
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

SUN ART
Retail Group Limited

TAOBAO CHINA HOLDING LIMITED

淘寶中國控股有限公司

(incorporated in Hong Kong with limited liability)

SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 06808)

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

Financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



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

A letter from CICC containing, among other things, the principal terms of the Offer is set out on pages 8 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 24 of this Composite Document. A letter from the Independent Board Committee to the Offer Shareholders containing its recommendation in respect of the Offer is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 27 to 58 of this Composite Document.

The procedures for acceptance and settlement and the acceptance period of the Offer is set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

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

27 November 2020

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EXPECTED TIMETABLE

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

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

Despatch date of this Composite Document and the accompanying Form of Acceptance and the commencement of the Offer ⁽¹⁾	Friday, 27 November 2020
Latest time and date for acceptance of the Offer ^{(2), (4)}	4:00 p.m. on Friday, 18 December 2020
First Closing Date ⁽²⁾	Friday, 18 December 2020
Announcement of the results of the Offer as at the First Closing Date, or as to whether the Offer has been revised or extended, on the website of the Stock Exchange ⁽²⁾	By 7:00 p.m. on Friday, 18 December 2020
Latest date for posting of remittances to Offer Shareholders for the amounts due under the Offer in respect of valid acceptances received under the Offer ⁽³⁾	Wednesday, 30 December 2020

Notes:

1. The Offer, which is unconditional in all respects, is made on Friday, 27 November 2020, being the Despatch Date, and is capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Friday, 18 December 2020 stating whether the Offer has been extended or revised or has expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not yet accepted the Offer.

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

EXPECTED TIMETABLE

3. Remittances in respect of the cash consideration (after deducting the seller's *ad valorem* stamp duty arising therefrom) payable for the Offer Shares tendered under the Offer will be made to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Offer Shareholders accepting the Offer.
4. If there is a tropical cyclone warning signal no. 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. (Hong Kong time) on the same day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon (Hong Kong time) and 4:00 p.m. (Hong Kong time) on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. (Hong Kong time) on the following Business Day.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

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

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

NOTICE TO U.S. SHAREHOLDERS

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

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

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

IMPORTANT NOTICES

The financial information of the Company included in this Composite Document has been extracted from the unaudited condensed consolidated financial information of the Group for the unaudited financial statements for the six months ended 30 June 2020, which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants, and audited consolidated financial statements for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror parent, the Offeror and the Company is located in a country outside the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, CICC, and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable laws and the Takeovers Code and is made outside the United States and (ii) the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

“acting in concert” or “concert parties”	has the meaning given to it in the Takeovers Code
“Affiliates”	with respect to any specified person, any person who directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such specified persons and shall include the subsidiaries of such specified persons. Affiliates of the Group shall refer to the Company and all persons controlled by the Company
“Alibaba Group”	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares listed on the main board of the Stock Exchange, Stock Code 9988
“associate(s)”	has the meaning given to it in the Takeovers Code
“Auchan Retail International”	Auchan Retail International S.A., a company which is 99.9% owned by Auchan Holding S.A. which in turn is 68.72% owned by Au Marche S.A.S (which is wholly-owned by the Mulliez family through certain intermediate holding companies)
“Auchan Sale Shares”	104,313,385 ordinary shares in A-RT held by Auchan Retail International immediately before the SPA Completion (representing approximately 55.74% of the issued share capital of A-RT as at the date of the Joint Announcement)
“A-RT”	A-RT Retail Holdings Limited (吉鑫控股有限公司), a company incorporated in Hong Kong with limited liability, a Shareholder holding approximately 51.00% in the Company as at the date of the Joint Announcement and the Latest Practicable Date
“Board”	the board of Directors

DEFINITIONS

“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CGC”	Concord Greater China Limited
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in relation to the Offer. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Closing Date”	the First Closing Date or any subsequent closing date of the Offer if it is extended or revised in accordance with the Takeovers Code
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Company”	Sun Art Retail Group Limited 高鑫零售有限公司, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6808)
“Composite Document”	this composite offer and response document
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Despatch Date”	Friday, 27 November 2020, being the date of despatch of this Composite Document
“Director(s)”	director(s) of the Company

DEFINITIONS

“Encumbrance”	any encumbrance including any mortgage, pledge, charge, lien, deposit or assignment by way of security, bill of sale, right to acquire, option or right of pre-emption, beneficial ownership (including usufruct and similar entitlements), any provisional or executory attachment and any other interest or right of any nature held, or claim that could be raised, by a third party, and any agreement, commitment or right to give, create or enforce any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	Friday, 18 December 2020, being the first closing date of the Offer
“Form of Acceptance”	the form of acceptance and transfer of Offer Shares in respect of the Offer
“Group”	the Company and its subsidiaries and the terms “Group Company” and “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, 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”	an independent committee of the board of Directors comprising all four independent non-executive Directors, established pursuant to the Takeovers Code to give recommendations to the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “Sommerley Capital”	Sommerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee in relation to the Offer

DEFINITIONS

“Irrevocable Undertakings”	the irrevocable undertakings given by each of by Ms. LEE Chih-Lan and her associates, Mr. Desmond Murray and Mr. Hsu Sheng-Yu in favour of the Offeror not to (a) sell or transfer his/her/its Shares during the offer period; or (b) accept the Offer in respect of his/her/its Shares
“IU Shares”	the total of 89,664,045 Shares held by Ms. LEE Chih-Lan and her associates, Mr. Desmond Murray and Mr. Hsu Sheng-Yu which are subject to the Irrevocable Undertakings
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 18 October 2020 in relation to (among others) the transactions contemplated under the SPA made pursuant to Rule 3.5 of the Takeovers Code
“Kofu”	Kofu International Limited, a company which is owned by Mr. Yin Chung Yao
“Last Trading Date”	16 October 2020, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Joint Announcement
“Latest Practicable Date”	Tuesday, 24 November 2020, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Monicole BV”	Monicole Exploitiemaatschappij BV, a wholly-owned subsidiary of Auchan Retail International
“Monicole Sale Shares”	28,437,752 ordinary shares in A-RT held by Monicole BV immediately before the SPA Completion (representing approximately 15.20% of the issued share capital of A-RT as at the date of the Joint Announcement)

DEFINITIONS

“New Retail Fund”	New Retail Strategic Opportunities Investments 1 Limited, an investment vehicle of New Retail Strategic Opportunities Fund, L.P., over whose investment decision Alibaba Group is able to exercise significant influence through its subsidiary New Retail Strategic Opportunities GP Limited, the ultimate general partner of New Retail Strategic Opportunities Fund, L.P.
“Offer”	the mandatory unconditional cash offer made by CICC for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and its concert parties in accordance with the Takeovers Code with the terms set out in this Composite Document and any subsequent revision or extension of the Offer
“Offer Period”	has the meaning given to it under the Takeovers Code, which, in respect of the Offer, means the period starting from the date of the Joint Announcement until the Closing Date
“Offer Price”	HK\$8.10 per Offer Share
“Offer Shareholders”	in respect of the Offer, the Shareholders other than the Offeror and its concert parties (and its presumed concert parties)
“Offer Shares”	the Shares which are subject to the Offer
“Offeror”	Taobao China Holding Limited 淘寶中國控股有限公司, a company incorporated in Hong Kong and a wholly-owned subsidiary of Alibaba Group
“Overseas Shareholders”	Shareholders whose addresses, as shown on the register of members of the Company, are outside of Hong Kong
“PRC”	the People’s Republic of China, which expression, solely for the purpose of construing this Composite Document, does not include Hong Kong, Macau Special Administrative Region or Taiwan

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the branch share registrar of the Company in Hong Kong for receiving and processing acceptances of the Offer in respect of the Offer Shares which are listed on the Stock Exchange
“Relevant Period”	the period commencing on 19 April 2020, being the date falling six months prior to date of the Joint Announcement, and ending on and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the Auchan Sale Shares and the Monicole Sale Shares
“Sellers”	each of Auchan Retail International and Monicole BV
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 7 December 2017 and entered into between the Offeror, the Sellers, Kofu, CGC and A-RT for the purpose of, among other things, regulating the management of A-RT, its relationship with each other and certain aspects of the affairs of, and the shareholders’ dealings with, A-RT
“Shares”	ordinary shares of the Company in issue
“SPA”	the sale and purchase agreement dated 18 October 2020 between the Offeror as purchaser and Auchan Retail International and Monicole BV as the sellers in relation to the sale and purchase of an aggregate of 132,751,137 ordinary shares in A-RT, representing approximately 70.94% of the issued share capital of A-RT as at the date of the Joint Announcement

DEFINITIONS

“SPA Completion”	completion of the sale and purchase of the Sale Shares under the SPA
“SPA Completion Announcement”	the joint announcement issued by the Offeror and the Company dated 19 October 2020 in relation to (among others) the SPA Completion
“Stores”	hypermarkets, supermarkets, proximity stores and other stores in each case to the extent operating under the “Auchan” banner and the “RT-Mart” banner in the PRC as of the date of SPA Completion/the Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“U.S.” or “United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“%”	per cent.

LETTER FROM CICC



27 November 2020

To the Offer Shareholders

Dear Sir or Madam,

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

INTRODUCTION

On 19 October 2020, the Offeror and the Company jointly published an announcement that on 18 October 2020, the Offeror and the Sellers entered into the SPA, pursuant to which the Offeror agreed to purchase, and the Sellers agreed to sell, the Auchan Sale Shares and the Monicole Sale Shares, representing approximately 70.94% of the entire issued share capital of A-RT as at the date of the Joint Announcement, for an aggregate consideration of US\$3,607,358,544 (approximately HK\$27,957,028,716) (equivalent to approximately US\$1.05 (HK\$8.10) per Share on a see-through basis).

On 19 October 2020, the Offeror and the Company jointly announced that SPA Completion took place on 19 October 2020 and upon SPA Completion, the Offeror held an aggregate of (i) 169,989,691 shares in A-RT, representing approximately 90.84% of the issued shares of A-RT as at the date of SPA Completion; and (ii) 2,001,753,643 Shares, representing approximately 20.98% of the issued Shares as at the date of SPA Completion. The Offeror and its concert parties together held an aggregate shareholding of approximately 77.02% of the total issued share capital of the Company upon SPA Completion. As such, the Offeror, A-RT and the New Retail Fund are concert parties pursuant to the Takeovers Code.

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

LETTER FROM CICC

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

UNCONDITIONAL OFFER

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

THE OFFER

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

Offer Price

For each Offer Share HK\$8.10 in cash

The Offer Price of HK\$8.10 per Offer Share is equal to the price paid by the Offeror for each Sale Share under the SPA on a see-through basis due to the fact that A-RT is a special purpose vehicle established solely to hold 51.00% of the issued share capital of the Company and has no debt. The Offer Price will be reduced by any dividend declared, paid, made or agree to be paid or made, by the Company on or after the date of this Composite Document and up to the closing of the Offer. The Company has confirmed that it does not intend to declare any dividends before 31 December 2020. This letter, Appendix I to this Composite Document and the accompanying Form of Acceptance together set out the terms of the Offer and certain related information.

