and reasonable, and the Rollover Arrangement being approved by Independent Shareholders at the Extraordinary General Meeting. Accordingly, as set out in Condition (9), the Rollover Arrangement is subject to (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Rollover Arrangement and (iii) the consent from the Executive to the Rollover Arrangement.

5. CONSORTIUM AGREEMENT

Alibaba Investment and each member of the Shen Group have entered into the Consortium Agreement pursuant to which they have agreed, among others, that:

- (a) subject to the Clawback Mechanism, the new Shares as are equal to the number of Scheme Shares will be issued to (i) Alibaba Investment as to such number of Shares as represents the balance of the total number of Scheme Shares less the number of Shares to be issued to Shen Offeror, and to (ii) Shen Offeror as to 191,125,531 Shares (the ratio between such new Shares to be issued to Alibaba Investment and Shen Offeror respectively is referred to as the “**Ratio**”). For the avoidance of doubt, the Ratio will be subject to clawback by Alibaba Investment if Shen Offeror does not fulfil its financing obligations referred to in the section headed “11. Total Consideration and Financial Resources Confirmation” in this Explanatory Memorandum in the Announcement, or if the actual commitment amount paid by Shen Offeror is less than the amount under its commitment under the Ratio, or if for any other reason Shen Offeror does not proceed with the Proposal or otherwise discharge its obligations under the Scheme or Option Offer, in which event Alibaba Investment shall acquire the corresponding number of Scheme Shares resulting from dividing the outstanding payment not paid for by

Shen Offeror by the Cancellation Price (the “**Clawback Mechanism**”). Alibaba Investment will bear the financing of the offer price for the vested Share Options. The offer price to be paid for the unvested Share Options under the Option Offer will be shared between Alibaba Investment and Shen Offeror according to the Ratio;

- (b) each Offeror shall ensure it/he will arrange sufficient financial resources as approved by the Executive to implement the Proposal and Alibaba Investment;
- (c) before the Scheme becomes effective, lapses or is withdrawn, each member of Shen Group shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him/her in the Company save for (i) pre-existing charges disclosed before the date of the Consortium Agreement to Alibaba Investment and in relation thereto (among others), the relevant member of Shen Group has undertaken, in the event of any foreclosure over such Shares or the shares directly and indirectly in any member of Shen Group, to use its/his/her best endeavours to procure that the chargor will offer to sell such Shares or shares to Alibaba Investment prior to selling to other parties; and (ii) subject to the approval by the Executive, charges where (A) the Shares are charged to commercial banks in Hong Kong for financing purpose; (B) Alibaba Investment is provided with relevant documentation upon execution; and (C) the charge shall include a provision agreed by the chargor (in the event of any charge over any Shares) that it will agree on terms satisfactory to Alibaba Investment to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
- (d) each member of Shen Group shall not acquire, subscribe for or otherwise deal in the Shares, convertible securities, options or other securities of the Company without the prior consent of Alibaba Investment before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later);
- (e) immediately after the Scheme becomes effective:
 - (i) Shen Group will not charge any of the Shares held by it from time to time to any third party unless (i) the Shares are charged to commercial banks in Hong Kong for financing purpose; (ii) Alibaba Investment is provided with relevant documentation upon execution; and (iii) the charge shall include a provision agreed by the chargor (in the event of any charge over any Shares) that it will agree to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
 - (ii) Alibaba Investment is entitled to a right of first refusal over Shen Group’s Shares, so that before Shen Group transfers its Shares to a third party, Shen Group must offer its Shares to Alibaba Investment on the same terms as those that Shen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Shen Group may transfer the Shares to such third party on no less favourable terms, provided that in any event Shen Group shall not transfer its Shares to any person or entity which is engaged or interested in any business or activity which directly or indirectly competes with Alibaba Group;

- (iii) Alibaba Investment will have a full drag-along right over the Shares held by Shen Group when Alibaba Investment transfers its Shares to any person who is not a member of the Alibaba Group resulting in it holding less than 51% of the total issued share capital in the Company and ceasing to be the single largest shareholder of the Company at the time of transfer, otherwise a pro rata drag-along right over the Shares held by Shen Group;
- (iv) if an event of default as described in the Consortium Agreement (including but not limited to any breach of the Consortium Agreement by, winding up or bankruptcy of, or change in control of, any member of Shen Group) occurs, Alibaba Investment may demand Shen Group to transfer its Shares to Alibaba Investment or its affiliates; and
- (v) Shen Group shall have a pro rata tag-along right in the event that Alibaba Investment transfers its Shares to any person who is not an affiliate of the Alibaba Group; and
- (f) Shen Group (except for Shen Family and Sea Islands International Co., Ltd.) previously gave a non-compete undertaking in favour of the Company which restricted them and their affiliates from competing in the Restricted Business in the PRC and included a first right of refusal and option in favour of the Company over certain Restricted Business. A similar non-compete undertaking has been given by Shen Group to Alibaba Investment under the Consortium Agreement.

6. ALLOCATION PROPORTION BETWEEN THE JOINT OFFERORS

As disclosed in the Announcement, the Joint Offerors' payment obligations to the Scheme Shareholders in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by Alibaba Investment as to such number of Shares represented by the balance of the total number of Scheme Shares less the number of Shares to be taken up by Shen Offeror, and by Shen Offeror as to 191,125,531 Scheme Shares subject to the Clawback Mechanism pursuant to which Alibaba Investment will pay for such Scheme Shares clawed back from Shen Offeror. The Joint Offerors' payment obligations to the Optionholders shall be fulfilled according to the Ratio, which is in the same proportion as their payment obligations to the Scheme Shareholders.

Given that the total number of Scheme Shares will not be determined until the Scheme Record Date, for illustration purposes only, assuming there is no change in the shareholding structure as at the Latest Practicable Date and based on the confirmed financial resources of Shen Offeror, and that Shen Offeror will comply with its financial obligations in full under the Scheme, the number of new Shares to be issued to Alibaba Investment and to Shen Offeror are 1,252,989,342 Shares and 191,125,531 Shares respectively, and the Ratio is therefore approximately 6.5558:1.

7. THE SCHEME AND THE COURT MEETING

Pursuant to Section 86 of the Companies Law, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company. For the avoidance of doubt, the Grand Court will be ordering a meeting of a class of members being the Scheme Shareholders.

8. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast by Independent Shareholders present and voting either in person or by way of proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

For the purpose of counting the votes for (a) and (b) above, Independent Shareholders comprise all Shareholders as at the Meeting Record Date other than the Joint Offerors, the Joint Offerors Concert Parties and Chen Group. For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting in its capacity as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not the Joint Offerors, a Joint Offerors Concert Party or Chen Group.

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 1,442,281,873 Scheme Shares. On that basis, and assuming no Share Options are exercised and/or vested (as applicable) before the Meeting Record Date, 10% of the votes attached to all disinterested Shares referred to in (b) above therefore represent approximately 144,228,187 Shares as at the Latest Practicable Date.

9. BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and Extraordinary General Meeting.

10. SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal, assuming that no Share Options are exercised before the Scheme Record Date and that there is no other change in shareholding:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	% (Note 6)	Number of Shares (Note 7)	% (Note 6)
Joint Offerors (Note 1)				
Alibaba Investment (Note 9)	755,727,738	27.76	2,008,717,080	73.79
Shen Offeror (Note 9)	249,073,015	9.15	440,198,546	16.17
Sub-total	1,004,800,753	36.91	2,448,915,626	89.96
Joint Offerors Concert Parties not subject to the Scheme				
Shen Group (excluding Shen Offeror and Shen Family) (Note 2)	17,200,000	0.63	17,200,000	0.63
Elite Rich Holdings Limited (Note 3)	106,910,000	3.93	106,910,000	3.93
Elite Sky International Limited (Note 3)	106,910,000	3.93	106,910,000	3.93
Sub-total	231,020,000	8.49	231,020,000	8.49
Joint Offerors Concert Parties subject to the Scheme				
Mr. Joseph C. Tsai (Note 4)	8,000	0.00	–	–
The Libra Capital Greater China Fund Limited (Note 4)	1,825,000	0.07	–	–
CICC group (Note 8)	6,279,000	0.23	–	–
Sub-total	8,112,000	0.30	–	–
Aggregate number of Shares held by the Joint Offerors and Joint Offerors Concert Parties				
	1,243,932,753	45.70	2,679,935,626	98.45
Chen Group (Note 5)	42,250,000	1.55	42,250,000	1.55
Independent Shareholders	1,442,281,873	52.98	–	–
Total number of Shares	2,722,185,626	100.00	2,722,185,626	100.00
Total number of Scheme Shares	1,444,114,873	53.05	–	–

Notes:

1. Shares in which the Joint Offerors are interested will not form part of the Scheme Shares and will not be cancelled.
2. The Shares held by Shen Group excluding Shen Offeror and Shen Family are directly held by East Jump Management Limited and Sea Islands International Co., Ltd.. East Jump Management Limited and Sea Islands International Co., Ltd. are directly 100% owned by Mr. Shen. East Jump Management Limited directly holds 4,200,000 Shares and Sea Islands International Co., Ltd. directly holds 13,000,000 Shares, Mr. Shen is presumed to be acting in concert with Alibaba Investment for the purposes of the Takeovers Code as a result of (i) Shen Offeror being wholly-owned by Mr. Shen and (ii) both Mr. Shen and Alibaba Investment having made certain investments in companies outside the Group.
3. Elite Rich Holdings Limited is a company wholly-owned by Ms. Shen Zhiwei, Mr. Shen's daughter. Elite Sky International Limited is a company wholly-owned by Ms. Shen Junyan, Mr. Shen's sister.
4. Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited are parties presumed to be acting in concert with Alibaba Investment as an Offeror for the purposes of the Takeovers Code. The Shares held by Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited were each acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
5. 42,250,000 Shares are directly held by Honor Mind Holdings Limited. Honor Mind Holdings Limited is wholly owned by Mr. Chen. As at the Latest Practicable Date, Mr. Chen is also interested in 11,550,000 Share Options, of which 5,200,000 are vested. Pursuant to the Rollover Agreement, Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
6. All percentages in the above table are approximations.
7. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Effective Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Joint Offerors, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Joint Offerors.
8. CICC is the financial adviser to the Joint Offerors and relevant members of the CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors under class (5) of the definition of "acting in concert" in the Takeovers Code. All such Shares held by members of the CICC group were acquired pursuant to non-discretionary trades conducted for and on behalf of clients of the relevant members of the CICC group. None of the Shares as disclosed in this table are proprietary interests of members of the CICC group. Accordingly all such Shares will form part of the Scheme Shares. In addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.
9. Shares to be acquired by Alibaba Investment and the Shen Offeror under the Scheme are subject to the Clawback Mechanism referred to in Section 5(a) of this Explanatory Memorandum above.

On the assumption that all Share Options that are expected to vest before the Long Stop Date with positive “see-through” price held by Optionholders (other than Mr. Chen) are exercised before the Scheme Record Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	% (Note 6)	Number of Shares (Note 7)	% (Note 6)
Joint Offerors (Note 1)				
Alibaba Investment (Note 9)	755,727,738	27.76	2,019,858,680	73.90
Shen Offeror (Note 9)	249,073,015	9.15	440,198,546	16.10
Sub-total	1,004,800,753	36.91	2,460,057,226	90.00
Joint Offerors Concert Parties not subject to the Scheme				
Shen Group (excluding Shen Offeror and Shen Family) (Note 2)	17,200,000	0.63	17,200,000	0.63
Elite Rich Holdings Limited (Note 3)	106,910,000	3.93	106,910,000	3.91
Elite Sky International Limited (Note 3)	106,910,000	3.93	106,910,000	3.91
Sub-total	231,020,000	8.49	231,020,000	8.45
Joint Offerors Concert Parties subject to the Scheme				
Mr. Joseph C. Tsai (Note 4)	8,000	0.00	–	–
The Libra Capital Greater China Fund Limited (Note 4)	1,825,000	0.07	–	–
CICC group (Note 8)	6,279,000	0.23	–	–
Sub-total	8,112,000	0.30	–	–
Aggregate number of Shares held by the Joint Offerors and Joint Offerors Concert Parties				
	1,243,932,753	45.70	2,691,077,226	98.45
Chen Group (Note 5)	42,250,000	1.55	42,250,000	1.55
Independent Shareholders	1,442,281,873	52.98	–	–
Total number of Shares	2,722,185,626	100.00	2,733,327,226	100.00
Total number of Scheme Shares	1,444,114,873	53.05	–	–

Notes:

1. Shares in which the Joint Offerors are interested will not form part of the Scheme Shares and will not be cancelled.
2. The Shares held by Shen Group excluding Shen Offeror and Shen Family are directly held by East Jump Management Limited and Sea Islands International Co., Ltd.. East Jump Management Limited and Sea Islands International Co., Ltd. are directly 100% owned by Mr. Shen. East Jump Management Limited directly holds 4,200,000 Shares and Sea Islands International Co., Ltd. directly holds 13,000,000 Shares, Mr. Shen is presumed to be acting in concert with Alibaba Investment for the purposes of the Takeovers Code as a result of (i) Shen Offeror being wholly-owned by Mr. Shen and (ii) both Mr. Shen and Alibaba Investment having made certain investments in companies outside the Group.
3. Elite Rich Holdings Limited is a company wholly-owned by Ms. Shen Zhiwei, Mr. Shen's daughter. Elite Sky International Limited is a company wholly-owned by Ms. Shen Junyan, Mr. Shen's sister.
4. Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited are parties presumed to be acting in concert with Alibaba Investment as an Offeror for the purposes of the Takeovers Code. The Shares held by Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited were each acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
5. 42,250,000 Shares are directly held by Honor Mind Holdings Limited assuming no outstanding Share Options held by Mr. Chen are exercised before the Scheme Record Date since it is noted that Mr. Chen has undertaken in the Rollover Agreement that he will not exercise any Share Options held by him and will accept the Option Offer in respect of such Share Options. Honor Mind Holdings Limited is wholly-owned by Mr. Chen.
6. All percentages in the above table are approximations.
7. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all outstanding Share Options are exercised before the Scheme Record Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Joint Offerors, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Joint Offerors.
8. CICC is the financial adviser to the Joint Offerors and relevant members of the CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors under class (5) of the definition of "acting in concert" in the Takeovers Code. All such Shares held by members of the CICC group were acquired pursuant to non-discretionary trades conducted for and on behalf of clients of the relevant members of the CICC group. None of the Shares as disclosed in this table are proprietary interests of members of the CICC group. Accordingly all such Shares will form part of the Scheme Shares. In addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.
9. Shares to be acquired by Alibaba Investment and Shen Offeror under the Scheme are subject to the Clawback Mechanism referred to in Section 5(a) of this Explanatory Memorandum above.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Joint Offerors and Shen Group (excluding Shen Offeror) will hold approximately 98.45% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the Latest Practicable Date, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares, and the Company had 2,722,185,626 Shares in issue. As at the Latest Practicable Date, the Scheme Shares, comprising 1,444,114,873 Shares, represent approximately 53.05% of the issued share capital of the Company.

As at the Latest Practicable Date, the Joint Offerors Concert Parties held in aggregate 239,132,000 Shares, representing approximately 8.78% of the issued share capital of the Company. Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.49% of the issued share capital of the Company as at the Latest Practicable Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 8,112,000 Shares (representing approximately 0.30% of the issued share capital of the Company as at the Latest Practicable Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

In addition, the 42,250,000 Shares (representing approximately 1.55% of the issued share capital of the Company as at the Latest Practicable Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement, and will not be voted on the Scheme at the Court Meeting.

As at the Latest Practicable Date, other than disclosed in note (8) above, (i) none of Alibaba Investment, Shen Offeror and any of the Joint Offerors Concert Parties holds, owns, controls or has direction over any options, warrants or convertible securities in respect of the Shares, and (ii) there are no outstanding derivatives in respect of the Shares entered into by Alibaba Investment, Shen Offeror or the Joint Offerors Concert Parties. Save for the outstanding Share Options, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into the Shares as at the Latest Practicable Date.

11. TOTAL CONSIDERATION AND FINANCIAL RESOURCES CONFIRMATION

On the assumption that no outstanding Share Options as at the Latest Practicable Date are exercised and no further Shares are issued from the Latest Practicable Date until the Scheme Record Date, the amount of cash required for the Proposal (before taking into account the Option Offer to be made but including the contingency of the Shares held by (i) Shen Group and (ii) Chen Group becoming Scheme Shares) is approximately HK\$19,664.58 million.

On the assumption that (i) all vested outstanding Share Options as at the Scheme Record Date are exercised (given that unvested outstanding Share Options as at the Scheme Record Date will not be capable of exercise prior to the Scheme Record Date and will only be entitled to the “see-through” price under the Option Offer), (ii) vested Share Options as at the Scheme Record Date where the “see-through” price is zero will not be exercised but the holders of such vested options will receive a cash offer of a nominal amount of HK\$0.05 per 500 Share Options, (iii) no further Share Options are granted from the Latest

Practicable Date until the Scheme Record Date and (iv) the Share Option Record Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$255.26 million.

Consequently, the maximum amount of cash required for the Proposal on the bases described above would be approximately HK\$19,919.84 million.

Given the total number of Scheme Shares will not be determined until the Scheme Record Date, for illustration purpose only, assuming that (i) there is no change in the number of Shares in issue as at the Latest Practicable Date, (ii) Shen Offeror will comply with its financial obligation in full under the Scheme and based on the confirmed financial resources of Shen Offeror, the number of new Shares to be issued to Alibaba Investment and to Shen Offeror upon cancellation of the Scheme Shares will be 1,252,989,342 Shares and 191,125,531 Shares respectively. Pursuant to the terms of the Consortium Agreement, the Ratio is thus approximately 6.5558:1. As at the Latest Practicable Date, Alibaba Investment is financing HK\$17,996.47 million and Shen Offeror is financing HK\$1,923.37 million for the Proposal and the Option Offer from internal cash resources or external debt financing.

Shen Offeror intends to finance its commitment to the Proposal from a US\$260,000,000 loan facility provided by Deutsche Bank AG, Hong Kong Branch. Under the terms of the loan documentation, all of the Shares held by Shen Group have been, and all of the new Shares to be allotted and issued to Shen Offeror pursuant to the Scheme will be, pledged in favour of the lenders as security for the obligations of the borrower under the loan documentation.

CICC, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors for discharging their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

12. CANCELLATION PRICE

The Cancellation Price of HK\$10.00 per Scheme Share represents:

- a premium of approximately 2.99% over the closing price of HK\$9.7100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 47.86% over the average closing price of approximately HK\$6.7630 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 51.77% over the average closing price of approximately HK\$6.5890 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

- a premium of approximately 53.59% over the average closing price of approximately HK\$6.5108 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 52.59% over the average closing price of approximately HK\$6.5533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 54.09% over the average closing price of approximately HK\$6.4896 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 53.67% over the average closing price of approximately HK\$6.5075 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 60.86% over the net asset value per Share attributable to the Shareholders of approximately RMB5.5047 as at 31 December 2016, based on RMB to HK\$ exchange rate of RMB0.88548 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Latest Practicable Date).

Note: The net asset value per Share attributable to the Shareholders is arrived at on the basis of 2,722,185,626 Shares in issue as at the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

13. BACKGROUND TO, REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: to facilitate a shift in strategy towards long term growth

Under the environment of the retail industry's transformation, the Joint Offerors plan to have deeper co-operation with the Company, to explore new development opportunities and to implement a series of long-term growth strategies, which may affect the Company's short-term growth profile and may result in divergence between the Company's and Joint Offerors' view on the Company's potential long-term value on the one hand, and the investors' views on the Company's share price, on the other. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the pressure of market expectations and share price fluctuation associated with being a publicly listed company.

Due to the low liquidity in the trading of its Shares, the Company's current listing platform no longer sufficiently serves as a source of funding for the Company's business and growth. Employee share option incentive schemes are also less effective in retaining and recruiting staff. After privatisation the Company may have the freedom and opportunity to carry out a more flexible approach to motivate staff.

For the Scheme Shareholders and Optionholders: a good opportunity to realize their investment with a significant premium

The Cancellation Price of HK\$10.00 per Scheme Share represents a premium of approximately 42.25% over the closing price per Share on the Last Trading Day. The Cancellation Price also represents a premium of approximately 51.77% and 53.59% over the average closing prices of approximately HK\$6.5890 and approximately HK\$6.5108 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 11 million Shares per day, representing only approximately 0.4% of the issued Shares as at the Announcement Date. The relatively low trading liquidity of the Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal is intended to provide the Scheme Shareholders and the Optionholders with an opportunity to realise their investment in the Company for cash at an attractive premium without having to suffer any illiquidity discount.

14. OPTION OFFER

The Joint Offerors will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Joint Offerors will offer holders of Outstanding Share Options the "see-through" price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code.

Further information on the Option Offer is set out in the form of Option Offer Letter which is set out in Appendix VII to this Scheme Document.

In the event that any Share Option vests and is exercised: (i) any Shares which are registered in the name of the relevant Optionholder prior to or on the Scheme Record Date as a result of the vesting and, to the extent applicable, exercise of such Share Option, will be subject to and eligible to participate in the Scheme; and (ii) in addition, the holder of any Shares registered in the name of the relevant Optionholder prior to or on the Meeting Record Date as a result of the vesting and, to the extent applicable, exercise of such Share Option, will be entitled to attend and vote at the Court Meeting and Extraordinary General Meeting in respect of such Shares.

Any Optionholder whose Share Option remains unvested or, to the extent the Share Option has vested, in respect of which the underlying Shares have not been registered in the name of the relevant Optionholder, as at the Scheme Record Date and/or the Meeting Record Date as the case may be, will not be eligible to participate in the Scheme in respect of such Share Option, and will not be entitled to attend and vote at the Court Meeting and the Extraordinary General Meeting in respect of such Share Option, respectively.

In the event that any Share Option vests and is exercised, before the Share Option Record Date but the Shares underlying such Share Options are not registered in the name of the relevant Optionholder prior to or on the Scheme Record Date, the Joint Offerors will, as part of the Option Offer, offer a cash payment of HK\$10.00 for each Share underlying such Share Option in return for the acquisition of all rights and obligations under such Share Option and the immediate cancellation of such Share Option.

Share Options

Pursuant to the Company's Share Option Scheme approved by the resolution of the Company's shareholders dated 24 February 2007, the Company was entitled to grant options to any employee, management member or director of the Company or any of the Company's subsidiaries, and third party service providers. The Share Option Scheme expired on 19 March 2017. Despite the fact that no further Share Options may be granted under the Share Option Scheme, all other provisions remain in force to govern all the outstanding Share Options previously granted until the end of their respective exercise periods.

As at the Latest Practicable Date, there were 38,543,100 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 26,993,100 Share Options are held by other employees of the Group. The relevant exercise price applicable to each Share Option, which is set out in the table below, ranges from HK\$4.85 to HK\$10.77.

As part of the Option Offer, the Joint Offerors will offer the Share Option Offer Price for each Share Option in return for the acquisition of all rights and obligations under the Share Options and the immediate cancellation of the Share Options. Under the Option Offer, the cash due to the holders of Outstanding Share Options will be paid on a staggered basis, in accordance with the respective vesting schedules under, and subject to, the existing terms of each of the Outstanding Share Options.

The Option Offer Letter to holders of Share Options setting out the terms and conditions of the Option Offer is being dispatched separately to holders of Share Options and is substantially in the form set out in Appendix VII – Form of Option Offer Letter to this Scheme Document.

The Option Offer is conditional upon the Scheme becoming effective and binding.

Each holder of Share Options as at the Share Option Record Date who accepts the Option Offer and lodges a completed Form of Acceptance by the prescribed deadline set out in Part III – Expected Timetable of this Scheme Document will be entitled to receive the Share Option Offer Price as set out in the relevant Share Option Offer Letter that is sent to each holder of Share Options individually. The Share Option Offer Price will represent the “see-through” price of that Share

Option, being the amount by which the Cancellation Price exceeds the relevant exercise price of that Share Option. If the exercise price of a holder's Share Option exceeds HK\$10.00, the "see-through" price is zero and a cash offer of a nominal amount (of HK\$0.05 per 500 Share Options) will be made.

All payments in respect of the Share Option Offer Price will be made in Hong Kong dollars. Settlement of the Share Option Offer Price to which the holders of Share Options are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer and will be paid on a staggered basis in accordance with the original vesting schedules of the relevant Share Options and subject to the terms of the Share Option Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right which the Joint Offerors may otherwise be, or claim to be, entitled against any such holder of Share Options.

Below is a table setting out all the exercise prices and the corresponding "see-through" price for all of the Share Options granted under the Share Option Scheme:

Share Option exercise price (HK\$)	"See-through" price (HK\$)	Total outstanding options (vested and unvested)	Exercise period (MM/DD/YYYY)
10.77	0.00 (<i>Note</i>)	2,102,000	04/02/2015-04/01/2017
7.56	2.44	2,360,400	06/23/2015-06/22/2018
9.27	0.73	3,472,700	04/11/2015-04/10/2019
6.85	3.15	4,202,000	06/26/2015-06/25/2020
4.85	5.15	12,236,000	03/28/2016-03/27/2021
6.37	3.63	14,170,000	03/31/2017-03/30/2022

Note: If the exercise price of the relevant Share Option under the Option Offer exceeds HK\$10.00, the "see-through" price is zero and a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) will be made.

15. INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1833. The Group is principally engaged in the business of operation and management of department stores and shopping malls in the PRC.

16. INFORMATION ON THE JOINT OFFERORS

Alibaba Investment Limited

Alibaba Investment Limited is an investment holding company incorporated in the British Virgin Islands, which is a directly wholly-owned subsidiary and the principal holding company for the strategic investments of Alibaba Group Holding Limited. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands and its American depositary shares are listed on the

New York Stock Exchange. As at the Latest Practicable Date, substantial shareholders (as defined in the Takeovers Code) of Alibaba Group Holding Limited are SoftBank Group Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc.

Alibaba Investment Limited holds direct or indirect equity interests in various public companies including AGTech Holdings Limited (Hong Kong stock code: 8279), Alibaba Pictures Group Ltd. (Hong Kong stock code: 1060) and Alibaba Health Information Technology Ltd. (Hong Kong stock code: 241) in Hong Kong.

Intime International Holdings Limited

Intime International Holdings Limited is a limited liability company incorporated in the Cayman Islands and indirectly and wholly-owned by Mr. Shen.

17. INTENTIONS OF THE JOINT OFFERORS AND THE COMPANY

The Joint Offerors intend to continue the existing businesses of the Group and do not have specific plans to make any major changes to the business of the Group other than developing deeper synergies with the Group, exploring new development opportunities and implementing long-term growth strategies.

In the past, the Company has explored opportunities to enhance its financial flexibility by restructuring its assets. The Joint Offerors may continue to explore the possibility of realigning or redeploying the assets of the Group and assess suitable opportunities to enhance the financial flexibility of the Group, which may involve acquisitions, divestments and/or securitization of existing investments and/or fixed and other types of assets of the Group. The Joint Offerors and the Company have no intention of making any significant changes to employees of the Group as a result of the implementation of the Proposal.

18. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Effective Date.

The Scheme Shareholders will be notified by way of announcement of, among other things, the exact dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative, or expected, timetable of the Scheme is included in Part III of this Scheme Document.

19. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Proposal lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

20. COSTS OF THE SCHEME

If the Scheme is not approved and the Proposal is not recommended by the Independent Board Committee, or is not recommended as fair and reasonable by the Independent Financial Adviser, all expenses incurred by the Company in connection with the Scheme and the Option Offer will be borne by the Joint Offerors.

21. GENERAL

The Joint Offerors have appointed CICC as their financial adviser in connection with the Proposal.

The Board comprises 6 directors, one of whom (namely, Mr. Chen Xiaodong) is the executive director, two of whom (namely, Mr. Zhang Yong and Mr. Xin Xiangdong) are non-executive directors and the remaining three of whom (namely, Mr. Chow Joseph, Mr. Chen Jingxu and Mr. Hu Yongmin) are independent non-executive directors.

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the Extraordinary General Meeting; (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Rollover Arrangement at the Extraordinary General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Although Mr. Zhang Yong is a non-executive Director, as Mr. Zhang Yong is currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment, Mr. Zhang Yong is regarded as being interested in the Proposal and will not form part of the Independent Board Committee.

In addition, Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The appointment of Somerley as the Independent Financial Adviser has been approved by the Independent Board Committee.

Mr. Zhang Yong (a non-executive Director and currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment) and Mr. Chen (the executive Director and a party to the Rollover Arrangement) are regarded as being interested in the Proposal, and therefore

have abstained and will continue to abstain from voting in respect of the board resolutions of the Company in relation to the Proposal. The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

Save for the Consortium Agreement, the Rollover Arrangement, the Proposal and the Scheme itself, there are no arrangements (whether by way of option, indemnity or otherwise) relating to relevant securities which may be an inducement to deal or refrain from dealing as described in Note 8 to Rule 22 of the Takeovers Code between the Joint Offerors or any of the Joint Offerors Concert Parties and any other person in relation to shares of the Joint Offerors or the Shares which might be material to the Proposal.

As at the Latest Practicable Date, other than the Rollover Arrangement, there was no agreement or arrangement to which either of the Joint Offerors is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

The Joint Offerors and the Joint Offerors Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Latest Practicable Date.

No irrevocable commitment to vote for or against the Scheme has been received by the Joint Offerors or the Joint Offerors Concert Parties, as at the Latest Practicable Date.

Associates of the Company or the Joint Offerors (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Joint Offerors) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

22. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Wednesday, 17 May 2017, it is proposed that the register of members of the Company will be closed from Tuesday, 16 May 2017 (or such other date as Shareholders may be notified by announcement) in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees before the closure of the register of members of the Company.

Payment of Cancellation Price to Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Wednesday, 17 May 2017 (Cayman Islands time), cheques for cash entitlements under the Scheme will be paid for by the Joint Offerors as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Friday, 26 May 2017.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, cheques will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques will be sent at the risk of the person (s) entitled thereto and none of the Joint Offerors, the Company, CICC, Somerley or any of them will be responsible for any loss or delay in dispatch.

On or after the day being six calendar months after the posting of such cheques, the Joint Offerors shall have the right to cancel or countermand payment of any such check which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the Joint Offerors' names with a licensed bank in Hong Kong selected by the Joint Offerors.

The Joint Offerors shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Joint Offerors that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Joint Offerors shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Wednesday, 17 May 2017 (Cayman Islands time).

Settlement of the Cancellation Price to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

Payment of Optionholders

Payment in respect of Share Options that have vested but in respect of which the underlying Shares have not been registered in the name of the relevant holder, as at the Share Option Record Date, shall be made as soon as possible and in any event within 7 Business Days of the Effective Date, or in the case of Forms of Acceptance received after the Effective Date, within 7 Business Days of receipt of the relevant Form of Acceptance.

Payment in respect of each Share Option which are unvested as at the Share Option Record Date will be made by the Joint Offerors within 60 days of the original vesting dates of the relevant Share Option. Monies due to the Optionholders who accept the Option Offer in respect of such unvested Share Options will be ring-fenced by the Joint Offerors in a separate account and would be retained in the account pending payment to the Optionholders as and when the payments are due in accordance with the original vesting schedules of the Share Options granted to each Optionholder.

As at the Latest Practicable Date, 13,742,100 outstanding Share Options have vested and 24,801,000 outstanding Share Options are unvested.

Settlement of the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer and will be paid on a staggered basis in accordance with the original vesting schedules of the relevant Share Options and subject to the terms of the Share Option Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against any such Optionholders.

23. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Proposal to the Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal and Option Offer, respectively, 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 any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Joint Offerors and their respective advisers, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

24. TAXATION

Hong Kong stamp duty and tax consequences

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the acceptance of the Option Offer and the payment of the cash consideration for the cancellation of the Share Options does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance upon the acceptance of the Option Offer or the payment of the cash consideration under the Option Offer.

Scheme Shareholders and Optionholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or the Option Offer and, in particular, whether the receipt of the Cancellation Price or of cash consideration under the Option Offer would make such Scheme Shareholder or Optionholder liable to taxation in Hong Kong or in other jurisdictions.

PRC Tax

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

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

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

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

Circular 7 does not apply to transactions of sale of shares by investors through a public securities market where such shares were acquired from a transaction through a public securities market.

The Joint Offerors cannot confirm whether the Company would be considered a PRC resident enterprise under the EIT Law. Therefore, gains recognised by non-PRC resident enterprises on the receipt of consideration for Scheme Shares may or may not be subject to PRC tax.

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

PRC Tax Declaration Form

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

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

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

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

Withholding Tax Payment Arrangement

Regardless of whether Scheme Shareholders have submitted a completed PRC tax declaration form to the Joint Offerors, all Scheme Shareholders will receive their cheques for cash entitlements under the Scheme paid for by the Joint Offerors as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Scheme having become effective.

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

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

Scheme Shareholders should be aware that the Joint Offerors, the tax filing agent described above and any other agents of the Joint Offerors will not be responsible for handling any relief or other applications regarding any withholding tax or tax refund from any PRC tax authority. By returning the PRC tax declaration form, the relevant Scheme Shareholder agrees to bear and pay any and all tax of any nature that is required by applicable laws to be paid by it arising out of the transactions contemplated by the Proposal. Specifically, the Joint Offerors shall have no obligation to bear any tax or penalties relating thereto of any nature that is required by applicable law to be paid by such Scheme Shareholder arising out of the transactions contemplated by the Proposal.

Collection of the PRC Tax Declaration Form

If you have determined that you may have any PRC tax filing obligation or be liable for any PRC tax payment obligation in respect of your Scheme Shares, please obtain a copy of the PRC tax declaration form from 9:30 a.m. to 5:30 p.m., Monday to Friday on any Business Day at the office of the Company in Hong Kong at Room 1703, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong from the date of this Scheme Document until the 20th calendar day (or if such date is not a Business Day, the Business Day immediately preceding such date) after the Effective Date.

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

Returning the PRC Tax Declaration Form

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

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

It is emphasised that none of Alibaba Investment, Shen Offeror, the Company, CICC and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer. All Scheme Shareholders and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal and/or the Option Offer, regardless of whether or not they have submitted the PRC tax declaration form to the Joint Offerors.

25. SCHEME SHARES

As at the Latest Practicable Date, Alibaba Investment holds 755,727,738 Shares representing approximately 27.76% of the issued share capital of the Company and Shen Offeror holds 249,073,015 Shares representing approximately 9.15% of the issued share capital of the Company. Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As each of Alibaba Investment and Shen Offeror is not a Scheme Shareholder, each of Alibaba Investment and Shen Offeror will not vote on the Scheme at the Court Meeting. The Joint Offerors will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

By reason of being the financial adviser to the Joint Offerors, CICC is presumed to be acting in concert with the Joint Offerors in relation to the Company. As at the Latest Practicable Date, and so far as the Joint Offerors are aware taking into account Note 1 to Rule 3.5 of the Takeovers Code, members of the CICC group (except those which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Joint Offerors in relation to the Company held 6,279,000 Shares representing approximately 0.23% of the issued share capital of the Company and in addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.

As at the Latest Practicable Date, the Joint Offerors Concert Parties held in aggregate 239,132,000 Shares, representing approximately 8.78% of the issued share capital of the Company. Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.49% of the issued share capital of the Company as at the Latest Practicable Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 8,112,000 Shares (representing approximately 0.30% of the issued share capital of the Company as at the Latest Practicable Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

In addition, the 42,250,000 Shares (representing approximately 1.55% of the issued share capital of the Company as at the Latest Practicable Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement.

As regards the voting requirements of holders of Scheme Shares and Shareholders at the Court Meeting and the Extraordinary General Meeting respectively, see the section headed “26. Court Meeting and Extraordinary General Meeting” of this Explanatory Memorandum.

26. COURT MEETING AND EXTRAORDINARY GENERAL MEETING

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Holders of Scheme Shares whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purposes of the requirements of Cayman Islands law, provided that only votes of Independent Shareholders will be counted for the purposes of determining whether the requirements set out in the section headed “8. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code. The Scheme will be subject to the approval by the holders of Scheme Shares at the Court Meeting in the manner referred to in the subsection headed “Court Meeting” below.

For the avoidance of doubt, holders of Scheme Shares who may vote at the Court Meeting include:

- (i) any member of the CICC group acting in its capacity as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not an Offeror or a Joint Offerors Concert Party.
- (ii) Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited for the purposes of the requirements of Cayman Islands law, provided that their votes will not be counted for the purposes of counting the number of Independent Shareholders (in relation to Conditions (1) (a) and (1) (b) set out in the section headed “3. Conditions of the Proposal and the Scheme” and the requirements set out in the section headed “8. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” in this Explanatory Memorandum) in accordance with the requirements under the Takeovers Code.

The Extraordinary General Meeting will be held immediately following the Court Meeting for the purpose of considering and, if thought fit, passing, among other things, (i) the special resolution by the Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the ordinary resolution by the Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Joint Offerors and (iii) the ordinary resolution by the Independent Shareholders to approve the Rollover Arrangement.

Court Meeting

The Scheme is conditional upon, among other things, approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Shares representing not less than 75% in value of the Scheme Shares present and voting in person or by proxy at the Court Meeting, provided that:

- (a) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

Holders of Scheme Shares whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purposes of Cayman Islands law, provided that, for the purpose of satisfying the voting requirements described in (a) and (b) above (which are contained in and imposed by the Takeovers Code), only the votes in respect of the Scheme Shares of Independent Shareholders present and voting either in person or by proxy, will be counted.

In accordance with the Companies Law, the “75% in value” requirement, as described above, will be met if the total value of Scheme Shares being voted in favor of the Scheme is at least 75% of the total value of the Scheme Shares voted at the Court Meeting. In accordance with the Companies Law, the “majority in number” requirement, as described above, will be met if the number of holders of Scheme Shares voting in favour of the Scheme exceeds the number of holders of Scheme Shares voting against the Scheme at the Court Meeting. For the purpose of calculating the “majority in number” requirement, the number of holders of Scheme Shares, present and voting in person or by proxy, will be counted in the manner described below.

In accordance with the direction from the Grand Court, HKSCC Nominees Limited shall be permitted to vote both for and against the Scheme in accordance with instructions received by it from the CCASS Participants. For the purpose of calculating the “majority in number”, HKSCC Nominees Limited shall be treated as a multi-headed Shareholder of the Company. In this regard, HKSCC Nominees Limited shall be entitled to vote both for and against the Scheme in accordance with instructions received by it from the CCASS Participants. However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

Notice of the Court Meeting is set out in Appendix V to this Scheme Document. The Court Meeting will be held at 3:00 p.m. (Hong Kong time) on Monday, 8 May 2017 at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong.

Extraordinary General Meeting

All Shareholders (or the Independent Shareholders, as the case may be) whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Extraordinary General Meeting with respect to:

- (i) the special resolution by the Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares,
- (ii) the ordinary resolution by the Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Joint Offerors, and
- (iii) the ordinary resolution by the Independent Shareholders to approve the Rollover Arrangement.

The special resolution described under (i) in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the Extraordinary General Meeting, are in favour of the special resolution. The ordinary resolution described under (ii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting. The ordinary resolution described under (iii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Independent Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting.

At the Extraordinary General Meeting, the resolutions will be put to the vote by way of poll as required under article 90 of the Company's articles of association and Rule 13.39(4) of the Listing Rules. Each Shareholder (or Independent Shareholder, as the case may be) present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favor of (or against) the special resolution and/or the ordinary resolutions. Alternatively, such Shareholder (or Independent Shareholder, as the case may be) may vote some of their Shares in favor of the special resolution and/or the ordinary resolutions and any of the balance of their Shares against the special resolution and/or the ordinary resolutions (and vice versa).

The Joint Offerors have indicated that if the Scheme is approved at the Court Meeting, those Shares held by it will be voted in favour of the special resolution and the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Proposal and any matters in connection

with the Proposal. However, the Joint Offerors, the Joint Offeror Concert Parties and the Chen Group will be required to abstain from voting on the ordinary resolution to approve the Rollover Arrangement at the Extraordinary General Meeting.

Notice of the Extraordinary General Meeting is set out in Appendix VI to this Scheme Document. The Extraordinary General Meeting will be held at 4:00 p.m. (Hong Kong time) (or immediately after the Court Meeting convened for the same day and place shall have been concluded or adjourned) on Monday, 8 May 2017 at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 17 May 2017 (Cayman Islands time). Further announcements will be made giving details of the results of the Court Meeting and Extraordinary General Meeting and, if all the resolutions are passed at those meetings, the result of the hearing of the petition for, among other things, the sanction of the Scheme by the Grand Court, the Scheme Record Date, the Effective Date, and the date of withdrawal of the listing of Shares on the Stock Exchange.

27. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the register of members of the Company as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become holders of Scheme Shares so that they can attend the Court Meeting in the capacity as members of the Company or to be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Shareholders as required under Section 86 of the Companies Law in their capacity as members of the Company;
- (b) provided the Beneficial Owners have become Shareholders, to enable the Company to properly classify members of the Company as holders of Scheme Shares who are entitled to attend and vote at the Court Meeting for the purposes of the headcount test under Section 86 of the Companies Law; and
- (c) to enable the Company and the Joint Offerors to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective.

No person shall be recognised by the Company as holding any Shares upon any trust. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgment of forms of proxy in respect of the Court

Meeting and the Extraordinary General Meeting. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgment of forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if they wish to vote in respect of the Scheme. Beneficial Owners should contact their broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

28. SUMMARY OF ACTIONS TO BE TAKEN

Shareholders

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners of Shares.

Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting, the holder of Scheme Shares are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and Shareholders are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

At the Court Meeting, each holder of Scheme Shares (other than HKSCC Nominees Limited) is entitled to vote either FOR or AGAINST the Scheme, but not both FOR and AGAINST the Scheme.

Each holder of Scheme Shares is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the Chairman shall have absolute discretion as to whether or not to accept those proxy forms.

In order to be valid, the **pink** form of proxy for use at the Court Meeting should be lodged not later than 3:00 p.m. (Hong Kong time) on Saturday, 6 May 2017 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the **white** form of proxy for use at the Extraordinary General Meeting should be lodged not later than 4:00 p.m. (Hong Kong time) on Saturday, 6 May 2017. The completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or Extraordinary General Meeting, you will still be bound by the outcome of such Court Meeting and/or Extraordinary General Meeting if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and Extraordinary General Meeting. You are therefore strongly urged to attend and vote at the Court Meeting and/or the Extraordinary General Meeting in person or by proxy.

For the purpose of determining the entitlements of holders of Scheme Shares to attend and vote at the Court Meeting and Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Friday, 28 April 2017 to Monday, 8 May 2017 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Thursday, 27 April 2017.

An announcement will be made by the Company and the Joint Offerors in relation to the results of the Court Meeting and the Extraordinary General Meeting on Monday, 8 May 2017. If all the resolutions are passed at those meetings, further announcement(s) will be made of the results of the Grand Court hearing of the petition to sanction the Scheme and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Actions to be taken by Holders through Trust or CCASS

The Company will not recognise any person as holding any Shares upon any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in Part II – “Actions to be Taken” of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest

time for the lodgment of forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the Extraordinary General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

HKSCC Nominees Limited may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

Petition Hearing in the Grand Court

Prior to the dispatch of this Scheme Document, the Company obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Scheme.