Comparisons of Value

The Offer Price represents:

- (a) a premium of approximately 189.31% or HK\$5.30 per Share over the audited net asset value attributable to equity holders as at 31 December 2019 of approximately HK\$2.80 per Share based on 9,539,704,700 Shares in issue as at the date of the Joint Announcement, based on RMB to HK\$ exchange rate of RMB0.89578 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 31 December 2019);
- (b) a premium of approximately 186.03% or HK\$5.27 per Share over the unaudited net asset value attributable to equity holders per Share as at 30 June 2020 of approximately HK\$2.83 per Share based on 9,539,704,700 Shares in issue as at the date of the Joint Announcement, based on RMB to HK\$ exchange rate of RMB0.91344 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 30 June 2020);

LETTER FROM CICC

- (c) a premium of approximately 58.65% or HK\$2.99 per Share over the unaudited net asset value attributable to equity holders per Share as at 30 June 2020 adjusted for the valuation surplus arising from the Property Valuation Report of approximately HK\$5.11 per Share based on 9,539,704,700 Shares in issue as at the date of this Composite Document, based on RMB to HK\$ exchange rate of RMB0.84895 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Latest Practicable Date);
- (d) a premium of approximately 2.14% or HK\$0.17 per Share over the closing price of HK\$7.93 per Share on the Last Trading Date;
- (e) a premium of approximately 1.00% or HK\$0.08 per Share over the average closing price of approximately HK\$8.02 per Share for the last five trading days up to and including the Last Trading Date;
- (f) a discount of approximately 8.27% or HK\$0.73 per Share to the average closing price of approximately HK\$8.83 per Share for the last 30 trading days up to and including the Last Trading Date; and
- (g) a discount of 2.99% or HK\$0.25 per Share to the closing price of HK\$8.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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

Highest and lowest prices

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$13.24 on 30 June 2020, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$7.73 on 7 October 2020.

Acceptance

The Offer is capable of acceptance on and from Friday, 27 November 2020 and will remain open for acceptance until Friday, 18 December 2020, being the Closing Date, unless extended or revised in accordance with the Takeovers Code. The Offeror reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020.

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

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

LETTER FROM CICC

IRREVOCABLE UNDERTAKINGS NOT TO ACCEPT THE OFFER

As at the Latest Practicable Date, (i) Ms. LEE Chih-Lan (spouse of Mr. HUANG Ming-Tuan who is an executive director, chairman and the chief executive officer of the Company) and her associates hold 77,590,702 Shares (representing approximately 0.81% of the issued share capital of the Company as at the Latest Practicable Date); (ii) Mr. Desmond MURRAY (who is an independent non-executive director of the Company) holds 55,000 Shares (representing approximately 0.0006% of the issued share capital of the Company as at the Latest Practicable Date) and (iii) Mr. HSU Sheng-Yu (who is the chief financial officer of the subsidiaries of the Group operating under the “RT-Mart” banner) holds 12,018,343 Shares (representing approximately 0.13% of the issued share capital of the Company as at the Latest Practicable Date). Each of them has given an irrevocable undertaking in favour of the Offeror, pursuant to which each of them has undertaken that he/she/it will not (a) sell or transfer his/her/its Shares during the offer period; or (b) accept the Offer in respect of his/her/its Shares.

CONFIRMATION OF FINANCIAL RESOURCES FOR THE OFFER

Based on the Offer Price of HK\$8.10 per Share and 9,539,704,700 Shares in issue as at the Latest Practicable Date, all issued Shares of the Company were valued at HK\$77,271,608,070. The maximum cash amount to be paid to the Offer Shareholders in respect of acceptances under the Offer is approximately HK\$17,030,890,669.50, based on the Offer Price of HK\$8.10 per Offer Share and 2,102,579,095 Offer Shares (being a total of 9,539,704,700 Shares in issue less (i) 2,001,753,643 Shares held by the Offeror; (ii) 480,369,231 Shares held by New Retail Fund being a concert party of the Offeror; (iii) 4,865,338,686 Shares held by A-RT being a concert party of the Offeror; and (iv) 89,664,045 IU Shares) and subject to the rounding up of payment to the nearest cent as described below.

The Offer is unconditional in all respects. The total cash consideration will be funded by the internal resources and/or external debt-financing pursuant to a facility agreement between (among others) Alibaba Group as borrower and Australia and New Zealand Banking Group Limited, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Citigroup Global Markets Asia Limited, Credit Suisse AG, Singapore Branch, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Goldman Sachs Bank USA; The Hongkong and Shanghai Banking Corporation Limited, ING Bank N.V., Singapore Branch, JPMorgan Chase Bank, N.A., Hong Kong Branch, Mizuho Bank, Ltd. and Morgan Stanley Senior Funding, Inc., as mandated lead arrangers, Goldman Sachs Bank USA, The Hongkong and Shanghai Banking Corporation Limited; Mizuho Bank, Ltd., Hong Kong Branch, JPMorgan Chase Bank, N.A., Hong Kong Branch, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., Hong Kong Branch; BNP Paribas, acting through its Hong Kong Branch, Citibank N.A., Hong Kong Branch; Credit Suisse AG, Singapore Branch, Morgan Stanley Senior Funding, Inc., Australia and New Zealand Banking Group Limited; DBS Bank Ltd., Deutsche Bank AG, Singapore Branch and ING Bank N.V., Singapore Branch, as original lenders and Citicorp International Limited as agent. There is no arrangement in relation to such facilities under which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company.

LETTER FROM CICC

CICC has been appointed as the financial adviser to the Offeror in respect of the Offer. CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offer.

INFORMATION ON THE OFFEROR

Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of certain PRC subsidiaries relating to Taobao Marketplace and Tmall. Alibaba Group is a company incorporated in the Cayman Islands and its American depository shares, each representing eight ordinary shares, are listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares are listed on the main board of the Stock Exchange, stock code 9988. As at the Latest Practicable Date, the substantial shareholder (as defined in the Takeovers Code) of Alibaba Group is SoftBank Group Corp., a company listed on the Tokyo Stock Exchange (holding approximately 24.9% of the issued shares of Alibaba Group).

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

On SPA Completion, the Offeror, together with the New Retail Fund which has a 5.04% shareholding in the Company, held an economic interest up to approximately 72.35% of the total issued share capital of the Company. The Offeror and its concert parties together held an aggregate shareholding of approximately 77.02% of the total issued share capital of the Company.

The Offeror and the Company believe that the strengthened alliance between the Offeror and the Company will enable the Group's activities to continue to benefit from the Offeror's digital ecosystem, leading to, among others, more online traffic, better synchronized online and offline inventory management and enhanced last mile fulfilment for the Group. It will continue to digitalise and introduce new retail solutions at the Group's Stores.

The Offeror has no intention to discontinue the employment of any employees of the Group, except for the proposed change of Board composition as detailed in the section headed "Proposed change to the Board composition" below and for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

As at the Latest Practicable Date, the Offeror has no intention to make (i) any material disposal of existing business or assets of the Group; or (ii) any material acquisition of new business or assets.

COMPULSORY ACQUISITION

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

LETTER FROM CICC

MAINTAINING THE LISTING

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

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

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

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror has jointly and severally undertaken to the Stock Exchange, and any new directors (if any) to be appointed to the Board of the Company will jointly and severally undertake, to take appropriate steps to ensure that sufficient public float exists in Company's Shares.

TERMINATION OF SHAREHOLDERS' AGREEMENT AND UNDERTAKING TO KOFU AND CGC

On 18 October 2020, the Offeror, the Sellers, Kofu, CGC and A-RT agreed to terminate the Shareholders' Agreement with effect from SPA Completion. On the same date, the Offeror gave an undertaking to Kofu and CGC (with effect from SPA Completion) to continue with the following key terms previously agreed between the parties under the Shareholders' Agreement: provided that Kofu and CGC first offer any proposed transfer of shares in A-RT by them to the Offeror and the Offeror does not accept such offer and Kofu and CGC have complied with restrictive covenants in favour of the Offeror and other requirements provided for under the undertaking, Kofu and CGC will have the right to swap their shares in A-RT for the Shares. Thereafter Kofu and CGC will be required to negotiate with the Offeror in good faith the transfer of those Shares on an exclusive basis for a specified period of time.

PROPOSED CHANGE TO THE BOARD COMPOSITION

As disclosed in the Joint Announcement, each of Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain DELOM de MEZERAC, Mr. Edgard, Michel, Marie BONTE and Ms. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER has tendered his/her resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the First Closing Date, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

LETTER FROM CICC

As part of the reorganisation of the members of the Board after the SPA Completion, each of Mr. ZHANG Yong and Mr. CHEN Jun, tendered his resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the First Closing Date, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

Each of the above resigning Directors has confirmed that there is no disagreement with the Board and the Company confirms that there are no matters that need to be brought to the attention of holders of the Shares.

Mr. HUANG Ming-Tuan, the Chief Executive Officer of the Company, was appointed on 17 October 2020 as Chairman of the Board with effect from that date.

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

OVERSEAS SHAREHOLDERS

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

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

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Procedures for Acceptance of the Offer

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

LETTER FROM CICC

The completed Form of Acceptance should then be forwarded, together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the whole of your holding of the Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "Sun Art Offer" on the envelope, as soon as practicable after receipt of these documents and in any event, so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce with the consent of the Executive in accordance with the Takeovers Code). No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

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

Settlement of the Offer

Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the latest time for acceptance of the Offer unless the Offer is extended by the offeror in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Shareholder, less seller's *ad valorem* stamp duty (if any) payable by the relevant accepting Shareholder, will be despatched to the relevant accepting Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.

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

Stamp Duty

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

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

LETTER FROM CICC

Nominee Registration

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

TAXATION ADVICE

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

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

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

FURTHER TERMS OF THE OFFER

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

LETTER FROM CICC

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 18 to 24, the “Letter from the Independent Board Committee” on pages 25 to 26 and the “Letter from the Independent Financial Adviser” on pages 27 to 58, all of which are contained in this Composite Document, in relation to their recommendations and/or advice regarding the Offer.

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

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

LETTER FROM THE BOARD



SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 06808)

Executive Director:

HUANG Ming-Tuan

Non-executive Directors:

ZHANG Yong

Benoit, Claude, Francois, Marie, Joseph,

LECLERCQ

Edgard, Michel, Marie, BONTE

Xavier, Marie, Alain DELOM de MEZERAC

CHEN Jun

Isabelle Claudine, Françoise BLONDÉ ép.

BOUVIER

Head office and Registered Office:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Place of business in the People's

Republic of China:

2/F, No. 19, Jiangchang Er Road

Jing'an District, Shanghai

China

Independent Non-executive Directors:

Karen Yifen CHANG

Desmond MURRAY

HE Yi

Dieter YIH

27 November 2020

To the Offer Shareholders

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Joint Announcement and the SPA Completion Announcement.

LETTER FROM THE BOARD

On 18 October 2020, Auchan Retail International and Monicole BV entered into the SPA with the Offeror. Pursuant to the SPA, the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Auchan Sale Shares and the Monicole Sale Shares, representing approximately 70.94% of the entire issued share capital of A-RT as at the date of the Joint Announcement, for an aggregate consideration of US\$3,607,358,544 (approximately HK\$27,957,028,716) (equivalent to approximately US\$1.05 (HK\$8.10) per Share on a see-through basis).

On 19 October 2020, the Offeror and the Company jointly announced that SPA Completion took place on 19 October 2020 and upon SPA Completion, the Offeror held an aggregate of (i) 169,989,691 shares in A-RT, representing approximately 90.84% of the issued shares of A-RT as at the Latest Practicable Date; and (ii) 2,001,753,643 Shares, representing approximately 20.98% of the issued Shares as at the Latest Practicable Date. The Offeror and its concert parties together hold an aggregate shareholding of approximately 77.02% of the total issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, following SPA Completion, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. CICC will, on behalf of the Offeror, make the Offer in cash in compliance with the Takeovers Code. The Offer Price is HK\$8.10 in cash for each Offer Share.

Pursuant to a deed of non-competition dated 29 June 2011 (the “**Deed of Non-competition**”) entered into between A-RT, Auchan Retail International, Monicole BV, CGC, Kofu (collectively, the “**Covenantors**”) and the Company, each of the Covenantors has undertaken to the Company that it will not and will use its best endeavour to procure that none of its affiliates will, among other things, carry on or engage in any business, which directly or indirectly, competes or is likely to compete with the operation of hypermarket complexes under the banners of “Auchan” and “RT-Mart” in the PRC, which comprise hypermarkets and retail galleries of individual retail stores. According to the terms of the Deed of Non-competition, the undertakings in the Deed of Non-competition will terminate on the earlier of (i) the date on which the Covenantors and/or their affiliates cease to be the controlling shareholders of the Company and (ii) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange. Pursuant to its terms, the Deed of Non-competition has automatically terminated.

As at the Latest Practicable Date, (i) Ms. LEE Chih-Lan (spouse of Mr. HUANG Ming-Tuan who is an executive director, chairman of the Board and the chief executive officer of the Company) and her associates hold 77,590,702 Shares (representing approximately 0.81% of the issued share capital of the Company as at the Latest Practicable Date); (ii) Mr. Desmond MURRAY (who is an independent non-executive director of the Company and a member of the Independent Board Committee) holds 55,000 Shares (representing approximately 0.0006% of the issued share capital of the Company as at the Latest Practicable Date) and (iii) Mr. HSU Sheng-Yu (who is the chief financial officer of the subsidiaries of the Group operating under the “RT-Mart” banner) holds 12,018,343 Shares (representing approximately 0.13% of the issued share capital of the Company as at the Latest Practicable Date). Each of them has given

LETTER FROM THE BOARD

an irrevocable undertaking in favour of the Offeror, pursuant to which each of them has undertaken that he/she/it will not (a) sell or transfer his/her/its Shares during the offer period; or (b) accept the Offer in respect of his/her/its Shares.

Details of the principal terms of the Offer together with information of the Offeror and the intentions of the Offeror in relation to the Group are set out in the “Letter from CICC” in this Composite Document and further details on the terms of the Offer are set out in “Appendix I – Further Terms of the Offer” of the Composite Document and in the accompanying Form of Acceptance.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer, including (i) a letter from CICC containing, among other things, details of the Offer; (ii) a letter from the Independent Board Committee containing its recommendation and advice to the Offer Shareholders in relation to the Offer; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Offer; and (iv) summary of the property valuation report prepared by Cushman & Wakefield Limited in relation to properties owned by the Group.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all four independent non-executive Directors who have no direct or indirect interest in the Offer, has been established. The Independent Board Committee will advise the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Mr. ZHANG Yong, Mr. CHEN Jun, Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain DELOM de MEZERAC, Mr. Edgard, Michel, Marie BONTE, and Mrs. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER, being all the non-executive Directors, shall not form part of the Independent Board Committee due to their respective interest in the Offer as follows:

- (a) Mr. ZHANG Yong is the chairman and chief executive officer of Alibaba Group, the ultimate holding company of the Offeror;
- (b) Mr. CHEN Jun is the senior vice president of Alibaba Group, the ultimate holding company of the Offeror;
- (c) Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ is a member of Mulliez family, members of which collectively control Auchan Holding S.A., the controlling shareholder of Auchan Retail International;
- (d) Mr. Xavier, Marie, Alain DELOM de MEZERAC is the former general secretary and member of the executive board of Auchan Holding S.A.;

LETTER FROM THE BOARD

- (e) Mr. Edgard, Michel, Marie BONTE is the chief executive officer of Auchan Retail International; and
- (f) Mrs. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER is the finance, performance and assets chief officer of Auchan Retail International.

In addition, as approved by the Independent Board Committee, an independent financial adviser, Somerley Capital Limited, has been appointed on 22 October 2020 pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the Offer.

THE OFFER

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

Principal terms of the Offer

As mentioned in the “Letter from CICC” on pages 8 to 17 of this Composite Document, CICC is making the Offer for and on behalf of the Offeror to all the Offer Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

The Offer Price For each Offer Share HK\$8.10 in cash

The Offer Price of HK\$8.10 per Offer Share under the Offer is equivalent to approximately US\$1.05 per Share on a see-through basis paid by the Offeror for each Sale Share under the SPA. The Offer is unconditional and is extended to all the Offer Shareholders.

Further details of the Offer can be found in the “Letter from CICC” and “Appendix I – Further Terms of the Offer” to the Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

VALUE OF THE OFFER

On the basis of the Offer Price of HK\$8.10 per Offer Share and 9,539,704,700 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$77,271,608,070. As the Offeror and its concert parties will hold 7,347,461,560 Shares immediately after SPA Completion, and taking into account the 89,664,045 IU Shares, 2,102,579,095 Shares will be subject to the Offer and the total value of the Offer will be HK\$17,030,890,669.50 based on the Offer Price.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of certain PRC subsidiaries relating to Taobao Marketplace and Tmall. Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares, each representing eight ordinary shares, are listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares are listed on the main board of the Stock Exchange, stock code 9988. As at the Latest Practicable Date, the substantial shareholder (as defined in the Takeovers Code) of Alibaba Group is SoftBank Group Corp., a company listed on the Tokyo Stock Exchange (holding approximately 24.9% of the issued shares of Alibaba Group).

INFORMATION ON THE SELLERS

Auchan Retail International is a company incorporated in France, and is 99.99% owned by Auchan Holding S.A. Monicole is a wholly-owned subsidiary of Auchan Retail International. Auchan Holding S.A. is a company incorporated in France and comprises various companies controlled by the Mulliez family through which they conduct or pursue their various business interests in hypermarkets operations, supermarkets operations, real estate development, banking and e-commerce.

INFORMATION ON THE COMPANY AND THE GROUP

The principal activities of the Group are the operation of hypermarkets and E-commerce platforms in the PRC.

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

	Immediately prior to SPA Completion		Immediately after SPA Completion and as the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Offeror and its concert parties				
– Offeror	2,001,753,643	20.98%	2,001,753,643	20.98%
– New Retail Fund	480,369,231	5.04%	480,369,231	5.04%
– A-RT	4,865,338,686	51.00%	4,865,338,686	51.00%
Subtotal	<u>7,347,461,560</u>	<u>77.02%</u>	<u>7,347,461,560</u>	<u>77.02%</u>

LETTER FROM THE BOARD

	Immediately prior to SPA Completion		Immediately after SPA Completion and as the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Directors				
– Mr. HUANG Ming-Tuan ^{Note 1}	77,590,702	0.8133%	77,590,702	0.8133%
– Mr. Desmond MURRAY	55,000	0.0006%	55,000	0.0006%
Subtotal	<u>77,645,702</u>	<u>0.8139%</u>	<u>77,645,702</u>	<u>0.8139%</u>
Public Shareholders				
– Mr. HSU Sheng-Yu	12,018,343	0.1260%	12,018,343	0.1260%
– Other public shareholders	2,102,579,095	22.0403%	2,102,579,095	22.0403%
Subtotal	<u>2,114,597,438</u>	<u>22.1663%</u>	<u>2,114,597,438</u>	<u>22.1663%</u>
Total	<u>9,539,704,700</u>	<u>100.00%</u>	<u>9,539,704,700</u>	<u>100.00%</u>

Note 1: Mr. HUANG Ming-Tuan is interested in the Shares through his spouse, Ms. LEE Chih-Lan who holds 76,039,464 Shares through Unique Grand Trading Limited and 1,551,238 Shares under her name.

OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the section headed “the Offeror’s intentions in relation to the Group” in the “Letter from CICC” as set out on pages 8 to 17 of the Composite Document.

The Board welcomes that (i) the Offeror has no intention to discontinue any employment of the employees of the Group, except for the proposed change of Board composition as detailed in the section headed “PROPOSED CHANGE TO THE BOARD COMPOSITION” in the “Letter from CICC” as set out on pages 13 to 14 of this Composite Document and for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues; and (ii) the Offeror has no intention to make any material (a) disposal of existing business or assets of the Group; or (b) acquisition of new business or assets. The Board believes that, the strengthened alliance between the Offeror and the Company will enable the Group’s activities to continue to benefit from the Offeror’s digital ecosystem, leading to, among others, more online traffic, better synchronized online and offline inventory management and enhanced last mile fulfilment for the Group. The Company will continue to digitalise and introduce new retail solutions at the Group’s Stores.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “Letter from CICC” on pages 8 to 17 of this Composite Document that the Offeror intends to maintain the listing status of the issued Shares on the Stock Exchange after the close of the Offer.

LETTER FROM THE BOARD

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

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

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

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror has jointly and severally undertaken to the Stock Exchange, and any new directors (if any) to be appointed to the Board of the Company will jointly and severally undertake, to take appropriate steps to ensure that sufficient public float exists in Company's Shares.

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

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 25 to 26 of this Composite Document, which sets out its recommendations to the Offer Shareholders in relation to the Offer and (ii) the "Letter from the Independent Financial Adviser" on pages 27 to 58 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendations. The Offer Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

You are also advised to read the "Letter from CICC", the Appendices to the Composite Document and the Form of Acceptances in respect of the terms and acceptance and settlement procedures of the Offer.

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

Yours faithfully,
By Order of the Board
Sun Art Retail Group Limited
HUANG Ming-Tuan
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 06808)

27 November 2020

To the Offer Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to the Composite Document dated 27 November 2020 issued jointly by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

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

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer. Your attention is drawn to the letter from the Independent Financial Adviser as set out on pages 27 to 58 of the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We further draw your attention to the “Letter from CICC” set out on pages 8 to 17 of the Composite Document which contains, among other things, information about the Offer. We also draw your attention to the “Letter from the Board” set out on pages 18 to 24 of the Composite Document and the additional information set out in the Composite Document, including the Appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having considered the terms of the Offer and the letter of advice from the Independent Financial Adviser, and having regard to the substantial valuation discount to PRC-listed peers on the basis of P/E multiples and the average discounts of the Offer Price to the Company’s share price from January 2020 to early October 2020 and on the Latest Practicable Date, we consider the terms of the Offer are not fair and not reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer.

The Shares have consistently traded at or above the Office Price since publication of the Joint Announcement, closing at HK\$8.35 on the Latest Practicable Date. Offer Shareholders who wish to take the opportunity of the Offer Price setting a floor to the market price of the Shares to realise their investment should monitor the market price and the trading liquidity of the Shares with a view to disposing of some or all of their Shares in the market instead of accepting the Offer.

Yours faithfully,

For and on behalf of

The Independent Board Committee of
Sun Art Retail Group Limited

**Ms. Karen Yifen
CHANG**

*Independent
non-executive
Director*

**Mr. Desmond
MURRAY**

*Independent
non-executive
Director*

**Mr. HE
Yi**

*Independent
non-executive
Director*

**Mr. Dieter
YIH**

*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

27 November 2020

To: the Independent Board Committee

Dear Sirs,

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

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the mandatory unconditional cash offer by CICC for and on behalf of the Offeror to acquire all of the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties). Details of the Offer are set out in the Composite Document dated 27 November 2020, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 19 October 2020, the Offeror and the Company jointly published an announcement that on 18 October 2020, the Offeror and the Sellers entered into the SPA, pursuant to which the Offeror conditionally agreed to purchase, and the Sellers, comprising Auchan Retail International and Monicole BV, conditionally agreed to sell, the Auchan Sale Shares and the Monicole Sale Shares, representing approximately 70.9% of the entire issued share capital of A-RT as at the Latest Practicable Date, for an aggregate consideration of approximately US\$3,607.4 million (approximately HK\$27,957.0 million) (equivalent to approximately US\$1.05 (HK\$8.10) per Share on a see-through basis, the “**Transaction Price**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following SPA Completion on 19 October 2020, and in accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties).