In accordance with Sections 14, 15 and 86 of the Companies Law, if the resolutions are approved at the Court Meeting and the Extraordinary General Meeting, the Company must then make a further application to the Grand Court to sanction the Scheme and to confirm the resolution reducing the share capital of the Company. The Company and the Joint Offerors cannot complete the Scheme and the Proposal without obtaining these approvals. In this regard, the Company has filed a petition with the Grand Court seeking these approvals which will be heard on Tuesday, 16 May 2017 (Cayman Islands time).

In determining whether to exercise its discretion and sanction the Scheme, the Grand Court will determine, among other things, whether the votes cast at the Court Meeting fairly represented the decision of the Scheme Shareholders and whether the Scheme is fair to the Scheme Shareholders. At

the hearing of the petition, the Grand Court may impose such conditions as it deems appropriate in relation to the Scheme but may not impose any material changes without the joint consent of the Company and the Joint Offerors. The Company may consent on behalf of its shareholders to any modification of the Scheme which the Grand Court may think fit to approve or impose.

If the Grand Court sanctions the Scheme and if all of the other conditions to the Scheme are satisfied or (to the extent allowed by law) waived, the Company intends to file the court order sanctioning the Scheme with the Registrar of Companies in the Cayman Islands on Wednesday, 17 May 2017 (Cayman Islands time) or as otherwise directed by the Grand Court, at which time the Scheme will become effective.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR AT THE GRAND COURT HEARING EXPECTED TO BE ON TUESDAY, 16 MAY 2017 AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

Optionholders

The Option Offer Letter is being sent to each Optionholder separately. Optionholders should refer to those letters, the form of which is set out in Appendix VII to this Scheme Document. Any Optionholder who wishes to accept the Option Offer must complete and return the duly completed and executed Form of Acceptance by 4:30 p.m. (Hong Kong time) on Wednesday, 31 May 2017 (or such later date and time as may be notified to the Optionholders by the Joint Offerors, CICC and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange), delivered to the Joint Offerors, care of Intime Retail (Group) Company Limited at 1063-3 Creative Culture Industrial Park, Sihui East Road Chaoyang District, Beijing, China for the attention of the Human Resources Department of the Company and marked "Intime Retail (Group) Company Limited – Option Offer". No acknowledgement of receipt of any Form of Acceptance or any other document will be given.

The Optionholders should also note the instructions and other terms and conditions of the Option Offer printed on the Option Offer Letter and the Form of Acceptance.

29. RECOMMENDATION

Your attention is drawn to the following:

- (i) the paragraph headed "Recommendation" in the "Letter from the Board" set out in Part IV of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document;
and
- (iii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

30. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Joint Offerors, CICC or Somerley or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three financial years ended 31 December 2014, 2015 and 2016 is extracted from the consolidated financial statements of the Company as set forth in the annual reports of the Company for the years ended 31 December 2014 and 2015 and the consolidated results as set forth in the annual results announcement of the Company for the year ended 31 December 2016, respectively.

The auditor's reports issued by Ernst & Young in respect of the Group's audited consolidated financial statements for each of the three years ended 31 December 2013, 2014 and 2015 did not contain any qualifications.

There was no item which was exceptional because of size, nature or incidence that was recorded in the financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December		
	2016	2015	2014
	RMB'000	RMB'000	RMB'000
RESULTS			
Revenue	5,984,262	5,755,453	5,250,568
Profit before income tax	1,986,019	1,841,616	1,805,256
Income tax expense	(570,175)	(492,518)	(641,474)
Profit for the year/period	<u>1,415,844</u>	<u>1,349,098</u>	<u>1,163,782</u>
Profit attributable to:			
– Owners of the parent	1,319,687	1,317,474	1,121,483
– Non-controlling interests	<u>96,157</u>	<u>31,624</u>	<u>42,299</u>
	<u>1,415,844</u>	<u>1,349,098</u>	<u>1,163,782</u>
Basic earnings per share	0.54	0.60	0.53
Diluted earnings per share	0.50	0.52	0.50
Dividends			
Interim and special dividends	270,500	437,783	223,058
Final dividend	(proposed) 217,730	261,606	260,503
Dividends per share			
Interim and special dividends per share	RMB0.10	RMB0.20	RMB0.10
Final dividend per share	(proposed) RMB0.08	RMB0.12	RMB0.12

2. FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2016

The following consolidated financial information of the Group for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015, have been extracted from the annual results announcement of the Company for the year ended 31 December 2016:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	<i>Notes</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Retail revenue		5,501,489	5,153,198
Sale of properties		<u>482,773</u>	<u>602,255</u>
Total revenue	4	5,984,262	5,755,453
Other income and gains/(losses)	4	1,184,550	1,075,672
Purchases of goods and changes in inventories	5	(1,703,811)	(1,533,209)
Cost of properties sold	5	(340,391)	(435,373)
Property development expenses	5	(77,169)	(104,601)
Staff costs	5	(769,614)	(779,268)
Depreciation and amortisation	5	(518,345)	(497,032)
Other expenses		(2,093,306)	(1,920,226)
Share of profits and losses of:			
A joint venture		–	(18,648)
Associates		342,557	284,502
Finance income	6	200,412	219,874
Finance costs of retailing	6	(203,646)	(174,471)
Finance costs of property development	6	<u>(19,480)</u>	<u>(31,057)</u>
Profit before tax		1,986,019	1,841,616
Income tax expense	7	<u>(570,175)</u>	<u>(492,518)</u>
Profit for the year		<u><u>1,415,844</u></u>	<u><u>1,349,098</u></u>
Attributable to:			
Owners of the parent		1,319,687	1,317,474
Non-controlling interests		<u>96,157</u>	<u>31,624</u>
		<u><u>1,415,844</u></u>	<u><u>1,349,098</u></u>
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)	9		
Basic			
– For profit for the year		<u>0.54</u>	<u>0.60</u>
Diluted			
– For profit for the year		<u>0.50</u>	<u>0.52</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>1,415,844</u>	<u>1,349,098</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	804	–
Exchange differences:		
Exchange differences on translation of foreign operations	(118,000)	(323,938)
Reclassification adjustments for a foreign operation disposed of during the year	<u>69,366</u>	<u>(3,122)</u>
	(48,634)	(327,060)
SHARE OF OTHER COMPREHENSIVE INCOME/(LOSS) OF ASSOCIATES	<u>(277)</u>	<u>716</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(48,107)</u>	<u>(326,344)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>1,367,737</u></u>	<u><u>1,022,754</u></u>
Attributable to:		
Owners of the parent	1,271,580	991,130
Non-controlling interests	<u>96,157</u>	<u>31,624</u>
	<u><u>1,367,737</u></u>	<u><u>1,022,754</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Note</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,260,801	5,975,499
Investment properties		7,353,000	7,249,000
Prepaid land lease payments		1,435,171	1,545,106
Prepayments, deposits and other receivables		351,774	90,000
Goodwill		507,677	535,609
Other intangible assets		184,198	47,550
Prepaid rental		66,554	118,075
Investments in associates		2,604,040	2,480,903
Loans and receivables – third parties		243,543	98,543
Loans and receivables – related parties		707,655	1,276,453
Available-for-sale investments		589,423	40,253
Deferred tax assets		<u>335,626</u>	<u>314,475</u>
Total non-current assets		<u>19,639,462</u>	<u>19,771,466</u>
CURRENT ASSETS			
Inventories		540,873	523,480
Completed properties held for sale		1,224,150	1,567,721
Prepayments, deposits and other receivables		884,288	865,443
Loans and receivables – third parties		79,884	158,893
Loans and receivables – related parties		1,184,684	707,149
Due from related parties		1,207,569	1,411,149
Trade receivables	<i>10</i>	37,647	33,795
Cash in transit		146,168	88,263
Pledged deposits		–	67,000
Restricted bank balances		58,038	46,777
Cash and cash equivalents		<u>1,700,526</u>	<u>1,580,529</u>
		7,063,827	7,050,199
Assets of a disposal group classified as held for sale		<u>45,981</u>	<u>1,456,517</u>
Total current assets		<u>7,109,808</u>	<u>8,506,716</u>

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY**

	<i>Note</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	1,765,601	2,621,636
Other payables and accruals		4,227,424	5,504,251
Interest-bearing bank and other borrowings		2,050,060	2,564,721
Due to related parties		67,542	27,556
Tax payable		<u>553,691</u>	<u>488,221</u>
		8,664,318	11,206,385
Liabilities directly associated with the assets classified as held for sale		<u>28,481</u>	<u>789,481</u>
Total current liabilities		<u>8,692,799</u>	<u>11,995,866</u>
NET CURRENT LIABILITIES		<u>(1,582,991)</u>	<u>(3,489,150)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,056,471</u>	<u>16,282,316</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,683,749	313,000
Deferred tax liabilities		867,304	796,842
Deferred subsidy income		92,424	46,444
Convertible bonds		<u>–</u>	<u>3,101,509</u>
Total non-current liabilities		<u>2,643,477</u>	<u>4,257,795</u>
NET ASSETS		<u>15,412,994</u>	<u>12,024,521</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		198	163
Equity component of convertible bonds		–	126,417
Reserves		<u>14,984,485</u>	<u>10,910,968</u>
		14,984,683	11,037,548
Non-controlling interests		<u>428,311</u>	<u>986,973</u>
Total equity		<u>15,412,994</u>	<u>12,024,521</u>

1. CORPORATE AND GROUP INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of and Depreciation Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- (c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:
- *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

- the department store segment operates and manages department stores in Mainland China;
- the shopping mall segment operates shopping malls in Mainland China;
- the property development segment develops and sells properties in Mainland China; and
- the others segment comprises, principally, the Group's trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that share of profits and losses of associates, share of losses of a joint venture, finance income, finance costs, equity-settled share option expense, fair value gains on investment properties, unallocated gains and losses, net, and other unallocated head office and corporate expenses are excluded from this measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

APPENDIX I
FINANCIAL INFORMATION OF THE COMPANY

Year ended 31 December 2016	Department store <i>RMB'000</i>	Shopping mall <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
Sales to external customers	3,716,484	1,609,773	482,773	175,232	5,984,262
Intersegment sales	—	—	—	64,636	64,636
	3,716,484	1,609,773	482,773	239,868	6,048,898
<i>Reconciliation:</i>					
Elimination of intersegment sales					(64,636)
Revenue					<u>5,984,262</u>
Segment results					
	878,573	219,534	62,159	35,056	1,195,322
<i>Reconciliation:</i>					
Share of profits and losses of:					
Associates					342,557
Finance income					200,412
Finance costs					(223,126)
Equity-settled share option expense					(14,736)
Fair value gains on investment properties					104,000
Unallocated gains and losses, net					495,963
Corporate and other unallocated expenses					(114,373)
Profit before tax					<u>1,986,019</u>
Other segment information:					
Depreciation and amortization	259,797	252,800	2,976	2,772	518,345
Capital expenditure (a)	314,163	622,131	150	73,931	1,010,375

APPENDIX I
FINANCIAL INFORMATION OF THE COMPANY

Year ended 31 December 2015	Department store <i>RMB'000</i>	Shopping mall <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
Sales to external customers	3,618,997	1,365,487	602,255	168,714	5,755,453
Intersegment sales	—	—	—	80,436	80,436
	3,618,997	1,365,487	602,255	249,150	5,835,889
<i>Reconciliation:</i>					
Elimination of intersegment sales					(80,436)
Revenue					<u>5,755,453</u>
Segment results					
	935,170	70,548	60,823	20,797	1,087,338
<i>Reconciliation:</i>					
Share of profits and losses of:					
A joint venture					(18,648)
Associates					284,502
Finance income					219,874
Finance costs					(205,528)
Equity-settled share option expense					(13,761)
Fair value gains on investment properties					291,970
Unallocated gains and losses, net					306,409
Corporate and other unallocated expenses					(110,540)
Profit before tax					<u>1,841,616</u>
Other segment information:					
Depreciation and amortization	253,919	237,634	1,458	4,021	497,032
Capital expenditure	242,087	770,382	640	6,327	1,019,436

Note:

- (a) Capital expenditure consists of additions to property and equipment, investment properties, prepaid land lease payments and other intangible assets.

All the Group's operations are carried out in Mainland China. No revenue from operations amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2016 and 2015. All non-current assets (excluding financial instruments) of the Group are located in Mainland China.

4. REVENUE, OTHER INCOME AND GAINS/(LOSSES)

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods – direct sales	1,999,558	1,814,296
Commissions from concessionaire sales	2,382,692	2,380,301
Rental income	1,078,440	912,122
Rental income from investment properties and owner-occupied properties	605,286	495,228
Sublease rental income	407,734	359,253
Contingent rental income	65,420	57,641
Management fee income from operation of department stores	22,821	36,959
Commissions income	<u>17,978</u>	<u>9,520</u>
Retail revenue	5,501,489	5,153,198
Sale of properties	<u>482,773</u>	<u>602,255</u>
	<u><u>5,984,262</u></u>	<u><u>5,755,453</u></u>

The commissions from concessionaire sales are analysed as follows:

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Gross revenue from concessionaire sales	<u><u>14,095,566</u></u>	<u><u>13,987,837</u></u>
Commissions from concessionaire sales	<u><u>2,382,692</u></u>	<u><u>2,380,301</u></u>

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY**

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Advertisement, promotion and administration income	461,238	407,653
Supplementary income	13,622	13,660
Subsidy income	48,476	24,077
Income from available-for-sale investments	14,126	-
Others	<u>47,125</u>	<u>31,903</u>
	<u>584,587</u>	<u>477,293</u>
Gains/(losses)		
Loss on disposal of items of property and equipment	(949)	(2,435)
Loss on disposal of intangible assets	(216)	-
Gain on disposal of an associate	4,828	-
Gain on disposal of shares of an associate	-	188,542
Gain on disposal of subsidiaries	492,880	30,744
Fair value gains on investment properties	104,000	291,970
Gain on disposal of a joint venture	-	133,413
Gain on deemed partial disposal of an associate	32,680	-
Others	<u>(33,260)</u>	<u>(43,855)</u>
	<u>599,963</u>	<u>598,379</u>
	<u><u>1,184,550</u></u>	<u><u>1,075,672</u></u>

5. PROFIT BEFORE TAX

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Purchases of goods and changes in inventories	1,703,811	1,533,209
Cost of properties sold	340,391	435,373
Depreciation and amortisation	518,345	497,032
Staff costs (including directors' and chief executive's remuneration):	769,614	779,268
Wages, salaries and bonuses	582,530	583,707
Pension costs – defined contribution schemes	106,755	112,747
Welfare, medical and other benefits	65,593	69,053
Equity-settled share option expense	14,736	13,761
Impairment of goodwill	27,932	–
Exchange gain	(10,991)	(908)
Gain on disposal of subsidiaries	(492,880)	(30,744)
Fair value gains on investment properties	(104,000)	(291,970)
Subsidy income	(48,476)	(24,077)
Utility expenses	405,514	395,139
Store rental expenses	827,702	744,832
Credit card charges	80,211	86,805
Advertising expenses	301,449	240,548
Property development expenses	77,169	104,601
Auditors' remuneration	3,400	3,400
Professional service charges	17,347	23,706
Other tax expenses	100,682	98,226
	<u>134,367</u>	<u>99,476</u>
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	<u>134,367</u>	<u>99,476</u>

6. FINANCE INCOME/FINANCE COSTS

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

Finance income

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest income from bank deposits	17,397	29,978
Interest income from loans and receivables	157,227	118,643
Interest income from a joint venture	–	20,458
Interest income from associates	17,556	26,964
Other interest income	8,232	23,831
	<u>200,412</u>	<u>219,874</u>

Finance costs

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest on bank loans and other loans (including convertible bonds)	223,126	221,704
Less: Interest capitalised	–	(16,176)
	<u>223,126</u>	<u>205,528</u>

The finance costs are analyzed as follows:

Finance costs of retailing	203,646	174,471
Finance costs of property development	19,480	31,057
	<u>223,126</u>	<u>205,528</u>

7. INCOME TAX

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax – Mainland China	534,306	449,970
Current – Land appreciation tax (“LAT”) for the year	(13,474)	(242)
Deferred	<u>49,343</u>	<u>42,790</u>
	<u><u>570,175</u></u>	<u><u>492,518</u></u>

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

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

Hong Kong profits tax is to be provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

The subsidiaries incorporated in Singapore are subject to Singapore income tax at the rate of 17% (2015: 17%).

For the year ended 31 December 2016, the subsidiaries established in Mainland China are subject to corporate income tax (“CIT”) at the rate of 25%, except for Dazi Intime Commercial Development Co., Ltd., that is entitled to 15% CIT rate under the policy of Western Region Development, where 40% of profits of Dazi Intime are exempted from tax by local municipal government in the place of establishment in Tibet Autonomous Region.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

8. DIVIDENDS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interim and special – RMB0.10 (2015: RMB0.20) per ordinary share	270,500	437,783
Proposed final – RMB0.08 (2015: RMB0.12) per ordinary share	<u>217,730</u>	<u>261,606</u>
	<u><u>488,230</u></u>	<u><u>699,389</u></u>

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

All dividends declared for the year ended 31 December 2015 totalling RMB261,606,000 and the interim dividend of RMB270,402,000 were paid prior to 31 December 2016.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,444,835,622 (2015: 2,181,187,164) in issue during the year.

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

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

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,319,687	1,317,474
Interest on convertible bonds	<u>46,674</u>	<u>87,311</u>
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	<u><u>1,366,361</u></u>	<u><u>1,404,785</u></u>
Number of shares		
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,444,835,622	2,181,187,164
Effect of dilution – weighted average number of ordinary shares:		
Share options	2,382,441	5,331,821
Convertible bonds	<u>264,668,410</u>	<u>519,564,433</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u><u>2,711,886,473</u></u>	<u><u>2,706,083,418</u></u>

10. TRADE RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	37,647	33,795
Impairment	—	—
	<u>37,647</u>	<u>33,795</u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	24,850	18,918
1 to 2 months	4,489	6,388
2 to 3 months	3,321	4,741
Over 3 months	4,987	3,748
	<u>37,647</u>	<u>33,795</u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Neither past due nor impaired	30,854	30,047
Less than one month past due	6,793	3,748
	<u>37,647</u>	<u>33,795</u>

11. TRADE AND BILLS PAYABLES

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	1,322,424	2,095,944
1 to 2 months	289,770	456,989
2 to 3 months	50,229	34,731
over 3 months	<u>103,178</u>	<u>33,972</u>
	<u><u>1,765,601</u></u>	<u><u>2,621,636</u></u>

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

3. AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2015

The following financial information has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 as extracted from the annual report of the Company for the year ended 31 December 2015:

CONDOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Retail revenue		5,153,198	4,587,830
Sale of properties		<u>602,255</u>	<u>662,738</u>
Total revenue	5	5,755,453	5,250,568
Other income and gains	5	1,075,672	867,016
Purchases of goods and changes in inventories	6	(1,533,209)	(1,405,750)
Cost of properties sold	6	(435,373)	(279,574)
Properties development expenses	6	(104,601)	(112,406)
Staff costs	6	(779,268)	(759,658)
Depreciation and amortisation	6	(497,032)	(456,386)
Other expenses		(1,920,226)	(1,655,465)
Share of profits and losses of:			
A joint venture		(18,648)	(33,883)
Associates		284,502	343,086
Finance income	7	219,874	216,999
Finance costs of retailing	7	(174,471)	(169,291)
Finance costs of properties development	7	<u>(31,057)</u>	<u>–</u>
Profit before tax		1,841,616	1,805,256
Income tax expense	8	<u>(492,518)</u>	<u>(641,474)</u>
Profit for the year		<u><u>1,349,098</u></u>	<u><u>1,163,782</u></u>
Attributable to:			
Owners of the parent		1,317,474	1,121,483
Non-controlling interests		<u>31,624</u>	<u>42,299</u>
		<u><u>1,349,098</u></u>	<u><u>1,163,782</u></u>
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)	12		
Basic			
– For profit for the year		<u><u>0.60</u></u>	<u><u>0.53</u></u>
Diluted			
– For profit for the year		<u><u>0.52</u></u>	<u><u>0.50</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the year		<u>1,349,098</u>	<u>1,163,782</u>
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		716	120
Reclassification of translation reserve from other comprehensive income to statement of profit or loss		(3,122)	–
Exchange differences on translation of foreign operations		<u>(323,938)</u>	<u>1,542</u>
Other comprehensive income/(loss) for the year, net of tax		<u>(326,344)</u>	<u>1,662</u>
Total comprehensive income for the year		<u><u>1,022,754</u></u>	<u><u>1,165,444</u></u>
Attributable to:			
Owners of the parent		991,130	1,123,145
Non-controlling interests		<u>31,624</u>	<u>42,299</u>
		<u><u>1,022,754</u></u>	<u><u>1,165,444</u></u>

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		2015	2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	14	5,975,499	5,994,300
Investment properties	15	7,249,000	5,699,000
Prepaid land lease payments	16	1,545,106	1,603,314
Prepayments, deposits and other receivables	26	90,000	825,485
Goodwill	18	535,609	535,609
Other intangible assets	19	47,550	53,065
Prepaid rental	20	118,075	56,428
Investment in a joint venture	21	–	190,605
Investments in associates	22	2,480,903	2,617,218
Loans and receivables – third parties	27	98,543	275,654
Loans and receivables – related parties	27	1,276,453	558,190
Available-for-sale investment	23	40,253	–
Deferred tax assets	24	314,475	265,919
		<hr/>	<hr/>
Total non-current assets		19,771,466	18,674,787
CURRENT ASSETS			
Inventories	25	523,480	495,026
Completed properties held for sale	17	1,567,721	1,151,768
Properties under development	17	–	550,335
Prepayments, deposits and other receivables	26	865,443	903,332
Loans and receivables – third parties	27	158,893	33,813
Loans and receivables – related parties	27	707,149	240,258
Due from related parties	43 (c)	1,411,149	1,801,406
Trade receivables	28	33,795	36,021
Cash in transit	29	88,263	91,691
Pledged deposits	30	67,000	67,000
Restricted bank balances	30	46,777	106,133
Cash and cash equivalents	30	1,580,529	2,129,429
		<hr/>	<hr/>
		7,050,199	7,606,212
Assets of a disposal group classified as held for sale	13	1,456,517	1,513,183
		<hr/>	<hr/>
Total current assets		8,506,716	9,119,395
CURRENT LIABILITIES			
Trade and bills payables	31	2,621,636	2,080,461
Other payables and accruals	32	5,504,251	6,110,722
Interest-bearing bank and other borrowings	33	2,564,721	1,120,911
Due to related parties	43 (e)	27,556	12,482
Tax payable		488,221	535,187
		<hr/>	<hr/>
		11,206,385	9,859,763
Liabilities directly associated with the assets classified as held for sale	13	789,481	337,512
		<hr/>	<hr/>
Total current liabilities		11,995,866	10,197,275
NET CURRENT LIABILITIES		<hr/>	<hr/>
		(3,489,150)	(1,077,880)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		16,282,316	17,596,907

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY**

		2015	2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	313,000	2,219,804
Deferred tax liabilities	24	796,842	713,354
Deferred subsidy income		46,444	47,778
Convertible bonds	34	<u>3,101,509</u>	<u>2,834,878</u>
Total non-current liabilities		<u>4,257,795</u>	<u>5,815,814</u>
NET ASSETS		<u>12,024,521</u>	<u>11,781,093</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	163	163
Equity component of convertible bonds	34	126,417	126,417
Reserves	36	<u>10,910,968</u>	<u>10,568,403</u>
		11,037,548	10,694,983
Non-controlling interests		<u>986,973</u>	<u>1,086,110</u>
Total equity		<u>12,024,521</u>	<u>11,781,093</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent															
Notes	Share capital RMB'000 (note 35)	Share premium RMB'000 (note 35)	Capital redemption reserve RMB'000 (note 35)	Capital reserve RMB'000	Reserve for fair value changes of available-			Retained profits RMB'000	Exchange fluctuation reserve RMB'000 (note 34)	Equity component of Share option reserve RMB'000 (note 37)			Proposed final dividend RMB'000 (note 11)	Non-controlling interests RMB'000	Total equity RMB'000
					for-sale investments RMB'000	Discretionary reserve fund RMB'000 (note 36)	Statutory reserves RMB'000 (note 36)			Exchange fluctuation reserve RMB'000	convertible bonds RMB'000	Share option reserve RMB'000			
At 1 January 2014	154	3,883,524	5	385,971	59	7,032	504,642	3,812,899	(22,484)	-	67,909	220,675	8,860,386	1,174,803	10,035,189
Profit for the year	-	-	-	-	-	-	-	1,121,483	-	-	-	-	1,121,483	42,299	1,163,782
Other comprehensive income for the year:															
Share of other comprehensive income of associates	-	-	-	-	120	-	-	-	-	-	-	-	120	-	120
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	1,542	-	-	-	1,542	-	1,542
Total comprehensive income for the year	-	-	-	-	120	-	-	1,121,483	1,542	-	-	-	1,123,145	42,299	1,165,444
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	10,905	-	-	(10,905)	-	-	-	-
Equity-settled share option arrangements	37	-	-	-	-	-	-	-	-	-	16,429	-	16,429	-	16,429
Exercise of share options	37	-	41,737	-	-	-	-	-	-	-	(10,344)	-	31,393	-	31,393
Final 2013 dividend declared	11	-	-	-	-	-	-	-	-	-	-	(220,675)	(220,675)	-	(220,675)
Issuance of shares	35	14	1,321,755	-	-	-	-	-	-	-	-	-	1,321,769	-	1,321,769
Issuance of convertible bonds	34	-	-	-	-	-	-	-	-	126,417	-	-	126,417	-	126,417
Repurchase of shares	35	(5)	(340,407)	5	-	-	-	-	-	-	-	-	(340,407)	-	(340,407)
Dividend on shares issued for employee share options exercised after 31 December 2013	-	-	(416)	-	-	-	-	-	-	-	-	-	(416)	-	(416)
Interim 2014 dividend	11	-	(223,058)	-	-	-	-	-	-	-	-	-	(223,058)	-	(223,058)
Proposed final 2014 dividend	11	-	(260,503)	-	-	-	-	-	-	-	-	260,503	-	-	
Contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	79,777	79,777
Transfer from retained profits	-	-	-	-	-	-	90,296	(90,296)	-	-	-	-	-	-	-
Dividend distribution to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,060)	(39,060)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	63,817	63,817
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(235,526)	(235,526)
At 31 December 2014	163	4,422,632	10	385,971	179	7,032	594,938	4,854,991	(20,942)	126,417	63,089	260,503	10,694,983	1,086,110	11,781,093

APPENDIX I

FINANCIAL INFORMATION OF THE COMPANY

Attributable to owners of the parent															
Notes	Share capital RMB'000 (note 35)	Share premium RMB'000 (note 35)	Capital redemption reserve RMB'000 (note 35)	Reserve for fair value changes of available-			Statutory reserves RMB'000 (note 36)	Retained profits RMB'000 (note 36)	Exchange fluctuation reserve RMB'000 (note 34)	Equity component		Proposed final dividend RMB'000 (note 11)	Non-controlling interests		
				Capital reserve RMB'000	for-sale investments RMB'000	Discretionary reserve fund RMB'000 (note 36)				convertible bonds RMB'000 (note 34)	Share option reserve RMB'000 (note 37)		Total RMB'000	interests RMB'000	Total equity RMB'000
At 1 January 2015	163	4,422,632	10	385,971	179	7,032	594,938	4,854,991	(20,942)	126,417	63,089	260,503	10,694,983	1,086,110	11,781,093
Profit for the year	-	-	-	-	-	-	-	1,317,474	-	-	-	-	1,317,474	31,624	1,349,098
Other comprehensive income for the year:															
Share of other comprehensive income of associates	-	-	-	-	136	-	-	-	-	-	-	-	136	-	136
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(323,938)	-	-	-	(323,938)	-	(323,938)
Reclassification of translation reserve from other comprehensive income to statement of profit or loss upon liquidation of a subsidiary	-	-	-	-	-	-	-	-	(3,122)	-	-	-	(3,122)	-	(3,122)
Partial disposal of interests in an associate	-	-	-	618	(38)	-	-	-	-	-	-	-	580	-	580
Total comprehensive income for the year	-	-	-	618	98	-	-	1,317,474	(327,060)	-	-	-	991,130	31,624	1,022,754
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	18,090	-	-	(18,090)	-	-	-	-
Equity-settled share option arrangements	37	-	-	-	-	-	-	-	-	-	13,761	-	13,761	-	13,761
Exercise of share options	37	1	131,393	-	-	-	-	-	-	-	(29,473)	-	101,921	-	101,921
Final 2014 dividend declared	11	-	-	-	-	-	-	-	-	-	-	(260,503)	(260,503)	-	(260,503)
Repurchase of shares	35	(1)	(59,523)	1	-	-	-	-	-	-	-	-	(59,523)	-	(59,523)
Dividend on shares issued for employee share options exercised after 31 December 2014	-	(1,998)	-	-	-	-	-	-	-	-	-	-	(1,998)	-	(1,998)
Interim 2015 and special dividend	11	-	(437,783)	-	-	-	-	-	-	-	-	-	(437,783)	-	(437,783)
Contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	6,850	6,850
Transfer from retained profits	-	-	-	-	-	-	92,327	(92,327)	-	-	-	-	-	-	-
Dividend distribution to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(71,771)	(71,771)
Acquisition of a non-controlling interest	-	-	-	(4,440)	-	-	-	-	-	-	-	-	(4,440)	(65,840)	(70,280)
At 31 December 2015	163	4,054,721 [#]	11 [#]	382,149 [#]	277 [#]	7,032 [#]	687,265 [#]	6,098,228 [#]	(348,002) [#]	126,417	29,287 [#]	-	11,037,548	986,973	12,024,521

[#] These reserve accounts comprise the consolidated reserves of RMB 10,910,968,000 (2014: RMB 10,568,403,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,841,616	1,805,256
Adjustments for:			
Finance income	7	(219,874)	(216,999)
Finance costs of retailing	7	174,471	169,291
Finance costs of properties development	7	31,057	–
Exchange gain		(45,089)	–
Share of losses of a joint venture		18,648	33,883
Share of profits and losses of associates		(284,502)	(343,086)
Loss on disposal of items of property, plant and equipment		2,435	2,994
Gain on disposal of a subsidiary		(30,744)	(9,200)
Gain on disposal of held to maturity investments	5	–	(1,059)
Gain on partial disposal of interests in an associate	5	(188,542)	–
Gain on disposal of a joint venture	5	(133,413)	–
Equity-settled share option expense	37	13,761	16,429
Depreciation of property, plant and equipment		428,748	398,218
Fair value gains on investment properties	5	(291,970)	(434,729)
Amortisation of prepaid land lease payments		55,195	46,442
Amortisation of other intangible assets	19	11,252	7,111
Amortisation of prepaid rental	20	364,370	201,986
		<u>1,747,419</u>	<u>1,676,537</u>
Decrease in restricted cash		59,356	354,958
Increase in prepayments, deposits and other receivables		(407,204)	(217,328)
Decrease in trade receivables		2,226	478
Decrease in cash in transit		3,428	39,645
Increase in inventories		(28,454)	(10,833)
Increase in trade and bills payables		541,175	298,313
Increase/(decrease) in advances from customers		242,927	(115,120)
Decrease in amounts due from related parties		153,481	76,352
Decrease/(increase) in amounts due to related parties		15,074	(1,701)
(Increase)/decrease in properties under development		(649,278)	239,140
Decrease/(increase) in completed properties held for sale		435,373	(1,151,768)
(Decrease)/increase in other payables and accruals		<u>(89,600)</u>	<u>507,816</u>
Cash generated from operations		2,025,923	1,696,489
Interest paid		(115,638)	(226,052)
Income tax paid		<u>(587,965)</u>	<u>(468,169)</u>
Net cash flows from operating activities		<u>1,322,320</u>	<u>1,002,268</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

		2015	2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		164,643	146,608
Purchases of items of property, plant and equipment and investment properties		(1,013,412)	(1,182,160)
Purchase of available-for-sale financial assets	23	(40,253)	–
Purchases of other intangible assets	19	(5,737)	(30,156)
Acquisition of non-controlling interests		(70,280)	–
Acquisition of subsidiaries, net of cash acquired		–	(82,523)
Establishment of associates	22	–	(68,900)
Acquisition of prepaid land lease payments	16	(287)	(32,196)
Disposal of a subsidiary	38	372,202	279,970
Disposal of a joint venture		195,000	–
Proceeds from disposal of shares of an associate		391,699	–
Advance from disposal of subsidiaries		–	357,582
Loans to related parties		(1,325,113)	(221,080)
Proceeds from disposal of items of property, plant and equipment		8,679	9,382
Proceeds from disposal of intangible assets		–	29
Advances to third parties		(22,491)	(50,459)
Collection on advance to third parties		45,773	31,352
Loans and receivables made to third parties		–	(170,000)
Advances to related parties		(4,568)	(553,576)
Collection on loans and receivables from related parties		526,850	436,688
Collection on advances from related parties		–	25,000
Dividend received from associates		198,257	250,000
Receipt of government grants		–	38,344
Repayment from advance to subsidiaries disposed of		–	144,160
Repayment from non-controlling shareholders		–	106,560
Proceeds from disposal of held-to-maturity investments		–	13,059
Prepayment of acquisition of investment properties		–	(726,192)
		<u>(579,038)</u>	<u>(1,278,508)</u>
Net cash flows used in investing activities		<u>(579,038)</u>	<u>(1,278,508)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		101,921	31,393
Capital contribution from non-controlling shareholders		6,850	79,777
Proceeds from interest-bearing bank and other borrowings		1,353,897	1,498,808
Repayments of interest-bearing bank and other borrowings		(1,927,089)	(3,361,009)
Repayments of guaranteed bonds due July 2014		–	(1,000,000)
Dividends paid		(722,213)	(422,106)
Dividends paid to non-controlling shareholders		(71,771)	(39,060)
Repurchase of shares		(59,523)	(340,407)
Proceeds from issue of convertible bonds	34	–	2,944,505
Proceeds from issue of shares		–	1,321,769
Advance from a related party		–	59,473
Advance from third parties		83,367	–
Repayment of advance from related parties		–	(152,210)
		<u>–</u>	<u>–</u>
Net cash flows (used in)/from financing activities		<u>(1,234,561)</u>	<u>620,933</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(491,279)	344,693
Cash and cash equivalents at beginning of year		2,174,746	1,814,440
Effect of foreign exchange rate changes, net		9,802	15,613
		<u>9,802</u>	<u>15,613</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>1,693,269</u>	<u>2,174,746</u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances		<u>1,580,529</u>	<u>2,129,429</u>
Cash and cash equivalents as stated in the statement of financial position	30	1,580,529	2,129,429
Cash and short term deposits attributable to the disposal group held for sale	13	<u>112,740</u>	<u>45,317</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>1,693,269</u>	<u>2,174,746</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered and share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
North Hill Holdings Limited	British Virgin Islands (“BVI”), limited liability company	United States dollars (“US\$”) 1	100%	–	Investment holding
Sin Cheng Holdings Pte Ltd. (“Sin Cheng”)	Singapore, private limited company	Singapore dollars (“SG\$”) 1,200,000	–	100%	Investment and business management
River Three Holdings Limited	BVI, limited liability company	US\$1	100%	–	Investment holding and trademark management
Omni Win Limited	Hong Kong, limited liability company	US\$1	100%	–	Investment holding
Raffland Pte. Ltd.	Singapore, private limited company	SG\$33,246,499	–	51%	Investment holding
Hangzhou Intime North Hill Enterprise Management Co., Ltd. (“Hangzhou North Hill”)	Mainland China, wholly-foreign-owned enterprise (“WFOE”)	US\$55,000,000	–	100%	Investment holding
Zhejiang Intime Department Store Co., Ltd. (“Zhejiang Intime”)	Mainland China, WFOE	RMB800,000,000	–	100%	Operation and management of department stores and investment holding
Zhejiang Zhelien Investment and Management Co., Ltd.*	Mainland China, limited liability company	RMB10,000,000	–	50%	Investment holding and property development

APPENDIX I
FINANCIAL INFORMATION OF THE COMPANY

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered and share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Yinxi Intime Department Store Co., Ltd.*	Mainland China, limited liability company	RMB36,000,000	–	50%	Operation and management of department stores
Ezhou Intime Department Store & Trade Company Limited	Mainland China, limited liability company	RMB23,000,000	–	100%	Operation and management of department stores
Hubei Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB90,000,000	–	100%	Operation and management of department stores
Hangzhou Linping Intime Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Jinhua Intime Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Xi'an Central Intime Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	60%	Operation and management of department stores
Yiwu Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB15,000,000	–	52%	Operation and management of department stores
Hubei Intime Xiantao Shangcheng Building Co., Ltd.	Mainland China, limited liability company	RMB36,925,000	–	65.8%	Operation and management of department stores
Intime Department Store (Hong Kong) Company Limited ("Intime HK")	Hong Kong, limited liability company	HK\$1,000,000	100%	–	Investment holding
Zhejiang Intime Investment Co., Ltd. ("Zhejiang Intime Investment")	Mainland China, WFOE	RMB1,410,000,000	–	100%	Investment holding
Fuyang Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Anhui Province Huaqiao Hotel Company Limited ("Anhui Huaqiao Hotel")	Mainland China, limited liability company	RMB260,000,000	–	100%	Property development
Cixi Intime Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB150,600,000	–	100%	Property development
Hubei Wuluo Innovation Park Development Co., Ltd.	Mainland China, limited liability company	RMB600,000,000	–	100%	Property development
Hangzhou Intime Century Department Store Co., Ltd.	Mainland China, WFOE	US\$20,000,000	–	100%	Operation and management of department stores

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FINANCIAL INFORMATION OF THE COMPANY

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered and share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Intime Department Store (Ningbo Haishu) Co., Ltd.	Mainland China, limited liability company	RMB50,000,000	–	100%	Operation and management of department stores
Intime Department Store (Ningbo Jiangdong) Co., Ltd.	Mainland China, limited liability company	RMB290,000,000	–	100%	Operation and management of department stores
Zhoushan Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Hubei New Century Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	85%	Operation and management of department stores
Liuzhou New Real Estate Development Company Limited	Mainland China, WFOE	US\$49,000,000	–	51%	Property development
Xi'an Southline Department Store Co., Ltd.	Mainland China, limited liability company	HK\$91,000,000	–	100%	Lease of real estate and equipment; property management
Anhui Intime Commercial Co., Ltd.	Mainland China, limited liability company	RMB 30,000,000	–	100%	Operation and management of department stores
Dazi Intime Commercial Development Co., Ltd. (“Dazi Intime”) (Formerly known as “Hubei Intime Investment Management Co., Ltd”)	Mainland China, limited liability company	RMB 150,000,000	–	100%	Investment holding
Tangshan Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Wenling Intime Shopping Mall Development Co., Ltd.	Mainland China, limited liability company	RMB300,000,000	70%	–	Operation and management of department stores
Haining Intime Property Co., Ltd.	Mainland China, WFOE	US\$150,000,000	–	100%	Property development
Xi'an Qujiang Intime International Shopping Mall Co., Ltd. (“Xi'an Qujiang Intime”) Mainland China, limited	liability company	RMB175,000,000	–	100%	Lease of real estate and equipment; property management
Wenzhou Mingchen Trade Co., Ltd.	Mainland China, limited liability company	RMB26,290,000	–	51%	Cosmetics trading

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FINANCIAL INFORMATION OF THE COMPANY

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered and share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Linhai Intime Shopping Mall Development Co., Ltd.	Mainland China, limited liability company	RMB100,000,000	–	100%	Lease of real estate and equipment; property management
Hangzhou Yinyao Shopping Mall Co., Ltd. *	Mainland China, limited liability company	RMB20,000,000	–	50%	Operation and management of department stores
Hangzhou Intime Sanjiang Commercial Development Co., Ltd. (“Intime Sanjiang”)	Mainland China, WFOE	US\$40,000,000	–	100%	Operation and management of department stores
Fenghua Intime Department Store Co., Ltd. (“Fenghua Intime”)	Mainland China, limited liability company	RMB50,000,000	–	100%	Operation and management of department stores
Haining Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Linhai Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB120,000,000	–	100%	Operation and management of department stores
Shaoxing Jindi Intime Shopping Centre Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	51%	Operation and management of department stores
Hefei Intime City Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Huzhou Yindong Shopping Centre Co., Ltd.	Mainland China, limited liability company	RMB20,000,000	–	51%	Operation and management of department stores
Shaoxing Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB35,000,000	–	100%	Operation and management of department stores
Huzhou Yinjia Department Store Co., Ltd. (“Huzhou Yinjia”)	Mainland China, limited liability company	RMB38,000,000	–	100%	Operation and management of department stores
Zhejiang Intime Trade Co., Ltd.	Mainland China, limited liability company	RMB25,000,000	–	100%	Cosmetics and apparel trading
Beijing Jingtai Xianghe Asset Management Co., Ltd. (“Jingtai Xianghe”)	Mainland China, limited liability company	RMB50,000,000	–	100%	Asset management
Jinhua Mingxiang Trade Co., Ltd.	Mainland China, limited liability company	RMB1,000,000	–	51%	Cosmetics trading
Ningbo Mingran Cosmetics Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	51%	Cosmetics trading

APPENDIX I
FINANCIAL INFORMATION OF THE COMPANY

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered and share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Zhongda Intime Shopping Center Co., Ltd. (“Hangzhou Zhongda”)	Mainland China, limited liability company	RMB10,000,000	–	51%	Operation and management of department stores
Zhejiang Yueqing Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Ningbo Intime Universal Commercial Co., Ltd.	Mainland China, limited liability company	RMB620,000,000	–	100%	Operation and management of department stores
Hangzhou Yintao Taitao Technology Co., Ltd.	Mainland China, limited liability company	HK\$20,000,000	–	100%	Operation and management of on-line store
Liuzhou Intime Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB5,000,000	–	51%	Operation and management of department stores
Wuhu Intime City Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB20,000,000	–	67%	Commercial and property management
Intime Department Store Company Limited (“Shanghai Intime”)	Mainland China, WFOE	RMB300,000,000	–	100%	Operation and management of department stores and investment holding
Zhejiang Wenzhou Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Hangzhou Intime Outlets Commercial Development Co., Ltd. (“Hangzhou Outlets”)	Mainland China, limited liability company	RMB20,000,000	–	100%	Investment holding
Zhejiang Intime Department Store (Jinhua) Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Intime Department Store (Ningbo Yinzhou) Co., Ltd.	Mainland China, limited liability company	RMB20,000,000	–	100%	Operation and management of department stores
Ninbo Free Trade Zone Intime Choice Xixuan Import and Export Co., Ltd.	Mainland China, limited liability company	RMB2,000,000	–	80%	Operation and management of supermarket

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

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

2.1 BASIS OF PREPARATION

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

As at 31 December 2015, the Group had net current liabilities of approximately RMB3,489,150,000 (2014: RMB1,077,880,000). The directors believe that the Group has sufficient cash flows from the operations and currently available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date determined but available for adoption

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The amendments are to be applied prospectively.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

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

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

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

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Land and buildings	2.375% to 4.75%
Decorations	20% to 33.33%
Machinery	9.5% to 19%
Vehicles	7.92% to 19%
Furniture, fittings and equipment	19% to 31.67%
Leasehold improvements	10% to 33.33%

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

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

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

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

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the selling price, less estimated costs to be incurred in selling the properties based on prevailing market conditions.