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

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

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed, among other things, the Company's interim report for the six months ended 30 June 2020 and the annual reports for the years ended 31 December 2018 and 2019, and the information contained in the Composite Document. We have discussed with the Directors their statement set out in the section headed "Material Change" in Appendix II to the Composite Document that, save as disclosed in that section, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date. We have also reviewed the trading performance of the Shares on the Stock Exchange, and conducted site visits to selected Stores. We have sought and received confirmation from the Directors that, to the best of their knowledge, no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document are true as at the publication date of the Composite Document and will continue to be true until the close of the Offer, and that Shareholders will be notified of any material changes to such representations as soon as reasonably practicable during the Offer Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

PRINCIPAL TERMS OF THE OFFER

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

The Offer Price for each Offer Share HK\$8.10 in cash

The Offer Price of HK\$8.10 per Offer Share is equal to the Transaction Price. The Offer Price will be reduced by any dividend declared, paid, made or agreed to be paid or made, by the Company on or after the date of the Composite Document and up to the closing of the Offer. The Company has confirmed that it does not intend to declare any dividends before 31 December 2020.

The Offer Price was determined after arm's length negotiations between the Offeror and the Sellers and having regard to (i) the net asset value (the "NAV") of the Company as at 30 June 2020, and (ii) the financial position of the Company. On the basis of the Offer Price of HK\$8.10 per Share and 9,539,704,700 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company was valued at approximately HK\$77,271.6 million.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document, unless the Offeror has reduced the Offer Price in respect of any dividend declared, paid/made or agreed to be paid/made by the Company up to the close of the Offer.

As at the Latest Practicable Date, (i) Ms. LEE Chih-Lan (spouse of Mr. HUANG Ming-Tuan who is an executive Director, chairman and the chief executive officer of the Company) and her associates hold 77,590,702 Shares (representing approximately 0.81% of the issued share capital of the Company as at the Latest Practicable Date), (ii) Mr. Desmond MURRAY (who is an independent non-executive Director) holds 55,000 Shares (representing approximately 0.0006% of the issued share capital of the Company as at the Latest Practicable Date), and (iii) Mr. HSU Sheng-Yu (who is the chief financial officer of the subsidiaries of the Group operating under the "RT-Mart" banner) holds 12,018,343 Shares (representing approximately 0.13% of the issued share capital of the Company as at the Latest Practicable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date). Each of them has given an irrevocable undertaking in favour of the Offeror, pursuant to which each of them has undertaken that he/she will not (a) sell or transfer his/her Shares during the Offer Period, or (b) accept the Offer in respect of his/her Shares.

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

Offer Shareholders should read the relevant sections in the Composite Document in full. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 18 December 2020.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background to the Offer

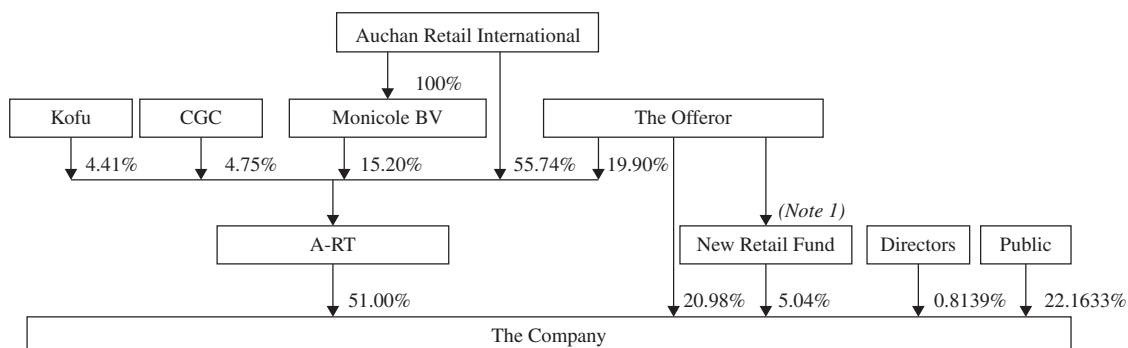
In accordance with the SPA, on 18 October 2020 the Offeror agreed to purchase and Auchan Retail International and Monicole BV agreed to sell 104,313,385 and 28,437,752 ordinary shares in A-RT respectively (representing approximately 55.7% and 15.2% of the issued share capital of A-RT respectively as at the Latest Practicable Date) to the Offeror, for approximately US\$2,834.6 million and US\$772.8 million respectively (equivalent to approximately the Offer Price on a see-through basis).

On 19 October 2020, the Offeror and the Company jointly announced that SPA Completion took place on the same day and upon SPA Completion, the Offeror and its concert parties together held an aggregate shareholding of approximately 77.0% of the total issued share capital of the Company. Following SPA Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to extend a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its concert parties and its presumed concert parties) to the Offer Shareholders.

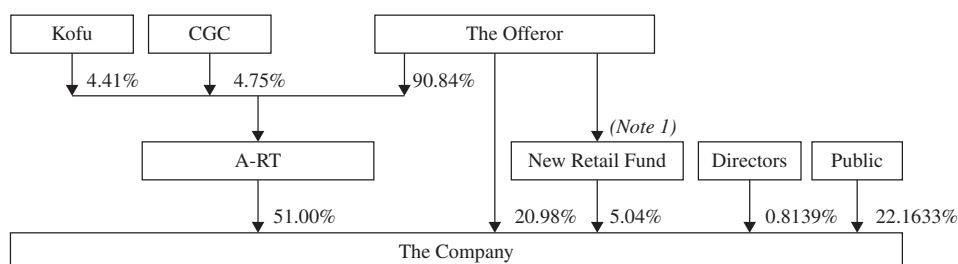
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following charts illustrate the simplified shareholding structure of the Company (i) immediately prior to the SPA Completion and (ii) immediately after the SPA Completion:

Immediately prior to SPA Completion:



Immediately after SPA Completion:



Note 1: The New Retail Fund is an investment vehicle of New Retail Strategic Opportunities Fund, L.P., over whose investment decision Alibaba Group is able to exercise significant influence through its subsidiary New Retail Strategic Opportunities GP Limited, the ultimate general partner of New Retail Strategic Opportunities Fund, L.P.

As set out above, following the SPA Completion (i) the Offeror together with the New Retail Fund have increased their economic interest in the Company from approximately 36.2% to approximately 72.3% and their aggregate shareholding in the Company from approximately 26.0% to approximately 77.0% and (ii) the Sellers have divested all of their shareholdings in A-RT and do not hold any direct or indirect interest in the Company.

2. Information on the Group

The Company is incorporated in Hong Kong with limited liability and was listed on the Main Board of the Stock Exchange on 27 July 2011. The Group principally operates hypermarkets in the PRC which mainly sell fast moving consumer goods and fresh food and provides online services as part of its omnichannel retail offering, including grocery delivery services to consumers through various online apps. The Group operates the Stores under two brand banners, “Auchan” and “RT Mart”. For the year ended 31 December 2019, and for the six months ended 30 June 2020, the Group recorded revenue of approximately RMB95.4 billion and RMB53.2 billion, respectively. As the Latest Practicable Date, the market capitalisation of the Company was approximately HK\$79.7 billion. The Shares are eligible for Southbound trading under the Shanghai and Shenzhen “stock connect” schemes for mutual stock market access between Mainland China and Hong Kong (the “**Stock Connect Scheme**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 June 2020, the Group operated 484 Stores in the PRC. The table below sets out the number of Stores operated by the Group as at recent year/period ends:

	As at 30 June 2020	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017
Number of Stores	484	486	484	461
Stores under construction	37	37	37	67
	For the six months ended			
	30 June 2020	For the year ended 31 December		
		2019	2018	2017
New Stores opened		1	7	24
Stores closed		3	5	1

As set out above, the number of Stores has remained relatively stable in the most recent two years and the six-month period ended 30 June 2020. However, the Group expects to open an additional approximately 10 hypermarkets, two to three supermarkets and 30 mini stores, which have a relatively smaller gross floor area (“GFA”), by the end of this year, as set out in the 2020 interim report of the Company. By opening mini stores the Group intends to expand its footprint for wider reach and market penetration.

The Group’s online services are offered through a variety of channels and apps, including Alibaba Group’s Taoxianda platform, a one-hour delivery service through which consumers can order fresh food and groceries. Such service covers a 5 km radius around all of the Group’s existing Stores. The Group also operates an inventory-sharing mechanism with Tmall Supermarket, through which certain Tmall orders can be fulfilled through hypermarket Stores for half-day delivery within a 5 to 20 km radius around the Stores. 180 Stores of the Group currently offer this option. The Group also provides online services through its own mobile applications (“RT-Mart Fresh” and “Auchan Daojia”). As at 30 June 2020, the Group recorded close to 50 million business-to-consumer users and close to 13 million active users, with online daily orders per Store (“DOPS”) of over 750 and 950 in the first and second quarters of 2020, respectively. In the first half of 2020 the Group has further supplemented its online business-to-consumer offerings with the new “Community Group Purchase” initiative through a collaboration with Cainiao, a large PRC logistics firm operated by the Alibaba Group, and directly developed outlets. Enabled by this new initiative, customers can place orders in groups and collect their orders at Cainiao stations or the Group’s own outlets the following day. As set out in the 2020 interim presentation of the Company, as of 30 June 2020, the Group collaborated with over 3,000 Cainiao pick-up stations in 16 cities and more than 5,000 directly developed outlets across 85 cities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Financial information and prospects of the Group

(a) Financial results

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 June 2019 and 2020, and for the two years ended 31 December 2018 and 2019. Details of the financial information of the Group are set out in Appendix II to the Composite Document:

	For the six months ended		For the year ended	
	30 June		31 December	
	2020	2019	2019	2018
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited and restated)</i>
Revenue	53,170	50,586	95,357	99,359
Cost of sales	(40,116)	(37,398)	(69,626)	(74,240)
Gross profit	13,054	13,188	25,731	25,119
<i>Gross profit margin</i>	<i>24.6%</i>	<i>26.1%</i>	<i>27.0%</i>	<i>25.3%</i>
Other income	904	797	1,489	1,743
Operating costs	(9,387)	(9,561)	(19,523)	(19,317)
Administrative expenses	(1,225)	(1,410)	(2,807)	(2,847)
Profit from operations	3,346	3,014	4,890	4,698
Finance costs	(286)	(314)	(623)	(670)
Share of results of associates and joint ventures	2	(9)	(15)	(8)
Profit before taxation	3,062	2,691	4,252	4,020
Income tax	(871)	(792)	(1,207)	(1,320)
Profit for the period/year	2,191	1,899	3,045	2,700
<i>Net profit margin</i>	<i>4.1%</i>	<i>3.8%</i>	<i>3.2%</i>	<i>2.7%</i>
Profit attributable to the Shareholders	2,062	1,766	2,834	2,478
Earnings per share (basic and diluted) (RMB)	0.22	0.19	0.30	0.26
Dividend per Share (RMB)	–	–	0.14	0.12
(HK\$)	–	–	0.15	0.14

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Revenue

Revenue of the Group is primarily derived from the sales of goods, mainly food, groceries, textiles and general goods, through the Group's hypermarkets and online channels, and to a lesser extent rental income, derived from leasing retail space in Stores to third parties. Revenue decreased by approximately 4.0% in 2019, from approximately RMB99,359 million in 2018 to approximately RMB95,357 million, primarily due to (i) a change in operations of the Group's electronic appliance department, where sales proceeds from the Group's cooperation partner Suning have been recognised on a consignment basis rather than on a gross sales proceeds basis beginning in August 2018 and (ii) an approximately -1.0% same store sales growth calculated on sales of goods excluding electronic appliances (the "SSSG"). Sales of goods contributed over 95.7% of the Group's total revenue during the periods presented above. The decrease in sale of goods revenue was partly offset by an approximately 7.1% increase in rental income from tenants during the same period, from approximately RMB3,808 million in 2018 to RMB4,078 million in 2019, mainly due to an increase in rentable area from new Stores and an increase in revenue from tenants in existing Stores as a result of better management of the tenant mix.

For the six months ended 30 June 2020, the Group recorded revenue of approximately RMB53,170 million, representing an increase of approximately 5.1% compared to the same period in 2019. The increase in revenue was primarily driven by SSSG of approximately 5.7% during the period but partly offset by an approximately 18.8% decrease in rental income, as some of the Group's tenants renting the Group's gallery spaces suspended their operations during the Covid-19 pandemic. The rental income from those tenants was waived during this period.

(ii) Gross profit

The Group's gross profit margin increased from approximately 25.3% in 2018 to approximately 27.0% in 2019, mainly attributable to product mix optimisation and steps to consolidate the supply chains under the "Auchan" and "RT-Mart" banners. The improvement in the gross profit margin meant an increase in gross profit by approximately 2.4%, to approximately RMB25,731 million in 2019.

The gross profit margin for the six months ended 30 June 2020 decreased by approximately 1.5 percentage points to 24.6%, as compared to the same period in 2019, mainly due to reduced rental income in the first half of 2020. The gross profit decreased by approximately 1.0% to approximately RMB13,054 million in the first half of 2020 as compared to the same period in 2019 as a result.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Other income

Other income represented the release of aged unutilised balances on prepaid cards, service income (for example, income from parking lots), income from the disposal of packaging materials, interest income, government grants and other miscellaneous income.

Other income of approximately RMB1,489 million in 2019 represented a decline of approximately 14.6% as compared to 2018, which was primarily attributable to: (i) a decrease of approximately RMB141.0 million in income from the release of aged unutilised balances on prepaid cards and (ii) a decrease in income from the disposal of packaging materials of approximately RMB143.0 million.

The Group recorded other income of approximately RMB904 million for the six month period ended 30 June 2020, an increase of approximately 13.4% as compared to the same period in 2019, mainly due to an increase of approximately RMB136.0 million in government grants received during the period as a result of the Covid-19 pandemic, partially offset by a decrease in income from the recognition of aged unutilised balances on prepaid cards.

(iv) Operating costs

Operating costs represented the costs relating to the operations of the Stores and the Group's online-to-offline business, which mainly comprised of personnel expenses, operating lease and utility charges, maintenance and advertising costs, cost of order fulfilment, delivery charges and the depreciation of property, plant and equipment. The Group recorded operating costs of RMB19,523 million, an approximately 1.1% increase as compared to 2018, mainly as a result of a general increase in operating expenses due to expansion of the Group's hypermarket network and the continued development of its online-to-offline business.

Operating costs recorded by the Group in the six months ended 30 June 2020 of approximately RMB9,387 million represented an approximately 1.8% decrease as compared to the same period in 2019, mainly due to a reduction in social welfare costs granted by the PRC government during the Covid-19 pandemic.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) Administrative expenses

Administrative expenses of the Group mainly include personnel expenses, travelling expenses, depreciation of property, plant and equipment and other expenses for administrative departments. The Group recorded approximately RMB2,807 million of administrative expenses in 2019, an approximately 1.4% decrease as compared to 2018 due to efficiency gains as a result of increased integration of the two brand banners. Administrative expenses declined by approximately 13.1% to approximately RMB1,225 million in the six-month period ended 30 June 2020, driven by efficiency gains due to the integration of certain corporate functions under the “Auchan” and “RT-Mart” banners.

(vi) Net profit

The Group recorded a net profit of RMB3,045 million in 2019, an approximately 12.8% increase as compared to 2018, mainly due to a higher gross profit margin, operating costs increasing at a slower rate than gross profit, while administrative expenses decreased, and a lower effective tax rate due to the utilisation of previously unrecognised tax losses generated by certain legal entities of the Group. For the six months ended 30 June 2020, the net profit of the Group increased by approximately 15.4% to approximately RMB2,191 million, as compared to the same period in 2019, mainly due to higher other income, reduced operating costs and administrative expenses incurred by the Group and an improved effective tax rate.

(vii) Dividends paid to Shareholders

The dividends paid to Shareholders rose from RMB0.12 to RMB0.14 per Share from 2018 to 2019, with a dividend pay-out ratio of between approximately 46.2% and 46.7%. No interim dividend has been declared by the Group for the first half of 2019 or 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Financial position

Set out below is a summary of the consolidated statement of financial position of the Group as at 30 June 2020 and 31 December 2019, details of which are set out in Appendix II to the Composite Document:

	As at 30 June 2020	As at 31 December 2019
	<i>RMB million (Unaudited)</i>	<i>RMB million (Audited)</i>
Investment properties	6,458	6,699
Other property, plant and equipment	27,438	28,572
Other non-current assets	1,185	1,193
	<hr/>	<hr/>
Total non-current assets	35,081	36,464
Inventories	8,914	17,724
Trade and other receivables	2,754	2,962
Cash and cash equivalents	15,023	13,251
Other current assets	2,157	785
	<hr/>	<hr/>
Total current assets	28,848	34,722
Total assets	63,929	71,186
Trade and other payables	18,535	25,827
Lease liabilities	8,217	8,568
Contract liabilities	10,025	10,669
Other liabilities	835	764
	<hr/>	<hr/>
Total liabilities	37,612	45,828
Net assets	26,317	25,358
Equity attributable to the Shareholders	24,677	23,925
NAV per Share (RMB)	2.59	2.51

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Investment properties, other property, plant and equipment

The Stores are either operated on lease or are self-owned. As at 30 June 2020, approximately 69.9% of the total GFA of the Stores was operated as leased space and 29.8% of the GFA was located in self-owned properties. Investment properties represented the portion of the Stores containing retail galleries rented to third parties, and are stated at cost less accumulated depreciation and impairment losses, the carrying amount of which was approximately RMB6,458 million as at 30 June 2020.

Other property, plant and equipment mainly consisted of the self-owned Stores and associated items, including buildings, store and other equipment, as well as other properties leased for own use (primarily relating to the leased Stores) and ownership interests in land held for own use. As at 30 June 2020, the Group operated 484 Stores with a total GFA of approximately 13.0 million square metres, out of which 113 Stores were self-owned properties.

Cushman & Wakefield Limited (“**Cushman & Wakefield**”), a professional valuer independent of the Company, has been engaged by the Company to carry out a valuation of the market value of the properties held by the Group. The aggregate fair value of the Group’s properties was approximately RMB38,859 million as at 30 September 2020, as valued by Cushman & Wakefield. Please refer to the section headed “Property valuation and Re-assessed NAV” for our further analyses on the net asset value of the Group as adjusted by the above valuation of the Group’s property interests.

As at 30 June 2020 the Group recorded approximately RMB1,185 million of other non-current assets, which mainly consisted of deferred tax assets arising from depreciation charges on investment properties and other property, plant and equipment including right-of-use assets, income recognised from aged unutilised prepaid cards, accruals and other timing differences from the respective tax bases.

(ii) Other assets

The Group recorded other assets of approximately RMB28,848 million as at 30 June 2020, which mainly comprised (i) cash and cash equivalents of approximately RMB15,023 million, (ii) inventories, consisting primarily of store merchandise, of approximately RMB8,914 million, (iii) trade and other receivables of approximately RMB2,754 million, which consisted of rental prepayments, value-added tax receivables, amounts due from related parties, trade receivables and other debtors, (iv) financial assets comprising structured deposits in place with commercial banks in the PRC and (v) deferred tax assets. Total assets decreased from approximately RMB71,186 million as at 31 December 2019 to approximately RMB63,929 million as at 30 June 2020 primarily due to a reduction in inventories of approximately RMB8,810 million mainly as a result of seasonal inventory purchases in December

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for the upcoming spring festival, partly offset by an increase in cash and cash equivalents of approximately RMB1,772 million, and an increase in structured deposits in place with commercial banks of approximately RMB1,579 million recorded in other current assets.

(iii) Liabilities

The Group recorded total liabilities of approximately RMB37,612 million as at 30 June 2020. This mainly related to (i) approximately RMB18,535 million of trade and other payables, (ii) approximately RMB10,025 million of contract liabilities, primarily comprising advance receipts from customers in respect of unutilised balances of prepaid cards issued by the Group and (iii) approximately RMB8,217 million of lease liabilities, representing the present value of future minimum lease payments mainly on the leased Stores. As at 30 June 2020 the Group recorded other financial liabilities of approximately RMB50 million and no bank loans. Total liabilities decreased from approximately RMB45,828 million as at 31 December 2019 to approximately RMB37,612 million as at 30 June 2020 primarily due to a reduction in trade and other payables of approximately RMB7,292 million as a result of a relatively higher level of trade payables as at 31 December 2019 as compared to 30 June 2020 due to seasonal inventory purchases as set out above.

(iv) Equity attributable to Shareholders

The Group recorded equity attributable to Shareholders of approximately RMB24,677 million as at 30 June 2020 (approximately RMB2.59 per Share), an approximately 3.1% increase as compared to the equity attributable to Shareholders as at 31 December 2019 of approximately RMB23,925 million (approximately RMB2.51 per Share) due to a decrease in total assets of approximately RMB7,257 million and a decrease in total liabilities of approximately RMB8,216 million for the primary reasons set out above.

(v) Commitments and contingencies

The Group had capital commitments of approximately RMB1,920 million as at 30 June 2020, which mainly related to further expansion of hypermarkets. As set out in the Company's 2020 interim report, legal actions have commenced against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and property lease agreements, which were ongoing as at 30 June 2020, with total claims of approximately RMB558 million. Management of the Group does not consider the above claims to have a material effect on the Group. A provision of RMB103 million, which the Directors believed to be adequate, was made within trade and other payables as at 30 June 2020.

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(c) Prospects of the Group

The Group is one of the largest operators of hypermarkets in the PRC, and following completion of the acquisition in January 2018 by the Offeror and the New Retail Fund of an aggregate approximately 26.0% shareholding interest in the Company (an aggregate approximately 36.2% economic interest in the Company), the Group has sought to further expand its online retailing capabilities and integrate its hypermarkets with the e-commerce platforms and systems of the Alibaba Group. As a major retailer in the PRC, we consider that national economic statistics and consumer spending data are relevant indicators to assess business performance.

According to the National Bureau of Statistics of the PRC (the “NBS”), the gross domestic product (“GDP”) of the PRC grew by approximately 6.8%, 6.6%, 6.1% and the national disposable income per capita increased by approximately 9.0%, 8.7%, 8.9%, in 2017, 2018 and 2019 respectively, and retail sales of consumer goods grew at an approximately 8.1% compound annual growth rate from 2015 to 2019. We note that the annual net profit of the Group increased by a compound annual growth rate of approximately 6.9% from 2015 to 2019, broadly comparable to GDP growth rates set out above.

The GDP of the PRC declined in the first half of 2020 by approximately 1.6% year-on-year, and retail sales of consumer goods declined by approximately 11.4% year-on-year in the same period, we believe at least in part due to the impact of the Covid-19 pandemic. However, the GDP of the PRC increased by approximately 4.9% year-on-year in the third quarter of 2020, and national disposable income per capita increased by approximately 3.9% year-on-year for the first three quarters in 2020, based on data released by the NBS.