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

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

Leases

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

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

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

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

Lease agreement buyout

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

Investments and other financial assets***Initial recognition and measurement***

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

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

Loans and receivables

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

Available-for-sale financial investments

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

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

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

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

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

Derecognition of financial assets

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

Available-for-sale financial investments

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

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

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

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities***Initial recognition and measurement***

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Financial guarantee contracts

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

Convertible bonds

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Deferred revenue

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

Government grants

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

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

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

Revenue recognition

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

(a) Sales of goods – retail

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

(b) Commission revenue

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

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

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

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

(d) Other service incomes

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

(e) Management fee income

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

(f) Promotion income

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

(g) *Sale of properties*

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

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

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

(h) *Interest income*

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

(i) *Dividend income*

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 37 to the financial statements.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

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

Other employee benefits

Pension obligations

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

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

Housing benefits

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

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of share premium within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting.

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

Foreign currencies

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Associates

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

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

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

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB535,609,000 (2014: RMB535,609,000). More details are given in note 18 to the financial statements.

Fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2015 was RMB7,249,000,000 (2014: RMB5,699,000,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

Useful lives of property, plant and equipment

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

Net realisable value of inventories

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

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

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

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

Deferred revenue

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

PRC land appreciation tax ("LAT")

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

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

Income taxes

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

- the department store segment operates and manages department stores in Mainland China;
- the shopping mall segment operates shopping malls in Mainland China;
- the property development segment develops and sells properties in Mainland China; and
- the others segment comprises, principally, the Group's trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that share of profits and losses of associates, share of loss of a joint venture, finance income, finance costs, equity-settled share option expense, fair value gains on investment properties, unallocated gains and losses, net, and other unallocated head office and corporate expenses are excluded from this measurement.

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Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2015	Department store <i>RMB'000</i>	Shopping mall <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
Sales to external customers	3,618,997	1,365,487	602,255	168,714	5,755,453
Intersegment sales	—	—	—	80,436	80,436
	3,618,997	1,365,487	602,255	249,150	5,835,889
<i>Reconciliation:</i>					
Elimination of intersegment sales					(80,436)
Revenue					<u>5,755,453</u>
Segment results	935,170	70,548	60,823	20,797	1,087,338
<i>Reconciliation:</i>					
Share of profits and losses of:					
A joint venture					(18,648)
Associates					284,502
Finance income					219,874
Finance costs					(205,528)
Equity-settled share option expense					(13,761)
Fair value gains on investment properties					291,970
Unallocated gains and losses, net					306,409
Corporate and other unallocated expenses					(110,540)
Profit before tax					<u>1,841,616</u>
Other segment information:					
Depreciation and amortisation	253,919	237,634	1,458	4,021	497,032
Capital expenditure (a)	242,087	770,382	640	6,327	1,019,436

Note:

- (a) Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets.

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Year ended 31 December 2014	Department store <i>RMB'000</i>	Shopping mall <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
Sales to external customers	3,470,239	926,424	662,738	191,167	5,250,568
Intersegment sales	—	—	—	67,593	67,593
	3,470,239	926,424	662,738	258,760	5,318,161
<i>Reconciliation:</i>					
Elimination of intersegment sales					(67,593)
Revenue					<u>5,250,568</u>
Segment results					
	910,783	(69,381)	270,758	41,386	1,153,546
<i>Reconciliation:</i>					
Share of profits and losses of:					
A joint venture					(33,883)
Associates					343,086
Finance income					216,999
Finance costs					(169,291)
Equity-settled share option expense					(16,429)
Fair value gains on investment properties					434,729
Unallocated gains and losses, net					(14,920)
Corporate and other unallocated expenses					(108,581)
Profit before tax					<u>1,805,256</u>
Other segment information:					
Depreciation and amortisation	307,016	139,018	1,037	9,315	456,386
Capital expenditure	256,116	1,714,149	—	439	1,970,704

All the Group's operations are carried out in Mainland China. No revenue from operations amounting to 10 percent or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2015 and 2014. All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in Mainland China.

5. REVENUE, OTHER INCOME AND GAINS

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods – direct sales	1,814,296	1,671,654
Commissions from concessionaire sales	2,380,301	2,334,953
Rental income	912,122	543,576
Rental income from investment properties and owner-occupied properties	495,228	343,215
Sublease rental income	359,253	167,236
Contingent rental income	57,641	33,125
Management fee income from operation of department stores	36,959	22,550
Commissions from sale of goods	<u>9,520</u>	<u>15,097</u>
Retail revenue	5,153,198	4,587,830
Sale of properties	<u>602,255</u>	<u>662,738</u>
	<u><u>5,755,453</u></u>	<u><u>5,250,568</u></u>

The commissions from concessionaire sales are analysed as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Gross revenue from concessionaire sales	<u><u>13,987,837</u></u>	<u><u>13,561,449</u></u>
Commissions from concessionaire sales	<u><u>2,380,301</u></u>	<u><u>2,334,953</u></u>

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY**

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Advertisement, promotion and administration income	407,653	362,530
Supplementary income	13,660	26,911
Subsidy income	24,077	22,046
Others	<u>31,903</u>	<u>35,720</u>
	<u>477,293</u>	<u>447,207</u>
Gains/(losses)		
Loss on disposal of items of property, plant and equipment	(2,435)	(2,994)
Gain on partial disposal of interests in an associate	188,542	–
Gain on disposal of a subsidiary (<i>note 38</i>)	30,744	9,200
Gain on disposal of held to maturity investments	–	1,059
Fair value gains on investment properties	291,970	434,729
Gain on disposal of a joint venture	133,413	–
Others	<u>(43,855)</u>	<u>(22,185)</u>
	<u>598,379</u>	<u>419,809</u>
	<u><u>1,075,672</u></u>	<u><u>867,016</u></u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2015 RMB'000	2014 RMB'000
Purchases of goods and changes in inventories	1,533,209	1,405,750
Cost of properties sold	435,373	279,574
Depreciation and amortisation	497,032	456,386
Staff costs (including directors' and chief executive's remuneration (note 9)):	779,268	759,658
Wages, salaries and bonuses	583,707	566,738
Pension costs – defined contribution schemes (note (a))	112,747	109,488
Welfare, medical and other benefits	69,053	67,003
Equity-settled share option expense (note 37)	13,761	16,429
Utility expenses	395,139	306,008
Store rental expenses	744,832	563,170
Credit card charges	86,805	85,432
Advertising expenses	240,548	296,407
Properties development expenses	104,601	112,406
Auditors' remuneration	3,400	3,000
Professional service charges	23,706	17,588
Other tax expenses	98,226	91,857
	<u>99,476</u>	<u>82,056</u>
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	<u>99,476</u>	<u>82,056</u>

Note:

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

7. FINANCE INCOME/FINANCE COSTS

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

Finance income

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest income from bank deposits	29,978	28,596
Interest income from loans and receivables	118,643	88,953
Interest income from a joint venture	20,458	18,934
Interest income from associates	26,964	21,735
Other interest income	23,831	58,781
	<u>219,874</u>	<u>216,999</u>

Finance costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank loans and other loans (including convertible bonds)	221,704	245,074
Less: interest capitalised	<u>(16,176)</u>	<u>(75,783)</u>
	<u>205,528</u>	<u>169,291</u>

The finance costs are analysed as follows:

Finance costs of retailing	174,471	169,291
Finance costs of properties development	<u>31,057</u>	<u>–</u>
	<u>205,528</u>	<u>169,291</u>

8. INCOME TAX

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current income tax – Mainland China	449,970	455,433
Current – PRC LAT for the year	(242)	135,423
Deferred taxation	<u>42,790</u>	<u>50,618</u>
	<u>492,518</u>	<u>641,474</u>

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

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

Hong Kong profits tax is to be provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

The subsidiaries incorporated in Singapore are subject to Singapore income tax at the rate of 17% (2014: 17%).

For the year ended 31 December 2015, the subsidiaries established in Mainland China are subject to corporate income tax ("CIT") at the rate of 25%, except for Dazi Intime that is entitled to 15% CIT rate under the policy of Western Region Development, out of which 40% portion are further exempt by local municipal government in the place of incorporation in Tibet Autonomous Region. While all the subsidiaries established in Mainland China are subject to CIT at the rate of 25% for the year 2014.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before tax	<u>1,841,616</u>	<u>1,805,256</u>
Tax at the statutory tax rate of 25% (2014: 25%)	460,404	451,314
Lower tax rates for specific provinces or enacted by local authorities	(10,082)	(872)
Tax losses utilised from previous periods	(22,594)	(10,817)
Profits and losses attributable to associates and a joint venture	(66,464)	(77,301)
Effect of withholding tax at 10% on the distributable profits of an associate	11,747	15,958
Adjustments in respect of current tax of previous periods	18,530	31,160
Tax losses not recognised	95,853	93,012
Expenses not deductible for tax	5,305	37,453
Provision for LAT	(242)	135,423
Tax effect on LAT	<u>61</u>	<u>(33,856)</u>
Tax charge at the Group's effective rate	<u>492,518</u>	<u>641,474</u>
Tax payable in the consolidated statement of financial position represents:		
PRC corporate income tax	384,076	420,193
PRC LAT	<u>104,145</u>	<u>114,994</u>
	<u>488,221</u>	<u>535,187</u>

The share of tax attributable to associates and a joint venture amounting to RMB116,981,000 (2014: RMB124,136,000) is included in "Share of profits and losses of a joint venture and associates" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Fees	<u>497</u>	<u>480</u>
Other emoluments:		
Salaries, allowances and benefits in kind	7,028	6,436
Equity-settled share option expense	<u>2,962</u>	<u>3,355</u>
	<u>9,990</u>	<u>9,791</u>
	<u><u>10,487</u></u>	<u><u>10,271</u></u>

During the years, certain directors were granted share options in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 37 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Mr. YU Ning	161	160
Mr. CHOW Joseph	161	160
Mr. CHEN Jiangxu (<i>note (i)</i>)	94	–
Mr. SHI Chungui (<i>note (i)</i>)	<u>81</u>	<u>160</u>
	<u><u>497</u></u>	<u><u>480</u></u>

There were no other emoluments payable to the independent non-executive directors during the year (2014: nil).

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share option expense <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2015			
Executive director:			
Mr. SHEN Guojun (<i>note (ii)</i>)	1,305	–	1,305
Executive director and chief executive:			
Mr. CHEN Xiaodong	5,320	2,962	8,282
Non-executive directors:			
Mr. XIN Xiangdong	403	–	403
Mr. ZHANG Yong	–	–	–
Mr. LEE Hon Chiu (<i>note (iii)</i>)	–	–	–
Ms. SUN Xiaoning (<i>note (iv)</i>)	–	–	–
	403	–	403
	7,028	2,962	9,990
	7,028	2,962	9,990
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share option expense <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2014			
Executive director:			
Mr. SHEN Guojun	2,399	–	2,399
Executive director and chief executive:			
Mr. CHEN Xiaodong	2,989	3,355	6,344
Non-executive directors:			
Mr. LIU Dong	348	–	348
Mr. XIN Xiangdong	400	–	400
Mr. WONG Luen Cheung Andrew	300	–	300
Ms. SUN Xiaoning	–	–	–
Mr. LEE Hon Chiu	–	–	–
Mr. ZHANG Yong	–	–	–
	1,048	–	1,048
	6,436	3,355	9,791
	6,436	3,355	9,791

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

Notes:

- (i) Mr. SHI Chungui resigned as non-executive director with effect from 5 June 2015, and Mr. CHEN Jiangxu has been appointed as a non-executive director of the Company with effect from 5 June 2015 to fill casual vacancy of the Board as a result of the resignation of Mr. SHI Chungui.
- (ii) Mr. SHEN Guojun resigned as executive director with effect from 5 June 2015.
- (iii) Mr. LEE Hon Chiu resigned as non-executive director with effect from 5 June 2015.
- (iv) Ms. SUN Xiaoning resigned as non-executive director with effect from 11 November 2015.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2014: two directors and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2014: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,675	1,956
Discretionary bonuses	1,658	1,534
Contributions to retirement benefit plans	307	331
Equity-settled share option expense	1,608	1,623
	<u>5,248</u>	<u>5,444</u>

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

	Number of employees	
	2015	2014
HK\$ 1,000,001 to HK\$ 1,500,000	1	–
HK\$ 1,500,001 to HK\$ 2,000,000	–	1
HK\$ 2,000,001 to HK\$ 2,500,000	1	1
HK\$ 2,500,001 to HK\$ 3,000,000	1	–
HK\$ 3,000,001 to HK\$ 3,500,000	–	1
	<u>3</u>	<u>3</u>

During the year, share options were granted to the above non-director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 37 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. DIVIDENDS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interim and special– RMB0.20 (2014: RMB0.10) per ordinary share	437,783	223,058
Proposed final – RMB0.12 (2014: RMB0.12) per ordinary share	<u>261,606</u>	<u>260,503</u>
	<u><u>699,389</u></u>	<u><u>483,561</u></u>

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

All dividends declared for the year ended 31 December 2014 totalling RMB260,503,000 and the interim and special dividend of RMB437,669,000 had been paid prior to 31 December 2015.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,181,187,164 (2014: 2,101,812,145) in issue during the year.

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

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,317,474	1,121,483
Interest on convertible bonds	<u>87,311</u>	<u>40,624</u>
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	<u><u>1,404,785</u></u>	<u><u>1,162,107</u></u>

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,181,187,164	2,101,812,145
Effect of dilution – weighted average number of ordinary shares:		
Share options	5,331,821	2,640,113
Convertible bonds	519,564,433	230,138,974
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>2,706,083,418</u>	<u>2,334,591,232</u>

13. DISPOSAL GROUP HELD FOR SALE

On 9 January 2013, the Company entered into three equity transfer agreements with Xintai Investment Co., Ltd. (“Xintai Investment”), to dispose of each of their 70% equity interests in Wenling Taiyue Real Estate Development Limited (“Wenling Taiyue”), Wenling Intime Properties Limited (“Wenling Intime Properties”) and Wenling Intime Hotel Development Limited (“Wenling Intime Hotel”), subsidiaries of the Company, for a total consideration of RMB405,574,900. As at 31 December 2015, the transactions were in progress and Wenling Taiyue, Wenling Intime Properties and Wenling Intime Hotel were classified as a disposal group held for sale.

The major classes of assets and liabilities of Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel (the major classes of assets and liabilities as at 31 December 2014 also included Shenyang North Intime Real Estate Co., Ltd. (“Shenyang Intime”), which has been disposed of in 2015) classified as held for sale as at 31 December are as follows:

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Assets			
Property, plant and equipment		60,313	60,650
Investment properties	15	–	570,907
Prepaid land lease payments		147,482	148,720
Properties under development		998,741	642,637
Deposits, prepayments and other receivables		137,241	29,011
Trade receivables		–	15,941
Cash and cash equivalents		<u>112,740</u>	<u>45,317</u>
Assets classified as held for sale		1,456,517	1,513,183
Liabilities			
Other payables and accruals		789,481	211,935
Tax payable		–	3,024
Deferred tax liabilities	24	<u>–</u>	<u>122,553</u>
Liabilities directly associated with the assets classified as held for sale		<u>789,481</u>	<u>337,512</u>
Net assets directly associated with the disposal group		<u>667,036</u>	<u>1,175,671</u>

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FINANCIAL INFORMATION OF THE COMPANY

There are no amounts due from the disposal group held for sale (2014: RMB77,018,484) and amounts due to the disposal group held for sale is RMB63,201,512 (2014: RMB28,698,915), which were respectively eliminated as at 31 December 2015 and not included in liabilities directly associated with the assets classified as held for sale and assets classified as held for sale.

The Group's assets classified as held for sale include investment properties measured at fair value at the end of each reporting period. Fair values are measured by the Group internally based on quoted prices (unadjusted) in active markets for identical assets.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Decorations RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014								
At 31 December 2013 and at 1 January 2014: <i>(Restated)</i>								
Cost	4,194,824	414,742	224,530	46,768	139,655	969,092	1,557,252	7,546,863
Accumulated depreciation	(577,175)	(215,220)	(110,809)	(24,175)	(66,892)	(447,014)	-	(1,441,285)
Net carrying amount	<u>3,617,649</u>	<u>199,522</u>	<u>113,721</u>	<u>22,593</u>	<u>72,763</u>	<u>522,078</u>	<u>1,557,252</u>	<u>6,105,578</u>
At 1 January 2014, net of accumulated depreciation <i>(Restated)</i>	3,617,649	199,522	113,721	22,593	72,763	522,078	1,557,252	6,105,578
Additions	837,305	153,972	64,937	2,483	33,859	86,943	980,791	2,160,290
Transfer	258,351	91,347	-	-	-	287,790	(637,488)	-
Depreciation provided during the year	(147,149)	(46,722)	(33,284)	(7,119)	(29,991)	(133,802)	-	(398,067)
Transfer to investment properties <i>(note 15)</i>	-	-	-	-	-	-	(1,859,274)	(1,859,274)
Government grant received	(1,851)	-	-	-	-	-	-	(1,851)
Disposals	-	(4,495)	(1,188)	(1,873)	(4,581)	(239)	-	(12,376)
At 31 December 2014, net of accumulated depreciation	<u>4,564,305</u>	<u>393,624</u>	<u>144,186</u>	<u>16,084</u>	<u>72,050</u>	<u>762,770</u>	<u>41,281</u>	<u>5,994,300</u>
At 31 December 2014:								
Cost	5,288,633	588,327	286,346	42,672	163,522	1,305,663	41,281	7,716,444
Accumulated depreciation	(724,328)	(194,703)	(142,160)	(26,588)	(91,472)	(542,893)	-	(1,722,144)
Net carrying amount	<u>4,564,305</u>	<u>393,624</u>	<u>144,186</u>	<u>16,084</u>	<u>72,050</u>	<u>762,770</u>	<u>41,281</u>	<u>5,994,300</u>

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FINANCIAL INFORMATION OF THE COMPANY

	Land and buildings RMB'000	Decorations RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015								
At 31 December 2014 and at 1 January 2015:								
Cost	5,288,633	588,327	286,346	42,672	163,522	1,305,663	41,281	7,716,444
Accumulated depreciation	(724,328)	(194,703)	(142,160)	(26,588)	(91,472)	(542,893)	-	(1,722,144)
Net carrying amount	<u>4,564,305</u>	<u>393,624</u>	<u>144,186</u>	<u>16,084</u>	<u>72,050</u>	<u>762,770</u>	<u>41,281</u>	<u>5,994,300</u>
At 1 January 2015, net of accumulated depreciation								
	4,564,305	393,624	144,186	16,084	72,050	762,770	41,281	5,994,300
Additions	3,646	34,823	18,840	3,392	20,168	180,678	1,371,862	1,633,409
Transfer	15,579	44,465	905	-	-	21,888	(82,837)	-
Depreciation provided during the year	(167,765)	(69,605)	(27,539)	(5,081)	(30,949)	(127,587)	-	(428,526)
Transfer to investment properties (note 15)	-	-	-	-	-	-	(1,212,570)	(1,212,570)
Disposals	-	(1,261)	(1,001)	(3,919)	(2,801)	(2,132)	-	(11,114)
At 31 December 2015, net of accumulated depreciation	<u>4,415,765</u>	<u>402,046</u>	<u>135,391</u>	<u>10,476</u>	<u>58,468</u>	<u>835,617</u>	<u>117,736</u>	<u>5,975,499</u>
At 31 December 2015:								
Cost	5,307,858	662,073	303,010	32,235	175,186	1,480,150	117,736	8,078,248
Accumulated depreciation	(892,093)	(260,027)	(167,619)	(21,759)	(116,718)	(644,533)	-	(2,102,749)
Net carrying amount	<u>4,415,765</u>	<u>402,046</u>	<u>135,391</u>	<u>10,476</u>	<u>58,468</u>	<u>835,617</u>	<u>117,736</u>	<u>5,975,499</u>

No amortisation of land lease payments was included in the above additions of construction in progress (2014: RMB16,541,000).

The Group pledged certain of its buildings to secure the Group's banking facilities (note 33(b)). The net carrying amount of these pledged buildings as at 31 December 2015 was approximately RMB1,314,235,000 (2014: RMB1,177,423,000).

15. INVESTMENT PROPERTIES

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	5,699,000	3,340,907
Additions	45,460	265,910
Transfer from property, plant and equipment (<i>note 14</i>)	1,212,570	1,859,274
Transfer from prepaid land lease payments	–	379,532
Transfer to assets held for sale	–	(570,907)
Government grant received	–	(10,445)
Fair value gains on investment properties	291,970	434,729
	<u>7,249,000</u>	<u>5,699,000</u>
Carrying amount at 31 December	<u>7,249,000</u>	<u>5,699,000</u>

The Group's investment properties principally comprise buildings held for long term rental yields, which are located in Jinhua City, Wenling City, Linhai City, Haining City and Ningbo City of Zhejiang Province, Xi'an City of Shaanxi Province, Liuzhou City of Guangxi Province, and Wuhan City of Hubei Province, the PRC.

The Group's investment properties consist of eight commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2015 based on valuations performed by Knight Frank Petty Limited, independent professionally qualified valuers, at RMB7,249,000,000. Each year, the directors of the Company decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 41 (a) to the financial statements.

The Group pledged certain of its investment properties to secure the Group's banking facilities (*note 33(b)*). The carrying amount of these pledged investment properties as at 31 December 2015 was approximately RMB705,000,000 (2014: RMB285,000,000).

The application for the ownership certificates of certain buildings located in Xi'an City of Shaanxi Province, the PRC, with carrying amount of RMB501,000,000 as at 31 December 2015 (2014: RMB520,000,000) is in progress.

The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned investment properties. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2015.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2015 using				
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	—	—	7,249,000	7,249,000
	<u>—</u>	<u>—</u>	<u>7,249,000</u>	<u>7,249,000</u>
Fair value measurement as at 31 December 2014 using				
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	—	—	5,699,000	5,699,000
	<u>—</u>	<u>—</u>	<u>5,699,000</u>	<u>5,699,000</u>

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	
			2015	2014
Commercial properties	Income capitalisation method	(1) Capitalisation rate (2) Monthly rent	(1) 4.5-8.5% (2) RMB90-131 sqm/month	(1) 4.5-8.5% (2) RMB84-127 sqm/month

Income Capitalization Method, or Term and Reversionary Method ("T&R Method"), takes into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which is then capitalized into the value at an appropriate rate. A significant increase (decrease) in the estimated monthly rent would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) of capitalization rate would result in a significant decrease (increase) in the fair value of the investment properties.

16. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January	1,603,314	2,007,143
Additions	287	87,796
Transfer to investment properties (note 15)	–	(379,532)
Transfer to properties under development (note 17)	–	(49,576)
Government grant received	–	(2,834)
Amortisation for the year	(58,495)	(59,683)
	<u>1,545,106</u>	<u>1,603,314</u>
Carrying amount at 31 December	<u>1,545,106</u>	<u>1,603,314</u>

The Group's leasehold land is located in Hangzhou City, Haining City, Linhai City, Wenling City and Jinhua City of Zhejiang Province, Suizhou City, Xiantao City of Hubei Province and Hefei City of Anhui Province, the PRC, with lease periods ranging from 36 to 40 years.

No amount included in the amortisation provided during the year was capitalised as part of the construction costs (2014: RMB16,541,000).

The Group pledged its prepaid land lease payments to secure the Group's banking facilities (note 33(b)). The carrying amount of these pledged prepaid land lease payments as at 31 December 2015 was approximately RMB640,493,000 (2014: RMB739,976,000).

17. COMPLETED PROPERTIES HELD FOR SALE AND PROPERTIES UNDER DEVELOPMENT

Completed properties held for sale

	2015 RMB'000	2014 RMB'000
At beginning of year	1,151,768	–
Transfer from properties under development	851,326	1,431,342
Transfer to cost of properties sold (note 6)	(435,373)	(279,574)
	<u>1,567,721</u>	<u>1,151,768</u>
At end of year	<u>1,567,721</u>	<u>1,151,768</u>

Properties under development

	2015 RMB'000	2014 RMB'000
At beginning of year	550,335	905,067
Additions	300,991	1,050,248
Transfer from prepaid land lease payments (note 16)	–	49,576
Transfer to completed properties held for sale	(851,326)	(1,431,342)
Government grant received	–	(23,214)
	<u>–</u>	<u>550,335</u>
At end of year	<u>–</u>	<u>550,335</u>

The Group's completed properties held for sale and properties under development are located in Mainland China.

The Group pledged certain of its completed properties held for sale to secure the Group's banking facilities (note 33(b)). The carrying amount of these pledged completed properties held for sale as at 31 December 2015 was RMB12,882,000 (2014: nil). The carrying amount of these pledged properties under development as at 31 December 2015 was nil (2014: RMB18,400,000).

18. GOODWILL

	<i>RMB'000</i>
<i>At 1 January 2014 (Restated)</i>	
Cost at 1 January	650,781
Accumulated impairment	<u>(115,172)</u>
Net carrying amount	<u>535,609</u>
Cost at 1 January 2014, net of accumulated impairment	535,609
Impairment during the year	<u>—</u>
At 31 December 2014	<u>535,609</u>
<i>At 1 January 2015</i>	
Cost at 1 January	650,781
Accumulated impairment	<u>(115,172)</u>
Net carrying amount	<u>535,609</u>
Cost at 1 January 2015, net of accumulated impairment	535,609
Impairment during the year	<u>—</u>
Net carrying amount at 31 December 2015	<u>535,609</u>
<i>At 31 December 2015</i>	
Cost	608,370
Accumulated impairment	<u>(72,761)</u>
Net carrying amount	<u>535,609</u>

Note:

On 12 December 2014, Shanghai Intime and a third party individual entered into an equity transfer agreement to dispose of 3% of equity interests in Shenyang Intime for a consideration of RMB14,677,000. On 15 December 2014, Shanghai Intime and Dashang Group Co., Ltd. entered into another equity transfer agreement to dispose of 97% of equity interests in Shenyang Intime for a consideration of RMB474,546,000. The disposal was completed in January 2015. The related costs of goodwill and accumulated impairment amounting to RMB42,411,000 and RMB42,411,000, respectively, had been derecognized upon the date of disposal.

Impairment testing of goodwill

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

Department store cash-generating unit

The recoverable amount of the department store cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14% and cash flows beyond the five-year period are extrapolated using a growth rate of 3% to 5% which is the same as the long term average growth rate of the department store industry.

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of goodwill	<u>535,609</u>	<u>535,609</u>

Assumptions were used in the value in use calculation of the department store cash-generating unit for 31 December 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

19. OTHER INTANGIBLE ASSETS

	Computer software <i>RMB'000</i>	Lease agreement buyout <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2015			
At 1 January 2015:			
Cost	46,348	28,000	74,348
Accumulated amortisation	<u>(16,733)</u>	<u>(4,550)</u>	<u>(21,283)</u>
Net carrying amount	<u>29,615</u>	<u>23,450</u>	<u>53,065</u>
Cost at 1 January 2015, net of accumulated amortisation			
Additions	5,737	–	5,737
Disposal	–	–	–
Amortisation provided during the year	<u>(9,852)</u>	<u>(1,400)</u>	<u>(11,252)</u>
At 31 December 2015	<u>25,500</u>	<u>22,050</u>	<u>47,550</u>
At 31 December 2015:			
Cost	50,931	28,000	78,931
Accumulated amortisation	<u>(25,431)</u>	<u>(5,950)</u>	<u>(31,381)</u>
Net carrying amount	<u>25,500</u>	<u>22,050</u>	<u>47,550</u>
31 December 2014			
At 1 January 2014:			
Cost	16,226	28,000	44,226
Accumulated amortisation	<u>(11,027)</u>	<u>(3,150)</u>	<u>(14,177)</u>
Net carrying amount	<u>5,199</u>	<u>24,850</u>	<u>30,049</u>
Cost at 1 January 2014, net of accumulated amortisation			
Additions	30,156	–	30,156
Disposal	(29)	–	(29)
Amortisation provided during the year	<u>(5,711)</u>	<u>(1,400)</u>	<u>(7,111)</u>
At 31 December 2014	<u>29,615</u>	<u>23,450</u>	<u>53,065</u>
At 31 December 2014:			
Cost	46,348	28,000	74,348
Accumulated amortisation	<u>(16,733)</u>	<u>(4,550)</u>	<u>(21,283)</u>
Net carrying amount	<u>29,615</u>	<u>23,450</u>	<u>53,065</u>

20. PREPAID RENTAL

RMB'000

31 December 2015

Carrying amount at 1 January 2015	74,077
Addition	437,596
Recognised during the year	<u>(364,370)</u>
At 31 December 2015	147,303
Less: Current portion	<u>(29,228)</u>
Non-current portion of prepaid rental	<u><u>118,075</u></u>

31 December 2014

Carrying amount at 1 January 2014	81,440
Addition	194,623
Recognised during the year	<u>(201,986)</u>
At 31 December 2014	74,077
Less: Current portion	<u>(17,649)</u>
Non-current portion of prepaid rental	<u><u>56,428</u></u>

21. INVESTMENT IN A JOINT VENTURE

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	–	119,732
Goodwill on acquisition	<u>–</u>	<u>136,519</u>
	–	256,251
Provision for impairment	<u>–</u>	<u>(65,646)</u>
	<u><u>–</u></u>	<u><u>190,605</u></u>

The movements of the investment in a joint venture during the years 2015 and 2014 are as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	190,605	224,488
Share of losses	(18,648)	(33,883)
Disposal	<u>(171,957)</u>	<u>–</u>
At 31 December	<u><u>–</u></u>	<u><u>190,605</u></u>

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Share of the joint venture's loss and total comprehensive loss for the year:	<u>(18,648)</u>	<u>(33,883)</u>

Note:

On 26 May 2015, Hangzhou North Hill entered into an equity transfer agreement with Art Capital Holdings Limited ("Art Capital") to dispose of all of its 50% equity interest in Hangzhou Xin Hubin Commercial Development Co., Ltd. ("Hangzhou Xin Hubin"). The disposal had been completed in November 2015 and Hangzhou Xin Hubin ceased to be a joint venture of the Group since then.

22. INVESTMENTS IN ASSOCIATES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Share of net assets	1,382,471	1,509,837
Goodwill on acquisition	<u>1,098,432</u>	<u>1,107,381</u>
	<u><u>2,480,903</u></u>	<u><u>2,617,218</u></u>

The movements of the investments in associates during the years 2015 and 2014 are as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At 1 January	2,617,218	2,378,314
Share of profits and losses	284,502	343,086
Establishment of associates	–	68,900
Dividends	(198,257)	(150,000)
Unrealised profit and loss resulting from the transaction with the Group	(17,865)	(14,071)
Partial disposal of interests in an associate	(202,577)	–
Share of other comprehensive income of an associate	136	120
Exchange realignment	<u>(2,254)</u>	<u>(9,131)</u>
At 31 December	<u><u>2,480,903</u></u>	<u><u>2,617,218</u></u>

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Registered and share capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Wuhan Department Store Group Co., Ltd. ("Wushang")	94,345,547 ordinary shares of RMB1 each	N/A	PRC/Mainland China	17.84%	Operation and management of supermarkets and department stores
Zhejiang Intime Electronic Commerce Co., Ltd. ("Zhejiang Intime Electronic Commerce")	N/A	RMB127,890,000	PRC/Mainland China	26.5%	Operation and management of on-line shopping mall
Anhui Hualun Gangwan Culture Investment Co., Ltd. ("Anhui Hualun")	N/A	RMB200,000,000	PRC/Mainland China	43%	Operation and management of department stores and property development
Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre ("Beijing Youyi Lufthansa")	N/A	RMB60,000,000	PRC/Mainland China	50%	Operation and management of department stores
Hangzhou Zhongda Shengma Property Co., Ltd. ("Zhongda Shengma")	N/A	RMB50,000,000	PRC/Mainland China	40%	Property development
Bozhou Hualun International Culture Investment Co., Ltd. ("Bozhou Hualun")	N/A	RMB150,000,000	PRC/Mainland China	29%	Operation and management of department stores and property development
Hefei Hualun Cultural Investment Co., Ltd. ("Hefei Hualun")	N/A	RMB100,000,000	PRC/Mainland China	49%	Operation and management of department stores and property development
Golden Leading (Cayman) Holding Limited	N/A	US\$1	Cayman Islands	19.9%	Investment holding

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

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

The Group has discontinued the recognition of its share of losses of its associates, Zhejiang Intime Electronic Commerce and Zhongda Shengma, because the share of losses of the associates exceeded the Group's interests in the associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised shares of losses of these associates for the current year and cumulatively were RMB74,579,000 (2014: RMB131,686,000) and RMB 271,887,000 (2014: RMB 197,308,000), respectively.

APPENDIX I**FINANCIAL INFORMATION OF THE COMPANY**

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

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	1,540,630	1,828,962
Non-current assets	136,050	159,839
Current liabilities	<u>(1,291,062)</u>	<u>(1,522,123)</u>
Net assets	<u>385,618</u>	<u>466,678</u>
Reconciliation to the Group's investments in the associates:		
Portion of the Group's ownership in Beijing Youyi Lufthansa	50%	50%
Group's share of the net assets of the associate	192,809	233,339
Goodwill on acquisition	972,791	972,791
Exchange realignment	<u>(9,905)</u>	<u>(7,651)</u>
Carrying amount of the investment	<u>1,155,695</u>	<u>1,198,479</u>
Revenue	1,088,140	1,235,852
Profit for the year	234,940	319,157
Total comprehensive income for the year	234,940	319,157
Dividend received/receivable from the associate	<u>158,000</u>	<u>150,000</u>

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates' profit or loss for the year	167,032	183,507
Share of the associates' total comprehensive income	167,168	183,627
Dividend received from an associate	40,257	-
Aggregate carrying amount of the Group's investments in the associates	<u>1,325,208</u>	<u>1,418,739</u>

23. AVAILABLE-FOR-SALE INVESTMENT

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investment, at cost	<u>40,253</u>	<u>-</u>

Note:

The above investment represents the 18% equity interest held by the Group in an unlisted company at investment cost of US\$6,300,000.

As at 31 December 2015, the above unlisted equity investment was stated at cost less impairment because the directors are of the opinion that the fair value can not be measured reliably. The Group does not intend to dispose it in the near future.

24. DEFERRED TAX

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

Deferred tax assets

	Accruals <i>RMB'000</i>	Government subsidy <i>RMB'000</i>	Losses available for offsetting against future taxable profits <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014	43,052	53,001	72,726	21,458	190,237
Recognised in the statement of profit or loss (<i>note 8</i>)	<u>6,179</u>	<u>6,153</u>	<u>59,832</u>	<u>3,518</u>	<u>75,682</u>
At 31 December 2014 and 1 January 2015	49,231	59,154	132,558	24,976	265,919
Recognised in the statement of profit or loss (<i>note 8</i>)	<u>15,411</u>	<u>(12,083)</u>	<u>47,407</u>	<u>(2,179)</u>	<u>48,556</u>
At 31 December 2015	<u><u>64,642</u></u>	<u><u>47,071</u></u>	<u><u>179,965</u></u>	<u><u>22,797</u></u>	<u><u>314,475</u></u>

The Group has tax losses arising in Mainland China of RMB916,000,000 (2014: RMB909,312,000) that will expire in one to five years for offsetting against future taxable profits for which no deferred tax assets have been recognised, as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries <i>RMB'000</i>	Withholding tax at 10% on the distributable profits of Group's PRC associates <i>RMB'000</i>	Fair value adjustment of investment properties <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014 <i>(restated)</i>	349,028	27,552	320,180	25,980	722,740
Transfer to tax payable during the year	–	(12,500)	–	–	(12,500)
Exchange realignment	–	(164)	–	–	(164)
Transfer to liabilities directly associated with the assets classified as held for sale	(45,333)	–	(77,220)	–	(122,553)
Recognised in the statement of profit or loss <i>(note 8)</i>	<u>(11,713)</u>	<u>3,622</u>	<u>129,479</u>	<u>4,443</u>	<u>125,831</u>
At 31 December 2014 and 1 January 2015	291,982	18,510	372,439	30,423	713,354
Transfer to tax payable during the year	–	(7,900)	–	–	(7,900)
Exchange realignment	–	42	–	–	42
Recognised in the statement of profit or loss <i>(note 8)</i>	<u>(10,916)</u>	<u>3,805</u>	<u>94,620</u>	<u>3,837</u>	<u>91,346</u>
At 31 December 2015	<u>281,066</u>	<u>14,457</u>	<u>467,059</u>	<u>34,260</u>	<u>796,842</u>

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

At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities arising from the withholding tax have not been recognised totalled approximately RMB7,167,706,000 at 31 December 2015 (2014: RMB5,851,068,000).

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

25. INVENTORIES

	2015 RMB'000	2014 RMB'000
Store merchandise, at cost or net realisable value	521,417	492,213
Low value consumables	2,063	2,813
	<u>523,480</u>	<u>495,026</u>

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Current:		
Advance to the subsidiary disposed of	31,608	20,223
Rental deposits	100,345	94,585
Prepaid rental	29,228	17,649
Advances to suppliers	26,102	25,259
Advances to third parties	398,670	424,927
Prepaid tax	95,978	108,316
Prepayments	44,879	76,296
Guarantee deposits	2,303	20,000
Others	136,330	116,077
	<u>865,443</u>	<u>903,332</u>
Non-current:		
Advance to the subsidiary disposed of	-	9,293
Prepayment for acquisition of an investment property	-	726,192
Prepayment for acquisition of a non-controlling interest of a subsidiary	90,000	90,000
	<u>90,000</u>	<u>825,485</u>
	<u>955,443</u>	<u>1,728,817</u>

Note:

- (i) None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

27. LOANS AND RECEIVABLES

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

	2015 RMB'000	2014 RMB'000
Third parties		
Principal	234,197	305,654
Interest receivable	23,239	3,813
	<u>257,436</u>	<u>309,467</u>
Less: non-current portion	(98,543)	(275,654)
	<u>158,893</u>	<u>33,813</u>
Related parties		
Principal:		
Zhejiang Intime Electronic Commerce (note (ii))	693,765	486,190
Hangzhou Xin Hubin (note 43(b) (x))	384,000	–
Zhongda Shengma (note (iii))	786,538	263,850
	<u>1,864,303</u>	<u>750,040</u>
Interest receivable:		
Zhejiang Intime Electronic Commerce (note (ii))	106,996	47,675
Hangzhou Xin Hubin (note 43(b) (x))	10,986	–
Zhongda Shengma (note (iii))	1,317	733
	<u>119,299</u>	<u>48,408</u>
	1,983,602	798,448
Less: non-current portion	(1,276,453)	(558,190)
	<u>707,149</u>	<u>240,258</u>

Notes:

- (i) During the year, the Group granted entrusted loans or other types of loans to certain third parties with a principal amount of RMB234,197,000 (2014: RMB305,654,000) which bear interest at rates ranging from 5.75% to 6% per annum with maturity periods of one to three years.
- (ii) Pursuant to the loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided an interest-free shareholder's loan with a total amount of RMB132,110,000 (2014: RMB132,110,000) to Zhejiang Intime Electronic Commerce for a period of three years. The fair value of the loan was RMB121,110,000 (2014: RMB121,110,000) and the loan was affiliated with options provided to the Group to convert the amount of the loan into the paid-in capital of Zhejiang Intime Electronic Commerce. The loan was guaranteed by the related party of Zhejiang Intime Electronic Commerce.

Pursuant to the loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided a shareholder's loan with a total amount of RMB572,655,000 (2014: RMB365,080,000) to Zhejiang Intime Electronic Commerce with no fixed repayment terms for an annual fee at a rate of 12%.

- (iii) Pursuant to the loan agreements between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB786,538,000 (2014: RMB263,850,000) for a period of 24 months for the construction and development of the department store property at an annual interest rate of 6.5%.

28. TRADE RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	33,795	36,021
Impairment	—	—
	<u>33,795</u>	<u>36,021</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 month	18,918	21,021
1 to 2 months	6,388	7,143
2 to 3 months	4,741	3,703
Over 3 months	3,748	4,154
	<u>33,795</u>	<u>36,021</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Neither past due nor impaired	30,047	31,867
Less than one month past due	3,748	4,154
	<u>33,795</u>	<u>36,021</u>

29. CASH IN TRANSIT

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cash in transit	<u>88,263</u>	<u>91,691</u>

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

30. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cash and bank balances		1,694,306	2,302,562
Less: Pledged time deposits	<i>33(a)</i>	(67,000)	(67,000)
Restricted bank balances		<u>(46,777)</u>	<u>(106,133)</u>
Cash and cash equivalents		<u><u>1,580,529</u></u>	<u><u>2,129,429</u></u>

At 31 December 2015 and 2014, cash at banks and on hand was denominated in the following currencies:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
RMB	1,604,206	2,136,447
US\$	56,282	10,449
EUR	10,548	–
HK\$	<u>23,270</u>	<u>155,666</u>
	<u><u>1,694,306</u></u>	<u><u>2,302,562</u></u>

At the end of the reporting period, the cash and bank balances of the Group denominated in US\$, EUR and HK\$ amounted to RMB56,282,000, RMB10,548,000 and RMB23,270,000 (2014: RMB10,449,000, nil and RMB155,666,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from the relevant local government authorities is obtained. As at 31 December 2015, there was no such guarantee deposit (2014: RMB36,947,000).

31. TRADE AND BILLS PAYABLES

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	2,095,944	1,709,736
1 to 2 months	456,989	306,791
2 to 3 months	34,731	32,784
over 3 months	33,972	31,150
	<u>2,621,636</u>	<u>2,080,461</u>

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

32. OTHER PAYABLES AND ACCRUALS

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Payables for purchase of property, plant and equipment, investment properties and properties under development	1,152,421	1,264,386
Advances from customers	1,587,503	1,568,628
Advances from pre-sale of properties under development	665,847	1,239,180
Advances from third parties (<i>note (i)</i>)	195,976	108,481
Other tax payables	116,253	153,784
Bonus and welfare payables	148,246	146,194
Deposits received from suppliers/concessionaires	405,023	402,681
Accruals	481,118	384,550
Accrued interest	4,235	5,790
Deferred revenue	81,768	61,924
Deferred government subsidy	2,014	1,600
Advances from disposal of subsidiaries	559,463	669,049
Dividend payable	114	22,043
Others	104,270	82,432
	<u>5,504,251</u>	<u>6,110,722</u>

Note:

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

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective/ contractual interest rate (%)	Maturity	RMB'000	Effective/ contractual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans – unsecured	2.974-5.880	2016	114,778	5.600-6.000	2015	30,400
Bank loans – secured (a)	1.394-6.375	2016	468,401	2.153-7.000	2015	589,768
Current portion of long term bank loans – secured (a)	6.400-6.600	2016	104,000	6.528-7.590	2015	50,000
Current portion of long term bank loans – unsecured	–	–	–	5.843	2015	10,000
			687,179			680,168
Syndicated loan	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2016	1,877,542	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2015	440,743
			2,564,721			1,120,911
Non-current:						
Secured bank loans (a)	6.400-6.765	2017-2019	313,000	6.528-7.205	2016-2019	416,831
Unsecured bank loans	–	–	–	5.843	2016	40,000
Syndicated loan	–	–	–	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2016	1,762,973
Convertible bonds (note 34)	Weighted average of 2.99	2017	3,101,509	Weighted average of 2.99	2017	2,834,878
			3,414,509			5,054,682
			5,979,230			6,175,593

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Analysed into:		
Within one year or on demand	2,564,721	1,120,911
In the second year	3,222,009	1,906,804
In the third to fifth years, inclusive	<u>192,500</u>	<u>3,147,878</u>
	<u><u>5,979,230</u></u>	<u><u>6,175,593</u></u>

Notes:

- (a) Secured bank and other loans of RMB885,401,000 as at 31 December 2015 were secured by certain of the Group's buildings, investment properties, prepaid land lease payments, completed properties held for sale and time deposits, the total carrying amount of which at 31 December 2015 was RMB2,739,610,000 (2014: RMB2,287,799,000) (notes 14, 15, 16, 17 and 30).
- (b) The Group has the following undrawn banking facilities:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At floating rate:		
Expiring within 1 year	864,778	1,641,434
Expiring within 2 to 4 years, inclusive	1,099,466	1,330,003
Expiring after 5 years	<u>145,000</u>	<u>148,000</u>
	<u><u>2,109,244</u></u>	<u><u>3,119,437</u></u>

The Group's banking facilities were secured by certain buildings (note 14), investment properties (note 15), prepaid land lease payments (note 16), completed properties held for sale (note 17) and time deposits (note 30).

34. CONVERTIBLE BONDS

On 7 July 2014, the Company issued 1.5% convertible bonds with a nominal value of HK\$3,706,066,630.16 to Alibaba Investment Limited. The bonds are convertible at an option of the bondholders into ordinary shares at any time during the conversion period at an initial conversion price of HK\$7.9102 per share. The Company shall redeem the convertible bonds on the maturity date of 7 July 2017 at its principal amount together with accrued and unpaid interest. The Company may not redeem the convertible bonds at its option prior to the maturity date.

Since 10 October 2015, the conversion price was adjusted to HK\$7.2922 per share due to the payment of 2014 final dividend and 2015 interim and special dividend (note 11).

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

The convertible bonds issued in 2014 have been split as to the liability and equity components as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Nominal value of convertible bonds issued during year 2014	2,944,505	2,944,505
Equity component	<u>(126,417)</u>	<u>(126,417)</u>
	<u>2,818,088</u>	<u>2,818,088</u>
Liability component at the issuance date	2,818,088	2,818,088
Interest expense	127,935	40,624
Exchange realignment	<u>155,486</u>	<u>(23,834)</u>
Liability component at 31 December (<i>note 33</i>)	<u>3,101,509</u>	<u>2,834,878</u>

35. SHARE CAPITAL

	Authorised		
	Number of shares	US\$	RMB
At 31 December 2015 and 2014	<u>5,000,000,000</u>	<u>50,000</u>	<u>393,500</u>
	Issued and fully paid up		
	Number of shares	US\$	RMB'000
As at 1 January 2014	2,006,131,988	20,061	154
Share options exercised	7,604,500	76	–
Repurchase of shares	(63,422,500)	(634)	(5)
Issuance of shares	<u>220,541,892</u>	<u>2,205</u>	<u>14</u>
As at 31 December 2014 and 1 January 2015	2,170,855,880	21,708	163
Share options exercised	19,007,000	190	1
Repurchase of shares	<u>(9,810,500)</u>	<u>(98)</u>	<u>(1)</u>
As at 31 December 2015	<u>2,180,052,380</u>	<u>21,800</u>	<u>163</u>

A summary of movements in the Company's issued share capital is as follows:

	Number of shares	Issued capital US\$	Capital redemption reserve RMB'000	Share premium without proposed final dividend RMB'000	Declared final dividend RMB'000	Total RMB'000
At 1 January 2014	2,006,131,988	20,061	5	4,104,199	-	4,104,204
Issuance of shares	220,541,892	2,205	-	1,321,755	-	1,321,755
Share options exercised (i)	7,604,500	76	-	41,737	-	41,737
Repurchase of shares (ii)	(63,422,500)	(634)	5	(340,407)	-	(340,402)
Dividend on shares issued for employee share options exercised after 31 December 2013	-	-	-	(416)	-	(416)
Final 2013 dividend declared	-	-	-	-	(220,675)	(220,675)
Interim 2014 dividend	-	-	-	(223,058)	-	(223,058)
At 31 December 2014 and 1 January 2015	2,170,855,880	21,708	10	4,903,810	(220,675)	4,683,145
Share options exercised	19,007,000	190	-	131,393	-	131,393
Repurchase of shares	(9,810,500)	(98)	1	(59,523)	-	(59,522)
2014 Final dividend	-	-	-	-	(260,503)	(260,503)
Interim 2015 dividend	-	-	-	(437,783)	-	(437,783)
Dividend on shares issued for employee share options exercised after 31 December 2014	-	-	-	(1,998)	-	(1,998)
At 31 December 2015	<u>2,180,052,380</u>	<u>21,800</u>	<u>11</u>	<u>4,535,899</u>	<u>(481,178)</u>	<u>4,054,732</u>

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

- (i) The subscription rights attaching to 19,007,000 share options were exercised at subscription prices of HK\$5.64, HK\$1.88, HK\$6.63, HK\$5.50, HK\$6.49, HK\$9.00, HK\$10.77, HK\$7.56 and HK\$9.27 per share (note 37), resulting in the issue of 19,007,000 shares of US\$0.00001 each for a total cash consideration, before expenses, of HK\$128,861,370 (RMB101,921,000 equivalent). An amount of RMB29,473,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (ii) The Company repurchased on the Stock Exchange a total of 9,810,500 shares of US\$0.00001 each of the Company for an aggregate consideration of HK\$74,796,000 (RMB59,523,000 equivalent). The repurchased shares were cancelled on 4 May 2015 and 27 October 2015.

Share option

Details of the Company's share option scheme and the share options issued under the scheme are included in note 37 to the financial statements.

36. RESERVES**(i) Discretionary reserve fund**

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

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

(ii) Statutory reserves

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 1 to the financial statements are required to transfer no less than 10% of their profit after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

(iii) Exchange fluctuation reserve

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

37. SHARE OPTION SCHEME

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

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

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

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

	2015		2014	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options '000	Weighted average exercise price <i>HK\$ per share</i>	Number of options '000
At 1 January	8.08	54,686	8.02	61,641
Granted during the year	4.85	19,598	6.85	6,522
Forfeited during the year	8.22	(9,471)	8.27	(2,112)
Exercised during the year	6.78	(19,007)	5.14	(7,605)
Expired during the year	9.34	(1,060)	10.77	(3,760)
At 31 December	7.16	<u>44,746</u>	8.08	<u>54,686</u>

The weighted average share price at the date of exercise for share options exercised during the year was HK\$10.66 per share (2014: HK\$7.52 per share).

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

2015

Number of options '000	Exercise price <i>HK\$ per share</i>	Exercise period
1,344	6.49	27 May 2011 to 26 May 2016
615	9.00	27 August 2011 to 26 August 2016
5,875	10.77	2 April 2012 to 1 April 2017
9,283	7.56	23 June 2013 to 22 June 2018
4,501	9.27	11 April 2014 to 10 April 2019
5,980	6.85	26 June 2015 to 25 June 2020
<u>17,148</u>	4.85	28 March 2016 to 27 March 2021
<u>44,746</u>		

2014

Number of options '000	Exercise price HK\$ per share	Exercise period
300	5.64	12 April 2009 to 11 April 2015
1,928	1.88	5 March 2010 to 4 March 2015
2,250	6.63	29 August 2010 to 28 August 2015
250	5.50	21 October 2010 to 20 October 2015
7,644	6.49	27 May 2011 to 26 May 2016
1,200	9.00	27 August 2011 to 26 August 2016
10,943	10.77	2 April 2012 to 1 April 2017
16,760	7.56	23 June 2013 to 22 June 2018
6,889	9.27	11 April 2014 to 10 April 2019
6,522	6.85	26 June 2015 to 25 June 2020
<u>54,686</u>		

The fair value of the options granted during the year was approximately RMB16,149,000 (2014: RMB9,169,000), of which the Group recognised a share option expense of RMB4,456,000 (2014: RMB1,878,000) during the year ended 31 December 2015. The Group recognised a total share option expense of RMB13,761,000 (2014: RMB16,429,000) for the year ended 31 December 2015 (note 6).

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

	2015	2014
Dividend yield (%)	5.73%	3.88%
Expected volatility (%)	34.85%-42.16%	41.135%-45.335%
Risk-free interest rate (%)	0.741%-1.229%	0.822%-1.562%
Expected life of options (year)	3-6	3-6
Weighted average exercise price (HK\$)	4.85	6.85

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

The 19,007,000 share options exercised during the year resulted in the issue of 19,007,000 ordinary shares of the Company and new share capital of RMB1,166 and share premium of RMB131,393,000 (before issue expenses), as further detailed in note 35 to the financial statements.

At the end of the reporting period, the Company had 44,746,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 44,746,000 additional ordinary shares of the Company and additional share capital of approximately RMB2,906 and share premium of approximately RMB262,693,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 44,454,000 share options outstanding under the Scheme, which represented approximately 2.37% of the Company's shares in issue as at that date.

38. DISPOSAL OF A SUBSIDIARY

	<i>Note</i>	2015 <i>RMB'000</i>
Net assets disposed of:		
Investment properties		570,907
Deposits, prepayments and other receivables		5,130
Trade receivables		15,941
Cash and cash equivalents		769
Other payables and accruals		(85,912)
Deferred tax liabilities		(122,553)
Tax payable		<u>(3,023)</u>
		381,259
Gain on disposal of a subsidiary		107,964
Tax implication in relation to the disposal		<u>(77,220)</u>
Net gain on disposal of a subsidiary	5	<u><u>30,744</u></u>
Satisfied by:		
Cash received		482,557
Cash not yet received		<u>6,666</u>
		<u><u>489,223</u></u>

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

	2015 <i>RMB'000</i>
Cash consideration received in 2014	109,586
Cash consideration received in 2015	372,971
Cash and cash equivalents disposed of	<u>(769)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>481,788</u></u>

39. CONTINGENT LIABILITIES

- (1) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounting to RMB799,293,000 (2014: RMB581,129,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

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

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees given to banks in connection with facilities granted to related parties	970,000	872,000
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	—	285,000
	<u> </u>	<u> </u>

40. PLEDGE OF ASSETS

Details of the Group's bank loans and facilities, which are secured by the assets of the Group, are included in notes 14, 15, 16, 17 and 30.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) and subleases its leased assets under operating lease arrangements for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	914,368	650,398
In the second to fifth years, inclusive	2,136,601	1,732,484
After five years	<u>1,657,206</u>	<u>1,065,519</u>
	<u>4,708,175</u>	<u>3,448,401</u>

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB 1,449,045,000 (2014: RMB1,280,978,000) as at 31 December 2015.

(b) As lessee

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

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within one year	883,569	661,142
In the second to fifth years, inclusive	3,621,596	3,237,757
After five years	<u>10,292,613</u>	<u>10,301,438</u>
	<u><u>14,797,778</u></u>	<u><u>14,200,337</u></u>

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41 (b) above, the Group had the following capital commitments at the reporting date:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contracted, but not provided for:		
Land and buildings	14,841	47,755
Leasehold improvements	<u>65,723</u>	<u>121,400</u>
	<u><u>80,564</u></u>	<u><u>169,155</u></u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contracted, but not provided for	<u><u>-</u></u>	<u><u>47,880</u></u>

43. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Shareholder of the Company
Intime International	Shareholder of the Company
China Yintai Holdings Co., Ltd. (“China Yintai”)	Controlled by Mr. Shen Guojun
Beijing Guojun Investment Co., Ltd. (“ Beijing Guojun”)	Controlled by Mr. Shen Guojun
Zhongda Shengma	Associate of the Group
Anhui Hualun	Associate of the Group
Zhejiang Intime Electronic Commerce	Associate of the Group
Beijing Youyi Lufthansa	Associate of the Group
Bozhou Hualun	Associate of the Group
Hefei Hualun	Associate of the Group
Metro Land Corporation Ltd. (“Metro Land”)	Associate of China Yintai
Beijing Intime Jixiang Commercial Co., Ltd. (“Jixiang Commercial”) (Formerly known as “Beijing Intime Lotte Department Store Co., Ltd.”)	Subsidiary of China Yintai
Beijing Jixiang Mansion Co., Ltd (“Jixiang Mansion”)	Subsidiary of China Yintai
Hangzhou Intime Shopping Centre Co., Ltd (“Hangzhou Intime”)	Subsidiary of China Yintai
Zhejiang Fuqiang Properties Co., Ltd. (“Zhejiang Fuqiang”)	Subsidiary of China Yintai
Ningbo Hualian Property Development Co., Ltd. (“Ningbo Hualian Property”)	Subsidiary of Metro Land
Beijing Metro Land Property Co., Ltd. (“Beijing Metro Land Property”)	Subsidiary of Metro Land
Beijing New Yansha Holding (Group) Co., Ltd. (“Beijing New Yansha”)	Controlling shareholder of an associate
Fenghua Yintai Properties Co., Ltd. (“Fenghua Yintai”)	Subsidiary of Beijing Guojun
Ningbo Economic Technology Development Area Taiyue Properties Co. Ltd. (“Ningbo Taiyue”)	Subsidiary of Beijing Guojun
Huzhou Jialefu Mall Co., Ltd. (“Huzhou Jialefu”)	50% of the voting rights are controlled by Mr. Shen Guojun
Art Capital Holdings Limited (“Art Capital”)	100% of the voting rights are controlled by Mr. Shen Guojun
Hangzhou Xin Hubin	Joint venture of Art Capital
Hangzhou Longxiang Commercial Development Co., Ltd. (“Longxiang Commercial”)	Associate of Beijing Guojun
Hangzhou Hubin International Commercial Development Co., Ltd. (“Hangzhou Hubin International”)	Mr. Shen Guojun is the chairman

(b) Transactions with related parties

The following transactions were carried out with related parties:

	2015 RMB'000	2014 RMB'000
Rental expense and management fee expenses:		
Zhongda Shengma (<i>note (i)</i>)	11,349	–
Fenghua Yintai	1,906	–
Metro Land	–	2,253
Hangzhou Intime	4,873	–
Huzhou Jialefu (<i>note (ii)</i>)	33,584	33,584
Anhui Hualun (<i>note (iii)</i>)	12,933	–
	<u>64,645</u>	<u>35,837</u>
Advances to related parties:		
Anhui Hualun	–	37,200
Hangzhou Xin Hubin	–	–
Zhejiang Intime Electronic Commerce	4,568	–
Bozhou Hualun	–	38,000
Hefei Hualun	–	238,688
Zhongda Shengma	–	239,688
	<u>4,568</u>	<u>553,576</u>
Repayment of advances to related parties:		
Hangzhou Xin Hubin	–	25,000
Zhongda Shengma	239,688	–
	<u>239,688</u>	<u>25,000</u>
Loans and receivables made to related parties:		
Zhejiang Intime Electronic Commerce (<i>note (iv)</i>)	207,575	221,080
Zhongda Shengma (<i>note (v)</i>)	974,538	–
Hangzhou Xin Hubin (<i>note (vi)</i>)	143,000	–
	<u>1,325,113</u>	<u>221,080</u>
Repayment of loans and receivables from related parties:		
Hangzhou Xin Hubin	75,000	–
Hangzhou Intime	–	152,654
Zhongda Shengma	494,125	340,793
	<u>569,125</u>	<u>493,447</u>
Management fees from a related party:		
Beijing New Yansha	3,611	4,343

	2015 RMB'000	2014 RMB'000
Interest income from related parties:		
Hangzhou Xin Hubin	22,496	18,934
Hangzhou Intime	–	1,967
Zhongda Shengma	42,859	52,351
Zhejiang Intime Electronic Commerce	59,321	25,224
Anhui Hualun	33,977	21,467
Bozhou Hualun	14,279	14,340
	<u>172,932</u>	<u>134,283</u>
Customer (receipts from)/payments to related parties by the Group's prepaid cards (netting off the payments made by related parties' prepaid cards used):		
Zhejiang Intime Electronic Commerce	5,300	295
Jixiang Commercial	(224)	(9,608)
Jixiang Mansion	1,331	–
Hangzhou Xin Hubin	(29,475)	(2,324)
Hangzhou Hubin International	122,140	10,122
Ningbo Taiyue	(4,484)	(1,069)
Longxiang Commercial	541	102
	<u>95,129</u>	<u>(2,482)</u>
Payments of rental deposits:		
Zhongda Shengma	5,000	–
Advances from a related party:		
Beijing Metro Land Property	–	59,473
Repayment of advances from related parties:		
Metro Land	–	25,523
Beijing Metro Land Property	–	126,687
	<u>–</u>	<u>152,210</u>
Commissions charged to a related party:		
Zhejiang Intime Electronic Commerce	9,520	15,097
Commissions charged by a related party for sales of good:		
Zhejiang Intime Electronic Commerce (note (vii))	5,112	–

	2015 RMB'000	2014 RMB'000
Guarantees provided to related parties:		
Zhongda Shengma (<i>note (viii)</i>)	240,000	504,000
Anhui Hualun (<i>note (ix)</i>)	600,000	600,000
Hangzhou Xin Hubin (<i>note (x)</i>)	180,000	285,000
	<u>1,020,000</u>	<u>1,389,000</u>
Acquisition of a subsidiary from a related party:		
Metro Land	-	255,267
Disposal of a joint venture to a related party:		
Art Capital (<i>note (xi)</i>)	305,370	-
Acquisition of non-controlling interest from a related party:		
Metro Land (<i>note (xii)</i>)	70,280	-

Notes:

- (i) Pursuant to an agreement between Hangzhou Zhongda and Zhongda Shengma signed on 1 December 2014, Hangzhou Zhongda leased certain floors of a building from Zhongda Shengma for its operation for 20 years.
- (ii) Pursuant to an agreement between Huzhou Jialefu and Zhejiang Intime Investment, Zhejiang Intime Investment leased a building for its operation for a period from 28 June 2013 to 27 June 2033. With the establishment of Huzhou Yinjia subsequently in May 2013, the lease agreement was transferred to Huzhou Yinjia by Zhejiang Intime Investment.
- (iii) Pursuant to an agreement between Anhui Hualun and Wuhu Intime Commercial Management Co., Ltd. ("Wuhu Intime"), Wuhu Intime leased a building for its operation for a period from 1 July 2014 to 30 June 2034.
- (iv) Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided shareholder's loans with a total amount of RMB207,575,000 to Zhejiang Intime Electronic Commerce with no fixed repayment terms with an annual interest rate of 12%.
- (v) Pursuant to loan agreements between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB974,538,000 for a period of 24 months for the construction and development of the department store property with an annual interest of 6.5%.
- (vi) Pursuant to loan agreements between Hangzhou Xin Hubin and the Group, the Group provided loans with a total amount of RMB143,000,000 to Hangzhou Xin Hubin at one-year benchmark interest rate.
- (vii) Pursuant to agreements between Zhejiang Intime Electronic Commerce and the Group, Zhejiang Intime Electronic Commerce provide online sales channels to the Group and charge commission fee at 6% of total revenue.

- (viii) Pursuant to a guarantee agreement among Zhejiang Intime, Zhongda Shengma and certain financial institutions, Zhejiang Intime provided guarantees to Zhongda Shengma with an amount of RMB240,000,000 (2014: RMB504,000,000).
- (ix) Pursuant to a guarantee agreement among Anhui Huaqiao Hotel, Anhui Hualun and a bank, Anhui Huaqiao Hotel provided a guarantee to Anhui Hualun with an amount of RMB600,000,000 for a period from 20 June 2013 to 20 June 2028. As at 31 December 2015, the banking facilities granted to Anhui Hualun guaranteed by the Group were utilised to the extent of approximately RMB550,000,000 (2014: RMB500,000,000).
- (x) Pursuant to guarantee agreements among Zhejiang Intime, Hangzhou Xin Hubin and certain financial institutions, Zhejiang Intime provided guarantees to Hangzhou Xin Hubin's borrowings with an amount of RMB180,000,000 (2014: RMB285,000,000).
- (xi) On 26 May 2015, Hangzhou North Hill entered into an equity transfer agreement with Art Capital for a consideration of RMB305,369,900, to dispose of all 50% equity interest in Hangzhou Xin Hubin. In addition, all existing receivables owed by Hangzhou Xin Hubin to the Group of RMB384,000,000 at one-year benchmark interest rate shall be repaid by 20 December 2016. And the equity transfer was completed in November 2015.
- (xii) On 8 May 2015, Hangzhou Intime Outlets Commercial Development Co., Ltd. ("Hangzhou Outlets") entered into an equity transfer agreement with Metro Land, to purchase a 20% equity interest in Jingtai Xianghe for a total consideration of RMB70,280,000. As at 31 December 2015, Hangzhou Outlets has paid total consideration of the acquisition.
- (c) **Due from related parties**

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Due from related parties:		
Metro Land	720	720
Hangzhou Xin Hubin	1,490	391,804
Ningbo Hualian Property	70	70
Anhui Hualun	480,321	446,344
Zhejiang Intime Electronic Commerce	285,920	209,271
Beijing New Yansha	3,611	4,343
Bozhou Hualun	271,566	257,287
Hangzhou Intime	5,000	5,000
Fenghua Yintai	5,000	5,000
Huzhou Jialefu	2,500	2,500
Zhongda Shengma	5,000	239,688
Ningbo Taiyue	336	125
Hefei Hualun	238,688	238,688
Art Capital	110,370	–
Jixiang Commercial	–	566
Jixiang Mansion	557	–
	<u>1,411,149</u>	<u>1,801,406</u>

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

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

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

(d) Loans and interest receivable from related parties

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Hangzhou Xin Hubin (<i>note 27</i>)	394,986	–
Zhejiang Intime Electronic Commerce (<i>note 27</i>)	800,761	533,865
Zhongda Shengma (<i>note 27</i>)	787,855	264,583
	<u>1,983,602</u>	<u>798,448</u>

(e) Due to related parties

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Due to related parties:		
Huzhou Jialefu	–	12,436
Zhongda Shengma	11,349	–
Hangzhou Intime	718	–
Longxiang Commercial	46	24
Anhui Hualun	12,933	–
Hangzhou Hubin International	2,510	22
	<u>27,556</u>	<u>12,482</u>

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

(f) Commitments with related parties

- (i) Pursuant to an agreement between Zhejiang Intime Investment and Fenghua Yintai signed on 21 September 2012, Zhejiang Intime Investment leased certain floors of a building from Fenghua Yintai for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Fenghua Intime.

- (ii) Pursuant to an agreement between Intime Sanjiang and Hangzhou Intime signed on 15 July 2013, Intime Sanjiang leased certain floors of a building from Hangzhou Intime for its operation for 20 years. Intime Sanjiang was given a rent-free period of two years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Intime Sanjiang.
- (iii) Pursuant to an agreement between Zhejiang Intime Investment and Huzhou Jialefu signed on 25 February 2013, Zhejiang Intime Investment leased certain floors of a building from Huzhou Jialefu for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three months commencing from the delivery of the property. The Group expects the total minimum lease payments to be approximately RMB604,179,000 from 1 January 2016 to 27 June 2033.
- (iv) Pursuant to an agreement between Hangzhou Zhongda and Zhongda Shengma signed on 1 December 2014, Hangzhou Zhongda leased certain floors of a building from Zhongda Shengma for its operation for 20 years. The Group expects the total minimum lease payments to be approximately RMB62,557,000 from 1 January 2016 to 31 December 2017. Pursuant to a supplementary agreement between Hangzhou Zhongda and Zhongda Shengma signed on the same date, the rental from 1 January 2018 will be subject to renegotiation and contingent upon whether Hangzhou Outlets will acquire additional equity interest in Zhongda Shengma within three years from 1 January 2015.
- (v) Pursuant to an agreement between Anhui Intime and Wuhu Intime signed on 1 July 2014, Anhui Intime leased certain floors of a building from Anhui Hualun for its operation for 20 years. Anhui Intime was given a rent-free period of twelve months commencing from the delivery of the property. The Group expects total minimum lease payments to be approximately RMB415,116,000 from 1 January 2016 to 30 June 2034.

(g) **Key management compensation**

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and other benefits	5,365	4,909
Discretionary bonuses	7,243	4,080
Contributions to a retirement plan	1,217	828
Equity-settled share option expense	5,527	6,212
	<u>19,352</u>	<u>16,029</u>

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

	Number of employees	
	2015	2014
HK\$1 to HK\$500,000	1	1
HK\$500,001 to HK\$1,000,000	6	3
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$7,500,001 to HK\$8,000,000	–	1
HK\$10,000,001 to HK\$10,500,000	1	–
	11	10
	11	10

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

44. FINANCIAL INSTRUMENTS BY CATEGORY

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

2015

Financial assets

	Loans and receivables <i>RMB'000</i>	Available-for- sale investment <i>RMB'000</i>	Total <i>RMB'000</i>
Available-for-sale investment	–	40,253	40,253
Financial assets included in prepayments, deposits and other receivables	651,445	–	651,445
Trade receivables	33,795	–	33,795
Loans and receivables	2,241,038	–	2,241,038
Due from related parties	1,411,149	–	1,411,149
Cash in transit	88,263	–	88,263
Pledged deposits	67,000	–	67,000
Restricted bank balances	46,777	–	46,777
Cash and cash equivalents	1,580,529	–	1,580,529
	6,119,996	40,253	6,160,249
	6,119,996	40,253	6,160,249

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	2,621,636
Financial liabilities included in other payables and accruals	2,010,284
Due to related parties	27,556
Interest-bearing bank and other borrowings	2,877,721
Convertible bonds	3,101,509
	<u>10,638,706</u>

2014*Financial assets*

	Loans and receivables <i>RMB'000</i>
Financial assets included in prepayments, deposits and other receivables	681,332
Trade receivables	36,021
Loans and receivables	1,107,915
Due from related parties	1,801,406
Cash in transit	91,691
Pledged deposits	67,000
Restricted bank balances	106,133
Cash and cash equivalents	2,129,429
	<u>6,020,927</u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	2,080,461
Financial liabilities included in other payables and accruals	2,032,006
Due to related parties	12,482
Interest-bearing bank and other borrowings	3,340,715
Guaranteed bonds due July 2014	2,834,878
	<u>10,300,542</u>

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the loans to third parties and related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds due on 7 July 2017 is estimated using an equivalent market interest rate for a similar bond.

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

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group has no significant interest-bearing assets other than cash at banks (note 30) and loans and receivables (note 27).

The Group's interest rate risk arises from its borrowings, details of which are set out in note 33. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax <i>RMB'000</i>
31 December 2015		
RMB	100	(4,170)
RMB	(100)	4,170
US\$	50	(1,061)
US\$	(50)	1,061
HK\$	50	(4,084)
HK\$	(50)	4,084
31 December 2014		
RMB	100	(5,170)
RMB	(100)	5,170
US\$	50	(8,098)
US\$	(50)	8,098
HK\$	50	(5,814)
HK\$	(50)	5,814

Foreign currency risk

During the years ended 31 December 2015 and 31 December 2014, the Group had cash at banks denominated in foreign currencies, and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK\$. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Details of cash and cash equivalents denominated in foreign currencies as at 31 December 2015 and 2014 are disclosed in note 30.

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

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

	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax RMB'000
2015		
If the Hong Kong dollar weakens against the RMB	2	(142)
If the Hong Kong dollar strengthens against the RMB	(2)	142
2014		
If the Hong Kong dollar weakens against the RMB	2	(45)
If the Hong Kong dollar strengthens against the RMB	(2)	45

Credit risk

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

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

The Group has arranged bank financing for certain purchasers of its properties under development and has provided guarantees to secure the obligations of such purchasers for repayments. Detailed disclosures of these guarantees are made in note 39.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 39(2) to the financial statements.

Liquidity risk

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

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

	2015					Total RMB'000
	On demand RMB'000	Less than 6 months RMB'000	6 to less than 12 months RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	
Interest-bearing bank and other borrowings	-	2,426,988	85,266	242,541	208,886	2,963,681
Trade and bills payables	-	2,621,636	-	-	-	2,621,636
Other payables and accruals	195,976	324,917	1,489,391	-	-	2,010,284
Due to related parties	-	27,556	-	-	-	27,556
Convertible bonds	-	-	-	3,244,588	-	3,244,588
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development	-	799,293	-	-	-	799,293
Guarantees given to banks in connection with facilities granted to the Group's related parties	-	-	-	-	970,000	970,000
	<u>195,976</u>	<u>6,200,390</u>	<u>1,574,657</u>	<u>3,487,129</u>	<u>1,178,886</u>	<u>12,637,038</u>

	2014					Total RMB'000
	On demand RMB'000	Less than 6 months RMB'000	6 to less than 12 months RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	
Interest-bearing bank and other borrowings	-	902,368	361,899	1,947,953	178,000	3,390,220
Trade and bills payables	-	2,080,461	-	-	-	2,080,461
Other payables and accruals	108,481	365,611	1,557,914	-	-	2,032,006
Due to related parties	-	12,482	-	-	-	12,482
Convertible bonds	-	-	-	-	3,055,167	3,055,167
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development	-	581,129	-	-	-	581,129
Guarantees given to banks in connection with facilities granted to the Group's associates	-	-	-	-	872,000	872,000
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	-	25,000	150,000	110,000	-	285,000
	<u>108,481</u>	<u>3,967,051</u>	<u>2,069,813</u>	<u>2,057,953</u>	<u>4,105,167</u>	<u>12,308,465</u>

Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

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

As at 31 December 2015, the Group's borrowings amounted to RMB5,979,230,000 (31 December 2014: RMB6,175,593,000). The gearing ratio was 22.1% as at 31 December 2015 (31 December 2014: 24.0%).

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Prepayments, deposits and other receivables	90,000	90,000
Other intangible assets	220	325
Investments in subsidiaries	1,658,318	1,658,318
Available-for-sale investment	40,253	–
Due from subsidiaries	<u>8,609,734</u>	<u>9,462,429</u>
Total non-current assets	<u>10,398,525</u>	<u>11,211,072</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,091	1,027
Cash and cash equivalents	<u>107,061</u>	<u>121,365</u>
Total current assets	<u>108,152</u>	<u>122,392</u>
CURRENT LIABILITIES		
Other payables and accruals	563,293	586,424
Interest-bearing bank and other borrowings	<u>2,229,409</u>	<u>440,743</u>
Total current liabilities	<u>2,792,702</u>	<u>1,027,167</u>
NET CURRENT LIABILITIES	<u>(2,684,550)</u>	<u>(904,775)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>7,713,975</u>	<u>10,306,297</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	–	1,762,973
Due to subsidiaries	108,527	97,018
Convertible bonds	<u>3,101,509</u>	<u>2,834,878</u>
Total non-current liabilities	<u>3,210,036</u>	<u>4,694,869</u>
NET ASSETS	<u><u>4,503,939</u></u>	<u><u>5,611,428</u></u>
EQUITY		
Share capital	163	163
Equity component of convertible bonds	126,417	126,417
Reserves	<u>4,377,359</u>	<u>5,484,848</u>
Total equity	<u><u>4,503,939</u></u>	<u><u>5,611,428</u></u>

Note:

A summary of the Company's reserves is as follows:

	Equity component of		Capital	Capital reserve	Contributed surplus	Accumulated losses	Exchange fluctuation reserve	Share option reserve	Total
	Share premium	convertible bonds	redemption reserve						
	RMB'000	RMB'000	RMB'000						
At 1 January 2014	4,104,199	-	5	23,607	908,303	(209,639)	123,313	67,909	5,017,697
Total comprehensive loss for the year	-	-	-	-	-	(122,231)	4,356	-	(117,875)
Issuance of shares	1,321,755	-	-	-	-	-	-	-	1,321,755
Issuance of convertible bonds	-	126,417	-	-	-	-	-	-	126,417
Equity-settled share option arrangements	-	-	-	-	-	-	-	16,429	16,429
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	10,905	-	(10,905)	-
Repurchase of shares	(340,407)	-	5	-	-	-	-	-	(340,402)
Dividend on shares issued for employee share options exercised after 31 December 2013	(416)	-	-	-	-	-	-	-	(416)
Exercise of share options	41,737	-	-	-	-	-	-	(10,344)	31,393
Final 2013 dividend declared	(220,675)	-	-	-	-	-	-	-	(220,675)
Interim 2014 dividend	(223,058)	-	-	-	-	-	-	-	(223,058)
At 31 December 2014	4,683,135	126,417	10	23,607	908,303	(320,965)	127,669	63,089	5,611,265
Total comprehensive loss for the year	-	-	-	-	-	(179,123)	(284,241)	-	(463,364)
Exercise of share options	131,393	-	-	-	-	-	-	-	131,393
Equity-settled share option arrangements	-	-	-	-	-	-	-	13,761	13,761
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	18,090	-	(18,090)	-
Repurchase of shares	(59,523)	-	1	-	-	-	-	-	(59,522)
Dividend on shares issued for employee share options exercised after 31 December 2014	(1,998)	-	-	-	-	-	-	-	(1,998)
Exercise of share options	-	-	-	-	-	-	-	(29,473)	(29,473)
Final 2014 dividend declared	(260,503)	-	-	-	-	-	-	-	(260,503)
Interim 2015 and special dividend	(437,783)	-	-	-	-	-	-	-	(437,783)
At 31 December 2015	4,054,721	126,417	11	23,607	908,303	(481,998)	(156,572)	29,287	4,503,776

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

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2016.

4. INDEBTEDNESS STATEMENT

As at 31 December 2016, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group's borrowings, including bank and other borrowings, amounted to approximately RMB3,733.8 million.

In addition, the Group had contingent liabilities in the sum of approximately RMB1,041.1 million as at 31 December 2016, which comprise of guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties of approximately RMB514.8 million and guarantees given to banks in connection with facilities granted to related parties of approximately RMB526.3 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 December 2016, the Group did not have any other outstanding bank borrowings, bank overdrafts or loans or other similar indebtedness, mortgage, charge or any other borrowings, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantee or other material contingent liabilities.

The Directors have confirmed that there have been no other material changes in the indebtedness and contingent liabilities of the Group since 31 December 2016 and up to the Latest Practicable Date.

5. MATERIAL CHANGE

Save as disclosed in the annual results announcement of the Company for the financial year ended 31 December 2016, (i) the increase by around 35.8% in equity attributable to owners of the parent which was mainly attributable to the decrease in total borrowings of the Group by around 37.6% as a result of the exercise of conversion rights of outstanding convertible bonds of the Company by its substantial shareholder in full on 30 June 2016 as announced by the Company on 30 June 2016; and (ii) the decrease in contingent liabilities from an aggregate of approximately RMB1,769.3 million as at 31 December 2015 to approximately RMB1,041.0 million as at 31 December 2016 as a result of (a) decrease in the Group's guarantees in respect of the mortgage facilities granted to the purchasers of the Group's pre-sale properties owing to that the Group is no longer the guarantor in respect of certain mortgage facilities following transfer of title of properties to customers; and (b) decrease in the Group's guarantees given to banks in connection with facilities granted to related parties owing to decrease in bank borrowings of the Group's related parties, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up and until the Latest Practicable Date.

The following is a text of letter, summary of values and valuation report prepared for the purpose of incorporation in this Scheme Document received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 31 December 2016 of the market values of the property interests of the Group. The property interests of the Group, as confirmed by the Company, are all located in the PRC.



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The Directors
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1063-3 Creative Culture Industrial Park
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Beijing 100124
The People's Republic of China

31 March 2017

Dear Sirs,

**VALUATION OF VARIOUS PROPERTIES LOCATED IN THE PEOPLE'S REPUBLIC OF CHINA
HELD BY THE GROUP**

In accordance with your instructions for us to value the captioned properties (hereinafter referred to the "Properties") held by Intime Retail (Group) Co., Ltd (the "Company") and/or its subsidiaries, associated companies (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 December 2016.

BASIS OF VALUATION

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

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

VALUATION METHODOLOGY

We have valued the properties nos. 1 to 4 and 6 to 8 in Group I which are held by the Group for investment and properties nos. 9 to 22 and 24 to 31 in Group II which are held by the Group for self-use by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

In valuing properties no. 5 of Group I and no. 23 of Group II, we have valued the properties with reference to their lease term interests and its rights in sub-letting and/or transferring the lease term interests of the properties.

For properties in Group III which are completed and held by the Group for sale, the valuation has been arrived by using Direct Comparison Approach with reference to market comparable transactions as available on the market.

For properties in Group IV which are held by associated companies of the Group, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with extracts of documents in relation to the titles to the Properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and its PRC legal adviser, Grandall Law Firm (Shanghai) on 28 March 2017 regarding the title to the Properties (the “PRC Property Legal Opinion”).

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

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, completion date of the buildings, particulars of occupancy, tenancy summaries, joint-venture agreements/contracts, development schemes, construction costs and development costs expended and site and floor areas. Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exteriors and, where possible, the interiors of the Properties valued and the inspection was carried out by our Ocean Ruan, Evelyn Chiu, Jun Wang, Wayne Luo and Sunny Lee in 2016 and 2017. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. Our valuation is prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report that the Properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interests of Group I, II, III and IV in the PRC are mainly PRC value added tax and associated surcharges (approximately 5.3% through a simplified method), PRC land appreciation tax (approximately 30% – 60% of the appreciation amount) and PRC corporate income tax (25%).

As advised by the Group, for property nos. 1 to 31 which are used for business operation in the PRC, the Group has no intention to dispose of these properties at present. Therefore, the likelihood of such potential tax liability is remote. For property nos. 32 to 35 which are held by the Group for sale in the PRC, the Group may dispose these properties in the future, therefore, potential tax liability would be incurred on disposal of such property interests and they are mainly PRC value added tax and associated surcharges, PRC corporate income tax and PRC land appreciation tax. The estimated total potential tax liability, according to the information prepared by the Group, would be RMB278.4 million. For property nos. 36 to 39 which are held by associated companies of the Group, potential tax liability would be incurred on disposal of such property interests and they are mainly PRC value added tax and associated surcharges, PRC corporate

income tax and PRC land appreciation tax. According to the information prepared by the Group, the estimated total potential tax liability of the associates would be RMB909.9 million, and the influence on the Group's profit or loss would be RMB381.2 million.

CURRENCY

All amount stated are in Renminbi.

Our valuation report and summary of values are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MFin MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Remarks: Clement W M Leung, MFin, MCIREA, MHKIS, MRICS, RPS (GP), is a qualified valuer and has about 23 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific Region and has 21 years' experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
Group I – Properties held by the Group for investment in the PRC			
1. Shopping Mall Portion of Phase 1 of Wenling Intime City Western side of Zhonghua North Road Wenling, Taizhou Zhejiang Province The PRC	RMB1,005,000,000	100%	RMB1,005,000,000
2. Shopping Mall Portion of Linhai Intime City Dongfang Avenue Linhai Zhejiang Province The PRC	RMB656,000,000	100%	RMB656,000,000
3. Shopping Mall portion of Haining Intime City Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	RMB1,042,000,000	100%	RMB1,042,000,000
4. Liuzhou Intime City No. 17 Yufeng Road Liunan District, Liuzhou Guangxi Zhuang Autonomous Region The PRC	RMB661,000,000	81%	RMB535,410,000
5. Lease Term Interests of Wuluo Intime City No. 33 Luoyu Road Hongshan District, Wuhan Hubei Province The PRC	RMB1,290,000,000 ⁽¹⁾	100%	RMB1,290,000,000 ⁽¹⁾

		Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
6.	Xian Qujiang Intime City No. 410 Yanta South Road Yanta District, Xian Shaanxi Province The PRC	RMB887,000,000	100%	RMB887,000,000
7.	Portion of the Retail Portion of Intime Jinhua Intime City No. 168 Jiefang East Road Wucheng District, Jinhua Zhejiang Province The PRC	RMB269,000,000	100%	RMB269,000,000
8.	Ningbo Universal Intime City together with two car park buildings located at No. 1088 Tiantong South Road, No. 961, 999 Gouzhang East Road and No. 850 Xiaogao East Road Yinzhou District, Ningbo Zhejiang Province The PRC	RMB1,543,000,000	100%	RMB1,543,000,000
	Sub-total:	<u>RMB7,353,000,000</u> ⁽²⁾		<u>RMB7,227,410,000</u> ⁽²⁾

Group II – Properties held by the Group for self-use in the PRC

9.	Xiantao Commercial Building No. 43 Mianyang Avenue Xiantao, Hubei Province The PRC	RMB1,168,000,000	65.8%	RMB768,544,000
10.	Xiantao Intime City South of Huangjin Avenue East of Jinrui Road Xiantao, Hubei Province The PRC	RMB123,000,000	65.8%	RMB80,934,000

Property	Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
11. Department Store Portion of Phase 1 of the Wenling Intime City Western side of Zhonghua North Road Wenling, Taizhou Zhejiang Province The PRC	RMB200,000,000	100%	RMB200,000,000
12. Department Store Portion of Linhai Intime City Dongfang Avenue Linhai, Zhejiang Province The PRC	RMB147,000,000	100%	RMB147,000,000
13. Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District, Hefei Anhui Province The PRC	RMB1,877,000,000	100%	RMB1,877,000,000
14. Hotel portion of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District, Hefei Anhui Province The PRC	RMB190,000,000	100%	RMB190,000,000
15. Office Portion of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District, Hefei Anhui Province The PRC	RMB32,900,000	100%	RMB32,900,000
16. Xianning Xian'an Intime Department Store No. 233 Yushui Road Xian'an District, Xianning Hubei Province The PRC	RMB230,000,000	100%	RMB230,000,000

Property	Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
17. Department store portion of Haining Intime City Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	RMB446,700,000	100%	RMB446,700,000
18. Ningbo Dongmen Intime Department Store No. 238 Zhongshan East Road Haishu District, Ningbo Zhejiang Province The PRC	RMB908,000,000	100%	RMB908,000,000
19. Cixi Intime City No. 99 Qingshaoniangong South Road Cixi, Ningbo Zhejiang Province The PRC	RMB616,000,000	100%	RMB616,000,000
20. Portion of Hangzhou Wulin Intime Department Store No. 530 Yan'an Road Xiacheng District, Hangzhou Zhejiang Province The PRC	RMB2,090,000,000	100%	RMB2,090,000,000
21. Hangzhou Westlake Intime City No. 98 Yan'an Road Shangcheng District. Hangzhou Zhejiang Province The PRC	RMB2,839,000,000	50%	RMB1,419,500,000

		Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
22.	Unit 801 Biaoli Building No. 528 Yan'an Road Xiacheng District, Hangzhou Zhejiang Province The PRC	RMB31,200,000	100%	RMB31,200,000
23.	Lease Term Interests of Level 22, Wuluo Intime City No. 33 Luoyu Road Hongshan District, Wuhan Hubei Province The PRC	RMB24,100,000 ⁽¹⁾	100%	RMB24,100,000 ⁽¹⁾
24.	A shopping centre No. 70 Fenshui Road Gucheng Country, Xiangyang Hubei Province The PRC	RMB148,000,000	85%	RMB125,800,000
25.	Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District, Xian Shaanxi Province The PRC	RMB427,000,000	100%	RMB427,000,000
26.	E'zhou Guomao Intime Department Store No. Te 1 Nanpu Road E'zhou, Hubei Province The PRC	RMB160,000,000	100%	RMB160,000,000
27.	Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District, Jinhua Zhejiang Province The PRC	RMB464,000,000	100%	RMB464,000,000

		Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
28.	Suizhou New Century Business Centre Southern side of Shunjing Avenue Zengdu District, Suizhou Hubei Province The PRC	RMB50,000,000	85%	RMB42,500,000
29.	Suizhou New Century Shopping Centre No. 65 Jiefang Road Zengdu District, Suizhou Hubei Province The PRC	RMB216,000,000	85%	RMB183,600,000
30.	Suizhou New Century Shopping Plaza No. 45 Shunjing Avenue Zengdu District, Suizhou Hubei Province The PRC	RMB187,000,000	85%	RMB158,950,000
31.	Basement 1 of Yintai Square No. 111 Yongyang Main Road Guangshui, Suizhou Hubei Province The PRC	RMB38,100,000	85%	RMB32,385,000
	Sub-total:	<u>RMB12,613,000,000</u> ⁽³⁾		<u>RMB10,656,113,000</u> ⁽³⁾

Group III – Completed properties held by the Group for sale in the PRC

32.	Various Portions of Yintai Linhai Project Dongfang Avenue Linhai, Zhejiang Province The PRC	RMB456,000,000	100%	RMB456,000,000
33.	Office Portions of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District, Hefei Anhui Province The PRC	RMB47,300,000	100%	RMB47,300,000

Property	Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
34. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	RMB1,048,000,000	100%	RMB1,048,000,000
35. Office and Commercial Portions of Linzhou Intime City No. 17 Yufeng Road Liunan District, Liuzhou Guangxi Zhuang Autonomous Region The PRC	RMB145,000,000	81%	RMB117,450,000
Sub-total:	<u>RMB1,696,300,000</u>		<u>RMB1,668,750,000</u>

Group IV – Properties held by the Associated Companies of the Group in the PRC

36. Huafu Feicui Zhuangyuan located at Yangsheng Avenue Bozhou, Anhui Province The PRC	RMB1,680,000,000	29%	RMB487,200,000
37. Portion of Yintai Zhongda Project Shixiang Road Xiacheng District, Hangzhou Zhejiang Province The PRC	RMB2,311,000,000	40%	RMB924,400,000
38. World Bay Centre Western side of Zhongshan South Road Yijiang District, Wuhu Anhui Province The PRC	RMB2,082,000,000	43%	RMB895,260,000

Property	Market value in existing state as at 31 December 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 December 2016
39. Wan Xin Cultural and Creative Square located at Western side of Luzhou Main Road and Southern side of Hangzhou Road Baohe District, Hefei Anhui Province The PRC	RMB1,844,000,000	49%	RMB903,560,000
Sub-total:	<u>RMB7,917,000,000</u>		<u>RMB3,210,420,000</u>
Grand Total:	<u><u>RMB29,579,300,000</u></u> ⁽⁴⁾		<u><u>RMB22,762,693,000</u></u> ⁽⁴⁾

Notes:

- (1) The valuation of property nos. 5 and 23 was arrived by making reference to their lease term interest and their rights in sub-letting and/or transferring the lease term interests of the properties.
- (2) The sub-total of properties in Group I includes the value of property no. 5. During the course of our valuation, we have made reference to its lease term interest and its rights in sub-letting and/or transferring the lease term interests of the property.
- (3) The sub-total of properties in Group II includes the value of property no. 23. During the course of our valuation, we have made reference to its lease term interest and its rights in sub-letting and/or transferring the lease term interests of the property.
- (4) The total value of all properties includes the value of property nos. 5 and 23. During the course of our valuation, we have made reference to their lease term interest and their rights in sub-letting and/or transferring the lease term interests of the properties.