As set out in the 2020 interim report of the Company, the outbreak of the Covid-19 pandemic in 2020 accelerated the formation of an online shopping mindset in customers and quickened the arrival of digital transformation. As part of its multi-format expansion plans the Group expects to further supplement its hypermarket store footprint by opening smaller and community-based stores to shorten travel time for customers and respond to the impact of e-commerce and peer competition. As set out in the 2020 interim report of the Company, in the future, supermarkets and mini stores will become the key drivers of the Group’s store expansion plan.

Looking forward, online opportunities are likely to be an important element of the Group’s future strategy, given increases in online consumption and delivery-to-home penetration in the PRC’s fresh food retail market. According to the NBS, online retail sales grew in the first half of 2020 by 7.3% year-on-year, to reach approximately RMB5.2 trillion. During the same period, online retail sales of physical commodities amounted to approximately RMB4.3 trillion, an increase of approximately 14.3% year-on-year, accounting for approximately 25.2% of total consumer goods retail sales.

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While the Group does not publish revenue or segment profit figures specifically for its online businesses, as set out in the section headed “Information on the Group”, we note that online DOPS have increased to 950 in the second quarter of 2020, an increase of approximately 26.7% quarter-on-quarter. The Group’s business-to-business operations realised mid-single-digit growth in the first half of 2020 as compared to the same period of 2019. According to the 2019 annual report of the Company, the gross sales proceeds of the Group’s online-to-offline business was nearly 90% higher than that of 2018, as advised by management of the Group, primarily due to the completed roll out of Alibaba Group’s Taoxianda online ordering platform to all of the Stores. On the above basis we consider that the Group’s online operations are likely to continue to provide growth opportunities to the Group in the future.

The Covid-19 pandemic may well continue to have an impact on the Group’s operating performance going forward. As set out in the section headed “Financial results”, rental income decreased by approximately 18.8% during the six-month period ended 30 June 2020, primarily as a result of some tenants suspending their operations because of the Covid-19 pandemic. We also consider that keen competition from other retail competitors as well as the proliferation of online offerings offer a strategic challenge, and note that the Group closed three loss-making Stores in the first half of 2020. However, as set out in the 2020 interim report of the Company, in the second half of 2020 the Group plans to open 10 hypermarkets, two to three supermarkets as well as 30 mini stores in order to execute on its multi-format expansion mode.

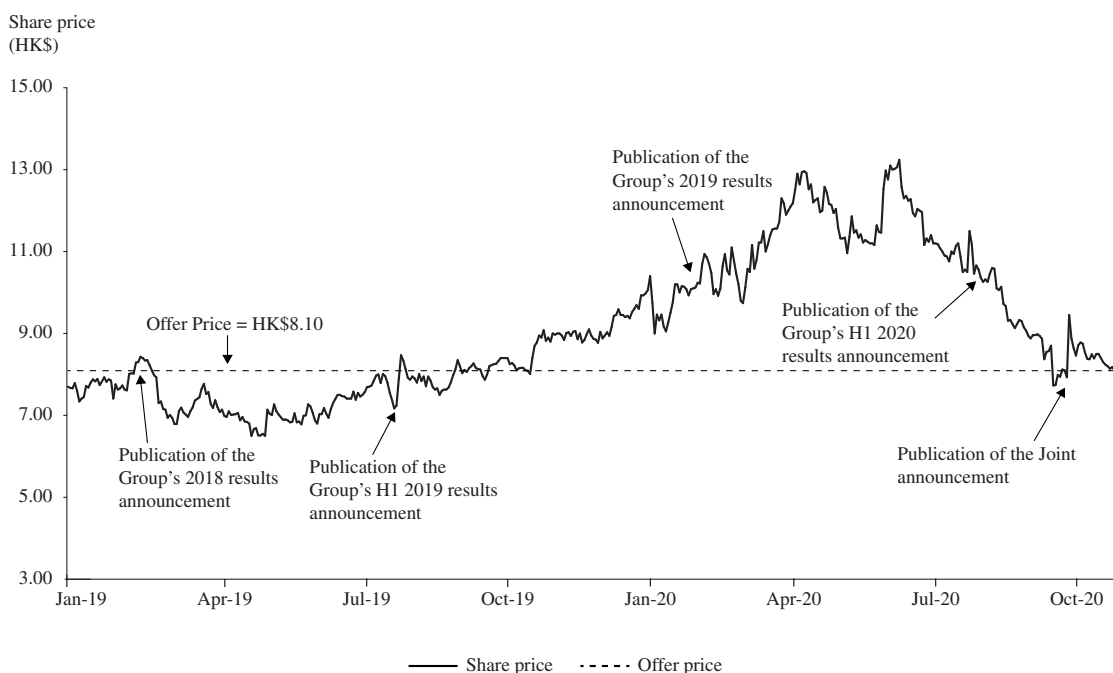
Future growth of the Group’s online business will likely contribute to moving the Group’s operations beyond the traditional bricks-and-mortar retail experience. As set out in the section headed “The business cooperation agreement”, while the Original BCA (as defined below) has been terminated, there will be a transitional period for two years commencing from the date of the termination and the parties will discuss further the terms of a new strategic cooperation agreement governing the relationship between them. Given the above and that the Offeror and its concert parties together hold an aggregate shareholding of approximately 77.02% of the total issued share capital of the Company, we consider that the Group’s traditional hypermarket business can further benefit from the Alibaba Group’s digital ecosystem including “last mile” food delivery services, inventory management and overall consumer experience.

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4. Analysis of price performance and trading liquidity

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 2 January 2019 to the Latest Practicable Date, being a period of close to two years prior to the Latest Practicable Date to illustrate the general trend of movement of the closing prices of the Shares (the “Review Period”):



Source: Bloomberg

The Shares mostly traded below the Offer Price during the first half of 2019 and in the third quarter of 2019. Following the publication of the Company's 2019 interim results on 7 August 2019, which showed an approximately 3.6% increase in net profit, the share price initially increased to HK\$7.88 on the next day but decreased subsequently to trade in a relatively narrow range around the Offer Price, before climbing to close at HK\$9.45 on the last trading day of 2019.

Since the beginning of 2020, the Shares have generally traded above the Offer Price. The Shares continued to climb in the first two weeks of January 2020 before dropping by approximately 13.5% over a two-day period to close at HK\$9.00 on 21 January 2020. We note that certain cities in the PRC at the time began implementing measures to contain the spread of the Covid-19 pandemic, and a city “lock down” was implemented for the city of Wuhan on 23 January 2020. The Share price broadly trended upward thereafter and rose by approximately 4.7% to close at HK\$10.70 on 21 February 2020 following the Group's 2019 annual results announcement. This was followed by a period of relatively volatile share prices, with a period high and low of HK\$11.10 on 11 March 2020 and HK\$9.74 on 18 March 2020 respectively. Thereafter the share price broadly increased, to close at HK\$12.96 on 28 April 2020, before generally following a downward trajectory and closing at HK\$11.46 on 17 June 2020. The following trading day, the Share price

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increased by approximately 9.2% to close at HK\$12.52 and further to HK\$13.24 on 30 June 2020, the highest point during the Review Period, which may have been the result of positive market news in relation to the “6.18” retail sales day in the PRC.

The Share price generally followed a downward trend in July 2020 and the beginning of August 2020, echoing general market sentiment following the release of statistics by the NBS showing total PRC retail sales of consumer goods in June 2020 decreasing by approximately 1.8% year-on-year, against previously forecasted positive growth, based on market news. On 12 August 2020, the Group announced its 2020 interim results, showing a significant increase in net profits of approximately 15.4% year-on-year. The Shares increased by approximately 9.5% and closed at HK\$11.50 the following trading day. Subsequently, the Share price trended downwards following general market sentiment in the supermarket retail sector during such period, to close at HK\$7.93 on 16 October 2020, the last day of trading before publication of the Joint Announcement.

Following publication of the Joint Announcement the Share price increased by approximately 19.2% to close at HK\$9.45 on 19 October 2020. The Shares continued to trade at a premium to the Offer Price subsequently, before closing at the Offer Price of HK\$8.10 on 18 November 2020. Thereafter the Shares traded above the Offer Price, and closed at HK\$8.35, an approximately 3.1% premium over the Offer Price, on the Latest Practicable Date.

(b) Trading liquidity

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

	Monthly total trading volume of the Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the total issued Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume of the Shares to public float of the Company <i>(Note 3)</i>
2019			
January	198,368,337	2.1%	9.0%
February	94,186,698	1.0%	4.3%
March	237,592,093	2.5%	10.8%
April	160,103,490	1.7%	7.3%
May	337,464,988	3.5%	16.0%
June	163,486,024	1.7%	7.7%
July	189,905,617	2.0%	9.0%
August	273,719,374	2.9%	12.9%
September	156,891,452	1.6%	7.4%
October	168,712,448	1.8%	8.0%
November	177,638,221	1.9%	8.4%
December	160,183,126	1.7%	7.6%

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	Monthly total trading volume of the Shares (Note 1)	Percentage of the monthly total trading volume of the Shares to the total issued Shares (Note 2)	Percentage of the monthly total trading volume of the Shares to public float of the Company (Note 3)
2020			
January	207,338,727	2.2%	9.8%
February	334,812,291	3.5%	15.8%
March	475,397,033	5.0%	22.5%
April	278,950,047	2.9%	13.2%
May	327,959,280	3.4%	15.5%
June	335,634,537	3.5%	15.9%
July	334,483,791	3.5%	15.8%
August	344,544,407	3.6%	16.3%
September	379,761,980	4.0%	18.0%
October	850,840,686	8.9%	40.2%
From 2 November 2020 to the Latest Practicable Date	353,482,644	3.7%	16.7%

Notes:

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

As shown in the above table, in 2019 the monthly trading volumes of the Shares represented approximately 1.0% to 3.5% of the total issued Shares, and from January to September 2020, the equivalent range was approximately 2.2% to 5.0%. These were equivalent to approximately 4.3% to 16.0% and 9.8% to 22.5% of the Shares constituting the public float of the Company, respectively. Generally speaking, this indicates that the Shares have been more actively traded in 2020 than in 2019. In particular, we note that trading of the Shares increased further since February 2020, with monthly trading volumes representing 5.0% of the total issued Shares in March 2020.

On the basis of the above, we consider that the Shares are relatively actively traded in general, with Shares trading in excess of 13.2% of the public float since February 2020. While this indicates an active market in the Shares, should Shareholders choose to sell a significant number of their holdings in the market, a certain degree of downward pressure could be expected.

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(c) Offer Price comparisons

The Offer Price of HK\$8.10 per Share represents:

- (i) a premium of approximately 2.1% over the closing price of HK\$7.93 per Share on the Last Trading Date;
- (ii) a premium of approximately 1.0% over the average closing price of approximately HK\$8.02 per Share for the last five trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 8.3% to the average closing price of approximately HK\$8.83 per Share for the last 30 trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 23.1% to the average closing price of approximately HK\$10.54 per Share for the last 90 trading days up to and including the Last Trading Date;
- (v) a discount of approximately 3.0% to the closing price of approximately HK\$8.35 per Share on the Latest Practicable Date;
- (vi) a discount of approximately 4.3% to approximately HK\$8.46, the average closing price of Shares as quoted on the Stock Exchange from the first trading day following the publication of the Joint Announcement to the Latest Practicable Date;
- (vii) a premium of approximately 189.3% over the audited NAV attributable to equity holders per Share of approximately HK\$2.80 as at 31 December 2019;
- (viii) a premium of approximately 186.0% over the unaudited NAV attributable to equity holders per Share of approximately HK\$2.83 as at 30 June 2020; and
- (ix) a premium of approximately 58.6% over the Re-assessed NAV per Share of approximately HK\$5.11, as set out in the section headed “Property valuation and Re-assessed NAV”.