VALUATION REPORT

Group I – Properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
1. Shopping Mall Portion of Wenling Intime City Western side of Zhonghua North Road Wenling, Taizhou Zhejiang Province The PRC	Wenling Intime City (the“Development”) is a large-scale commercial development erected on a parcel of land with a site area of approximately 14,638.03 sq m and a total gross floor area of approximately 89,612.26 sq m. It is completed in about 2015. The property comprises shopping mall portion on Basement 1 to Level 7 of the Development with a total lettable area of approximately 47,332.56 sq m. The land use rights of the property have been granted for a land use term expiring on 12 October 2051 for commercial use.	The property is currently subject to various tenancies with the last term expiring on 1 December 2029, yielding a total monthly receivable of approximately RMB3,320,000, exclusive of management fee.	RMB1,005,000,000 (100% interest attributable to the Group: RMB1,005,000,000)

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91331081564433848A, Wenling Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Realty Title Certificate No. Zhe (2016) Wen Ling Shi Bu Dong Chang Quan Di 0003510, the title to a commercial building with a site area of 14,638.03 sq m and a total gross floor area of 89,612.26 sq m is vested in Wenling Intime Shopping Mall Development Company Limited for a land use term expiring on 12 October 2051 for commercial use.
- (3) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Wenling Intime Shopping Mall Development Company Limited has legally obtained the land use rights and the building ownership of the property. Wenling Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
2 Shopping Mall Portion of Linhai Intime City Dongfang Avenue Linhai Zhejiang Province The PRC	<p>Linhai Intime City (the “Development”) comprises a commercial, office and residential portions, erected on a parcel of land with a total site area of approximately 32,038 sq m.</p> <p>The property comprises shopping mall portion of the Development with a total lettable area of approximately 31,109.04 sq m. The property was completed in October 2014.</p> <p>The land use rights of the property have been granted for a term expiring on 5 January 2052 for commercial and services uses.</p>	<p>Portion of the property with lettable area of approximately 30,886 sq m is subject to various tenancies with the last tenancy expiring on 28 August 2030, yielding a total monthly receivable of approximately of RMB2,182,000 exclusive of management fee.</p> <p>The remaining portion of the property is vacant.</p>	<p>RMB656,000,000</p> <p>(100% interest attributable to the Group: RMB656,000,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91331082590553544T, Linhai Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB100,000,000 for a valid period from 10 February 2012 to 9 February 2032.
- (2) Pursuant to the State-owned Land Use Rights Certificates No. Lin Gu Guo Yong (2016) 0024 issued by the People’s Government of Linhai, the land use rights of a parcel of land with a site area of 32,038 sq m have been granted to Linhai Intime Shopping Mall Development Company Limited for a term expiring on 5 January 2052 for commercial and servicing uses.
- (3) Pursuant to the Building Ownership Certificate No. Lin Fang Quan Zheng Gu Cheng Jie Dao Zi Di 15307431 issued by Linhai Housing and Urban-Rural Development Bureau, the building ownership of the property with a total gross floor area of 63,418.65 sq m was vested in Linhai Intime Shopping Mall Development Company Limited for commercial use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Linhai Intime Shopping Mall Development Company Limited has legally obtained the land use rights and building ownership of the property. Linhai Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Linhai Intime Shopping Mall Development Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
3. Shopping Mall portion of Haining Intime City Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	<p>Haining Intime City (the “Development”) is a composite office/ commercial development with a total site area of approximately 96,698.00 sq m. The Development will comprise a total gross floor area of approximately 428,763.68 sq m upon completion.</p> <p>The property comprises the shopping mall portion on Basement 1 to Level 5 of the Development with a total lettable area of approximately 64,760.20 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial and office use.</p>	<p>Portion of the property on Level 1 to Level 5 with a lettable area of approximately 46,844 sq m is subject to various tenancies with the last tenancy expiring in November 2029, yielding a total monthly receivable of approximately RMB3,258,000 exclusive of management fee whilst the remaining portion of the property is vacant.</p> <p>Basement 1 of the property is currently leased to a supermarket expiring on 9 March 2032.</p>	<p>RMB1,042,000,000</p> <p>(100% interest attributable to the Group: RMB1,042,000,000)</p> <p><i>(please refer to note (4))</i></p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hai Guo Yong (2011) Di 08045 issued by the People’s Government of Haining dated 25 August 2011, the land use rights of a parcel of land with a site area of 96,698 sq m have been granted to Haining Intime Property Company Limited for a term expiring on 8 November 2050 for commercial and office use.

As advised by the Group’s PRC legal adviser, portion of the land with a site area of 20,387.92 sq m have been subdivided from the State-owned Land Use Rights Certificate No. Hai Guo Yong (2011) Di 08045 into 26 State-owned Land Use Rights Certificates.

Pursuant to 26 State-owned Land Use Rights Certificates issued by the People's Government of Haining, the land use rights of the portion of the land of the Development with a total site area 20,387.92 have been granted to Haining Intime Property Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Hai Guo Yong (2014) Di 01527	Room 101, No. 363 Haichang South Road	1,175.33	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01528	Room 102, No. 363 Haichang South Road	11.06	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01529	Room 103, No. 363 Haichang South Road	12.84	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01531	Room 104, No. 363 Haichang South Road	14.24	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01532	Room 105, No. 363 Haichang South Road	14.73	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01533	Room 106, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01534	Room 107, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01535	Room 108, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01536	Room 109, No. 363 Haichang South Road	47.04	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01537	Room 201, No. 363 Haichang South Road	1,128.11	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01538	Room 202, No. 363 Haichang South Road	13.45	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01540	Room 203, No. 363 Haichang South Road	10.78	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01541	Room 204, No. 363 Haichang South Road	12.52	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01542	Room 205, No. 363 Haichang South Road	14.74	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01544	Room 206, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01545	Room 207, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01546	Room 208, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01547	Room 301, No. 363 Haichang South Road	1,219.87	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01548	Room 401, No. 363 Haichang South Road	1,207.42	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01549	Room 501, No. 363 Haichang South Road	1,166.09	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01518	Room 101, No. 365 Haichang South Road	3,663.40	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01520	Room 201, No. 365 Haichang South Road	3,347.51	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01521	Room 301, No. 365 Haichang South Road	3,424.93	Commercial	14 February 2014	8 November 2050

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Hai Guo Yong (2014) Di 01524	Room 401, No. 365 Haichang South Road	3,448.97	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01523	Room 501, No. 365 Haichang South Road	136.10	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01525	Room 502, No. 365 Haichang South Road	212.29	Commercial	14 February 2014	8 November 2050

- (3) Pursuant to 26 Building Ownership Certificates, the building ownership of portion of the Development with a total gross floor area of 114,037.35 sq m is vested in Haining Intime Property Company Limited. Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Date of Issuance	Expiry Date
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306288	5,752.00	Commercial	Room 101, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306130	54.15	Commercial	Room 102, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306129	62.85	Commercial	Room 103, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306128	69.68	Commercial	Room 104, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306127	72.09	Commercial	Room 105, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306126	84.12	Commercial	Room 106, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306122	84.12	Commercial	Room 107, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306121	84.12	Commercial	Room 108, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306120	230.20	Commercial	Room 109, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306299	5,520.95	Commercial	Room 201, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306298	65.8	Commercial	Room 202, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306297	52.74	Commercial	Room 203, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306296	61.28	Commercial	Room 204, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306295	72.13	Commercial	Room 205, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306294	89.59	Commercial	Room 206, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306132	89.59	Commercial	Room 207, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306131	89.59	Commercial	Room 208, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306125	5,969.99	Commercial	Room 301, 363 Haichang South Road	27 January 2014	8 November 2050

Certificate No.	Gross Floor Area (sq m)	Use	Address	Date of Issuance	Expiry Date
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306124	5,909.07	Commercial	Room 401, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306289	5,706.81	Commercial	Room 501, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306300	21,598.79	Commercial	Room 101, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306293	19,736.35	Commercial	Room 201, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306123	20,192.77	Commercial	Room 301, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306290	20,334.52	Commercial	Room 401, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306291	802.40	Commercial	Room 501, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306292	1,251.64	Commercial	Room 502, 365 Haichang South Road	27 January 2014	8 November 2050

- (4) As advised by the Group, they have not obtained relevant title certificate for Basement 1 of the property, we have not assigned any market value to such portion of the property in the course of our valuation.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Haining Intime Property Company Limited has legally obtained the land use rights and building ownership (apart from Basement 1) of the property. Haining Intime Property Company Limited is the sole owner of the property;
 - (ii) the property (apart from Basement 1) can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016										
4. Liuzhou Intime City No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC	<p>Liuzhou Intime City (the “Development”) is a 33-storey commercial building with 3 basement levels erected on two parcels of land with a total site area of approximately 9,589.20 sq m and a total gross floor area of approximately 90,451.47 sq m. The Development is completed in August 2014.</p> <p>The property comprises the retail portion, ancillary facilities and car parking portion of the Development with a total gross floor area of approximately 67,010.02 sq m.</p> <p>Details of the approximate gross floor are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area <i>sq m</i></th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>44,430.66</td> </tr> <tr> <td>Ancillary Facilities</td> <td>4,397.50</td> </tr> <tr> <td>Car park</td> <td><u>18,181.86</u></td> </tr> <tr> <td>Total:</td> <td><u><u>67,010.02</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for commercial services use for terms expiring on 30 August 2049 and 10 December 2057 respectively.</p>	Use	Approximate Gross Floor Area <i>sq m</i>	Retail	44,430.66	Ancillary Facilities	4,397.50	Car park	<u>18,181.86</u>	Total:	<u><u>67,010.02</u></u>	<p>Portion of the property with a total lettable area of 18,170 sq m is subject to various tenancies with last tenancy expiring on 25 September 2029, yielding a total monthly receivable of RMB1,457,000 exclusive of management fee whilst of a total lettable area of 35 sq m is vacant.</p> <p>The remaining portion of the property is currently operated as department store.</p>	<p>RMB661,000,000</p> <p>(81% interest attributable to the Group: RMB535,410,000)</p>
Use	Approximate Gross Floor Area <i>sq m</i>												
Retail	44,430.66												
Ancillary Facilities	4,397.50												
Car park	<u>18,181.86</u>												
Total:	<u><u>67,010.02</u></u>												

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91450200669746357X, Liuzhou New Yindu Property Development Company Limited, a 81% owned subsidiary of the Group, was incorporated with a registered capital of USD24,500,000 for a valid period from 19 March 2008 to 18 March 2038.
- (2) Pursuant to 3 State-owned Land Use Rights Certificates issued by the People's Government of Liuzhou, the land use rights of the property with a total site area of 13,571.10 sq m (inclusive of an underground area of 3,981.9 sq m) have been granted to Liuzhou New Yindu Property Development Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Liu Guo Yong (2010) Di 102488	No. 17, Yufeng Road	2,200.0	Commercial services (Commercial, office, Podium)	11 February 2010	30 August 2049
Liu Guo Yong (2010) Di 102490	No. 17, Yufeng Road (Underground)	3,981.9	Commercial services (Car parking)	11 February 2010	30 August 2049
Liu Guo Yong (2008) Di 120817	No. 17, Yufeng Road	7,389.2	Commercial services (Commercial, office)	9 September 2008	10 December 2057

- (3) Pursuant to 16 Building Ownership Certificates, the building ownership of portion of the Development with a total gross floor area of 62,913.37 sq m is vested in Liuzhou Intime City (the "Development"). Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Date of Issuance
Liu Fang Quan Zheng Zi Di D0314686	960.05	Car park	No.2, -3 floor, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314682	6,216.54	Commercial	1-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0316152	57.20	Lavatory	1-2, Intime City, No.17 Yufeng Road	14 September 2015
Liu Fang Quan Zheng Zi Di D0314680	6,983.91	Commercial	2-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314678	7,064.30	Commercial	3-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314676	7,196.21	Commercial	4-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314675	6,949.80	Commercial	5-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314672	3,323.27	Commercial	6-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314685	3,610.06	Commercial	6-2, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314671	3,596.21	Commercial	7-1, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314592	4,514.01	Commercial	No.1, -1 floor, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314605	3,031.50	Car park	No.2, -1 floor, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314609	334.64	Bicycle Car park	No.5, -1 floor, Intime City, No.17 Yufeng Road	1 September 2015

Certificate No.	Gross Floor Area (sq m)	Use	Address	Date of Issuance
Liu Fang Quan Zheng Zi Di D0314589	5,540.55	Car park	No.1, -2 floor, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314590	1,377.62	Defense Car park	No.2, -2 floor, Intime City, No.17 Yufeng Road	1 September 2015
Liu Fang Quan Zheng Zi Di D0314584	2,157.5	Car park	No.1, -3 floor, Intime City, No.17 Yufeng Road	1 September 2015

- (4) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 450201201000041 issued by Liuzhou Planning Bureau, dated 10 February 2010, the Development with a site area of approximately 3,981.92 sq m was permitted to be developed.
- (5) Pursuant to the Construction Engineering Planning Permit No. Di Zi Di 450201201200083 (Jian Zhu Gong Cheng Lei) issued by Liuzhou Planning Bureau dated 1 April 2012, the Development with a total gross floor area of 91,099 sq m was permitted to be constructed.
- (6) Pursuant to the Construction Work Commencement Permit No. 450202200812260101 issued by Liuzhou Construction Planning Administration Committee dated 26 December 2008, the construction work of the Development with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (7) Pursuant to the Construction Work Commencement Permit No. 450202201307240101 issued by Liuzhou Housing and Urban-Rural Development Committee dated 24 July 2013, the construction work of the Development with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (8) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Liuzhou New Yindu Property Development Company Limited has legally obtained the land use rights and building ownership (as mentioned in note(3)) of the property. Liuzhou New Yindu Property Development Company Limited is the sole owner of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Liuzhou New Yindu Property Development Company Limited according to relevant laws and regulations;
 - (iii) Liuzhou New Yindu Property Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Liuzhou New Yindu Property Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016								
5. Lease Term Interests of Wuluo Intime City No. 33 Luoyu Road Hongshan District Wuhan Hubei Province The PRC	<p>Wuluo Intime City (the “Development”) is a commercial/ office complex erected on a parcel of land with a total site area of approximately 24,923.00 sq m. The Development comprises a 24-storey office building and a 11-storey commercial podium with 3 basement levels. The Development was completed in September 2014.</p> <p>The property comprises the lease term interests of portion of the retail area of the Development. The approximate gross floor area is listed as follows:</p>	<p>Portion of the property with a total lettable area of approximately 51,288.18 sq m is subject to various tenancies with the last term expiring in September 2029, yielding a total monthly receivable of approximately RMB5,624,000, exclusive of management fee.</p> <p>Portion of the property with a lettable area of approximately 11,258.07 sq m is currently operated as department store.</p> <p>The remaining portion of the property is vacant.</p>	<p>RMB1,290,000,000</p> <p>(100% interest attributable to the Group: RMB1,290,000,000)</p> <p><i>(please refer to note (4))</i></p>								
	<table border="0"> <thead> <tr> <th data-bbox="512 1183 555 1210">Use</th> <th data-bbox="719 1108 858 1247">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1293 703 1357">Commercial (above ground)</td> <td data-bbox="746 1332 858 1357">106,429.44</td> </tr> <tr> <td data-bbox="512 1370 703 1434">Commercial (below ground)</td> <td data-bbox="767 1408 858 1434"><u>6,763.81</u></td> </tr> <tr> <td data-bbox="512 1491 576 1519">Total:</td> <td data-bbox="746 1491 858 1525"><u><u>113,193.25</u></u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area sq m	Commercial (above ground)	106,429.44	Commercial (below ground)	<u>6,763.81</u>	Total:	<u><u>113,193.25</u></u>		
Use	Approximate Gross Floor Area sq m										
Commercial (above ground)	106,429.44										
Commercial (below ground)	<u>6,763.81</u>										
Total:	<u><u>113,193.25</u></u>										

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 914201116953005431, Hubei Wuluo Creative Park Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB60,000,000 for a long-term valid period from 17 September 2009.
- (2) Pursuant to the Construction Land Use Planning Permit No. Wu Gui Di (2009) 346 issued by Wuhan Land Resources and Planning Bureau dated 15 December 2009, a parcel of land with a site area of 24,923.00 sq m was permitted to be developed.
- (3) Pursuant to the Cooperative Agreement of LuoJia Creative Park Phase One entered into between Wuhan WD Education Development Company Limited (“Party A”) and China Yintai Holdings Company Limited (“Party B”) dated 9 July 2009, the title to the property was vested in Party A. Apart from the portion of the property which will be used by Party A (including office portion of 15,000 sq m and commercial podium portion of 10,000 sq m), Party A agreed to permit Party B to use, manage and operate the remaining portion of the property at no consideration upon completion of the property for 50 years. Meanwhile, Party A agreed to leased the aforesaid commercial podium portion of 10,000 sq m to Party B for a term of 20 years at a monthly unit rental of RMB38 per sq m for the first to fifth years, RMB40 per sq m for the sixth to twentieth years and Party B can sub-lease this portion to third party.
- (4) The value of the property has made reference to its lease term interest and its rights in subletting and/or transferring the lease term interests of such portion of the property.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Hubei Wuluo Creative Park Development Company Limited can occupy and use the land of the property; and
 - (ii) upon completion of the property, Hubei Wuluo Creative Park Development Company Limited enjoys the rights to use and operate portion of the Development which is not self-used by Wuhan University and can be sub-leased to third party.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
6. Xian Qujiang Intime City No. 410 Yanta South Road Yanta District Xian Shaanxi Province The PRC	<p>Xian Qujiang Intime City (the “Development”) is a 4-storey commercial building plus a mezzanine floor and 2 basement levels erected on a parcel of land with a site area of approximately 22,839.30 sq m completed in 2011.</p> <p>The property comprises a total lettable area of approximately 41,642 sq m.</p> <p>The land use rights of the Development have been granted for a term expiring on 30 September 2049 for commercial use.</p>	<p>Portion of the property with a total lettable area of approximately 33,531 sq m is subject to various tenancies with the last tenancy expiring on 17 January 2032, yielding a total monthly receivable of approximately RMB2,601,000, exclusive of management fee whilst a total lettable area of 781 sq m is vacant and the remaining portion of the property is currently occupied as a department store.</p>	<p>RMB887,000,000</p> <p>(100% interest attributable to the Group: RMB887,000,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91610133552311288H, Xi'an Qujiang Intime International Shopping Mall Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB175,000,000 for a long-term valid period.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Shi Qu Jiang Guo Yong (2010 Chu) Di 016 issued by the People's Government of Xian dated 7 April 2010, the land use rights of a parcel of land with a site area of 22,839.3 sq m have been granted to Xi'an Qujiang Intime International Shopping Mall Company Limited for a term expiring on 30 September 2049 for commercial use.
- (3) Pursuant to the Construction Land Use Planning Permit No. Xi Gui Qu Di Zi Di 010 issued by Xian Qujiang New District Administration Committee dated 6 August 2010, the Development with a site area of approximately 43,802 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Xi Gui Gu Jian Zi Di 005 issued by Xian Qujiang New District Administration Committee dated 21 January 2011, the Development with a total gross floor area of 75,691 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. Xi Gu Jian Shi [2011] 012 issued by Xian Urban-Rural Development Committee dated 18 April 2011, the construction work of the Development with a total gross floor area of 75,691 sq m was permitted to be commenced.
- (6) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Xi'an Qujiang Intime International Shopping Mall Company Limited has legally obtained the land use rights of the property. Xi'an Qujiang Intime International Shopping Mall Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Qujiang Intime International Shopping Mall Company Limited according to relevant laws and regulations;
 - (iii) Xi'an Qujiang Intime International Shopping Mall Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Xi'an Qujiang Intime International Shopping Mall Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
7. Portion of the Retail Portion of Intime Jinhua Intime City No. 168 Jiefang East Road Wucheng District Jinhua Zhejiang Province The PRC	<p data-bbox="512 395 847 683">Intime Jinhua Intime City (the “Development”) comprises 2 blocks of 6-storey commercial building with a 2-level common basement erected on a parcel of land with a site area of approximately 20,000.00 sq m completed in 2009.</p> <p data-bbox="512 732 847 868">The 2 blocks of commercial building (namely Blocks A and B) are connected by footbridges on Level 2 and Level 3.</p> <p data-bbox="512 917 847 1095">The property comprises portion of the retail portion of the Development with a total lettable area of approximately 24,843.20 sq m.</p> <p data-bbox="512 1144 847 1317">The land use rights of the property have been granted for a term expiring on 10 January 2047 for commercial and services uses.</p>	<p data-bbox="895 395 1129 981">The property with a total lettable area of approximately 23,313 sq m is subject to various tenancies with the last tenancy expiring on 14 November 2024, yielding a total monthly receivable of approximately RMB1,503,000, exclusive of management fee whilst the remaining portion is vacant.</p>	<p data-bbox="1203 395 1406 608">RMB269,000,000 (100% interest attributable to the Group: RMB269,000,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No.913307027996018770, Jinhua Intime Shopping Center Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB30,000,000 for a valid period from 6 March 2007 to 5 March 2022.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Jin Shi Guo Yong (2012) Di 102-13456 issued by the People's Government of Jinhua dated 28 September 2012, the land use rights of a parcel of land with a site area of 9,597.64 sq m have been granted to Jinhua Intime Shopping Center Company Limited for a term expiring on 10 January 2047 for commercial and services uses.
- (3) Pursuant to 8 Realty Title Certificates issued by Jinhua Housing and Urban-Rural Development Bureau, the title to portion of the Development with a total gross floor area of 58,092.26 sq m were vested in Jinhua Intime Shopping Center Company Limited. Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Expiry Date
Jin Fang Quan Zheng Wu Zi Di 00336318	3,967.47	Commercial	Room 101, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00337692	4,820.64	Commercial	Room 102, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336316	4,265.03	Commercial	Room 201, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336315	5,154.59	Commercial	Room 202, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336314	10,281.82	Commercial	Room 301, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336313	10,375.89	Commercial	Room 302, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336312	10,628.09	Commercial	Room 401, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336311	8,598.73	Commercial	Room 601, No. 168 Jiefang East Road	10 January 2047

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Jinhua Intime Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Jinhua Intime Shopping Center Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Jinhua Intime Shopping Center Company Limited subject to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
8. Ningbo Universal Intime City together with two car park buildings located at No. 1088 Tiantong South Road, No. 961, 999 Gouzhang East Road and No. 850 Xiaogao East Road Yinzhou District Ningbo Zhejiang Province The PRC	<p data-bbox="512 395 855 683">Ningbo Universal Intime City (the "Development") is a 5-storey commercial development plus a level of basement erected on a parcel of land with a total site area of approximately 65,434.73 sq m completed in 2015.</p> <p data-bbox="512 732 855 987">The property comprises portion of the Development with a total lettable area of approximately 98,522.99 sq m together with two car parking buildings with a total gross floor area of approximately 54,414.26 sq m.</p> <p data-bbox="512 1036 855 1206">The land use rights of the property have been granted for a term expiring on 14 April 2051 for commercial services and car park uses.</p>	<p data-bbox="895 395 1134 1055">Portion of the retail portion of the property with a total lettable area of approximately 82,884.00 sq m is subject to various tenancies with the last tenancy expiring on 25 September 2035, yielding a total monthly receivable of approximately RMB5,515,000, exclusive of management fee whilst the remaining portion of the property is vacant.</p>	<p data-bbox="1201 395 1407 608">RMB1,543,000,000 (100% interest attributable to the Group: RMB1,543,000,000)</p>

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91330200321626776N, Ningbo Universal Intime City Commercial Company Limited (寧波銀泰環球城商業有限公司), a wholly owned subsidiary of the Group, was incorporated for a valid period from 28 November 2014 to 27 November 2034.

- (2) Pursuant to 7 State-owned Land Use Rights Certificates all issued by Ningbo Land Resources Bureau, the land use rights of the Development with a total site area of 119,948.99 sq m have been granted to Ningho Universal Intime City Commercial Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Expiry Date
Yong Yin Guo Yong (2015) Di 99-14650	No. 1088 Tiantong Nan Road, No. 999 Gouzhang Dong Road	65,434.73	Commercial services	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14661	No. 961 Gouzhang Dong Road	3,366.28	Car park	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14660	No. 850 Xiaogao Dong Road	31,374.81	Car park	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14679	No. 961 Gouzhang Dong Road	4,998.99	Car park	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14785	No. 961 Gouzhang Dong Road	4,831.00	Car park	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14784	No. 961 Gouzhang Dong Road	4,921.59	Car park	14 April 2051
Yong Yin Guo Yong (2015) Di 99-14783	No. 961 Gouzhang Dong Road	4,921.59	Car park	14 April 2051

- (3) Pursuant to 7 Building Ownership Certificates all issued by Ningbo Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 228,886.00 sq m were vested in Ningho Universal Intime City Commercial Company Limited. Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Expiry Date
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545780	174,471.74	Commercial	No. 1088 Tiantong Nan Road, No. 999 Gouzhang Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545777	31,374.81	Car park	No. 850 Xiaogao Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545774	3,366.28	Car park	No. 961 Gouzhang Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545778	4,831.00	Car park	No. 961 Gouzhang Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545781	4,921.59	Car park	No. 961 Gouzhang Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545772	4,998.99	Car park	No. 961 Gouzhang Dong Road	14 April 2051
Yong Fang Quan Zheng Yin Zhou Qu Zi Di 201545775	4,921.59	Car park	No. 961 Gouzhang Dong Road	14 April 2051

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–

- (i) Ningho Universal Intime City Commercial Company Limited has legally obtained the land use rights and the building ownership of the property. Ningho Universal Intime City Commercial Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Ningho Universal Intime City Commercial Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

Group II – Properties held by the Group for self-use in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016								
9. Xiantao Commercial Building No. 43 Mianyang Avenue Xiantao Hubei Province The PRC	<p>The property is a department store including two 7 to 11-storey commercial buildings plus a single-level basement erected on five parcels of land with a total site area of approximately 15,534.73 sq m.</p> <p>The property comprises two buildings connected by a footbridge, namely the North Tower and South Tower, with a total gross floor area of approximately 67,899 sq m completed in 1993 and 2010 respectively. The detail breakdown of the approximate gross floor area are as follows:</p> <table border="1"> <thead> <tr> <th>Building</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>North Tower</td> <td>27,828</td> </tr> <tr> <td>South Tower</td> <td><u>40,071</u></td> </tr> <tr> <td>Total:</td> <td><u><u>67,899</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for various terms for commercial and commercial and services uses.</p> <p><i>(please refer to note (2) for details)</i></p>	Building	Approximate Gross Floor Area sq m	North Tower	27,828	South Tower	<u>40,071</u>	Total:	<u><u>67,899</u></u>	<p>Portion of the property with a total gross floor area of 5,531.00 sq m is subject to various tenancies with the last tenancy expiring on 30 September 2025, yielding a total monthly receivable of approximately RMB230,000, exclusive of management fee.</p> <p>Another portion of the property with a total gross floor area of approximately 58,589 sq m is owner-occupied and operated as department store.</p> <p>The remaining portion of the property is owner-occupied for storage use.</p>	<p>RMB1,168,000,000</p> <p>(65.8% interest attributable to the Group: RMB768,544,000)</p>
Building	Approximate Gross Floor Area sq m										
North Tower	27,828										
South Tower	<u>40,071</u>										
Total:	<u><u>67,899</u></u>										

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91429004181664665L, Hubei Intime Xiantao Shangcheng Building Company Limited, a 65.8% owned subsidiary of the Group, was incorporated with a registered capital of RMB36,925,000 for a long-term valid period.
- (2) Pursuant to 5 State-owned Land Use Rights Certificates issued by the People's Government of Xiantao, the land use rights of the property with a total site area of 15,534.73 sq m have been granted to Hubei Intime Xiantao Shangcheng Building Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Xian Guo Yong (2010) Di 3305	Mianyangda Road	1,760.66	Commercial	1 December 2010	26 June 2040
Xian Guo Yong (2010) Di 3304	Mianyangda Road	4,000.09	Commercial	1 December 2010	26 June 2040
Xian Guo Yong (2010) Di 3301	Mianyangda Road	5,023.98	Commercial	1 December 2010	13 March 2047
Xian Guo Yong (2010) Di 3303	Mianyangda Road	2,719.88	Commercial	1 December 2010	8 February 2047
Xian Guo Yong (2012) Di 0616	Mianyangda Road	2,030.12	Commercial and services	1 December 2010	30 December 2036

- (3) Pursuant to 4 Realty Title Certificates issued by People's Government of Xiantao, the building ownership of building with a total gross floor area of 65,552.73 sq m was vested in Hubei Intime Xiantao Shangcheng Building Company Limited. Details are listed as follows:

Certificate No	Date of Issuance	Gross floor area (sq m)	Use
Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005920	21 September 2010	16,336.54	Commercial
Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201005921	21 September 2010	9,171.65	Commercial
Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201107116	25 November 2011	9,545.36	Composite
Xian Tao Shi Fang Quan Zheng Gan He Zi Di ZCM201401517	29 September 2014	30,499.18	Commercial and services

- (4) Pursuant to the Construction Land Use Planning Permit No. Gui Di Zi [2007] Di 034 issued by Xiantao Planning Bureau dated 29 December 2007, the property with a site area of approximately 5,503.72 sq m was permitted to be developed.
- (5) Pursuant to the Construction Engineering Planning Permit No. Gui Jian Zi [2007] Di 104 issued by Xiantao Planning Bureau dated 30 December 2007, the property with a total gross floor area of 28,585.42 sq m was permitted to be constructed.
- (6) Pursuant to the Construction Work Commencement Permit No. 422427200904080101 issued by Xiantao Development Committee dated 8 April 2009, the construction work of portion of the property with a total gross floor area of 27,227.00 sq m was permitted to be commenced.

- (7) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Hubei Intime Xiantao Shangcheng Building Company Limited has legally obtained the land use rights and portion of the building ownership of the property. Hubei Intime Xiantao Shangcheng Building Company Limited is the sole owner of the property;
 - (ii) Portion of the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Intime Xiantao Shangcheng Building Company Limited subject to relevant laws and regulations;
 - (iii) Hubei Intime Xiantao Shangcheng Building Company Limited has obtained the relevant planning approvals and permits for portion of the property. Upon completion of such portion of the property, there is no practical legal impediment for Hubei Intime Xiantao Shangcheng Building Company Limited to obtain the relevant Building Ownership Certificate of such portion of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016																		
10. Xiantao Intime City South of Huangjin Avenue East of Jinrui Road Xiantao Hubei Province The PRC	<p>The property comprises a parcel of land with a total site area of approximately 55,875.11 sq m.</p> <p>The property is planned to be developed into a commercial development with a total gross floor area of approximately 317,505.64 sq m. Details of the gross floor area breakdown are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>22,080.12</td> </tr> <tr> <td>Retail</td> <td>146,667.14</td> </tr> <tr> <td>Retail (Basement)</td> <td>28,920.78</td> </tr> <tr> <td>Retail (Corridor)</td> <td>18,525.16</td> </tr> <tr> <td>Hotel</td> <td>23,044.16</td> </tr> <tr> <td>Car Park</td> <td>74,784.74</td> </tr> <tr> <td>Other</td> <td><u>3,483.54</u></td> </tr> <tr> <td>Total</td> <td><u><u>317,505.64</u></u></td> </tr> </tbody> </table>	Use	Gross Floor Area sq m	Office	22,080.12	Retail	146,667.14	Retail (Basement)	28,920.78	Retail (Corridor)	18,525.16	Hotel	23,044.16	Car Park	74,784.74	Other	<u>3,483.54</u>	Total	<u><u>317,505.64</u></u>	The property is currently vacant.	<p>RMB123,000,000</p> <p>(65.8% interest attribute to the Group: RMB80,934,000)</p>
Use	Gross Floor Area sq m																				
Office	22,080.12																				
Retail	146,667.14																				
Retail (Basement)	28,920.78																				
Retail (Corridor)	18,525.16																				
Hotel	23,044.16																				
Car Park	74,784.74																				
Other	<u>3,483.54</u>																				
Total	<u><u>317,505.64</u></u>																				
	<p>The land use rights of the property have been granted for a term expiring on 19 May 2054 for commercial and services uses.</p>																				

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91429004181664665L, Hubei Intime Xiaotao Shangcheng Building Copmany Limited, a 65.8% owned subsidiary of the Group, was incorporated with a registered capital of RMB36,925,000 for a valid period from 28 July 2000 to 28 July 2015.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Xian Guo Yong (2014) Di 3604 issued by the People's Government of Xiantao, the land use rights of a parcel of land with a site area of 55,875.11 sq m have been granted to Hubei Intime Xiantao Shangcheng Building Company Limited for a term expiring on 19 May 2054 for commercial and services uses.
- (3) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:--
 - (i) Hubei Intime Xiantao Shangcheng building Company Limited has legally obtained the land use rights of the property. Hubei Intime Xiantao Shangcheng building Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Intime Xiantao Shangcheng Building Company Limited subject to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
11. Department Store Portion of Phase 1 of Wenling Intime City Western side of Zhonghua North Road, Wenling Taizhou Zhejiang Province The PRC	Wenling Intime City (the "Development") is a large-scale commercial development erected on a parcel of land with a site area of approximately 14,638.03 sq m and a total gross floor area of approximately 89,612.26 sq m. It is completed in about 2015. The property comprises the department store portion on Levels 1 to 5 of the Development with a total lettable area of approximately 7,594.00 sq m. The land use rights of the property have been granted for a term expiring on 12 October 2051 for commercial use.	The property is currently operating as a department store.	RMB200,000,000 (100% interest attributable to the Group: RMB200,000,000)

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91331081564433848A dated 10 May 2013, Wenling Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB300,000,000 for a valid period from 23 March 2011 to 22 March 2031.
- (2) Pursuant to the Realty Title Certificate No. Zhe (2016) Wen Ling Shi Bu Dong Chang Quan Di 0003510, the title to a commercial building with a site area of 14,638.03 sq m and a total gross floor area of 89,612.26 sq m is vested in Wenling Intime Shopping Mall Development Company Limited for a land use term expiring on 12 October 2051 for commercial use.
- (3) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Wenling Intime Shopping Mall Development Company Limited has legally obtained the land use rights and the building ownership of the property. Wenling Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Wenling Intime Shopping Mall Development Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
12. Department Store Portion of Linhai Intime City Dongfang Avenue Linhai Zhejiang Province The PRC	Linhai Intime City (the "Development") comprises commercial, office and residential portions, erected on a parcel of land with a total site area of approximately 32,038 sq m. The property comprises portion of Level 1 to Level 4 of the Development with a total lettable area of approximately 6,459.20 sq m. The property was completed in October 2014. The land use rights of the property have been granted for a term expiring on 5 January 2052 for commercial and services uses.	The property is operated as a department store.	RMB147,000,000 (100% interest attributable to the Group: RMB147,000,000)

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91331082590553544T, Linhai Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB100,000,000 for a valid period from 10 February 2012 to 9 February 2032.
- (2) Pursuant to the State-owned Land Use Rights Certificates No. Lin Gu Guo Yong (2016) 0024 issued by the People's Government of Linhai, the land use rights of a parcel of land with a site area of 32,038 sq m have been granted to Linhai Intime Shopping Mall Development Company Limited for a term expiring on 5 January 2052 for commercial and servicing uses.
- (3) Pursuant to the Building Ownership Certificate No. Lin Fang Quan Zheng Gu Cheng Jie Dao Zi Di 15307431 issued by Linhai Housing and Urban-Rural Development Bureau, the building ownership of the property with a total gross floor area of 63,418.65 sq m was vested in Linhai Intime Shopping Mall Development Company Limited for commercial use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:--
 - (i) Linhai Intime Shopping Mall Development Company Limited has legally obtained the land use rights and building ownership of the property. Linhai Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Linhai Intime Shopping Mall Development Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
13. Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC	<p>Hefei Yintai Center (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 8,968.96 sq m. The total gross floor area of the Development is approximately 182,002.00 sq m completed in 2012.</p> <p>The property comprises the retail portion of the Development with an approximate total gross floor area of 86,402.53 sq m.</p> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p>	<p>The property with a total lettable area of approximately 21,719 sq m is operated as a department store.</p> <p>The remaining portion of the property with a total lettable area of approximately 24,118 sq m is subject to various tenancies with the last tenancy expiring on 19 December 2027, yielding a total monthly receivable of approximately RMB3,831,000, exclusive of management fee.</p>	<p>RMB1,877,000,000</p> <p>(100% interest attributable to the Group: RMB1,877,000,000)</p>

Notes:

- Pursuant to the Business Licence with Unified Social Credit No. 91340000704900752T, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- Pursuant to 4 State-owned Land Use Rights Certificates issued by the People’s Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
He Guo Yong (2013) Di Lu Yang 03426	Huaqiao Square, Hefei	1,754.29	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03425	Huaqiao Square, Hefei	101.23	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03423	Huaqiao Square, Hefei	89.72	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03424	Huaqiao Square, Hefei	7,023.72	Commercial	24 May 2013	January 2049

- (3) Pursuant to the Building Ownership Certificate No. Fang Di Quan Zheng He Chan Zi Di 8110069232 issued by Hefei Real Estate Title Administration Bureau dated 19 April 2013, the building ownership of the property with a total gross floor area of 86,402.53 sq m was vested in Anhui Province Huaqiao Hotel Company Limited for commercial use.
- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03424 is subject to a mortgage.
- (5) The property as stipulated under Building Ownership Certificate No. Fang Di Quan Zheng He Chan Zi Di 8110069232 is subject to a mortgage.
- (6) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights and the building ownership of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) apart from portion of the property as mentioned in notes (4) and (5), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
14. Hotel portion of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC	<p>Hefei Yintai Center (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 8,968.96 sq m. The total gross floor area of the Development is approximately 182,002.00 sq m completed in 2012.</p> <p>The property comprises hotel portion of the Development with an approximate total gross floor area of 21,580.41 sq m.</p> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p>	<p>The property is subject to two tenancies with the last tenancy expiring on 31 August 2028, yielding a total monthly receivable of approximately RMB583,000, exclusive of management fee.</p>	<p>RMB190,000,000</p> <p>(100% interest attributable to the Group: RMB190,000,000)</p>

Notes:

- Pursuant to the Business Licence with Unified Social Credit No. 91340000704900752T, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- Pursuant to 4 State-owned Land Use Rights Certificates issued by the People’s Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
He Guo Yong (2013) Di Lu Yang 03426	Huaqiao Square, Hefei	1,754.29	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03425	Huaqiao Square, Hefei	101.23	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03423	Huaqiao Square, Hefei	89.72	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03424	Huaqiao Square, Hefei	7,023.72	Commercial	24 May 2013	January 2049

- Pursuant to the Building Ownership Certificate No. Fang Di Quan Zheng He Chan Zi Di 8110069234 issued by Hefei Real Estate Title Administration Bureau dated 19 April 2013, the building ownership of the property with a total gross floor area of 21,580.41 sq m was vested in Anhui Province Huaqiao Hotel Company Limited for hotel and ancillary uses.

- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03424 is subject to a mortgage.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights and the building ownership of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) apart from portion of the property as mentioned in note (4), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
15. Office Portion of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC	<p>Hefei Yintai Center (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 8,968.96 sq m. The total gross floor area of the Development is approximately 182,002.00 sq m completed in 2012.</p> <p>The property comprises office portion of the Development on Levels 10 and 11 with an approximate total gross floor area of 2,348.98 sq m.</p> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p>	The property is currently occupied by the Group.	RMB32,900,000 (100% interest attributable to the Group: RMB32,900,000)

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No.91340000704900752T, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People’s Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
He Guo Yong (2013) Di Lu Yang 03426	Huaqiao Square, Hefei	1,754.29	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03425	Huaqiao Square, Hefei	101.23	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03423	Huaqiao Square, Hefei	89.72	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03424	Huaqiao Square, Hefei	7,023.72	Commercial	24 May 2013	January 2049

- (3) Pursuant to 2 Building Ownership Certificates issued by Hefei Real Estate Title Administration Bureau, the building ownership of the property with a total gross floor area of 2,348.98 sq m was vested in Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

Certificate No	Date of Issuance	Gross floor area (sq m)	Use
Fang Di Quan Zheng He Chan Zi Di 8110069235	19 April 2013	1,103.65	Office
Fang Di Quan Zheng He Chan Zi Di 8110069236	19 April 2013	1,245.33	Office

- (4) Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03424 is subject to a mortgage.

- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-

- (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights and the building ownership of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
- (iii) apart from portion of the property as mentioned in note (4), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016																		
16. Xianning Xian'an Intime Department Store No. 233 Yushui Road Xian'an District Xianning Hubei Province The PRC	<p>Xianning Xian'an Intime Department Store (the "Development") is a 6-storey commercial building with a single-level basement erected on a parcel of land with a site area of approximately 5,945.01 sq m completed in 2008.</p> <p>The property comprises portion of the Development with a total gross floor area of approximately 16,879.17 sq m. The detail of the approximate gross floor area are as follows:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement 1</td> <td>825.18</td> </tr> <tr> <td>Level 1</td> <td>2,746.99</td> </tr> <tr> <td>Level 2</td> <td>1,710.41</td> </tr> <tr> <td>Level 3</td> <td>1,257.70</td> </tr> <tr> <td>Level 4</td> <td>4,409.91</td> </tr> <tr> <td>Level 5</td> <td>5,145.56</td> </tr> <tr> <td>Level 6</td> <td><u>783.42</u></td> </tr> <tr> <td>Total:</td> <td><u><u>16,879.17</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 29 September 2045 for commercial use.</p>	Level	Approximate Gross Floor Area sq m	Basement 1	825.18	Level 1	2,746.99	Level 2	1,710.41	Level 3	1,257.70	Level 4	4,409.91	Level 5	5,145.56	Level 6	<u>783.42</u>	Total:	<u><u>16,879.17</u></u>	<p>Portion of the property with a total lettable area of approximately 1,708.60 sq m is subject to various tenancies with the last tenancy expiring in April 2022, yielding a total monthly receivable of approximately RMB298,000, exclusive of management fee.</p> <p>The remaining portion of the property is owner-occupied by Zhejiang Intime Department Store Company Xianning Branch.</p>	<p>RMB230,000,000 (100% interest attributable to the Group: RMB230,000,000)</p>
Level	Approximate Gross Floor Area sq m																				
Basement 1	825.18																				
Level 1	2,746.99																				
Level 2	1,710.41																				
Level 3	1,257.70																				
Level 4	4,409.91																				
Level 5	5,145.56																				
Level 6	<u>783.42</u>																				
Total:	<u><u>16,879.17</u></u>																				

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 422300500001483 dated 5 November 2012, Zhejiang Intime Department Store Company Limited Xianning Branch, a wholly owned subsidiary of the Group, was incorporated for a valid period from 10 December 2010 to 29 September 2035.
- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by the People's Government of Xian'an, the land use rights of the property with a total site area of 3,564.28 sq m have been granted to Zhejiang Intime Department Store Company Limited Xianning Branch. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Xian'an Guo Yong (2010) Di 2815	No. 233, Yushui Road	185.97	Commercial	29 September 2010	29 September 2045
Xian'an Guo Yong (2010) Di 2816	No. 233, Yushui Road	1,104.03	Commercial	29 September 2010	29 September 2045
Xian'an Guo Yong (2010) Di 2817	No. 233, Yushui Road	2,098.57	Commercial	29 September 2010	29 September 2045
Xian'an Guo Yong (2010) Di 2818	No. 233, Yushui Road	175.71	Commercial	29 September 2010	29 September 2045

- (3) Pursuant to 4 Realty Title Certificates issued by Xian'ning Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 16,791.18 sq m were vested in Zhejiang Intime Department Store Company Limited Xianning Branch. Details are listed as follows:

Certificate No.	Date of Issuance	Gross floor area (sq m)	Use
Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016186	6 September 2010	825.18	Commercial
Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016187	6 September 2010	10,037.02	Commercial
Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016188	6 September 2010	5,145.56	Commercial
Xianning Shi Fang Quan Zheng Xian'an Zi Di 10016189	6 September 2010	783.42	Commercial

- (4) Portion of Level 1 and Level 5 of the Development (the "Sub-leased Portion") was leased from Xian'ning Chu Tian Li Jing Shang Mao Limited Company, an independent third party, to Zhejiang Intime Department Store Company Limited Xianning Branch. Zhejiang Intime Department Store Company Limited Xianning Branch has the right to sub-lease this portion. In the course of our valuation, we have valued the market value of profit rent, if any, of the Sub-leased Portion. According to the information provided by the Company, the total gross floor area of the Sub-leased Portion is 8,255.19 sq m.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Zhejiang Intime Department Store Company Limited Xianning Branch has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited Xianning Branch is the sole owner of the property;
 - (ii) the property is subject to mortgages; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited Xianning Branch according to relevant laws and regulations and obtaining mortgagee's prior written consent.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
17. Department store portion of Haining Intime City Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	<p>Haining Intime City (the “Development”) is a composite office/commercial development with a total site area of approximately 96,698.00 sq m. The Development will comprise a total gross floor area of approximately 428,763.68 sq m upon completion.</p> <p>The property comprises the department store portion of the Development with a total lettable area of approximately 23,287.00 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial and office use.</p>	The property is operated by the Group as department store.	RMB446,700,000 (100% interest attributable to the Group: RMB446,700,000)

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hai Guo Yong (2011) Di 08045 issued by the People’s Government of Haining dated 25 August 2011, the land use rights of a parcel of land with a site area of 96,698 sq m have been granted to Haining Intime Property Company Limited for a term expiring on 8 November 2050 for commercial and office use.

As advised by the Group’s PRC legal adviser, portion of the land with a site area of 20,387.92 sq m have been subdivided from Hai Guo Yong (2011) Di 08045 into 26 State-owned Land Use Rights Certificates.

Pursuant to 26 State-owned Land Use Rights Certificates issued by the People's Government of Haining, the land use rights of the Development with a total site area 20,387.92 have been granted to Haining Intime Property Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Hai Guo Yong (2014) Di 01527	Room 101, No. 363 Haichang South Road	1,175.33	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01528	Room 102, No. 363 Haichang South Road	11.06	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01529	Room 103, No. 363 Haichang South Road	12.84	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01531	Room 104, No. 363 Haichang South Road	14.24	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01532	Room 105, No. 363 Haichang South Road	14.73	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01533	Room 106, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01534	Room 107, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01535	Room 108, No. 363 Haichang South Road	17.19	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01536	Room 109, No. 363 Haichang South Road	47.04	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01537	Room 201, No. 363 Haichang South Road	1,128.11	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01538	Room 202, No. 363 Haichang South Road	13.45	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01540	Room 203, No. 363 Haichang South Road	10.78	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01541	Room 204, No. 363 Haichang South Road	12.52	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01542	Room 205, No. 363 Haichang South Road	14.74	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01544	Room 206, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01545	Room 207, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01546	Room 208, No. 363 Haichang South Road	18.31	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01547	Room 301, No. 363 Haichang South Road	1,219.87	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01548	Room 401, No. 363 Haichang South Road	1,207.42	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01549	Room 501, No. 363 Haichang South Road	1,166.09	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01518	Room 101, No. 365 Haichang South Road	3,663.40	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01520	Room 201, No. 365 Haichang South Road	3,347.51	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01521	Room 301, No. 365 Haichang South Road	3,424.93	Commercial	14 February 2014	8 November 2050

Certificate No.	Address	Site Area		Date of Issuance	Expiry Date
		(sq m)	Land Use		
Hai Guo Yong (2014) Di 01524	Room 401, No. 365 Haichang South Road	3,448.97	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01523	Room 501, No. 365 Haichang South Road	136.10	Commercial	14 February 2014	8 November 2050
Hai Guo Yong (2014) Di 01525	Room 502, No. 365 Haichang South Road	212.29	Commercial	14 February 2014	8 November 2050

- (3) Pursuant to 26 Building Ownership Certificates, the building ownership of portion of the Development with a total gross floor area of 114,037.35 sq m were vested in Haining Intime Property Company Limited. Details are listed as follows:

Certificate No.	Gross Floor		Address	Date of Issuance	Expiry Date
	Area (sq m)	Use			
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306288	5,752.00	Commercial	Room 101, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306130	54.15	Commercial	Room 102, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306129	62.85	Commercial	Room 103, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306128	69.68	Commercial	Room 104, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306127	72.09	Commercial	Room 105, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306126	84.12	Commercial	Room 106, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306122	84.12	Commercial	Room 107, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306121	84.12	Commercial	Room 108, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306120	230.20	Commercial	Room 109, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306299	5,520.95	Commercial	Room 201, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306298	65.8	Commercial	Room 202, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306297	52.74	Commercial	Room 203, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306296	61.28	Commercial	Room 204, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306295	72.13	Commercial	Room 205, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306294	89.59	Commercial	Room 206, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306132	89.59	Commercial	Room 207, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306131	89.59	Commercial	Room 208, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306125	5,969.99	Commercial	Room 301, 363 Haichang South Road	27 January 2014	8 November 2050

Certificate No.	Gross Floor Area (sq m)	Use	Address	Date of Issuance	Expiry Date
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306124	5,909.07	Commercial	Room 401, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306289	5,706.81	Commercial	Room 501, 363 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306300	21,598.79	Commercial	Room 101, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306293	19,736.35	Commercial	Room 201, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306123	20,192.77	Commercial	Room 301, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306290	20,334.52	Commercial	Room 401, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306291	802.40	Commercial	Room 501, 365 Haichang South Road	27 January 2014	8 November 2050
Hai Ning Fang Quan Zheng Hai Fang Zi Di 00306292	1,251.64	Commercial	Room 502, 365 Haichang South Road	27 January 2014	8 November 2050

(4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–

- (i) Haining Intime Property Company Limited has legally obtained the land use rights and the building ownership of the property. Haining Intime Property Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
18. Ningbo Dongmen Intime Department Store No. 238 Zhongshan East Road Haishu District Ningbo Zhejiang Province The PRC	<p>The property comprises the retail portion of a 6-storey commercial podium of a composite development erected on a parcel of land with a total site area of approximately 3,612.05 sq m completed in 1997.</p> <p>The property has a total lettable area of approximately 38,002.90 sq m.</p> <p>The land use rights of the property have been granted for various terms expiring on 30 June 2043 and 28 December 2034 for commercial use.</p>	<p>Portion of the property with a total lettable area of approximately 1,625.45 sq m is subject to various tenancies with the last tenancy expiring on 5 December 2018, yielding a total monthly receivable of approximately RMB339,000, exclusive of management fee whilst the remaining portion of the property is currently operated as a department store.</p>	<p>RMB908,000,000 (100% interest attributable to the Group: RMB908,000,000)</p>

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91330200684282642R, Intime Department Store (Ningbo Haishu) Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 16 March 2009 to 15 March 2029.
- (2) Pursuant to 8 State-owned Land Use Rights Certificates all issued by Ningbo Land Resources Bureau, the land use rights of the property with a total site area of 3,612.05 sq m have been granted to Intime Department Store (Ningbo Haishu) Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Expiry Date
Yong Guo Yong (2013) Di 0102507	No. 23 Jiangsha Road	2,390.61	Commercial services	30 June 2043
Yong Guo Yong (2013) Di 0102508	No. 55 Dongdu Road (1-42)	161.34	Commercial services	28 December 2034
Yong Guo Yong (2013) Di 0102509	No. 55 Dongdu Road (2-48)	223.05	Commercial services	28 December 2034
Yong Guo Yong (2013) Di 0102510	No. 55 Dongdu Road (4-45)	220.22	Commercial services	28 December 2034
Yong Guo Yong (2013) Di 0102511	No. 55 Dongdu Road (5-45)	220.22	Commercial services	28 December 2034
Yong Guo Yong (2013) Di 0102512	No. 55 Dongdu Road (6-48)	75.52	Commercial services	28 December 2034
Yong Guo Yong (2013) Di 0102513	No. 55 Dongdu Road (6-49)	112.46	Commercial services	28 December 2034
Yong Guo Yong (2015) Di 0105042	No. 55 Dongdu Road (3-51) (3-52) (3-68) (3-69)	208.63	Wholesale and Retail	28 December 2034

- (3) Pursuant to 8 Building Ownership Certificates all issued by Ningbo Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 46,521.13 sq m were vested in Intime Department Store (Ningbo Haishu) Company Limited. Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Expiry Date
Yong Fang Quan Zheng Hai Shu Zi Di 20130082778	3,036.35	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082776	2,039.15	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082773	5,945.84	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082771	5,945.84	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082768	6,022.38	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082767	4,356.22	Commercial	No. 55 Dongdu Road	28 December 2034
Yong Fang Quan Zheng Hai Shu Zi Di 20130082766	13,542.23	Commercial	No. 23 Jiangsha Road	30 June 2043
Yong Fang Quan Zheng Hai Shu Zi Di 20150014249	5,633.12	Commercial	No. 55 Dongdu Road	28 December 2034

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Intime Department Store (Ningbo Haishu) Company Limited has legally obtained the land use rights and the building ownership of the property. Intime Department Store (Ningbo Haishu) Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Intime Department Store (Ningbo Haishu) Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
19. Cixi Intime City No. 99 Qingshaoniangong South Road Cixi Ningbo Zhejiang Province The PRC	<p data-bbox="512 395 858 646">Cixi Intime City (the “Development”) is an 8-storey commercial building with 2 basement levels erected on a site with a total site area of approximately 17,163.00 sq m completed in 2011.</p> <p data-bbox="512 693 858 910">The property comprises the retail portion of the Development on Level 1 to Level 8 and Basement 1 with a total lettable area of approximately 36,655.21 sq m.</p> <p data-bbox="512 957 858 1208">The land use rights of the property have been granted for a term expiring on 19 November 2049 for wholesale and retail, residential and catering, commercial and finance, and other commercial services uses.</p>	<p data-bbox="895 395 1134 1098">Portion of the property with a total lettable area of approximately 16,767.01 is subject to various tenancies with the last term expiring on 14 April 2027, yielding a total monthly receivable of approximately RMB1,563,000, exclusive of management fee whilst portion of the property with a total lettable area of approximately 19,711.20 sq m is currently operated as a department store.</p> <p data-bbox="895 1144 1134 1244">The remaining portion of the property is currently vacant.</p>	<p data-bbox="1201 395 1407 608">RMB616,000,000 (100% interest attributable to the Group: RMB616,000,000)</p>

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91330200698217390G, Cixi Intime Commercial Management Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB150,600,000 for a valid period from 28 April 2011 to 27 April 2031.
- (2) Pursuant to State-owned Land Use Rights Certificate No. Ci Guo Yong (2014) Di 102824 issued by Cixi State Land Resources Bureau dated 17 February 2014, the land use rights of a parcel of land with a site area of 17,163.00 sq m have been granted to Cixi Intime Commercial Management Company Limited for a term expiring on 19 November 2049 for wholesale and retail, residential and catering, commercial and finance, and other commercial services uses.
- (3) Pursuant to Building Ownership Certificate No. Ci Fang Quan Zheng (2014) Zi Di 005226 issued by Cixi Housing and Urban Construction Bureau dated 26 January 2014, the building ownership of portion of the Development with a total gross floor area of 86,629.78 sq m was vested in Cixi Intime Commercial Management Company Limited for commercial services and other uses.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Cixi Intime Commercial Management Company Limited has legally obtained the land use rights and the building ownership of the property. Cixi Intime Commercial Management Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Cixi Intime Commercial Management Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
20. Portion of Hangzhou Wulin Intime Department Store No. 530 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC	<p>Hangzhou Wulin Intime Department Store is a 9-storey commercial building plus two basement levels erected on a parcel of land with a site area of approximately 5,664.00 sq m.</p> <p>The property comprises portion of Basement 1 and Level 1 to Level 9 of Hangzhou Intime Wulin Department Store with a total lettable area of approximately 24,680.50 sq m completed in 2001. The two basement levels were planned for car/bicycle parking.</p> <p>The land use rights of the property have been granted for a term expiring on 12 November 2038 for commercial use.</p>	<p>Portion of the property with a total lettable area of approximately 23,086.30 sq m is operated as a department store.</p> <p>The remaining portion of the property is subject to various tenancies with the last tenancy expiring in October 2024, yielding a total monthly receivable of approximately RMB840,000, exclusive of management fee.</p>	<p>RMB2,090,000,000</p> <p>(100% interest attributable to the Group: RMB2,090,000,000)</p> <p><i>(please refer to note (4))</i></p>

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 9133000014294455XJ dated 17 July 2013, Zhejiang Intime Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB800,000,000 for a valid period from 7 August 1997 to 29 September 2035.
- (2) Pursuant to State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 issued by the People's Government of Hangzhou dated 14 September 2006, the land use rights of the property with a site area of 5,664.00 sq m has been granted to Zhejiang Intime Department Store Company Limited for a term expiring on 12 November 2038 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 issued by Hangzhou Real Estate Administration Bureau dated 8 September 2006, the building ownership of portion of the property with a total gross floor area of 41,939.10 sq m was vested in Zhejiang Intime Department Store Company Limited for non-residential use.
- (4) Basement Level 1 of the property is currently occupied as retail area. However, according to the advice from the Company, basement of the property is planned for car parking purpose and as Zhejiang Yintai Department Store Company Limited has not obtained relevant title certificate for such portion of the property, we have not assigned any market value to such portion of the property in the course of our valuation.
- (5) Portion of the building as stipulated under State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2006) Di 000174 is subject to a mortgage.

- (6) Portion of the building as stipulated under Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 06483979 is subject to a mortgage.
- (7) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Zhejiang Intime Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) other than portion of the property as mentioned in notes (5) and (6), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
21. Hangzhou Westlake Intime City No. 98 Yan'an Road Shangcheng District Hangzhou Zhejiang Province The PRC	<p>Hangzhou Westlake Intime City is a partly 3-storey and partly 5-storey commercial building plus two basement levels erected on two parcels of land with a total site area of approximately 19,682.30 sq m.</p> <p>The property comprises portion of the retail area on Basement 1 to Level 5 with a total lettable area of approximately 48,077.60 sq m completed in about 2000s.</p> <p>The land use rights of the property have been granted for terms expiring on 25 January 2040, 22 August 2040 and 20 October 2043 for commercial and services uses.</p>	<p>Portion of the property with a total lettable area of approximately 25,290.50 sq m is operated as a department store.</p> <p>The remaining portion of the property is subject to various tenancies with the last tenancy expiring in December 2028, yielding a total monthly receivable of approximately RMB5,061,000, exclusive of management fee.</p>	<p>RMB2,839,000,000</p> <p>(50% interest attributable to the Group: RMB1,419,500,000)</p>

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 91330100710978572U, Hangzhou Yinxi Intime Department Store Company Limited, a 50% owned subsidiary of the Group, was incorporated with a registered capital of RMB36,000,000 for a long-term valid period from 19 October 1998.
- (2) Pursuant to Business Licence with Unified Social Credit No. 91330000665153474W, Zhejiang Zhelien Investment and Management Company Limited, a 50% owned subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a long-term valid period from 13 July 2007.
- (3) Pursuant to State-owned Land Use Rights Certificate No. Hang Shang Guo Yong (2011) Di 100045 issued by the People's Government of Hangzhou dated 25 April 2011, the land use rights of a parcel of land with a site area of 7,760.00 sq m have been granted to Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited for a term expiring on 22 August 2040 for commercial and services uses.

- (4) Pursuant to 2 State-owned Land Use Rights Certificates issued by the People's Government of Hangzhou, the land use rights of the 2 parcels of land with a total site area of 31,533.44 sq m have been granted to Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Hang Shang Guo Yong (2010) Di 100041	No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.), No. 1-11 Hongmenju	11,922.30	Commercial services	3 March 2010	25 January 2040
Hang Shang Guo Yong (2010) Di 100168	Basement Level 1 of No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.)	19,611.14	Commercial services	22 December 2010	20 October 2043

- (5) Pursuant to Building Ownership Certificate No. Hang Fang Quan Zheng Shang Zi Di 10286526 issued by Hangzhou Real Estate Administration Bureau dated 26 May 2010, the building ownership of portion of the property with a total gross floor area of 27,345.25 sq m was vested in Hangzhou Yinxi Intime Department Store Company Limited for non-residential use.

- (6) Pursuant to 3 Building Ownership Certificates issued by Hangzhou Real Estate Administration Bureau, the building ownership of portion of the development with a total gross floor area of 76,059.12 sq m were vested in Zhejiang Zhelien Investment and Management Company Limited. Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Expiry Date
Hang Fang Quan Zheng Shang Zi Di 10286525	27,345.25	Non-Residential	No. 98 Yanan Road, No. 3-11 Hongmenju (odd Nos.)	22 August 2040
Hang Fang Quan Zheng Shang Zi Di 11326371	19,611.14	Non-Residential	No. 98 Yanan Road, No. 80-88 Huimin Road (even Nos.), No. 1-31 Anding Road (odd Nos.), No. 1-11 Hongmenju (odd Nos.) Room 01	20 October 2043
Hang Fang Quan Zheng Shang Zi Di 10286527	29,102.73	Non-Residential	No. 1-23 Anding Road (odd Nos.), No. 86-88 Huimin Road (even Nos.)	25 January 2040

- (7) As advised by the Company, Building Ownership Certificates Nos. Hang Fang Quan Zheng Shang Zi Di 10286525 and 10286526 are referring to the same portion of the property.
- (8) Portion of the property as stipulated under Building Ownership Certificates No. Hang Fang Quan Zheng Shang Zi Di 10286525 and No. Hang Fang Quan Zheng Shang Zi Di 10286527 is subject to mortgage.

- (9) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited have legally obtained the land use rights of the property as stipulated under State-owned Land Use Rights Certificate No. Hang Shang Guo Yong (2011) Di 100045 and the building ownership of the property as stipulated under Building Ownership Certificates Nos. Hang Fang Quan Zheng Shang Zi Di 10286526 and 10286525. Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited are the joint owners of the aforesaid portion of the property;
 - (ii) Zhejiang Zhelien Investment and Management Company Limited have legally obtained the land use rights of the property as stipulated under State-owned Land Use Rights Certificates Nos. Hang Shang Guo Yong (2010) Di 100041 and 100168 and the building ownership of the property as stipulated under Building Ownership Certificates Nos. Hang Fang Quan Zheng Shang Zi Di 11326371 and 10286527. Zhejiang Zhelien Investment and Management Company Limited is the sole owner of the aforesaid portion of the property;
 - (iii) portion of the property as mentioned in note (9) (i) can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Yinxi Intime Department Store Company Limited and Zhejiang Zhelien Investment and Management Company Limited subject to relevant laws and regulations and approval from the joint owner and prior approval from mortgagee;
 - (iv) portion of the property as mentioned in note (9) (ii) can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Zhelien Investment and Management Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (v) other than the mortgage as mentioned in note (8), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
22. Unit 801 Biaoli Building No. 528 Yan'an Road Xiacheng District Hangzhou Zhejiang Province The PRC	<p>Biaoli Building is a 28-storey office building plus two basement level completed in 2001.</p> <p>The property comprises an office unit on Level 8 of the building with a gross floor area of approximately 1,358.29 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 12 November 2048 for commercial use.</p>	The property is occupied by the Company for office use.	RMB31,200,000 (100% interest attributable to the Group: RMB31,200,000)

Notes:

- (1) Pursuant to Business Licence No. 330000400000455 dated 17 July 2013, Zhejiang Intime Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB800,000,000 for a valid period from 7 August 1997 to 29 September 2035.
- (2) Pursuant to State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2011) Di 004031 dated 19 May 2011 issued by People's Government of Hangzhou, the land use rights of the property with a total site area of 144.50 sq m have been granted to Zhejiang Intime Department Store Company Limited for a term expiring on 12 November 2048 for composite (office) use.
- (3) Pursuant to Building Ownership Certificate No. Hang Fang Quan Zheng Xia Yi Zi Di 11956486 issued by Hangzhou Real Estate Administration Bureau, the building ownership of the property with a gross floor area of 1,358.29 sq m was vested in Zhejiang Intime Department Store Company Limited for non-residential use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Zhejiang Intime Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Zhejiang Intime Department Store Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Zhejiang Intime Department Store Company Limited subject to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
23. Lease Term Interests of Level 22, Wuluo Intime City No. 33 Luoyu Road Hongshan District Wuhan Hubei Province The PRC	Wuluo Intime City (the "Development") is a commercial/ office complex erected on a parcel of land with a total site area of approximately 24,923.00 sq m. The Development comprises a 24-storey office building and a 11-storey commercial podium with 3 basement levels. The Development was completed in September 2014.	The property is currently used by the Company as office.	RMB24,100,000 (100% interest attributable to the Group: RMB24,100,000) (please refer to note (4))
	The property comprises the lease term interest of Level 22 of the office portion of the Development with a gross floor area of approximately 1,419 sq m.		

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 914201116953005431, Hubei Wuluo Creative Park Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB60,000,000 for a long-term valid period from 17 September 2009.
- (2) Pursuant to the Construction Land Use Planning Permit No. Wu Gui Di (2009) 346 issued by Wuhan Land Resources and Planning Bureau dated 15 December 2009, a parcel of land with a site area of 24,923.00 sq m was permitted to be developed.
- (3) Pursuant to the Cooperative Agreement of LuoJia Creative Park Phase One entered into between Wuhan WD Education Development Company Limited ("Party A") and China Yintai Holdings Company Limited ("Party B") dated 9 July 2009, the title to the Development was vested in Party A. According to the agreement, portion of the Development with office portion of 15,000 sq m and commercial podium portion of 10,000 sq m will be used by Party A. Party A agreed to permit Party B to use, manage and operate the remaining portion of the Development at no consideration upon completion of the property for 50 years. Further to the agreement, provided that Party B completes and handovers the Development on schedule, Party B shall only need to handover portion of the Development with a total gross floor area of 23,000 sq m comprising office portion of 13,000 sq m and commercial podium portion of 10,000 sq m.

Based on the above, according to the confirmation from the Company, the office portion of the Development held by the Company has a gross floor area of 1,419 sq m located at Level 22 of the Development.

- (4) The value of the property has made reference to its lease term interest and its rights in subletting and/or transferring the lease term interests of such portion of the property.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Hubei Wuluo Creative Park Development Company Limited can occupy and use the land of the property; and
 - (ii) upon the completion of the property, Hubei Wuluo Creative Park Development Company Limited, enjoys the rights to use and operate for the portion of the property which are not self-used by Wuhan University and can be sub-lease to third party.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016								
24. A shopping centre No. 70 Fenshui Road Gucheng Country Xiangyang Hubei Province The PRC	<p>The property comprises Level 1 to Level 5 with a basement of a shopping centre erected on a parcel of land with a site area of approximately 3,633.82 sq m. The property was completed in 2011.</p> <p>The property comprises a total gross floor area of approximately 18,753.81 sq m. Details of the approximate gross floor area are listed as follows:</p>	<p>The property is subject to various tenancies with the last term expiring in August 2026, yielding a total monthly receivable of approximately RMB403,000, exclusive of management fee.</p>	<p>RMB148,000,000 (85% interest attributable to the Group: RMB125,800,000)</p>								
	<table border="0"> <thead> <tr> <th data-bbox="512 991 555 1019">Use</th> <th data-bbox="715 917 858 1055">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1108 702 1172">Commercial (above ground)</td> <td data-bbox="759 1140 858 1168">15,279.14</td> </tr> <tr> <td data-bbox="512 1183 702 1247">Commercial (below ground)</td> <td data-bbox="759 1215 858 1242"><u>3,474.67</u></td> </tr> <tr> <td data-bbox="512 1300 576 1327">Total:</td> <td data-bbox="759 1300 858 1327"><u><u>18,753.81</u></u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area sq m	Commercial (above ground)	15,279.14	Commercial (below ground)	<u>3,474.67</u>	Total:	<u><u>18,753.81</u></u>		
Use	Approximate Gross Floor Area sq m										
Commercial (above ground)	15,279.14										
Commercial (below ground)	<u>3,474.67</u>										
Total:	<u><u>18,753.81</u></u>										
	<p>The land use rights of the property have been granted for terms expiring on 11 October 2050 for commercial use and 11 October 2080 for residential use.</p>										

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91420007283385229, Hubei New Century Shopping Center Company Limited, an 85% owned subsidiary of the Group, was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Gu Cheng Guo Yong (2012) Di 01-047 issued by the People's Government of Gucheng dated 31 May 2012, the land use rights of the property with a site area of approximately 3,663.82 sq m have been granted to Hubei New Century Shopping Center Company Limited for terms expiring on 11 October 2050 for commercial use and 11 October 2080 for residential use.
- (3) Pursuant to the Building Ownership Certificate No. Gu Cheng Xian Fang Quan Zheng Cheng Guan Zhen Zi Di A012626 issued by Gucheng Real Estate Title Registry Administration Office dated 30 December 2011, the building ownership of the property with a total gross floor area of approximately 18,753.81 sq m was vested in Hubei New Century Shopping Center Company Limited for composite use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Hubei New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei New Century Shopping Center Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
25. Xian Xiaozhai Intime City No. 26 Xiaozhai West Road Yanta District Xian Shaanxi Province The PRC	<p>Xian Xiaozhai Intime City (the “Development”) is a 9-storey commercial building plus 2 basement levels erected on a parcel of land with a site area of approximately 11,253.60 sq m completed in 2008.</p> <p>The property comprises Level 1 to Level 6 plus a mezzanine floor and two levels of basement of the Development with a total lettable area of approximately 35,719 sq m.</p> <p>The land use rights of the Development have been granted for a term expiring on 19 November 2041 for commercial use.</p>	<p>Portion of the property with a total lettable area of approximately 28,851 sq m is subject to various tenancies with the last tenancy expiring on 30 December 2032, yielding a total monthly receivable of approximately RMB1,003,000, exclusive of management fee whilst a total lettable area of approximately 4,214 sq m is vacant and the remaining portion of the property is currently operated as a department store.</p>	<p>RMB427,000,000</p> <p>(100% interest attributable to the Group: RMB427,000,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 916101137669691060, Xi’an Southline Department Store Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of HK\$91,000,000 for a valid period from 27 January 2005 to 26 January 2025.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Xi Yan Guo Yong (2015 Chu) Di 095 issued by the People’s Government of Xian, the land use rights of a parcel of land with a site area of 11,253.6 sq m has been granted to Xi’an Southline Zhuque Investment Company (as advised by the Group, the business licence of Xi’an Southline Zhuque Investment Company has been renamed to Xi’an Southline Department Store Company Limited and the change of name of this certificate is in the process) for a term expiring on 19 November 2041 for commercial use.

- (3) Pursuant to 10 Building Ownership Certificates, the building ownership of Basement 2 to Level 7 of the Development with a total gross floor area of 57,259.79 sq m were vested in Xi'an Southline Zhuque Investment Company (as advised by the Group, the business licence of Xi'an Southline Zhuque Investment Company has been renamed to Xi'an Southline Department Store Company Limited and the change of name of these certificates is in the process). Details are listed as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Address	Expiry Date
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F101	6,928.62	Commercial	Room 1F101, Unit 3, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F102	207.77	Other uses	Room 1F102, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-1F202	5,366.02	Other uses	Room 1F202, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10101	5,789.92	Commercial	Room 10101, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10102	269.38	Commercial	Room 10102, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10201	8,454.49	Commercial	Room 10201, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10301	8,491.34	Commercial	Room 10301, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10401	7,215.33	Commercial	Room 10401, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10501	6,586.67	Commercial	Room 10501, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041
Xi An Shi Fang Quan Zheng Yan Ta Qu Zi Di 1100104014-31-1-10601	7,950.25	Commercial	Room 10601, Unit 1, Block 1, No. 26 Xiaozhai West Road	19 November 2041

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Xi'an Southline Department Store Company Limited has legally obtained the land use rights and the building ownership of the property. Xi'an Southline Department Store Company Limited is the sole owner of the property;
 - (ii) the property is subject to a mortgage;
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways by Xi'an Southline Department Store Company Limited according to relevant laws and regulations and prior approval from the mortgagee; and
 - (iv) other than the mortgage as mentioned in note 4(ii), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016																
26. E'zhou Guomao Intime Department Store No. Te 1 Nanpu Road E'zhou Hubei Province The PRC	<p>The property comprises a 5-storey commercial building with a basement erected on a parcel of land with a site area of approximately 4,003.30 sq m. The property was completed in 1999.</p> <p>The property has a total gross floor area of approximately 19,511.64 sq m. The detail breakdown of the approximate gross floor area are listed as follows:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Basement 1</td> <td>2,560.00</td> </tr> <tr> <td>Level 1</td> <td>4,181.64</td> </tr> <tr> <td>Level 2</td> <td>4,289.00</td> </tr> <tr> <td>Level 3</td> <td>4,305.00</td> </tr> <tr> <td>Level 4</td> <td>3,560.00</td> </tr> <tr> <td>Level 5</td> <td>616.00</td> </tr> <tr> <td>Total:</td> <td><u>19,511.64</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 12 January 2046 for commercial use.</p>	Level	Approximate Gross Floor Area sq m	Basement 1	2,560.00	Level 1	4,181.64	Level 2	4,289.00	Level 3	4,305.00	Level 4	3,560.00	Level 5	616.00	Total:	<u>19,511.64</u>	<p>Portion of the property with a total lettable area of approximately 9,236.20 sq m is operated as a department store.</p> <p>The remaining portion of the property with a total lettable area of approximately 847.00 sq m is subject to various tenancies with the last term expiring in April 2026, yielding a total monthly receivable of approximately RMB216,000, exclusive of management fee.</p>	<p>RMB160,000,000</p> <p>(100% interest attributable to the Group: RMB160,000,000)</p>
Level	Approximate Gross Floor Area sq m																		
Basement 1	2,560.00																		
Level 1	4,181.64																		
Level 2	4,289.00																		
Level 3	4,305.00																		
Level 4	3,560.00																		
Level 5	616.00																		
Total:	<u>19,511.64</u>																		

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91420700667682804C dated 5 Novemebr 2016, E'zhou Intime Department Store & Trade Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB23,000,000 for a valid period from 27 November 2007 to 26 November 2027.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. E'zhou Guo Yong (2008) Di 1-30 issued by the People's Government of E'zhou dated 25 April 2008, the land use rights of a parcel of land with a total site area of 4,003.30 sq m have been granted to E'zhou Intime Department Store & Trade Company Limited for a term expiring on 12 January 2046 for commercial use.
- (3) Pursuant to the Building Ownership Certificate No. E'zhou Shi Fang Quan Zheng Shi Zhi Zi Di 110806464 issued by E'zhou Real Estate Title Registration and Issuance Office dated 21 March 2011, the building ownership of the property with a gross floor area of approximately 19,511.64 sq m was vested in E'zhou Intime Department Store & Trade Company Limited for composite use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) E'zhou Intime Department Store & Trade Company Limited has legally obtained the land use rights and the building ownership of the property. E'zhou Intime Department Store & Trade Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by E'zhou Intime Department Store & Trade Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
27. Portion of the Retail Portion of Intime Jinhua Department Store No. 168 Jiefang East Road Wucheng District Jinhua Zhejiang Province The PRC	<p data-bbox="512 395 847 683">Intime Jinhua Department Store (the "Development") comprises 2 blocks of 6-storey commercial building with a 2-level common basement erected on a parcel of land with a site area of approximately 20,000.00 sq m completed in 2009.</p> <p data-bbox="512 732 847 868">The 2 blocks of commercial building (namely Blocks A and B) are connected by footbridges on Level 2 and Level 3.</p> <p data-bbox="512 917 847 1095">The property comprises portion of the retail portion of the Development with a total lettable area of approximately 21,201.31 sq m.</p> <p data-bbox="512 1144 847 1317">The land use rights of the property have been granted for a term expiring on 10 January 2047 for commercial services use.</p>	The property is operated as a department store.	RMB464,000,000 (100% interest attributable to the Group: RMB464,000,000)

Notes:

- (1) Pursuant to Business Licence with Unified Social Credit No. 913307027996018770, Jinhua Intime Shopping Center Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB30,000,000 for a valid period from 6 March 2007 to 5 March 2022.
- (2) Pursuant to State-owned Land Use Rights Certificate No. Jin Shi Guo Yong (2012) Di 102-13456 issued by the People's Government of Jinhua dated 28 September 2012, the land use rights of a parcel of land with a site area of 9,597.64 sq m have been granted to Jinhua Intime Shopping Center Company Limited for a term expiring on 10 January 2047 for commercial services use.
- (3) Pursuant to 8 Realty Title Certificates all issued by Jinhua Housing and Urban-Rural Development Bureau, the building ownership of portion of the Development with a total gross floor area of 58,092.26 sq m was vested in Jinhua Intime Shopping Center Company Limited. Details are listed as follows:

Certificate No.	Gross Floor		Use	Address	Expiry Date
	Area (sq m)				
Jin Fang Quan Zheng Wu Zi Di 00336318	3,967.47		Commercial	Room 101, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00337692	4,820.64		Commercial	Room 102, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336316	4,265.03		Commercial	Room 201, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336315	5,154.59		Commercial	Room 202, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336314	10,281.82		Commercial	Room 301, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336313	10,375.89		Commercial	Room 401, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336312	10,628.09		Commercial	Room 501, No. 168 Jiefang East Road	10 January 2047
Jin Fang Quan Zheng Wu Zi Di 00336311	8,598.73		Commercial	Room 601, No. 168 Jiefang East Road	10 January 2047

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Jinhua Intime Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Jinhua Intime Shopping Center Company Limited is the sole owner of the property;
- (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Jinhua Intime Shopping Center Company Limited subject to relevant laws and regulations; and
- (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
28. Suizhou New Century Business Centre Southern side of Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC	<p>The property is a 7-storey commercial building with a basement erected on a parcel of land with a site area of approximately 1,843.77 sq m and was completed in 2012.</p> <p>The property has a total gross floor area of approximately 8,626.00 sq m.</p> <p>The land use rights of the property have been granted for terms expiring on 18 November 2048 for commercial use and 30 November 2078 for residential use.</p>	<p>Portion of the property with a total gross floor area of 5,626.00 sq m is subject to two tenancies with the last term expiring in September 2028, yielding a total monthly receivable of approximately RMB125,000, exclusive of management fee.</p> <p>The remaining portion of the property is currently used by the Company as supermarket.</p>	<p>RMB50,000,000</p> <p>(85% interest attributable to the Group: RMB42,500,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91420007283385229, Hubei Yintai New Century Shopping Center Company Limited, an 85% owned subsidiary of the Group (previously known as Hubei New Century Shopping Center Company Limited), was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2009B) Di 1093 issued by the People's Government of Suizhou dated 26 December 2003, the land use rights of a parcel of land with a site area of 1,843.77 sq m have been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 30 November 2048 for commercial use and 30 November 2078 for residential use.
- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di [2010] 00017 issued by Suizhou Urban-Rural Planning Bureau dated 30 April 2010, the property with a site area of approximately 2,700.00 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di [2010] 265 issued by Suizhou Urban-Rural Planning Bureau dated 17 August 2010, the property with a gross floor area of 5,580.82 sq m (aboveground) and 3,211.14 sq m (underground) sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 429001201006040101 issued by Suizhou Housing and Urban-Rural Development Committee dated 13 September 2010, the construction work of the property with a gross floor area of 5,580.82 sq m was permitted to be commenced.