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As set out in the sections headed “Historical price performance of the Shares” and “Trading liquidity”, since the beginning of this year the Shares in general traded higher than the Offer Price of HK\$8.10, with relatively higher trading volumes as compared to 2019. However, following a high of HK\$13.24 on 30 June 2020 the Shares trended downwards and closed at a low of HK\$7.73 on 7 October 2020. As set out above, the Offer Price is higher than the closing price of the Shares on the Last Trading Date and for the average of the last five trading days up to and including the Last Trading Date, but is lower than the average closing price of the Shares for the last 30 and 90 trading days up to and including the Last Trading Date. Following publication of the Joint Announcement and up to the Latest Practicable Date, the Shares traded at an average premium of approximately 4.4% over Offer Price. Please make reference to the section headed “Property valuation and Re-assessed NAV” as regards our assessment of the Group’s NAV as adjusted for the property valuation.

5. Peer comparison

The Group principally operates hypermarkets in the PRC which mainly sell fast moving consumer goods and fresh food to consumers through the Stores. For the purpose of this peer comparison we considered it relevant to focus on comparable listed companies with similar characteristics as the Group. As part of our work we have analysed comparable companies (the “**Comparable Companies**”) listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange that principally engage in sales of merchandise to customers through hypermarket and supermarket convenience retail chains in the PRC, according to their latest published annual reports.

Due to the nature of the Group’s business, its closest peers in terms of market capitalisation and business nature are listed in Mainland China, not Hong Kong. In terms of prospects, five out of nine of the Comparable Companies listed in Mainland China have entered into a cooperation agreement with or received an equity investment from affiliates of either Alibaba Group or Tencent Holdings Limited, a major PRC-based technology group, which indicates that future business growth of their traditional bricks-and-mortar retail operations can be supplemented by, for example, online delivery services by leveraging e-commerce platforms by leading technology firms. This is highly comparable to the Group’s outlook, as set out in the section headed “Information of the Offeror relating to the Group” and “Prospects of the Group”.

For these reasons, our search has included comparable companies listed in Mainland China which fall under the criteria we have adopted. The identified Comparable Companies listed in Mainland China facilitate an analysis on the basis of a much broader set of data points, resulting in more meaningful mean and median figures in the context of our peer evaluation. We did not identify any comparable companies under the criteria we have adopted which are listed on exchanges other than the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

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As set out in the section headed “Information on the Group”, the Shares are eligible for Southbound trading under the Stock Connect Scheme for mutual stock market access between Mainland China and Hong Kong. We consider that Mainland China-based market participants who invest in the sector increasingly consider the Company as a peer alongside those Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Conversely, four out of nine of the Comparable Companies listed in Mainland China are eligible for Northbound trading under the Stock Connect Scheme.

Based on our criteria, we have identified the Comparable Companies as set out below. We consider the Comparable Companies below represent an exhaustive list based on publicly available information, on the basis of their principal activities:

Company name and stock code	Listing venue	Principal activities	Market capitalisation as at the Latest Practicable Date (million)	Closing price as at the Latest Practicable Date (A)	Consolidated NAV per share (B) (Note 1)	Earnings per share (C) (Note 2)	Price to earnings multiple (“P/E”) (times) (A/C)	Price to book multiple (“P/B”) (times) (A/B)
<u>Comparable companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange (in RMB)</u>								
Yonghui Superstores Co Ltd. (“Yonghui”) (stock code: 601933)	Shanghai	Operation of supermarkets	74,322.2	7.81	2.20	0.16	48.8	3.6
Shanghai Bailian Group Co. Ltd. (stock code: 600827)	Shanghai	Operation of hypermarkets, supermarkets	22,974.4	13.70	10.13	0.54	25.4	1.4
Jiajiayue Group Co. Ltd. (stock code: 603708)	Shanghai	Operation of supermarkets	14,309.6	23.52	5.09	0.75	31.4	4.6
Chengdu Hongqi Chain Co. Ltd. (stock code: 002697)	Shenzhen	Operation of convenience stores	9,615.2	7.07	2.46	0.38	18.6	2.9
Better Life Commercial Chain Share Co. Ltd. (stock code: 002251)	Shenzhen	Operation of supermarkets	8,785.9	10.17	8.57	0.20	50.9	1.2
Sanjiang Shopping Club Co. Ltd. (stock code: 601116)	Shanghai	Operation of supermarkets	6,802.2	12.42	5.78	0.29	42.8	2.1
Zhongbai Holdings Group Co. Ltd. (“Zhongbai”) (stock code: 000759)	Shenzhen	Operation of supermarkets	4,256.4	6.25	5.03	0.01	625.0 (Note 3)	1.2
New Huadu Supercenter Co. Ltd. (stock code: 002264)	Shenzhen	Operation of supermarkets and online retailers	3,457.0	5.05	1.47	(1.10)	N/A	3.4

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Company name and stock code	Listing venue	Principal activities	Market capitalisation as at the Latest Practicable Date (million)	Closing price as at the Latest Practicable Date (A)	Consolidated NAV per share (B) (Note 1)	Earnings per share (C) (Note 2)	Price to earnings multiple ("P/E") (times) (A/C)	Price to book multiple ("P/B") (times) (A/B)
BeijingHualian Hypermarket Co. Ltd. (stock code: 600361)	Shanghai	Operation of supermarkets	3,009.5	4.52	4.23	0.13	34.8	1.1
					<i>Mean</i> (Note 3)		36.1	2.4
					<i>Median</i> (Note 3)		34.8	2.1
					<i>Maximum</i> (Note 3)		50.9	4.6
					<i>Minimum</i> (Note 3)		18.6	1.1
<u>Comparable companies listed on the Stock Exchange (in HK\$)</u>								
Lianhua Supermarket Holdings Co., Ltd. (stock code: 980)	Hong Kong	Operation of hypermarkets, supermarkets and convenience stores	1,343.5	1.20	1.93	(0.40)	N/A	0.6
Beijing Jingkelong Company Limited ("Jingkelong") (stock code: 814)	Hong Kong	Operation of supermarkets and wholesale distribution of food products	453.4	1.10	4.95	0.15	7.3	0.2
China Shun Ke Long Holdings Limited (stock code: 974)	Hong Kong	Operation of supermarkets	241.1	0.83	1.03	(0.08)	N/A	0.8
The Company at the Offer Price			HK\$77,271.6 RMB65,599.7 (Note 4)	HK\$8.10 RMB6.88 (Note 5)	HK\$3.05 RMB2.59	HK\$0.35 RMB0.30	23.1	2.7

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Source: Bloomberg and websites of the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange

Notes:

- (1) Calculated by dividing the respective consolidated NAV attributable to the equity holders as extracted from the latest published financial statements by the respective number of issued shares as at the year/period end date*
- (2) As extracted from the latest published full year financial statements*
- (3) Zhongbai has a P/E multiple of approximately 625.0 times, representing more than 17 times the mean P/E multiple of the Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Given the significant deviation from other Comparable Companies in terms of P/E multiples, we consider it an outlier and have not included it in the mean, median, maximum and minimum of the P/E multiples*
- (4) Being the Offer Price of HK\$8.10 times 9,539,704,700 Shares in issue as at the Latest Practicable Date*
- (5) Being the Offer Price of HK\$8.10*
- (6) For the purpose of this table, the translation of RMB into HK\$ is based on the exchange rate of RMB0.84895 to HK\$1 as quoted by the People's Bank of China as at the Latest Practicable Date (for illustration purpose only)*
 - (i) P/E ratio*

As shown above, the mean and median P/E multiples of the Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange have a mean and median of approximately 36.1 times and 34.8 times respectively. The P/E ratio as represented by the Offer Price of approximately 23.1 times is substantially lower than each of the above mean and median, and towards the minimum of the range of the P/E multiples of the Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. On the other hand, the P/E ratio as represented by the Offer Price is higher than the P/E ratio of Jingkelong, the only profitable Comparable Company listed on the Stock Exchange, which exhibits a P/E ratio of approximately 7.3 times. This is also considerably lower than the mean P/E multiple of the Mainland China-listed Comparable Companies. We consider this is mainly due to the low market capitalisation of Jingkelong (approximately HK\$453.4 million) and the illiquid trading of its shares. As a lesser factor there is also a difference in market valuations of companies listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, although the majority of the comparables are listed on the Shanghai Stock Exchange, where the mean P/E multiple of all A-share-listed companies of approximately 15.5 times is broadly similar to that of all companies listed on the Main Board the Stock Exchange of approximately 17.1 times, as at the Latest Practicable Date set out on the website of the Stock Exchange. The difference in market valuations between exchanges may be due to differences in regulations and in the composition of investors, including the split between retail and institutional investors. We consider this difference will fluctuate to an extent over time, and differences in valuation between stock exchanges may also be influenced by other factors, including fundamentals of individual companies.

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Equity valuations can differ among listing venues. However, in this particular case, there are only three companies listed in Hong Kong which fall under the criteria of the Comparable Companies, of which only one, Jingkelong, is profitable, enabling a P/E ratio to be calculated. We consider it unsafe and unreasonable to base our peer evaluation on a single profitable company, with a market capitalisation approximately 99% lower than that of the Company.

The table above also sets out our analysis with reference to P/B multiples. However, we consider that a P/E-based analysis should be emphasised as it is more relevant to comparable valuations of retail businesses, with its earnings-based assessment rather than, for example, only a balance sheet-based analysis which may be more usual for an asset-heavy business and which can be impacted by differences in the amount of economic value of a company generated from properties that may not be fully reflected in the balance sheet, e.g. with reference to the proportion of leased to self-owned Stores. However, a valuation based on P/B multiples is generally accepted to be of some relevance to valuation of Hong Kong-listed companies. Consequently, we consider a price-to-book analysis to be an appropriate secondary method for assessing the Offer Price.

(ii) P/B ratio

As set out in the table above, the P/B multiples of the Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange have a mean and median of approximately 2.4 times and 2.1 times respectively, slightly below the P/B ratio as represented by the Offer Price of approximately 2.7 times. The P/B multiples of the Comparable Companies listed on the Stock Exchange are 0.6 times, 0.2 times and 0.8 times respectively, being lower than the P/B ratio on the basis of the Offer Price. The above indicates that the Offer Price is attractive to Offer Shareholders with reference to Comparable Companies listed on the Stock Exchange, and broadly advantageous to Offer Shareholders when compared to Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

6. Property valuation and Re-assessed NAV

Cushman & Wakefield has valued 125 property interests held by the Company and its subsidiaries (the “**Properties**”), a valuation summary of which is set out in Appendix III to the Composite Document. The full property valuation report in respect of the Properties (the “**Valuation Report**”) is included in an announcement by the Company published on 27 November 2020, and is also available for public inspection at the principal place of business of the Company in Hong Kong up to the Closing Date. Please see the section headed “Documents Available for Inspection” in Appendix IV to the Composite Document for further details.

According to the Valuation Report, the market value in existing state of the Properties attributable to the Group is approximately RMB38,859 million as at 30 September 2020 (the “**Valuation**”). The Properties comprise:

- (i) 34 properties held by the Group under the “Auchan” banner for owner-occupation/investment purposes in the PRC;

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- (ii) 90 properties held by the Group under the “RT-Mart” banner for owner-occupation/investment purposes in the PRC; and
- (iii) one property held by the Group under the “RT-Mart” banner for development purposes in the PRC.