- (6) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
- (i) Hubei Yintai New Century Shopping Center Company Limited has legally obtained the land use rights of the property. Hubei Yintai New Century Shopping Center Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Yintai New Century Shopping Center Company Limited according to relevant laws and regulations;
 - (iii) Hubei Yintai New Century Shopping Center Company Limited has obtained the relevant planning approvals and permits for the construction works of the property. Upon completion of the property, there will be no practical legal impediment for Hubei Yintai New Century Shopping Center Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
29. Suizhou New Century Shopping Centre No. 65 Jiefang Road Zengdu District Suizhou Hubei Province The PRC	<p>The property comprises a 5-storey commercial building with a basement erected on a parcel of land with a site area of approximately 3,064.54 sq m and was completed in 1995.</p> <p>The property has a total gross floor area of approximately 14,566.72 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 28 April 2044 for commercial use.</p>	<p>Portion of the property with a total gross floor area of 741.00 sq m is subject to various tenancies with the last term expiring in April 2029, yielding a total monthly receivable of approximately RMB218,000, exclusive of management fee.</p> <p>The remaining portion of the property is operated as a department store.</p>	<p>RMB216,000,000</p> <p>(85% interest attributable to the Group: RMB183,600,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91420007283385229, Hubei Yintai New Century Shopping Center Company Limited, an 85% owned subsidiary of the Group (previously known as Hubei New Century Shopping Center Company Limited), was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2005B) Di 1085 issued by the People's Government of Suizhou dated 17 August 2005, the land use rights of a parcel of land with a site area of 3,064.54 sq m have been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 28 April 2044 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Sui Zhou Shi Fang Quan Zheng Dong Cheng Zi Di 8-01058 dated 9 February 2007 issued by Suizhou Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 14,566.72 sq m was vested in Hubei New Century Shopping Center Company Limited for operation use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Hubei Yintai New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei Yintai New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Yintai New Century Shopping Center Company Limited subject to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
30. Suizhou New Century Shopping Plaza No.45 Shunjing Avenue Zengdu District Suizhou Hubei Province The PRC	<p>The property comprises Levels 1 to 3 of a 4-storey commercial building erected on a parcel of land with a site area of approximately 4,603.94 sq m and was completed in 2002.</p> <p>The property has a total gross floor area of approximately 13,072.17 sq m.</p> <p>The land use rights of the property have been granted for a term expiring on 18 February 2041 for commercial use.</p>	<p>Portion of the property with a total lettable area of 540.80 sq m is subject to various tenancies with the last term expiring in September 2018, yielding a total monthly receivable of approximately RMB109,000, exclusive of management fee.</p> <p>The remaining portion of the property is operated as a supermarket.</p>	<p>RMB187,000,000</p> <p>(85% interest attributable to the Group: RMB158,950,000)</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91420007283385229, Hubei Yintai New Century Shopping Center Company Limited, an 85% owned subsidiary of the Group (previously known as Hubei New Century Shopping Center Company Limited), was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Sui Guo Yong (2003B) Di 2277 issued by the People's Government of Suizhou dated 26 December 2003, the land use rights of a parcel of land with a total site area of 4,603.94 sq m have been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 18 February 2041 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Sui Zhou Shi Fang Quan Zheng Dong Cheng Zi Di 8-0625 dated 13 March 2013 issued by Suizhou Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 13,072.17 sq m was vested in Hubei New Century Shopping Center Company Limited for operation use.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:--
 - (i) Hubei Yintai New Century Shopping Center Company Limited has legally obtained the land use rights and the building ownership of the property. Hubei Yintai New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Yintai New Century Shopping Center Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
31. Basement 1 of Yintai Square No. 111 Yongyang Main Road Guangshui, Suizhou Hubei Province The PRC	The property comprises Basement 1 of Yintai Square with a total gross floor area of approximately 4,647.36 sq m completed in 2000's. The land use rights of the property have been granted for a term expiring on 1 April 2047 for commercial use.	The property is currently subject to a tenancy for 5 years expiring on 30 June 2017, yielding a currently yearly receivable of RMB2,800,000 as a supermarket.	RMB38,100,000 (85% interest attributable to the Group: RMB32,385,000)

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 914200007283385229, Hubei Yintai New Century Shopping Center Company Limited, an 85% owned subsidiary of the Group (previously known as Hubei New Century Shopping Center Company Limited), was incorporated with a registered capital of RMB10,000,000 for a valid period from 18 June 1999 to 8 June 2043.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Guang Shui Guo Yong (2012) Di 001036012 issued by the People's Government of Guangshui dated 3 May 2012, the land use rights of a parcel of land with a site area of 4,707.8 sq m have been granted to Hubei New Century Shopping Center Company Limited for a term expiring on 1 April 2047 for commercial use.
- (3) Pursuant to Building Ownership Certificate No. Guang Shui Shi Ying Shan Zi Di dated 11 November 2015 issued by Guangshui Real Estate Administration Bureau, the building ownership of the property with a total gross floor area of 4,647.36 sq m was vested in Hubei New Century Shopping Center Company Limited.
- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Hubei Yintai New Century Shopping Center Company Limited has legally obtained the land use rights and building ownership of the property. Hubei Yintai New Century Shopping Center Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hubei Yintai New Century Shopping Center Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Group III – Completed Properties held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016										
32. Various Portions of Yintai Linhai Project Dongfang Avenue Linhai Zhejiang Province The PRC	<p>Yintai Linhai Project (the “Development”) comprises commercial, office and residential portions, erected on a parcel of land with a total site area of approximately 32,038 sq m.</p> <p>The property comprises portion of SOHO/office, resettlement residential and commercial portions of the Development and was completed in October 2014.</p> <p>Details of the approximate gross floor area are as follow:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>SOHO/Office</td> <td>5,804.51</td> </tr> <tr> <td>Resettlement Residential</td> <td>3,431.00</td> </tr> <tr> <td>Commercial</td> <td><u>13,171.09</u></td> </tr> <tr> <td>Total:</td> <td><u><u>22,406.60</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 5 January 2052 for commercial and services uses.</p>	Use	Approximate Gross Floor Area sq m	SOHO/Office	5,804.51	Resettlement Residential	3,431.00	Commercial	<u>13,171.09</u>	Total:	<u><u>22,406.60</u></u>	The property is currently vacant.	<p>RMB456,000,000</p> <p>(100% interest attributable to the Group: RMB456,000,000)</p> <p><i>(please refer to notes (3) and (4))</i></p>
Use	Approximate Gross Floor Area sq m												
SOHO/Office	5,804.51												
Resettlement Residential	3,431.00												
Commercial	<u>13,171.09</u>												
Total:	<u><u>22,406.60</u></u>												

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91331082590553544T, Linhai Intime Shopping Mall Development Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB100,000,000 for a valid period from 10 February 2012 to 9 February 2032.
- (2) Pursuant to the State-owned Land Use Rights Certificates No. Lin Gu Guo Yong (2016) 0024 issued by the People's Government of Linhai, the land use rights of a parcel of land with a site area of 32,038 sq m have been granted to Linhai Intime Shopping Mall Development Company Limited for a term expiring on 5 January 2052 for commercial and services uses.
- (3) As advised by Group, SOHO/office portion of the property with a total gross floor area of 5,407.96 sq m has been sold at a total consideration of approximately RMB61,633,584. According to the Company's instruction, the sold portion is included in this valuation. We have also taken this into consideration in the course of our valuation.
- (4) As advised by Group, commercial portion of the property with a total gross floor area of 161.36 sq m has been sold at a total consideration of approximately RMB6,170,999. According to the Company's instruction, the sold portion is included in this valuation. We have also taken this into consideration in the course of our valuation.
- (5) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Linhai Intime Shopping Mall Development Company Limited has legally obtained the land use rights and building ownership of the property. Linhai Intime Shopping Mall Development Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Linhai Intime Shopping Mall Development Company Limited according to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
33. Office Portion of Hefei Yintai Center No. 98 Changjiang Middle Road Luyang District Hefei Anhui Province The PRC	<p>Hefei Intime Center (the “Development”) is a 28-storey building with 3 basement levels erected on a parcel of land with a total site area of approximately 8,968.96 sq m. The total gross floor area of the Development is approximately 182,002.00 sq m completed in 2012.</p> <p>The property comprises portion of office portion of the Development with a total gross floor area of approximately 3,094.32 sq m.</p> <p>The land use rights of the property have been granted for a term expiring in January 2049 for commercial use.</p>	<p>Portion of the property with a total gross floor area of 356.14 sq m is subject to various tenancies with the last tenancy expiring on 14 December 2018, yielding a total monthly receivable of approximately RMB25,000, exclusive of management fee whilst the remaining portion of the property is vacant.</p>	<p>RMB47,300,000</p> <p>(100% interest attributable to the Group: RMB47,300,000)</p>

Notes:

- Pursuant to the Business Licence with Unified Social Credit No. 91340000704900752T, Anhui Province Huaqiao Hotel Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of RMB260,000,000 for a valid period from 21 March 1980 to 13 January 2029.
- Pursuant to 4 State-owned Land Use Rights Certificates issued by the People’s Government of Hefei, the land use rights of the property with a total site area of 8,968.96 sq m have been granted to Anhui Province Huaqiao Hotel Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
He Guo Yong (2013) Di Lu Yang 03426	Huaqiao Square, Hefei	1,754.29	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03425	Huaqiao Square, Hefei	101.23	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03423	Huaqiao Square, Hefei	89.72	Commercial	24 May 2013	January 2049
He Guo Yong (2013) Di Lu Yang 03424	Huaqiao Square, Hefei	7,023.72	Commercial	24 May 2013	January 2049

- Portion of the property as stipulated under State-owned Land Use Rights Certificate No. He Guo Yong (2013) Di Lu Yang 03424 is subject to a mortgage.

- (4) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Anhui Province Huaqiao Hotel Company Limited has legally obtained the land use rights as mentioned in note (2) of the property. Anhui Province Huaqiao Hotel Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights as mentioned in note (2) of the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Province Huaqiao Hotel Company Limited subject to relevant laws and regulations and prior approval from the mortgagee; and
 - (iii) apart from portion of the property as mentioned in note (3), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
34. Various Portions of Haining Intime City located at the Junction of Haichang Road and Xinyuan Road Haining, Jiaxing Zhejiang Province The PRC	Haining Intime City (the "Development") is planned to be developed into an office/ commercial development with a total site area of approximately 96,698.00 sq m. The Development comprises a total gross floor area of approximately 428,763.68 sq m.	The property is currently vacant.	RMB1,048,000,000 (100% interest attributable to the Group: RMB1,048,000,000) (please refer to note (7))

The property comprises portion of office, apartment and retail portion of the Development completed in 2014. The details of the approximate gross floor area are as follows:

Use	Approximate Gross Floor Area sq m
Office	47,248.17
Apartment	17,792.03
Retail	<u>23,693.56</u>
Total:	<u><u>88,733.76</u></u>

The land use rights of the property have been granted for a term expiring on 8 November 2050 for commercial and office uses.

Notes:

- (1) Pursuant to the Business Licence No. 330000400002815 dated 13 August 2013, Haining Intime Property Company Limited, a wholly owned subsidiary of the Group, was incorporated with a registered capital of USD150,000,000 for a valid period from 30 June 2011 to 29 June 2031.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hai Guo Yong (2011) Di 08045 issued by the People's Government of Haining dated 25 August 2011, the land use rights of a parcel of land with a site area of 96,698.00 sq m have been granted to Haining Intime Property Company Limited for a term expiring on 8 November 2050 for commercial and office use.
- (3) Pursuant to the Construction Land Use Planning Permit No. 330481201100069 issued by Haining Planning Bureau, dated 19 August 2011, the Development with a site area of approximately 96,698 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 330481201200004 issued by Haining Planning Bureau dated 16 January 2012, portion of the Development with a total gross floor area of 270,639.68 sq m was permitted to be constructed.
- (5) Pursuant to 2 Construction Work Commencement Permits Nos. 330481201202210101 Hai Jian Shi [2012] Di 072 and 330481201202210101 Hai Jian Shi [2012] Di 073 issued by Haining Housing and Urban-Rural Development Bureau dated 29 May 2012 and 31 May 2012 respectively, the construction work of the Development with a total gross floor area of 487,300 sq m was permitted to be commenced.
- (6) Pursuant to 3 Commodity Housing Pre-sale Permits issued by Haining Housing and Urban Rural Planning and Construction Bureau, the pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

Certificate No.	Date of Issuance	Area (sq m)
Hai Shou Xu Zi (2012) Di 51	20 December 2012	39,238.23
Hai Shou Xu Zi (2013) Di 14	16 April 2013	57,850.32
Hai Shou Xu Zi (2013) Di 26	31 July 2013	56,586.10

- (7) As advised by the Group, portion of the property with a total gross floor area of 9,551.70 sq m has been sold at a total consideration of approximately RMB154,193,390. According to the Company's instruction, the sold portion is included in this valuation. We have also taken this into consideration in the course of our valuation.
- (8) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:–
 - (i) Haining Intime Property Company Limited has legally obtained the land use rights of the property. Haining Intime Property Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Haining Intime Property Company Limited according to relevant laws and regulations;
 - (iii) Haining Intime Property Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Haining Intime Property Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
35. Office and Commercial Portions of Liuzhou Intime City No. 17 Yufeng Road Liunan District Liuzhou Guangxi Zhuang Autonomous Region The PRC	<p>Liuzhou Intime City (the "Development") comprises a 33-storey commercial building with 3 basement levels erected on two parcels of land with a total site area of approximately 9,589.20 sq m and a total gross floor area of approximately 90,451.47 sq m. The Development is completed in about 2014.</p> <p>The property comprises the office and commercial portion of the Development. Details of the approximate gross floor area of the property are summarized as follows:</p>	<p>Office portion of the property with a total gross floor area of 729.99 sq m is subject to various tenancies with the last tenancy expiring on 12 December 2018, yielding a total monthly receivable of approximately RMB31,000 exclusive of management fee whilst the remaining portion of the property is pending for sale.</p>	<p>RMB145,000,000</p> <p>(81% interest attributable to the Group: RMB117,450,000)</p> <p><i>(please refer to note (7))</i></p>

Use	Approximate Gross Floor Area sq m
Office	11,704.19
Commercial	<u>2,935.89</u>
Total:	<u><u>14,640.08</u></u>

The land use rights of the property have been granted for terms expiring on 30 August 2049 and 10 December 2057 for commercial and services uses.

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91450200669746357X, Liuzhou New Yindu Property Development Company Limited, a 81% owned subsidiary of the Group, was incorporated with a registered capital of USD24,500,000 for a valid period from 19 March 2008 to 18 March 2038.
- (2) Pursuant to 3 State-owned Land Use Rights Certificates issued by the People's Government of Liuzhou, the land use rights of the property with a total site area of 13,571.10 sq m (inclusive of an underground area of 3,981.9 sq m) have been granted to Liuzhou New Yindu Property Development Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area		Date of Issuance	Expiry Date
		(sq m)	Land Use		
Liu Guo Yong (2010) Di 102488	No. 17, Yufeng Road	2,200	Commercial and services (Commercial, office, Podium)	11 February 2010	30 August 2049
Liu Guo Yong (2010) Di 102490	No. 17, Yufeng Road (Underground)	3,981.9	Commercial and services (Car parking)	11 February 2010	30 August 2049
Liu Guo Yong (2008) Di 120817	No. 17, Yufeng Road	7,389.2	Commercial and services (Commercial, office)	9 September 2008	10 December 2057

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 450201201000041 issued by Liuzhou Planning Bureau dated 10 February 2010, the Development with a site area of approximately 3,981.92 sq m was permitted to be developed.
- (4) Pursuant to the Construction Engineering Planning Permit No. Di Zi Di 450201201200083 (Jian Zhu Gong Cheng Lei) issued by Liuzhou Planning Bureau dated 1 April 2012, the Development with a total gross floor area of 91,099 sq m was permitted to be constructed.
- (5) Pursuant to the Construction Work Commencement Permit No. 450202200812260101 issued by Liuzhou Construction Planning Administration Committee dated 26 December 2008, the construction work of the Development with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (6) Pursuant to the Construction Work Commencement Permit No. 450202201307240101 issued by Liuzhou Housing and Urban-Rural Development Committee dated 24 July 2013, the construction work of the Development with a total gross floor area of 91,099.00 sq m was permitted to be commenced.
- (7) As advised by the Group, office portion of the property with a total gross floor area of approximately 2,142.86 sq m has been pre-sold at a total consideration at RMB20,298,518. According to the Company's instruction, the pre-sold portion is included in this valuation. We have also taken this into consideration in the course of our valuation.
- (8) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Liuzhou New Yindu Property Development Company Limited has legally obtained the land use rights of the property. Liuzhou New Yindu Property Development Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of property can be legally transferred, leased, mortgaged or handled in other ways by Liuzhou New Yindu Property Development Company Limited according to relevant laws and regulations;
 - (iii) Liuzhou New Yindu Property Development Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Liuzhou New Yindu Property Development Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Group IV – Properties held by Associated Companies of the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
36. Huafu Feicui Zhuangyuan located at Yangsheng Avenue Bozhou Anhui Province The PRC	<p>Huafu Feicui Zhuangyuan comprises two parcels of land with a total site area of approximately 377,003.10 sq m, namely southern lot and northern lot. The property is planned to be developed into a residential/commercial development.</p> <p>Upon completion, the property will comprise a total gross floor area of approximately 677,127 sq m. Detail breakdown of the approximate floor area are listed as follows:</p>	<p>Southern lot of the property is currently under construction and is scheduled to be completed between June 2013 and December 2018.</p> <p>Northern lot of the property is currently under construction and is scheduled to be completed between December 2015 and June 2018.</p>	<p>RMB1,680,000,000</p> <p>(29% interest attributable to the Group: RMB487,200,000)</p> <p><i>(please refer to note (9))</i></p>
	<p>Southern Lot</p>		
		<p>Approximate Gross Floor Area <i>sq m</i></p>	
	Residential	188,126	
	Retail	58,737	
	Car park	<u>112,581</u>	
	Sub-Total:	<u><u>359,444</u></u>	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
	Northern Lot		
	Use	Approximate Gross Floor Area sq m	
	Residential	170,634	
	Office	4,516	
	Retail	74,445	
	Car park	<u>68,088</u>	
	Sub-Total:	<u>317,683</u>	
	Grand Total:	<u><u>677,127*</u></u>	

* Portion of the property have been sold and delivered.

The land use rights of the southern lot of the property have been granted for terms expiring on 8 August 2052 and 8 August 2082 for commercial and residential uses respectively whilst the land use rights of the northern lot of the property have been granted for terms expiring on 16 July 2054 and 16 July 2084 for commercial and residential uses respectively.

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91341600591433106L, Bozhou Hualun International Cultural Investment Company Limited, a 29% owned associated company of the Group, was incorporated with a registered capital of RMB150,000,000 for a valid period from 8 March 2012 to 7 March 2032.
- (2) Pursuant to 4 State-owned Land Use Rights Grant Contracts entered into between Land Resources Bureau of Bozhou and Bozhou Hualun International Cultural Investment Company Limited, the land use rights of two parcels of land with a total site area of 377,003.11 sq m have been granted from the former party to the latter party and the salient conditions as stipulated in the said contract are, inter alia, cited as follows:

No.	Site Area (sq m)	Land Use	Land Use Rights Term	Plot Ratio	Total Gross Floor Area (sq m)	Land Grant Fee
3416002012GK009	81,107.21	Residential and Commercial	70 years for residential, 40 years for commercial	1.0 to 2.0	162,214.42	RMB165,000,000
3416002012GK010	88,443.40	Residential and Commercial	70 years for residential, 40 years for commercial	1.0 to 2.6	229,952.84	RMB225,000,000
3416002012GK008	80,792.00	Residential and Commercial	70 years for residential, 40 years for commercial	1.0 to 2.5	201,980.00	RMB205,000,000
3416002014GK004	126,660.50	Residential and Commercial	70 years for residential, 40 years for commercial	2.6	329,317.00	RMB152,000,000

- (3) Pursuant to 6 State-owned Land Use Rights Certificates issued by the People's Government of Bozhou, the land use rights of the property with a total site area of 377,003.10 sq m have been granted to Bozhou Hualun International Cultural Investment Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Bo Guo Yong (2013) Di 015	Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road	81,107.20	Commercial/ Residential	19 March 2013	8 August 2052 (Commercial) 8 August 2082 (Residential)
Bo Guo Yong (2013) Di 013	Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road	88,443.40	Commercial/ Residential	29 March 2013	8 August 2052 (Commercial) 8 August 2082 (Residential)
Bo Guo Yong (2013) Di 014	Tonghua Road, Xianweng Road, Yangshengda Road, Tangwangda Road	80,792.00	Commercial/ Residential	29 March 2013	8 August 2052 (Commercial) 8 August 2082 (Residential)
Bo Guo Yong (2014) Di 1015	South of Duzhong Road, East of Tangwang Aenue	20,322.70	Commercial/ Residential	10 November 2014	16 July 2054 (Commercial) 16 July 2084 (Residential)
Bo Guo Yong (2014) Di 1016	South of Duzhong Road, West of Xianweng Road	22,046.00	Commercial/ Residential	10 November 2014	16 July 2054 (Commercial) 16 July 2084 (Residential)
Bo Guo Yong (2014) Di 1017	South of Duzhong Road, East of Tangwang Aenue	84,291.80	Commercial/ Residential	10 November 2014	16 July 2054 (Commercial) 16 July 2084 (Residential)

- (4) Pursuant to 4 Construction Land Use Planning Permits issued by Bozhou Housing and Urban-Rural Development Committee, 4 parcels of land was permitted to be developed. Details are listed as follows:

Permit No.	Use	Site Area (mu)	Date of Issuance
Di Zi Di 34160120120056	Commercial and Residential	121.188	11 December 2012
Di Zi Di 34160120120055	Commercial and Residential	132.665	11 December 2012
Di Zi Di 34160120120054	Commercial and Residential	121.661	11 December 2012
Di Zi Di 34160120140033	Commercial and Residential	189.991	5 June 2014

- (5) Pursuant to 11 Construction Engineering Planning Permits issued by Bozhou Housing and Urban-Rural Development Committee, the property with a total gross floor area of 774,068.90 sq m was permitted to be constructed. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
Jian Zi Di 34160120120105Y	10 April 2012	38,220.34
Jian Zi Di 34160120130053	3 July 2013	130,771.16
Jian Zi Di 34160120130044	14 June 2013	125,442.17
Jian Zi Di 34160120130038	21 May 2013	22,304.46
Jian Zi Di 34160120130032	3 May 2013	13,945.49
Jian Zi Di 34160120140057	15 August 2014	35,220.50
Jian Zi Di 34160120150004	2 March 2015	170,522.07
Jian Zi Di 34160120150036	17 July 2015	70,465.41
Jian Zi Di 341600201600042	21 May 2016	23,230.22
Jian Zi Di 34160120160007	2 February 2016	132,136.79
Jian Zi Di 341600201600092	21 July 2016	11,810.29

- (6) Pursuant to 10 Construction Work Commencement Permits issued by Bozhou Housing and Urban-Rural Development Committee, the construction work of the property with a total gross floor area of 536,674.44 sq m was permitted to be commenced. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
341600201305300101	30 May 2013	38,220.34
341600201309020101	2 September 2013	131,019.41
341600201310100101	10 October 2013	125,442.17
341600201307190101	19 July 2013	22,304.46
341600201307220101	22 July 2013	13,945.49
34160014072301S01	8 October 2014	35,220.50
34160014072301S02	5 April 2015	170,522.07
34160014052701S04	1 September 2015	70,465.41
34160014072301S03	8 June 2016	24,769.03
34160014052701S05	28 April 2016	132,136.79

- (7) Pursuant to 3 Commodity Housing Pre-sale Permits issued by Bozhou Real Estate Management Bureau, the pre-sale of portion of the property with a total gross floor area of 49,797.22 sq m was permitted.

- (8) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB3,087,900,000 and RMB669,400,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB2,824,000,000.

- (9) As advised by the Group, residential portion and commercial portion of the property with a total gross floor area of 171,859 sq m and 9,167 sq m have been pre-sold at a total consideration of RMB781,775,000 and RMB92,962,000 respectively. According to the Company's instruction, the pre-sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
- (10) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Bozhou Hualun International Cultural Investment Company Limited has legally obtained the land use rights of the property. Bozhou Hualun International Cultural Investment Company Limited is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Bozhou Hualun International Cultural Investment Company Limited according to relevant laws and regulations;
 - (iii) Bozhou Hualun International Cultural Investment Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Bozhou Hualun International Cultural Investment Company Limited to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016										
37. Portion of Yintai Zhongda Project Shixiang Road Xiacheng District Hangzhou Zhejiang Province The PRC	<p>Yintai Zhongda Project (the “Development”) is a composite development which includes residential, office, retail and basement car parks. The Development comprises a parcel of land with a site area of approximately 37,860.00 sq m. It is completed in December 2015.</p> <p>The property comprises the shopping mall portion of the Development with a total lettable area of approximately 41,928.30 sq m.</p> <p>The property also comprises portion of the Development with details breakdown of the approximately gross floor area is as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">27,552</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">25,019</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">5,117</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>57,688</u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area sq m	Residential	27,552	Office	25,019	Retail	5,117	Total	<u>57,688</u>	<p>Shopping mall of the property with a total lettable area of approximately 41,928 sq m is subject to various tenancies with the last term expiring in December 2029 yielding a total current monthly rental of approximately RMB4,564,000, exclusive of the management fee.</p> <p>The remaining portion of the property is currently vacant.</p>	<p>RMB2,311,000,000</p> <p>(40% interest attributable to the Group: RMB924,400,000)</p> <p><i>(please refer to note (9))</i></p>
Use	Approximate Gross Floor Area sq m												
Residential	27,552												
Office	25,019												
Retail	5,117												
Total	<u>57,688</u>												
	<p>The property also comprises 750 basement car parking spaces of the Development.</p> <p>The land use rights of the property have been granted for a term expiring on 19 March 2051 for commercial and services uses.</p>												

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 330103000110476 dated 16 December 2009, Hangzhou Zhongda Shengma Property Company Limited, a 40% owned associated company of the Group, was incorporated with a registered capital of RMB50,000,000 for a valid period from 20 September 2010 to 19 September 2030.
- (2) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2011) Di 100057 dated 12 July 2011 issued by the People's Government of Hangzhou, the land use rights of the property with a site area of 37,860.00 sq m has been granted to Hangzhou Zhongda Shengma Property Company Limited for a term expiring on 19 March 2051 for commercial and services uses.
- (3) Pursuant to the State-owned Land Use Rights Certificate No. Hang Xia Guo Yong (2016) Di 001978 issued by the People's Government of Hangzhou, the land use rights of portion of the property with a site area of 7,569.70 sq m has been granted to Hangzhou Zhongda Shengma Property Company Limited for a term expiring on 19 March 2051 for commercial and services uses.
- (4) Pursuant to the Building Ownership Certificate No. Hang Fang Quan Zheng Xia Zi Di 15223467, the building ownership of portion of the property with a total gross floor area of 63,504.57 sq m was vested in Hangzhou Zhongda Shengma Property Company Limited for non-residential use.
- (5) Pursuant to the Construction Land Permit No. Hang Guo Tu Zi (2010) 45 issued by the People's Government of Hangzhou dated 24 August 2011, a parcel of land with a site area of approximately 37,860.00 sq m was permitted to be developed.
- (6) Pursuant to the Construction Land Use Planning Permit No. 330100201000640 issued by Hangzhou Planning Bureau dated 21 October 2010, the Development with a site area of approximately 37,860.00 sq m was permitted to be developed.
- (7) Pursuant to the Construction Engineering Planning Permit No. Jian Zi Di 330100201200130 issued by Hangzhou Planning Bureau dated 27 April 2012, the property with a total gross floor area of 326,418.00 sq m was permitted to be constructed.
- (8) Pursuant to the Construction Work Commencement Permit No. 330100201208230201 issued by Hangzhou Urban-Rural Development Committee dated 23 August 2012, the construction work of the property with a total gross floor area of 326,418.00 sq m was permitted to be commenced.
- (9) As advised by the Group, portion of the office, residential and retail portions of the property with a total gross floor area of approximately 182 sq m, 611 sq m and 571 sq m respectively and 39 basement car parking spaces have been pre-sold at a total considerations of approximately RMB2,630,000, RMB11,122,000, RMB13,911,000 and RMB3,135,000 respectively. According to the Group's instruction, the aforesaid pre-sold portions are included in this valuation. We have also taken this into account of the aforesaid considerations in the course of our valuation.
- (10) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
 - (i) Hangzhou Zhongda Shengma Property Company Limited has legally obtained the land use rights and building ownership as stipulated in notes (2) to (4) of the property. Hangzhou Zhongda Shengma Property Company Limited is the sole owner of the property;
 - (ii) the property can be legally transferred, leased, mortgaged or handled in other ways by Hangzhou Zhongda Shengma Property Company Limited subject to relevant laws and regulations; and
 - (iii) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016												
38. World Bay Centre Western side of Zhongshan South Road Yijiang District Wuhu Anhui Province The PRC	<p>World Bay Centre (The “Development”) is planned to be developed into a residential, commercial, office and hotel development in four phases with a total site area of approximately 183,745 sq m.</p> <p>The property comprises portion of Phases I to IV of the Development and planned to be developed into 15 blocks of residential buildings with club house and kindergarten with a total gross floor area of approximately 300,447.16 sq m.</p> <p>The detail breakdown of the approximate gross floor area is as follows:</p> <p>Phase I</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>7,782.31</td> </tr> <tr> <td>Club House</td> <td>4,114.52</td> </tr> <tr> <td>Kindergarten</td> <td>2,635.31</td> </tr> <tr> <td>Ancillary</td> <td>833.90</td> </tr> <tr> <td>Total:</td> <td>15,366.04</td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area sq m	Residential	7,782.31	Club House	4,114.52	Kindergarten	2,635.31	Ancillary	833.90	Total:	15,366.04	<p>Portion of retail portion of Phase IV of the property with a total lettable area of approximately 40,970.00 sq m is subject to various tenancies with the last tenancy expiring on 10 June 2035 yielding a total monthly receivable of approximately RMB1,905,000 exclusive of management fee whilst a total lettable area of approximately 11,397 sq m is vacant. The remaining portion of Phase IV of the property is currently operated as a department store.</p> <p>Phase I of the property is currently vacant.</p> <p>Remining portion of the property is currently under construction.</p>	<p>RMB2,082,000,000</p> <p>(43% interest attributable to the Group: RMB895,260,000)</p> <p><i>(please refer to note (9))</i></p>
Use	Approximate Gross Floor Area sq m														
Residential	7,782.31														
Club House	4,114.52														
Kindergarten	2,635.31														
Ancillary	833.90														
Total:	15,366.04														

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
	Phase II		
		Approximate Gross Floor Area	
	Use	Area	
		<i>sq m</i>	
	Residential	8,849.2	
	Ancillary	<u>857.00</u>	
	Total:	<u><u>9,706.20</u></u>	
	Phase III		
		Approximate Gross Floor Area	
	Use	Area	
		<i>sq m</i>	
	Residential	108,687.70	
	Ancillary	<u>725.90</u>	
	Total:	<u><u>109,413.60</u></u>	
	Phase IV		
		Approximate Gross Floor Area	
	Use	Area	
		<i>sq m</i>	
	Retail	95,833.50	
	Office	31,153.43	
	Hotel	36,329.34	
	Ancillary Facilities	<u>2,645.05</u>	
	Total:	<u><u>165,961.32</u></u>	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
	<p>In addition, the property will also comprise 3,123 basement car parking spaces with a total gross floor area of approximately 162,519.42 sq m.</p> <p>Phase I of the property is completed in 2014 and retail portion of Phase IV of the property is completed in 2015 whilst Phases II to III of the property is scheduled to be complete between the fourth quarter of 2015 to the fourth quarter of 2017.</p> <p>The land use rights of the Development with a site area of approximately 164,521 sq m have been granted for residential, commercial, and business & finance uses. <i>(please refer to note (2) for details)</i></p>		

Notes:

- (1) Pursuant to the Business Licence No. 91340200682099748Y, Anhui Hualun Gangwan Culture Investment Company Limited, a 43% owned associated company of the Group, was incorporated with a registered capital of RMB200,000,000 for a valid period from 15 October 2009 to 12 December 2023.

- (2) Pursuant to 4 State-owned Land Use Rights Certificates issued by People's Government of Wuhu, the land use rights of portion of the property with a total site area of 164,521 sq m have been granted to Anhui Hualun Gangwan Culture Investment Company Limited. Details are listed as follows:

Certificate No.	Address	Site Area (sq m)	Land Use	Date of Issuance	Expiry Date
Wu Guo Yong (2011) Di 247	Weier Road	73,596.00	Commercial/Residential	19 October 2011	24 June 2061 (Residential) 24 June 2051 (Commercial)
Wu Guo Yong (2014) Di 246	Zhongzhou South Road Land Lot A	40,000.00	Commercial	-	22 June 2051 (Commercial)
Wu Guo Yong (2014) Di 247	Zhongzhou South Road Land Lot A	11,444.00	Catering and accommodation/ Business and Finance	-	22 June 2051 (Commercial)
Wu Guo Yong (2013) Di 252	Zhongshan South Road Land Lot B	39,481.00	Residential/Business and Finance	15 May 2013	22 June 2061 (Residential) 22 June 2051 (Commercial)

- (3) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 340201201100086, the Development was permitted to be developed.

- (4) Pursuant to 10 Construction Engineering Planning Permits issued by Wuhu Urban-Rural Planning Bureau, the property with a total gross floor area of the property of 1,003,383.51 sq m was permitted to be constructed. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
Jian Zi Di 340201201100391	14 October 2011	31,852.00
Jian Zi Di 340201201100423	28 October 2011	61,678.70
Jian Zi Di 340201201100424	28 October 2011	62,270.96
Jian Zi Di 340201201200347	12 October 2012	83,308.00
Jian Zi Di 340201201200369	12 October 2012	58,834.00
Jian Zi Di 340201201300066	12 March 2013	163,125.30
Jian Zi Di 340201201200090	22 February 2012	4,068.00
Jian Zi Di 340201201300184	24 May 2013	132,558.04
Jian Zi Di 340201201300460	29 November 2013	2,635.03
Jian Zi Di 340201201400182	16 April 2014	86,750.44

- (5) Pursuant to 7 Construction Work Commencement Permits issued by Wuhu Housing and Urban-Rural Development Committee, the construction work of the property with a total gross floor area of 687,080.75 sq m was permitted to be commenced. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
340200201206110401	18 June 2012	155,801.66
340200201303150101	22 April 2013	142,142.00
340200201306170201	28 June 2013	163,125.30
340200201206110301	18 June 2012	4,068.00
340200314041701S01	24 June 2011	86,750.44
340200201305280101	29 May 2013	132,558.04
34020314042501S01	28 September 2014	2,635.31

- (6) Pursuant to 11 Commodity Housing Pre-sale Permits issued by Wuhu Urban-Rural Development Committee, the pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

Certificate No.	Date of Issuance	Area (sq m)	Use
(Wu) Fang Yu Shou Zheng Di (2012) 023	22 December 2012	21,181.10	Residential
(Wu) Fang Yu Shou Zheng Di (2012) 022	22 December 2012	21,181.10	Residential
(Wu) Fang Yu Shou Zheng Di (2012) 024	22 December 2012	21,107.56	Residential
(Wu) Fang Yu Shou Zheng Di (2012) 021	22 December 2012	21,930.70	Residential
(Wu) Fang Yu Shou Zheng Di 2012098239	18 September 2012	16,824.50	Residential
(Wu) Fang Yu Shou Zheng Di 2012098240	18 September 2012	18,890.80	Residential
(Wu) Fang Yu Shou Zheng Di (2014) 016	–	18,950.00	Residential
(Wu) Fang Yu Shou Zheng Di (2015) 135	24 November 2013	31,670.00	Residential
(Wu) Fang Yu Shou Zheng Di (2015) 004	20 January 2015	58,407.00	Residential
(Wu) Fang Yu Shou Zheng Di (2016) 092	24 May 2016	33,572.8	Residential
(Wu) Fang Yu Shou Zheng Di (2016) 150	30 August 2016	33,572.8	Residential
(Wu) Fang Yu Shou Zheng Di (2016) 229	9 December 2016	27,089.3	Residential

- (7) Portion of the property as stipulated under State-owned Land Use Rights Certificates Nos. Wu Guo Yong (2014) Di 246 and Wu Guo Yong (2014) Di 247 is subject to two mortgages.

- (8) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the valuation date were approximately RMB990,000,000 and RMB448,700,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB2,066,500,000.

The aforesaid construction cost incurred, outstanding construction cost and gross development value have excluded the Phase I and retail portion of Phase IV of the property with a total gross floor area of 165,264.64 sq m.

- (9) As advised by the Group, residential portion of the property with a total gross floor area of approximately 82,986.63 sq m have been sold or pre-sold at a total consideration of RMB785,900,000. According to the Company's instruction, the sold or pre-sold portions are included in this valuation. We have also taken this into consideration in the course of our valuation.

- (10) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-

- (i) Anhui Hualun Gangwan Culture Investment Company Limited has legally obtained the land use rights of the property. Anhui Hualun Gangwan Culture Investment Company Limited is the sole owner of the land use rights of the property;
- (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Anhui Hualun Gangwan Culture Investment Company Limited subject to relevant laws and regulations and prior approval from the mortgagees;
- (iii) Anhui Hualun Gangwan Culture Investment Company Limited has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Anhui Hualun Gangwan Culture Investment Company Limited to obtain the relevant Building Ownership Certificate of the property; and
- (iv) other than portion of the property as mentioned in note (7), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
39. Wan Xin Cultural and Creative Square located at Western side of Luzhou Main Road and Southern side of Hangzhou Road Baohe District Hefei Anhui Province The PRC	<p>The property comprises a parcel of land in rectangular-shape with a site area of 82,336.37 sq m. The property is planned to be developed into a residential and commercial development with a total gross floor area of approximately 500,675.49 sq m including basement area of approximately 21,820.27 sq m.</p> <p>The land use rights of the property have been granted for terms expiring on 22 November 2084 and 22 November 2054 for residential and commercial uses respectively.</p>	The property is currently under construction.	<p>RMB1,844,000,000</p> <p>(49% interest attributable to the Group: RMB903,560,000)</p> <p>(please refer to note (9))</p>

Notes:

- (1) Pursuant to the Business Licence with Unified Social Credit No. 91340100322786982W, Hefei Hualun Cultural Investment Co., Ltd (合肥華侖文化產業投資有限公司), a 49% owned associated company of the Group, was incorporated for a long-term valid period from 26 November 2014.
- (2) Pursuant to the Contract for Grant of State-owned Land Use Right No He Di Bin Hu Jing Ying (20) and its supplementary contract entered into between the Hefei Land Administration Bureau ("Party A") and Anhui Hualun International Cultural Development Company Limited and Zhejiang Intime Department Store Co., Ltd. (collectively referred to as "Party B") dated 22 September 2014, Party A agreed to grant the land use rights of Lot No BH2014-04 to Party B. The said contracts contains, inter-alia, the following salient conditions:
 - (i) Site area : 93,193.28 sq m
 - (ii) Use : Residential and Commercial (commercial site area not less than 50%)
 - (iii) Plot ratio : Not exceeding 2.8 and 5.5 for residential and commercial respectively
 - (iv) Site coverage : Not exceeding 24% and 50% for residential and commercial respectively
 - (v) Green area ratio : Not less than 40% of site area
 - (vi) Land grant fee : RMB559,159,680

- (vii) Party B shall commence the construction works before 22 January 2015 and the construction works should be completed before 22 July 2017.
- (viii) Party B shall entitle to pay for education ancillary fee and community ancillary fee both at RMB90 for each residential gross floor area.
- (ix) The proposed development shall comprise two super high-rise buildings.
- (x) Buildings erected upon on commercial site cannot be put for sale within eight years from the completion.
- (3) Pursuant to the State-owned Land Use Rights Certificate No. He Bao He Guo Yong (2015) Di 037 issued by the People's Government of Hefei dated 30 July 2015, the land use rights of a parcel of land with a site area of 82,336.37 sq m has been granted to Hefei Hualun Cultural Investment Co., Ltd for terms expiring on 22 November 2084 and 22 November 2054 for residential and commercial uses respectively.
- (4) Pursuant to the Construction Land Use Planning Permit No. Di Zi Di 240101201590010 dated 24 April 2015, the property with a site area of 93,193.28 sq m was permitted to be developed.
- (5) Pursuant to 11 Construction Engineering Planning Permits issued by Hefei Planning Bureau, portion of the property was permitted to be constructed. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
He Gui Jian Min Xu 2015655	10 September 2015	14,250.09
He Gui Jian Min Xu 2015604	26 August 2015	1,046.74
He Gui Jian Min Xu 2015638	2 September 2015	13,324.22
He Gui Jian Min Xu 2015605	26 August 2015	163.45
He Gui Jian Min Xu 2015632	31 August 2015	17,872.38
He Gui Jian Min Xu 2015606	26 August 2015	12,694.46
He Gui Jian Min Xu 2015633	31 August 2015	13,484.57
He Gui Jian Min Xu 2015656	10 September 2015	12,715.39
He Gui Jian Min Xu 2015610	27 August 2015	8,152.93
He Gui Jian Min Xu 2015611	27 August 2015	5,804.16
He Gui Jian Min Xu 2015612	27 August 2015	5,804.16

- (6) Pursuant to 2 Construction Work Commencement Permits issued by Hefei Urban-Rural Construction Committee, the construction work of portion of the property was permitted to be commenced. Details are listed as follows:

Permit No.	Date of Issuance	Gross Floor Area (sq m)
3401001504220103-SX-001	17 September 2015	45,961.21
3401001504220103-SX-002	17 September 2015	59,351.34

- (7) Portion of the property as stipulated under State-owned Land Use Rights Certificates No. He Bao He Guo Yong (2015) Di 037 is subject to a mortgage.
- (8) As advised by the Group, the development cost incurred and the projected outstanding development cost of the property as at the valuation date were approximately RMB1,171,100,000 and RMB2,467,700,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the valuation date, was estimated approximately as RMB5,123,000,000.

- (9) As advised by Group, residential portion of the property with a total gross floor area of 96,379.28 sq m has been pre-sold at a total consideration of approximately RMB1,235,111,900. According to the Company's instruction, the pre-sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
- (10) We have been provided with the PRC Property Legal Opinion, which contains, inter alia, the following:-
- (i) Hefei Hualun Cultural Investment Co., Ltd has legally obtained the land use rights the property. Hefei Hualun Cultural Investment Co., Ltd is the sole owner of the land use rights of the property;
 - (ii) the land use rights of the property can be legally transferred, leased, mortgaged or handled in other ways by Hefei Hualun Cultural Investment Co., Ltd according to relevant laws and regulations and prior approval from the mortgagee;
 - (iii) Hefei Hualun Cultural Investment Co., Ltd has obtained the relevant planning approvals and permits for the property. Upon completion of the property, there is no practical legal impediment for Hefei Hualun Cultural Investment Co., Ltd to obtain the relevant Building Ownership Certificate of the property; and
 - (iv) other than portion of the property as mentioned in note (7), the property is free from mortgages and other encumbrances.

1. RESPONSIBILITY STATEMENTS

The information contained in this Scheme Document relating to the Group has been supplied by the Company. The issue of this Scheme Document has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Group have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

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

The information contained in this Scheme Document relating to Shen Group has been supplied by Shen Offeror. The issue of this Scheme Document has been approved by the sole director of Shen Offeror, who accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group or Alibaba Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than those expressed by the Group or Alibaba Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares;
- (b) the Company had 2,722,185,626 Shares in issue;
- (c) the Company has issued 6,170,900 new Shares pursuant to the exercise of the Share Options since 31 December 2016, being the end of the last financial year of the Company, up to the Latest Practicable Date;
- (d) all of the Shares rank *pari passu* in all respects as regards rights to capital, dividends and voting;

- (e) there were 38,543,100 Outstanding Share Options, granted under the Share Option Scheme. As set out in the table setting out the exercise price applicable to each Share Option in the section headed “2. Terms of the Proposal” in Part VII of this Scheme Document, the exercise price of the Share Options ranges from HK\$4.85 to HK\$10.77. In the event that all Share Options that are expected to vest before the Long Stop Date with positive “see-through” price held by Optionholders (other than Mr. Chen) are exercised before completion of the Proposal, a total of 11,141,600 new Shares will be issued; and
- (f) other than the Share Options, there are no other options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

3. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the last business day of each of the calendar months during the period commencing six months preceding the Announcement Date, (ii) the Last Trading Day, and (iii) the Latest Practicable Date:

	Closing price for each Share (HK\$)
30 June 2016	6.4200
29 July 2016	6.1100
31 August 2016	6.3000
30 September 2016	6.7600
31 October 2016	6.0900
30 November 2016	6.3800
23 December 2016 (Last Trading Day)	7.0300
27 January 2017	9.6100
28 February 2017	9.6500
28 March 2017 (Latest Practicable Date)	9.7100

The lowest and highest closing prices of Shares as quoted on the Stock Exchange during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date were HK\$6.0600 per Share on 1 August 2016 and HK\$9.7500 per Share on 22 March 2017, respectively.

The Cancellation Price of HK\$10.00 per Scheme Share represents a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on 23 December 2016 (being the Last Trading Day).

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, (i) “interested” and “interests” have the same meanings as given to them in the appropriate part of the Securities and Futures Ordinance; (ii) the “Offer Period” means the period from 10 January 2017 to the Effective Date, both dates inclusive; and (iii) the “Disclosure Period” means the period beginning from the date which is six months prior to the commencement of the Offer Period (being from 10 July 2016) and ending with the Latest Practicable Date, both dates inclusive.

(a) Interests and dealings in the Company’s shares

- (i) As at the Latest Practicable Date, the Joint Offerors and the Joint Offerors Concert Parties had the following interests in Shares:

Shareholder	Number of Shares	Approximate percentage of total issued share capital of the Company (%)
Joint Offerors		
Alibaba Investment	755,727,738	27.76
Shen Offeror	249,073,015	9.15
Joint Offerors Concert Parties		
Shen Group (excluding Shen Offeror and Shen Family)	17,200,000	0.63
Elite Rich Holdings Limited	106,910,000	3.93
Elite Sky International Limited	106,910,000	3.93
Chen Group	42,250,000	1.55
Mr. Joseph C Tsai	8,000	0.00
The Libra Capital Greater China Fund Limited	1,825,000	0.07
CICC group (<i>Note 1</i>)	6,279,000	0.23

Note:

- (1) CICC is the financial adviser to the Joint Offerors and relevant members of the CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors under class (5) of the definition of “acting in concert” in the Takeovers Code. All such Shares held by members of the CICC group were acquired pursuant to non-discretionary trades conducted for and on behalf of clients of the relevant members of the CICC group. None of the Shares as disclosed in this table are proprietary interests of members of the CICC group. Accordingly all such Shares will form part of the Scheme Shares. In addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares

- (ii) As at the Latest Practicable Date, none of the Joint Offerors and Joint Offerors Concert Parties held any Share Options.
- (iii) During the Disclosure Period, the following dealings by the following Joint Offerors and the Joint Offerors Concert Parties for value in Shares have taken place.

Set out below are the dealings for value by members of the CICC group during the period beginning on 10 December 2016 and ending on the Latest Practicable Date (disclosed on a non-aggregated daily basis other than trades on the same settlement date with the same transfer price per Share):

Settlement Date	No. of Shares bought (sold)	Transfer Price per Share (HK\$)
12 December 2016	(5,000)	6.85
13 December 2016	(6,000)	6.84
14 December 2016	(1,500)	6.66
14 December 2016	(5,000)	6.65
14 December 2016	(6,500)	6.64
14 December 2016	(3,000)	6.63
14 December 2016	(1,000)	6.62
14 December 2016	(3,500)	6.61
14 December 2016	(7,500)	6.60
14 December 2016	(6,500)	6.59
14 December 2016	(1,500)	6.58
14 December 2016	(6,500)	6.57
14 December 2016	(1,000)	6.56
15 December 2016	(1,000)	6.73
15 December 2016	(500)	6.72
15 December 2016	(1,000)	6.71
15 December 2016	(2,500)	6.70
16 December 2016	(2,000)	6.80
20 December 2016	(2,000)	6.80
20 December 2016	(5,000)	6.79
22 December 2016	(5,500)	6.66
22 December 2016	(58,000)	6.65
22 December 2016 <i>Note 1</i>	(500)	6.65
22 December 2016	(24,500)	6.63
22 December 2016 <i>Note 1</i>	(500)	6.63
22 December 2016 <i>Note 1</i>	(500)	6.62
22 December 2016 <i>Note 1</i>	(500)	6.59
28 December 2016	12,500	6.86
28 December 2016	222,500	6.85
28 December 2016	33,500	6.84

Settlement Date	No. of Shares bought (sold)	Transfer Price per Share (HK\$)
28 December 2016	27,000	6.83
28 December 2016	45,500	6.82
28 December 2016	43,000	6.81
29 December 2016	(10,000)	6.92
29 December 2016	(6,000)	6.90
12 January 2017	(10,000)	9.60
12 January 2017	(10,000)	9.58
12 January 2017	(27,000)	9.57
12 January 2017	50,000	9.56
12 January 2017	50,000	9.55
12 January 2017	(14,000)	9.54
12 January 2017	50,000	9.54
12 January 2017	(260,500)	9.53
12 January 2017	(80,500)	9.52
12 January 2017	(43,000)	9.51
12 January 2017	(32,000)	9.50
12 January 2017	2,000	9.48
12 January 2017	(1,500)	9.47
12 January 2017	(5,000)	9.46
13 January 2017	(500,000)	9.63
13 January 2017	(5,551,500)	9.62
13 January 2017	(13,957,000)	9.61
13 January 2017	9,505,000	9.61
13 January 2017	(20,000)	9.60
16 January 2017	(20,000)	9.65
16 January 2017	(6,964,500)	9.64
16 January 2017	14,000,000	9.63
16 January 2017	(14,455,500)	9.63
17 January 2017	10,000	9.61
18 January 2017	(176,000)	9.61
19 January 2017	10,000	9.61
19 January 2017	5,000	9.58
20 January 2017	(12,000)	9.59
20 January 2017	(10,500)	9.58
23 January 2017	(8,000)	9.61
24 January 2017	(1,500)	9.60
26 January 2017	(10,000)	9.60
1 February 2017	(271,000)	9.62
1 February 2017	(7,626,000)	9.61
1 February 2017	1,400,000	9.61

Settlement Date	No. of Shares bought (sold)	Transfer Price per Share (HK\$)
2 February 2017	(300,000)	9.63
2 February 2017	(10,435,000)	9.62
2 February 2017	8,295,000	9.62
2 February 2017	(5,318,000)	9.61
2 February 2017	219,500	9.61
6 February 2017	(8,000)	9.68
8 February 2017	(197,500)	9.63
10 February 2017	(3,386,000)	9.63
13 February 2017	(500)	9.65
13 February 2017	(200,000)	9.64
13 February 2017	(1,753,500)	9.63
13 February 2017	10,000	9.63
13 February 2017	(1,000)	9.62
15 February 2017	(2,000)	9.63
15 February 2017	10,000	9.62
17 February 2017	(10,000)	9.62
20 February 2017	(35,500)	9.62
10 March 2017	(500)	9.69
13 March 2017	(92,000)	9.68
14 March 2017	(200,000)	9.69
14 March 2017	(200,000)	9.68
20 March 2017	(4,000)	9.68
20 March 2017	(3,000)	9.67
20 March 2017	(489)	9.59
23 March 2017	(522,000)	9.70
28 March 2017	2,500	9.71

Notes:

- (1) These trades were conducted by CICC Investment Solution Management Co., Ltd. (“**CICC Fund**”), a fund advised by a member of the CICC group that has a derivative economic interest in the Shares traded pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such Shares traded.
- (2) Save for those trades conducted by CICC Fund, all other transactions disclosed in the above table are non-proprietary trades conducted for and on behalf of clients of the CICC group (and for the avoidance of doubt, CICC group includes CISC).

Set out below are the dealings for value by members of the CICC group during the period beginning on 10 October 2016 and ending on 9 December 2016 (disclosed on a daily aggregated basis):

Settlement Date	No. of Shares bought (sold)	Transfer Price per Share	
		Lowest Price (HK\$)	Highest Price (HK\$)
18 October 2016	(1,000)	6.58	6.58
19 October 2016	(500,000)	6.43	6.58
	2,000	6.46	6.46
24 October 2016	(1,000,000)	6.39	6.46
25 October 2016	(20,000)	6.40	6.40
26 October 2016	(100,000)	6.32	6.34
28 October 2016	(4,000)	6.36	6.36
31 October 2016	(101,000)	6.22	6.24
1 November 2016	(6,000)	6.22	6.31
2 November 2016	(66,000)	6.11	6.17
4 November 2016	(19,000)	6.06	6.08
7 November 2016	100,000	6.11	6.14
	(125,000)	6.12	6.12
9 November 2016	(80,000)	6.08	6.12
10 November 2016	(72,500)	6.18	6.26
14 November 2016	400,000	6.24	6.29
14 November 2016 <i>Note 1</i>	500	6.24	6.24
15 November 2016	(50,000)	6.38	6.38
16 November 2016	(100,000)	6.48	6.49
16 November 2016 <i>Note 1</i>	3,000	6.35	6.51
17 November 2016 <i>Note 1</i>	2,000	6.38	6.42
18 November 2016	400,000	6.38	6.49
	(20,000)	6.43	6.49
18 November 2016 <i>Note 1</i>	2,500	6.38	6.53
21 November 2016	(1,000)	6.50	6.50
21 November 2016 <i>Note 1</i>	500	6.50	6.50
22 November 2016	(40,000)	6.37	6.41
25 November 2016 <i>Note 1</i>	4,000	6.49	6.52
28 November 2016	(3,500)	6.47	6.47
29 November 2016	(318,500)	6.36	6.44
30 November 2016	1,000,000	6.35	6.40
30 November 2016 <i>Note 1</i>	(4,000)	6.34	6.39
1 December 2016	(147,000)	6.37	6.40
5 December 2016	27,500	6.41	6.47
8 December 2016	(11,000)	6.61	6.66
9 December 2016	(10,000)	6.78	6.78

Notes:

- (1) These trades were conducted by CICC Fund, a fund advised by a member of the CICC group that has a derivative economic interest in the Shares traded pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such Shares traded.
- (2) Save for those trades conducted by CICC Fund, all other transactions disclosed in the above table are non-proprietary trades conducted for and on behalf of clients of the CICC group (and for the avoidance of doubt, CICC group includes CISC).

Set out below are the dealings for value in the Shares by members of the CICC group during the period beginning on 10 July 2016 (being six months prior to the commencement of the Offer Period) and ending on 9 October 2016 (disclosed on a weekly aggregated basis):

Settlement Date	No. of Shares bought (sold)	Transfer Price per Share	
		Lowest Price (HK\$)	Highest Price (HK\$)
12 – 18 July 2016	(911,500)	6.08	6.43
	103,000	6.17	6.33
19 – 25 July 2016	(310,500)	6.33	6.60
26 July – 1 August 2016	(1,457,500)	6.22	6.40
	10,000	6.39	6.39
3 – 9 August 2016	(703,500)	6.00	6.24
11 – 17 August 2016	(111,000)	6.27	6.68
	40,000	6.65	6.65
18 – 24 August 2016	(238,000)	6.46	6.95
25 – 31 August 2016	(371,500)	6.16	6.27
	1,063,500	6.20	6.50
1 – 7 September 2016	(121,500)	6.25	6.66
	19,500	6.31	6.31
8 – 14 September 2016	(581,500)	6.59	6.95
	14,000	6.69	6.70
15 – 19 September 2016	(4,500)	6.77	6.84
	510,000	6.77	6.88
22 – 27 September 2016	(2,561,500)	6.83	7.08
	714,000	6.965	6.965
29 September – 3 October 2016	(27,500)	6.71	6.83
6 October 2016	(8,000)	6.74	6.78

Note: All trades disclosed in the above table are non-proprietary trades conducted for and on behalf of clients of the CICC group (and for the avoidance of doubt, CICC group includes CISC).

- (iv) Save as disclosed in this section headed “4. Disclosure of Interests” in Appendix III of this Scheme Document, none of the Joint Offerors, the directors of the Joint Offerors and the Joint Offerors Concert Parties in respect of the Proposal had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Disclosure Period.
- (v) As at the Latest Practicable Date, no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or advisor of the Company as specified in class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal trader) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. During the period from the commencement of the Offer Period up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, but excluding dealings on an agency or non-discretionary basis.
- (vi) Save as disclosed in this section headed “4. Disclosure of Interests” in Appendix III of this Scheme Document and as at the Latest Practicable Date, no other person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any of the Joint Offerors (or with any person acting in concert with any of the Joint Offerors) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares or dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Disclosure Period.
- (vii) No fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares as at Latest Practicable Date or had dealt for value during the period from the commencement of the Offer Period up to the Latest Practicable Date in the Shares or convertible securities, warrants, options or derivatives in respect of any Shares.
- (viii) As at the Latest Practicable Date and save for the Consortium Agreement, the Rollover Arrangement, the Proposal and the Scheme, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company (or with any person who is an associate of the Company by virtue of class (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code).

- (ix) As at the Latest Practicable Date, the following Director had the following interests in the Company:

Director	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of total issued share capital of the Company (%)
Mr. Chen	Beneficial owner (Note 2)	42,250,000	1.55

Notes:

- (1) Represents the person's long position in such shares of the Company.
- (2) 42,250,000 Shares are directly held by Honor Mind Holdings Limited. Honor Mind Holdings Limited is wholly owned by Mr. Chen. As at the Latest Practicable Date, Mr. Chen is also interested in 11,550,000 Share Options, of which 5,200,000 are vested. Pursuant to the Rollover Agreement, Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

As Mr. Chen is a party to the Rollover Agreement and is regarded as being interested in the Proposal, Mr. Chen will abstain from voting on the Scheme at the Court Meeting. The remaining Directors did not own any beneficial shareholding in the Shares as at the Latest Practicable Date.

- (x) During the Disclosure Period, none of the Directors had dealt for value in Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (xi) Save as disclosed in this section headed "4. Disclosure of Interests" in Appendix III of this Scheme Document, the Joint Offerors did not own or control any Shares or convertible securities, warrants, options or derivatives in respect of the Shares.
- (xii) Save as disclosed in this section headed "4. Disclosure of Interests" in Appendix III of this Scheme Document, none of the directors of the Joint Offerors nor any Joint Offerors Concert Party owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares.

(b) Interests and dealings in the Joint Offerors' securities

The Company had no interest in each of the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of such shares as at the Latest Practicable Date. During the Disclosure Period, the Company had not dealt for value in any such securities.

As at the Latest Practicable Date, none of the Directors had any interests in each of the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of the Joint Offerors' shares.

None of the Directors had dealt for value in each of the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of any one of the Joint Offeror's shares.

(c) Arrangements with the Joint Offerors and their concert parties in respect of the Proposal

As at the Latest Practicable Date:

- (i) other than the Consortium Agreement and the Rollover Arrangement, there were no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between either of the Joint Offerors or any person acting in concert with the Joint Offerors and any other person;
- (ii) other than the Rollover Arrangement, there was no agreement or arrangement to which either of the Joint Offerors is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (iii) other than the financing arrangements by Shen Offeror and save as contemplated under the Consortium Agreement and the Rollover Arrangement, each of the Joint Offerors has no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Scheme to any other person, and has no agreement, arrangement or understanding with any third party to do so; and
- (iv) none of the Joint Offerors and the Joint Offerors Concert Parties, the Company or the Directors had borrowed or lent any Shares or convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed shares, convertible securities, warrants, options or derivatives which have been either on-lent or sold.

(d) Other interests

As at the Latest Practicable Date:

- (i) no benefit is or will be paid to any Director as compensation for loss of office or otherwise in connection with the Scheme;
- (ii) other than the Consortium Agreement, Rollover Arrangement and the Proposal, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Joint Offerors or any Joint Offerors Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders, which has any connection with or dependence upon the Scheme;

- (iii) other than the Rollover Arrangement and the Proposal, no agreement or arrangement exists between any Director and any other person, which is conditional upon the outcome of the Scheme or otherwise in connection with the Scheme;
- (iv) other than the Rollover Arrangement, no material contract has been entered into by either of the Joint Offerors in which any Director has a material personal interest; and
- (v) none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the Announcement Date; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract that has more than 12 months to run irrespective of the notice period.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, there was no material litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date two years before the Announcement Date up to and including the Latest Practicable Date.

7. EXPERTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
CICC	A licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
Somerley Capital Limited	A licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
Knight Frank Petty Limited	Property valuer

8. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions and/or letters and/or the references to its name and/or opinions and/or letters in the form and context in which they respectively appear.

9. MISCELLANEOUS

- (a) The Directors are:

Non-executive directors

XIN Xiangdong

Zhang Yong

Executive director

CHEN Xiaodong

Independent non-executive directors

Joseph CHOW

CHEN Jiangxu

HU Yongmin

- (b) The Company Secretary of the Company is CHOW Hok Lim.
- (c) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is at Unit 1703, 17/F, Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong.
- (e) The principal share registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited situated at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (f) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (g) The directors of Alibaba Investment are:
- Timothy Alexander STEINERT
WU Wei
YIP Pak Tung, Jason.
- (h) The director of Shen Offeror is SHEN Guojun.
- (i) The directors of Alibaba Group are MA Jack Yun, TSAI Joseph C., ZHANG Daniel Yong, EVANS J. Michael, JING Eric Xiangdong, TUNG Chee Hwa, KWAIK Walter Teh Ming, YANG Jerry, EKHOLM Börje E., MARTELLO Wan Ling and SON Masayoshi.

- (j) The registered office of Alibaba Investment is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The correspondence address of Alibaba Investment in Hong Kong is c/o Alibaba Group Services Limited at 26th Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (k) The correspondence address of Alibaba Group, Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited is c/o Alibaba Group Services Limited at 26th Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (l) The registered office of Shen Offeror is The Grand Pavillion Commercial Centre, Oleander Way, 802 West Bay Road, PO Box 32052, Grand Cayman KY1-1208, Cayman Islands. The correspondence address of Shen Offeror in Hong Kong is Room 1703, 17/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong. The registered office of Glory Bless Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (m) The registered office of Fortune Achieve Group Limited is Offshore Chambers, P.O. Box 217, Apia, Samoa.
- (n) The registered office of East Jump Management Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.
- (o) The registered office of Elite Rich Holdings Limited is Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.
- (p) The registered office of Elite Sky International Limited is Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.
- (q) The registered office of Sea Islands International Co., Ltd. is Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa.
- (r) Alibaba Investment is a company incorporated in the British Virgin Islands on 31 March, 2000 with limited liability.
- (s) Shen Offeror is a company incorporated in Cayman Islands on 30 June, 2005 with limited liability.
- (t) The principal place of business of CICC in Hong Kong is at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong and the registered office of CICC is 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (u) The principal place of business of Somerley in Hong Kong is 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company, at Room 1703, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday and on the website of the Company at www.intime.com.cn and the website of Securities and Futures Commission at www.sfc.hk from the date of this Scheme Document, 2017 until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of Alibaba Investment;
- (c) the memorandum and articles of association of Shen Offeror;
- (d) the annual reports of the Company for the years ended December 2014 and 31 December 2015;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the property valuation report from Knight Frank Petty Limited, the text of which is set out in Appendix II to this Scheme Documents;
- (i) a full list of all dealings in the Shares by relevant members of the CICC group from 10 July 2016 to the Latest Practicable Date;
- (j) written consents referred to in the section headed “8. Consents” in Appendix III – General Information on the Company and the Joint Offerors to this Scheme Document;
- (k) the Consortium Agreement;
- (l) the Rollover Agreement; and
- (m) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: FSD 35 OF 2017

IN THE MATTER OF
INTIME RETAIL (GROUP) COMPANY LIMITED 銀泰商業(集團)有限公司
AND IN THE MATTER OF
SECTION 86 OF THE COMPANIES LAW (2016 REVISION)

SCHEME OF ARRANGEMENT

between

INTIME RETAIL (GROUP) COMPANY LIMITED 銀泰商業(集團)有限公司

and

THE SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set out opposite them:

“Alibaba Group”	Alibaba Group Holding Limited and its subsidiaries
“Alibaba Investment”	Alibaba Investment Limited, one of the Joint Offerors
“Business Day”	a day (other than a Saturday) on which banks are generally open for business in Hong Kong
“Cancellation Price”	the cancellation price of HK\$10.00 per Scheme Share payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme
“Chen Group”	Mr. Chen and Honor Mind Holdings Limited, a company wholly-owned by Mr. Chen

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Joint Offerors in connection with the Proposal and a wholly-owned subsidiary of CICC Hong Kong. CICC is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“CICC Hong Kong”	China International Capital Corporation (Hong Kong) Limited, a company incorporated in Hong Kong in April 1997 and a wholly owned subsidiary of CICCL
“CICCL”	China International Capital Corporation Limited, a joint stock limited company incorporated in the People’s Republic of China whose shares are listed on the Stock Exchange
“CISC”	China Investment Securities Company Limited, a company which is wholly-owned by CICCL as at the Latest Practicable Date
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands
“Company”	Intime Retail (Group) Company Limited (stock code: 1833), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed “3. Conditions of the Proposal and the Scheme” under Part VII – Explanatory Memorandum of this Scheme Document
“Court Meeting”	a meeting of the holders of Scheme Shares convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, which is to be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong at 3:00 p.m. on Monday, 8 May 2017, notice of which is set out on in Appendix V to this Scheme Document, or any adjournment thereof

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the court order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law, and which is expected to be Wednesday, 17 May 2017 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than the Joint Offerors, the Joint Offerors Concert Parties and Chen Group. For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting in its capacity as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not a Joint Offeror, a Joint Offerors Concert Party or Chen Group
“Joint Offerors”	Alibaba Investment and Shen Offeror
“Joint Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Joint Offerors under the definition of “acting in concert” under the Takeovers Code, including Alibaba Group, Shen Group, CICC group, Mr. Joseph C. Tsai, and The Libra Capital Greater China Fund Limited (but excluding the Joint Offerors)
“Latest Practicable Date”	Tuesday, 28 March 2017, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Long Stop Date”	31 August 2017

“Mr. Chen”	Mr. Chen Xiaodong, the chief executive officer and an executive director of the Company
“Mr. Shen”	Mr. Shen Guojun
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and the Option Offer and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Register”	the register of members of the Company
“Rollover Agreement”	the rollover agreement entered into between Alibaba Investment, Shen Offeror and each member of the Chen Group on 9 January 2017, details of which are set out in the section headed “Rollover Agreement” under Part VII – Explanatory Memorandum of this Scheme Document
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law set out in Appendix IV – Scheme of Arrangement to this Scheme Document (subject to any modifications or additions or conditions as may be approved or imposed by the Grand Court and agreed to by the Joint Offerors), involving, among other matters, the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it
“Scheme Record Date”	Wednesday, 17 May 2017, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme

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|------------------------------------|--|
| “Scheme Share (s)” | Share(s) other than those directly or indirectly held by the Joint Offerors, the Joint Offerors Concert Parties (other than Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited, CICC group) and Chen Group |
| “Scheme Shareholder (s)” | holder(s) of Scheme Shares as at the Scheme Record Date |
| “Securities and Futures Ordinance” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share (s)” | ordinary share (s) of US\$0.00001 each in the share capital of the Company |
| “Shareholder (s)” | registered holder(s) of Shares |
| “Shen Family” | Ms. Shen Zhiwei (Mr. Shen’s daughter), Ms. Shen Junyan (Mr. Shen’s sister), Elite Rich Holdings Limited (a company wholly-owned by Ms. Shen Zhiwei), and Elite Sky International Limited (a company wholly-owned by Ms. Shen Junyan) |
| “Shen Group” | Mr. Shen, Shen Family, Fortune Achieve Group Limited, Glory Bless Limited, East Jump Management Limited, Sea Islands International Co., Ltd. and Shen Offeror |
| “Shen Offeror” | Intime International Holdings Limited, one of the Joint Offerors |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Code on Takeovers and Mergers in Hong Kong |
- (B) The Company was incorporated in the Cayman Islands on 8 November 2006 under the provisions of the Companies Law as an exempted company with limited liability.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 ordinary shares of a single class with a par value of US\$0.00001 each. As at the Latest Practicable Date, the issued share capital of the Company is US\$27,221.86 divided into 2,722,185,626 Shares, with the remainder being unissued. Since 20 March 2007, the issued shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Joint Offerors have proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Price so that thereafter the Joint Offerors, Shen Group (excluding Shen Offeror) and Chen Group will own the Company. Simultaneously with

the cancellation of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Joint Offerors at par credited as fully paid such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.

- (F) In the event the Rollover Agreement is not approved at the extraordinary general meeting of the Company to be held immediately after the Court Meeting, the Shares held by the Chen Group will form part of the Scheme Shares and be cancelled pursuant to the Scheme and the Chen Group has provided an undertaking to the Grand Court agreeing to be bound by the Scheme in those circumstances.
- (G) As at the Latest Practicable Date, 1,278,070,753 Shares were legally owned or controlled by the Joint Offerors, the Joint Offerors Concert Parties (other than Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited, CICC group) and Chen Group and registered as follows:

Name	Registered holder of Shares	Number of Shares
Alibaba Investment	Alibaba Investment	755,727,738
Shen Offeror	Shen Offeror	249,073,015
Sea Islands International Co., Ltd.	Sea Islands International Co., Ltd.	13,000,000
East Jump Management Limited	East Jump Management Limited	4,200,000
Elite Rich Holdings Limited	Elite Rich Holdings Limited	106,910,000
Elite Sky International Limited	Elite Sky International Limited	106,910,000
Chen Group	Honor Mind Holdings Limited	42,250,000

- (H) On the Latest Practicable Date, an aggregate of 8,112,000 Shares were legally and/or beneficially owned by the following Joint Offerors Concert Parties whose Scheme Shares are to be cancelled pursuant to the Scheme and registered as follows:

Joint Offeror Concert Party	Registered holder of Shares	Number of Shares
Mr. Joseph C Tsai	HKSCC Nominees Limited	8,000
The Libra Capital Greater China Fund Limited	HKSCC Nominees Limited	1,825,000
CICC group	HKSCC Nominees Limited	6,279,000

- (I) Each of the Joint Offerors Concert Parties (other than those specifically addressed hereafter), being presumed to be acting in concert with the Joint Offerors under the Takeovers Code, will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme. However, (a) any member of the CICC group acting in its capacity as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those shares; (ii) if shares are voted, gives instructions as to how those shares are to be voted; and (iii) is not the Joint Offerors or one of the Joint Offerors Concert Parties is not considered to be a “concert party” and is entitled to vote at the Court Meeting and (b) Mr. Joseph C Tsai and The Libra Capital Greater China Fund Limited are

entitled to vote at the Court Meeting and be counted for the purposes of the “majority in number” and “75% in value” requirements on the basis that they are holders of Scheme Shares, but their votes will not be counted in the calculations of the voting by Independent Shareholders for the purposes of the additional requirements imposed by Rule 2.10 of the Takeovers Code.

- (J) The Joint Offerors have undertaken to the Grand Court to be bound by the Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them for the purpose of giving effect to this Scheme. The Chen Group has agreed to provide an undertaking to the Grand Court agreeing to be bound by the terms of the Scheme in the case that the Rollover Arrangement is not approved by the Independent Shareholders at the Extraordinary General Meeting.

THE SCHEME

PART I

Cancellation of the Scheme Shares

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to the Joint Offerors the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished and the allocation of such issued shares between the Joint Offerors shall be determined by the Joint Offerors in accordance with the consortium agreement dated 9 January 2017 among Alibaba Investment and each member of Shen Group; and
 - (c) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph 1(a) above in paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued to the Joint Offerors, credited as fully paid as mentioned in paragraph (b) above.

PART II

Consideration for the cancellation and extinguishment of the Scheme Shares

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Joint Offerors shall pay or cause to be paid to each Scheme Shareholder the Cancellation Price.

PART III**General**

3. (a) As soon as possible and not later than seven (7) Business Days (as defined under the Takeovers Code) after the Effective Date, the Joint Offerors shall send or cause to be sent to Scheme Shareholders cheques in respect of the Cancellation Price payable to such Scheme Shareholders pursuant to Clause 2 of this Scheme.
- (b) Unless otherwise indicated in writing to the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, all such cheques shall be sent by ordinary post in pre-paid envelopes addressed to such Scheme Shareholders at their respective addresses as appearing on the Register at the Scheme Record Date or, in the case of joint holders, at the address as appearing on the Register at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
- (c) Cheques shall be posted at the risk of the addressee and none of the Joint Offerors, the Company or CICC shall be responsible for any loss or delay in the dispatch of the same.
- (d) Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Joint Offerors for the monies represented thereby.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraphs (b) of this Clause 3, the Joint Offerors shall have the right to cancel or countermand any cheque which has not been encashed or that has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in the Joint Offerors' names with a licensed bank in Hong Kong selected by the Joint Offerors. The Joint Offerors shall hold such monies on trust for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments thereout of the sums payable pursuant to Clause 2 of this Scheme to persons who satisfy the Joint Offerors that they are respectively entitled thereto and the cheques referred to in paragraphs (b) of this Clause 3 of which they are payees have not been cashed. Any payments made by the Joint Offerors shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Joint Offerors shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Joint Offerors to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiration of six years from the Effective Date, the Joint Offerors shall be released from any further obligation to make any payments under this Scheme and the Joint Offerors shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.
- (g) Paragraph (f) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.
4. Each instrument of transfer and certificate existing at the Scheme Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of the Joint Offerors to deliver up the same to the Joint Offerors for the cancellation thereof.
5. All mandates or relevant instructions to the Company in force at the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.
6. Subject to the Conditions having been satisfied in full or waived by the Joint Offerors in the manner set out under the heading “3. Conditions of the Proposal and the Scheme” under Part VII - Explanation Memorandum in the Scheme Document, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Law has been registered by the Registrar of Companies in the Cayman Islands pursuant to section 86(3) of the Companies Law.
7. Unless this Scheme shall have become effective on or before the Long Stop Date (or such later date, if any, as the Company and the Joint Offerors may agree, or to the extent applicable as the Grand Court, on application of the Company and/or the Joint Offerors may direct, and in all cases, as permitted by the Executive) this Scheme shall lapse.
8. The Company and the Joint Offerors may consent jointly for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may think fit to approve or impose.
9. In the event the Rollover Agreement is not approved at the extraordinary general meeting of the Company to be held immediately after the Court Meeting, the Chen Group will become a party to the Scheme whereby its Shares will be cancelled pursuant to the Scheme.
10. All costs, charges and expenses of the advisers and counsels appointed by the Company will be borne by the Company whereas all costs, charges and expenses of the advisers and counsels appointed by Joint Offerors will be borne by the Joint Offerors, and other costs, charges and expenses of the Scheme of Arrangement will be shared between the Joint Offerors and the Company equally.

31 March 2017

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

CAUSE NO. FSD 35 OF 2017

**IN THE MATTER OF SECTIONS
15 AND 86 OF THE COMPANIES LAW (2016 REVISION)
AND IN THE MATTER OF ORDER 102 OF
THE GRAND COURT RULES 1995 AND IN THE MATTER OF
INTIME RETAIL (GROUP) COMPANY LIMITED 銀泰商業(集團)有限公司**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 28 March 2017 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of holders of ordinary shares of US\$0.00001 each in the capital of Intime Retail (Group) Company Limited 銀泰商業(集團)有限公司 (the “**Company**”) other than the Joint Offerors, the Joint Offerors Concert Parties (other than Mr Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) and the Chen Group, all of which are defined in the composite scheme document, of which this Notice forms part (the “**Holders**”), for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme) and that the Court Meeting will be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong on Monday, 8 May 2017 at 3:00 p.m. (Hong Kong time) at which place and time all such Holders are requested to attend. A copy of the Scheme and a copy of an explanatory memorandum explaining the effect of the Scheme are incorporated in the composite scheme document of which this Notice forms part.

A copy of the composite scheme document can also be obtained by the Holders from the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Such Holders may vote in person at the Court Meeting or they may appoint one other person (who must be an individual), whether a member of the Company or not, to attend and vote in their stead. A pink form of proxy for use at the Court Meeting is enclosed with the composite scheme document dated 31 March 2017 dispatched to members of the Company on 31 March 2017.

In the case of joint holders of a share, any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in

respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding, the first named shareholder being the senior.

It is requested that forms appointing proxies be deposited at the Hong Kong branch share registrar of the Company at Computershare Hong Kong Investor Services Limited., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 3:00 p.m. (Hong Kong time) on Saturday, 6 May 2017. By the Order, the Court has appointed Mr. Xin Xiangdong, a non-executive director of the Company, or failing him, Mr. Hu Yongmin, an independent non-executive director of the Company, or failing him, any other independent non-executive director of the Company as at the date of the Order, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
Intime Retail (Group) Company Limited
銀泰商業(集團)有限公司

Dated 31 March 2017

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

Principal Place of Business in Hong Kong
Unit 1703, 17/F
Admiralty Centre, Tower 2
18 Harcourt Road
Hong Kong



銀泰商業

INTIME RETAIL (GROUP) COMPANY LIMITED

銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Intime Retail (Group) Company Limited (銀泰商業(集團)有限公司) (the “**Company**”) will be held at 1/F, Peacock Room to Stork Room, Mandarin Oriental, 5 Connaught Road Central, Hong Kong on Monday, 8 May 2017 at 4:00 p.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the meeting of the Scheme Shareholders (as defined in the Scheme hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing (with or without modifications) the following as a special resolution and ordinary resolutions, respectively:

SPECIAL RESOLUTION

“THAT AS A SPECIAL RESOLUTION:

- (A) the scheme of arrangement dated 31 March 2017 (the “**Scheme**”) between the Company and the holders of Scheme Shares (as defined in the Scheme) in the form of the print thereof which has been produced to this meeting and, for the purpose of identification, signed by the chairman of this meeting, subject to any modifications, additions or conditions as may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved; and
- (B) for the purpose of giving effect to the Scheme, on the Effective Date, (as defined in the Scheme), the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares.”

ORDINARY RESOLUTION 1

“THAT AS AN ORDINARY RESOLUTION:

- (C) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to Alibaba Investment Limited and Intime International Holdings Limited (the “**Joint Offerors**”) the same number of shares as the number of Scheme Shares cancelled and extinguished and the allocation of such issued

shares between the Joint Offerors shall be determined by the Joint Offerors in accordance with the consortium agreement dated 9 January 2017 among Alibaba Investment Limited and each member of the Shen Group (as defined in the Scheme);

- (D) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph (B) above in paying up in full at par the new shares issued in accordance with resolution (C), credited as fully paid, to the Joint Offerors and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;
- (E) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose; and
- (F) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

ORDINARY RESOLUTION 2

“THAT AS AN ORDINARY RESOLUTION:

- (G) the rollover arrangement between the Joint Offerors, Mr. Chen Xiaodong and Honor Mind Holdings Limited under the rollover agreement entered into among them on 9 January 2017 and referred to in the composite scheme document of the Company dated 31 March 2017 (the “**Scheme Document**”) in the form of the print thereof which has been produced to this meeting and, for the purpose of identification signed by the chairman of this meeting under the section headed “4. Rollover Arrangement” in Part VII “Explanatory Memorandum” in the Scheme Document is hereby approved.”

By Order of the Board of
Intime Retail (Group) Company Limited
Xin Xiangdong
Non-executive Director

Dated 31 March 2017

Registered Office

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

Principal Place of Business in Hong Kong

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

Notes:

- (a) Any member entitled to attend and vote at the extraordinary general meeting (or any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (b) In the case of joint registered holders of any share of the Company, any one of such joint registered holders may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share(s) as if he were solely entitled thereto. But if more than one of such joint holders are present at the extraordinary general meeting personally or by proxy, the most senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority will be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (c) In order to be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be completed and deposited with the Hong Kong branch share registrar of the Company at Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the extraordinary general meeting. In the event that a member of the Company attends the meeting after having lodged his form of proxy, the form of proxy will be deemed to have been revoked.
- (d) A form of proxy for use at the meeting is enclosed.
- (e) All resolutions as set out above will be determined by way of a poll.
- (f) The transfer books and register of members of the Company will be closed from Friday, 28 April 2017 to Monday, 8 May 2017, both days inclusive, to determine the entitlement of shareholders to attend and vote at the extraordinary general meeting, during which period no transfers of shares will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 27 April 2017.
- (g) At the date of this notice, the executive director of the Company is Mr. Chen Xiaodong, the non-executive directors of the Company are Mr. Zhang Yong and Mr. Xin Xiangdong, and independent non-executive directors of the Company are Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin.

The following is a form of the Option Offer Letter being sent to each Optionholder in connection with the Option Offer.



Financial Adviser to the Joint Offerors

31 March, 2017

To the Optionholders

Dear Sir or Madam,

OPTION OFFER

IN RELATION TO

**PROPOSED PRIVATISATION OF
INTIME RETAIL (GROUP) COMPANY LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

A scheme document dated the same date as this letter issued jointly by the Joint Offerors and the Company (the “**Scheme Document**”) and a form of acceptance (the “**Form of Acceptance**”) is provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

On 10 January 2017, the Joint Offerors and the Company jointly announced that on 28 December 2016, the Joint Offerors had requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme. As stated in the Announcement, the Joint Offerors will make an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code (the “**Option Offer**”), subject to and conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to any Share Options held by you. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Share Options was granted (including the terms of the Share Option Scheme).

TERMS OF THE OPTION OFFER

On behalf of the Joint Offerors, we offer to pay you, on a staggered basis in accordance with the existing vesting schedule and subject to the other terms of your Share Options (including the terms of the Share Option Scheme), the amounts as set out in the table below for each (i) unvested Share Option that you hold as at the Share Option Record Date and (ii) vested Share Option that you hold as at the Share Option Record Date, in respect of which the underlying Shares are not registered in your name or transferred to you (as the case may be) as at the Scheme Record Date.

Share Option	Cash consideration
For each Share Option	HK\$10.00 minus the exercise price of the relevant Outstanding Share Option*

* The relevant exercise price applicable to each Share Option ranges from HK\$4.85 to HK\$10.77. Please refer to the tables in the section headed “2. Terms of the Proposal” in “Part VII – Explanatory Memorandum” of the Scheme Document for a list of all exercise prices applicable to the Share Options and their corresponding “see-through” prices. If the exercise price of the relevant Share Option under the Option Offer granted to you exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) will be made.

In consideration for our agreement to pay you the cash consideration set out above (as applicable to your holdings of Share Options), all rights and obligations under your Share Options will be immediately cancelled by the Joint Offerors and the Company upon your acceptance.

Conditions of the Option Offer

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer will become unconditional immediately upon the Scheme becoming effective and prior to the listing of the Shares being withdrawn from the Stock Exchange.

The Conditions of the Proposal and the Scheme are set out in the section headed “3. Conditions of the Proposal and the Scheme” in “Part VII – Explanatory Memorandum” of the Scheme Document. You are further advised to refer to the sections headed “22. Registration and Payment” and “23. Overseas Shareholders and Optionholders” in “Part VII – Explanatory Memorandum” of the Scheme Document.

Payments under the Option Offer

Any cash entitlements under the Option Offer will be paid in accordance with the existing vesting schedules of your Outstanding Share Options, net of any applicable taxes. Payment in respect of Share Options that have vested but in respect of which the underlying Shares have not been registered in the name of the relevant holder, as at the Scheme Record Date, shall be made as soon as possible and in any event within 7 Business Days of the Effective Date, or in the case of Forms of Acceptance received after the Effective Date, within 7 Business Days of receipt of the relevant Form of Acceptance. Payment in respect of each Share Option that is unvested as at the Share Option Record Date will be made by the Joint Offerors within 60 days of the original vesting dates of the relevant Share Option. The vesting schedule for your Share Options is set out in the notice(s) of grant relating to your Share Options. Your cash entitlements

under the Option Offer will continue to be subject to the conditions to entitlement under the existing terms of your Share Options, including the requirement to remain in employment or service of the Group and other terms of the Share Option Scheme.

Payments of cash consideration under the Option Offer may be liable to taxation in the PRC and/or other jurisdictions and the Joint Offerors (on behalf of the Company) will withhold the relevant amount from the payments for the purpose of making the tax payment on behalf of the relevant Optionholders.

It is emphasised that none of Alibaba Investment, Shen Offeror, the Company, CICC and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

Payment will be made either by way of (i) electronic bank transfer into a bank or brokerage account as customarily used by you to receive Shares or other compensation from the Company or the Joint Offerors, (ii) physical delivery to you of a cheque or (iii) any other method mutually agreed between you and the Joint Offerors. Payments will be made in Hong Kong dollars. You may face delays or obstacles in changing Hong Kong dollars to other currency or cashing such cheques in certain locations or situations.

COURSES OF ACTION AVAILABLE TO HOLDERS OF SHARE OPTIONS

The choices available to you in respect of your Share Options are set out below.

(A) Accept the Option Offer

The Option Offer shall be in respect of (i) all vested Share Options that you hold as at the Share Option Record Date (expected to be Wednesday, 17 May 2017) and for which you (or your nominee) have not been registered as the holder of the underlying Shares as at the Scheme Record Date (expected to be Wednesday, 17 May 2017) and (ii) all Share Options that are unvested as at the Share Option Record Date (expected to be Wednesday, 17 May 2017).

You may choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance, by ticking the “Accept” box on the Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date, including any Share Options that have an exercise price greater than HK\$10.00.

(B) Reject the Option Offer

If you choose to reject the Option Offer, please tick the “Reject” box on the enclosed Form of Acceptance and return it in accordance with the instructions set out below. Such rejection of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date, including any Share Options that have an exercise price above or lower than HK\$10.00.

Under the terms of the Share Options, if the Scheme becomes effective, these Share Options will automatically lapse and not be exercisable upon expiry of the period that is 14 days after the Effective Date.

Please note, however, that the Joint Offerors may take steps to ensure that the Company becomes wholly-owned by the Joint Offerors, Shen Group (excluding Shen Offeror) and Chen Group on and from the Effective Date by, for example, amending the terms of the articles of association of the Company to ensure that Optionholders are not entitled to receive any Shares. Accordingly, you should note that there is no certainty that you will receive any consideration for your Share Options if you reject the Option Offer.

If you reject the Option Offer, you will not be entitled to receive the cash consideration offered in respect of any of your Share Options.

Following receipt of this letter, if you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to tick either an “Accept” or “Reject” box on a returned Form of Acceptance, and the Scheme becomes effective, you will be treated as if not having accepted the Option Offer in respect of all Share Options held by you as at the Share Option Record Date, your Share Options will automatically lapse upon expiry of the period that is 14 days after the Effective Date and you will receive neither the Share Option Offer Price nor the Cancellation Price.

(C) Become a Scheme Shareholder

If any of your Share Options are or become exercisable, you may choose to pay the exercise price and applicable taxes and exercise your Share Options under their terms prior to the Latest Options Exercise Date. If, as a result, you are a registered holder of the underlying Shares as at the Scheme Record Date (expected to be Wednesday, 17 May, 2017), such Shares will form part of the Scheme Shares and will be cancelled if the Scheme becomes effective. You will then be entitled to receive the Cancellation Price for Scheme Share that you hold as at the Scheme Record Date.

Please note, however, that as the cash consideration offered for each Share Option under the Option Offer is based on a “see-through price” equal to the Cancellation Price of HK\$10.00 minus any applicable exercise price, there is no monetary benefit to taking this course of action. Nonetheless, holders of Scheme Shares as at the Meeting Record Date will be entitled, subject to the Takeovers Code, to attend and vote at the Court Meeting and the Extraordinary General Meeting, whereas you will not have such right to attend and vote if you are only an Optionholder.

HOW TO RETURN THE FORM OF ACCEPTANCE

You should return the completed Form of Acceptance to the Joint Offerors, care of Intime Retail (Group) Company Limited at 1063-3 Creative Culture Industrial Park, Sihui East Road, Chaoyang District, Beijing, China, for the attention of the Human Resources Department of the Company and marked “Intime Retail (Group) Company Limited – Option Offer”, by no later than 4:30 p.m. on Wednesday, 31 May, 2017 (or such other date and time as may be notified to you by the Joint Offerors, CICC and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange).

Before returning the Form of Acceptance, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

LAPSED SHARE OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of its grant or the Share Option Scheme. You cannot accept the Option Offer in respect of a Share Option which has lapsed or will have lapsed by the Share Option Record Date.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders set out in Part V of the Scheme Document and the letter from Somerley Capital Limited, the Independent Financial Adviser, set out in Part VI of the Scheme Document which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

INDEPENDENT FINANCIAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Scheme Document, the Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisor.

DECLARATION

By returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in this letter and the Form of Acceptance), and that you have received the Scheme Document and this letter;
- (b) confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever;
- (c) acknowledge that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Joint Offerors and the Company), in respect of such Share Option (including any Share Option for which you are only entitled to receive a nominal amount of cash consideration, of HK\$0.05 per 500 Share Options (or part thereof), because

the exercise price of the relevant Share Option exceeds the Cancellation Price) you hold in respect of which you accept the Option Offer and agree that all rights and obligations under such Share Options will be cancelled;

- (d) confirm that any acceptance of the Option Offer cannot be withdrawn or altered;
- (e) authorise the Company and the Joint Offerors, jointly and severally, or any director or officer of the Company or the Joint Offerors or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Option Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance (including consenting to the Company, the Board or the Joint Offerors, as applicable, exercising its rights to amend the terms of your Share Options such that they may be transferred to the Joint Offerors); and
- (f) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

GENERAL

All communications, notices, Form(s) of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of CICC, the Joint Offerors or the Company accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within two business days of its dispatch.

The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.

The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to CICC, the Joint Offerors, any director of the Joint Offerors, the board of directors of the Joint Offerors or their respective agents to complete and execute any document on behalf of the Optionholders and to do any other act, that may be necessary or expedient for the purpose of transferring to the Joint Offerors or such person(s) as the Joint Offerors shall direct, all rights of the Optionholders in respect of the Share Options which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Joint Offerors determine it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.

By accepting the Option Offer in respect of a particular Share Option, you irrevocably and at your own risk elect to authorise the Joint Offerors to send to you, or procure the sending to you of, the cash to which you are entitled.

Any acceptance of the Option Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of the Joint Offerors and/or the Company. Cash consideration under the Option Offer will be paid to you net of such applicable taxes, if any. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer.

RESPONSIBILITY STATEMENTS

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

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

The Sole director of the Shen Offeror accepts full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group or Alibaba Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this letter (other than those expressed by the Group or Alibaba Group) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours truly,
For and on behalf of
CICC
Pak Hiu Ching
Executive Director