We have reviewed the Valuation Report and have discussed with Cushman & Wakefield (i) the bases and assumptions used, (ii) the valuation methodology adopted and (iii) the due diligence work performed by them. In arriving at the Valuation, we note that Cushman & Wakefield has in principle adopted the investment approach, pursuant to which the properties are valued by capitalising rental income derived from the existing tenancies with due provision for reversionary rental potential, or where appropriate, the direct comparison approach, pursuant to which the properties are valued by reference to comparable sales evidence available in the market. We have discussed the overall approach to the Valuation and have been advised by Cushman & Wakefield that the investment approach, the principal valuation approach adopted, has been used by Cushman & Wakefield for the valuation of the properties of the Group in the past. In this regard, we note that the same valuation approach was applied when measuring the Group’s fair value of the retail galleries located in the hypermarket buildings owned or leased by the Group set out in the Company’s 2019 annual report. Cushman & Wakefield confirmed to us that it has performed site visits to each of the properties covered by the Valuation Report. We have performed work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to Cushman & Wakefield and its work as regards the Valuation. We concur with the valuation approaches Cushman & Wakefield has taken in valuing the Properties.

As stated in section headed “Financial information and prospects of the Group”, as at 30 June 2020, the net assets attributable to the Shareholders were approximately RMB24,677 million (or approximately RMB2.59 per Share). Management of the Group has taken into account the Valuation to arrive at the re-assessed NAV attributable to the Shareholders (the “**Re-assessed NAV**”), calculated by management of the Group as follows:

	<i>Total</i> <i>RMB</i>
NAV attributable to the Shareholders as at 30 June 2020	24,677 million
Revaluation surplus arising from the Valuation attributable to the Shareholders (<i>Note 1</i>)	22,229 million
Net deferred tax on attributable revaluation surplus (<i>Note 2</i>)	(5,557) million
Re-assessed NAV	41,349 million
Re-assessed NAV per Share (RMB) (<i>Note 3</i>)	4.33
Equivalent to HK\$ (<i>Note 4</i>)	5.11
Offer Price (HK\$)	8.10
Premium over the Re-assessed NAV per Share	58.6%

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Notes:

- (1) *This represents the revaluation surplus arising from the excess of the market value of the property interests held by the Group as valued by Cushman & Wakefield as at 30 September 2020 over their corresponding book values as at 30 June 2020, after adjusting for relevant interests not attributable to the Group*
- (2) *This represents the potential PRC corporate income tax attributable to the revaluation surplus on all the property interests of the Group*
- (3) *Based on 9,539,704,700 Shares in issue as at the Latest Practicable Date*
- (4) *Based on the exchange rate of RMB0.84895 to HK\$1 as quoted by the People's Bank of China on the Latest Practicable Date*

As set out in the above table, the Offer Price of HK\$8.10 per Share represents a premium of approximately 58.6% over the Re-assessed NAV per Share of approximately HK\$5.11, i.e. the Offer Price is higher than both the NAV attributable to the Shareholders per Share as at 30 June 2020 and the Re-assessed NAV per Share. As set out in the section headed "Peer comparison", we consider an earnings-based analysis to be a more appropriate method to assess the Offer Price.

7. Ancillary matters

Termination of the Shareholders' Agreement and undertaking to Kofu and CGC

The Offeror, the Sellers, Kofu, CGC and A-RT entered into the Shareholders' Agreement upon completion of the acquisition by the Offeror of an approximately 19.90% interest in A-RT and an approximately 26.02% interest in the Company from each of CGC and Kofu on 7 December 2017. The Shareholders' Agreement had the purpose of, among other things, regulating the management of A-RT and its subsidiaries, its relationship with each other and certain aspects of the affairs of, and the shareholders' dealings, with A-RT. Following SPA Completion and as at the Latest Practicable Date, the shareholders of A-RT are the Offeror, Kofu and CGC as to approximately 90.84%, 4.41% and 4.75% respectively.

On 18 October 2020, the Offeror, the Sellers, Kofu, CGC and A-RT agreed to terminate the Shareholders' Agreement with effect from SPA Completion. On the same date, the Offeror gave an undertaking to Kofu and CGC (with effect from SPA Completion) to continue with the following key terms previously agreed between the parties: provided that Kofu and CGC first offer any proposed transfer of shares in A-RT by them to the Offeror and the Offeror does not accept such offer and Kofu and CGC have complied with restrictive covenants in favour of the Offeror and other requirements provided for under the undertaking, Kofu and CGC will have the right to swap their shares in A-RT for the Shares. Thereafter Kofu and CGC will be required to negotiate with the Offeror in good faith the transfer of those Shares on an exclusive basis for a specified period of time.

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Termination of the Deed of Non-competition

Pursuant to the Deed of Non-competition dated 29 June 2011 entered into between A-RT, Auchan Retail International, Monicole BV, CGC, Kofu and the Company, each of the Covenantors has undertaken to the Company that it will not and will use its best endeavour to procure that none of its affiliates will, among other things, carry on or engage in any business, which directly or indirectly, competes or is likely to compete with the operation of hypermarket complexes under the banners of “Auchan” and “RT-Mart” in the PRC, which comprise hypermarkets and retail galleries of individual retail stores. According to the terms of the Deed of Non-competition, the undertakings in the Deed of Non-competition will terminate on the earlier of (i) the date on which the Covenantors and/or their affiliates cease to be the controlling shareholders of the Company and (ii) the date on which the Shares cease to be listed on the Stock Exchange. Pursuant to its terms, the Deed of Non-competition has automatically terminated.

Transitional licence and sub-licence agreement

On 18 October 2020, Auchan Retail International and Auchan China Investment Co. Ltd. (“**Auchan China**”, a subsidiary of the Company) entered into a transitional licence and sub-licence agreement which took effect on SPA Completion, pursuant to which Auchan Retail International agreed to grant a royalty-free licence to Auchan China to use certain “Auchan” related trademarks and domain names at the Stores in the PRC and for the products sold with these trademarks by Auchan China from the date of the SPA Completion to the date which is the first year anniversary of the date of SPA Completion. As set out in the Joint Announcement, after the SPA Completion, Auchan Retail International ceased to be a controlling shareholder of the Company and the transactions contemplated under such transitional licence and sub-licence agreement also ceased to be continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details of the transitional licence and sub-licence agreement are set out in the Joint Announcement.

The business cooperation agreement

A business cooperation agreement (the “**Original BCA**”) was entered into between Hangzhou Alibaba Zetai Information Technology Company Limited (being an indirect wholly-owned subsidiary of Alibaba Group), the Company, Auchan China and RT Mart China on 7 December 2017 relating to the cooperation between the parties thereof in relation to certain businesses of the Company and subsidiaries of the Company, which included (i) the Stores accessing the business model and the online platforms operated by Alibaba Group through its Taobao Daojia business, (ii) data sharing, (iii) integration of systems and point-of-sales hardware, and (iv) last-mile delivery services.

As a result of the termination of the Shareholders’ Agreement, Hangzhou Alibaba Zetai Information Technology Company Limited served notice on the Company in accordance with the Original BCA to terminate the Original BCA on the termination of the Shareholders’ Agreement (the termination of which took effect upon SPA Completion).

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Pursuant to the terms of the Original BCA, the parties' cooperation (save for the parties' mutual undertakings of non-compete) will have a transitional period for two years commencing from the date of the termination which extends to two implementation agreements (which are ancillary to the Original BCA). The parties will discuss further the terms of a new strategic cooperation agreement governing the relationship between them, which will be announced separately in accordance with the Listing Rules.

8. Information on the Offeror

Upon SPA Completion, the Offeror and its concert parties held an aggregate shareholding in the Company of approximately 77.02% of the total issued share capital of the Company. The Offeror is a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of certain PRC subsidiaries relating to Taobao Marketplace and Tmall.

Alibaba Group is a company incorporated in the Cayman Islands. Its American depositary shares, each representing eight ordinary shares, are listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 9988). As set out in the annual report of the Alibaba Group for the year ended 31 March 2020, its businesses are comprised of core commerce, cloud computing, digital media and entertainment, and innovation initiatives and others. For the year ended 31 March 2020, Alibaba Group recorded total revenues of approximately RMB509.7 billion, and as at 30 September 2020, it recorded total assets of approximately RMB1,433.6 billion. As at the Latest Practicable Date, the market capitalisation of Alibaba Group was approximately HK\$5,844.2 billion.

Information of the Offeror relating to the Group

As set out in the letter from CICC in the Composite Document, the Offeror and the Company believe that the strengthened alliance between them will enable the Group's activities to continue to benefit from the Offeror's digital ecosystem, leading to, among others, more online traffic, better synchronised online and offline inventory management and enhanced last mile fulfilment for the Group. It will continue to digitalise and introduce new retail solutions at the Stores. As discussed in the section headed "Information on the Group", we note that the Group's online services are offered through a variety of Alibaba Group's channels and apps, including the Taoxianda and Tmall platforms.

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As set out in the letter from CICC in the Composite Document, the Offeror has no intention to discontinue the employment of any employees of the Group, except for the proposed change of Board composition as set out in the letter from CICC in the Composite Document and for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues. As at the Latest Practicable Date, the Offeror has no intention to make (i) any material disposal of existing business or assets of the Group, or (ii) any material acquisition of new business or assets.

Composition of the Board

As set out in the letter from CICC in the Composite Document, as a result of the SPA, each of Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain DELOM de MEZERAC, Mr. Edgard, Michel, Marie BONTE and Ms. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER has tendered his/her resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the First Closing Date, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

As part of the reorganisation of the members of the Board after the SPA Completion, each of Mr. ZHANG Yong and Mr. CHEN Jun tendered his resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the First Closing Date, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

Each of the above resigning Directors has confirmed that there is no disagreement with the Board and the Company confirms that there are no matters that need to be brought to the attention of holders of the Shares.

Mr. HUANG Ming-Tuan, the Chief Executive Officer of the Company, was appointed on 17 October 2020 as Chairman of the Board with effect from that date.

Further announcement(s) will be made upon new directors being appointed to the Board or any changes to the composition of the Board in compliance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

Listing status of the Company

As stated in the letter from CICC in the Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the offer, less than the minimum prescribed percentage applicable to the listed issuer, being 19.38% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

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As at the Latest Practicable Date, approximately 22.17% of the issued Shares were in the hands of the public. Based on the above, an acceptance level higher than approximately 2.79% of the issued Shares would lead to an insufficient public float of the Company and it is possible that dealings in the Shares could be suspended. As set out in the letter from CICC in the Composite Document, the directors of the Offeror have jointly and severally undertaken to the Stock Exchange, and any new directors (if any) to be appointed to the Board will jointly and severally undertake, to take appropriate steps to ensure that sufficient public float exists in the Shares.

DISCUSSION

In reaching our recommendation as regards the Offer, we have taken into account the factors and reasons set out above, and in particular the following:

(i) Main activities and response to change

The Group is one of the largest hypermarket operators in the PRC. In recent years the Group has grown its online offerings to complement its traditional bricks-and-mortar retail business. Following the acquisition by Alibaba Group of a substantial interest in the Company in January 2018, the Group has further developed its online retailing capabilities and explored business models that integrate its hypermarkets with e-commerce platforms and systems. In our view, the Group is adapting well to the changing retail environment.

(ii) Recent results

Revenue in the first half of 2020 saw about a 5% increase over the first half of 2019, following a decline in 2019 revenue of about 4% compared to 2018. Net profits increased by about 13% in 2019 over 2018 and by about 15% for the first half of 2020. Gross profit margins remained stable during this period in the 25% to 27% range.

(iii) Prospects

In light of shifting consumer habits the Group has been augmenting its hypermarket stores with online-to-offline offerings, e.g. through platforms in Alibaba Group's ecosystem such as Taoxianda and Tmall. It is the Offeror's intention to, among others, continue to digitalise the business and introduce new retail solutions at the Stores. The Group's net profit in the first half of 2020 has increased despite headwinds such as the Covid-19 pandemic. The Group expects to open an additional 10 hypermarkets, two to three supermarkets and 30 mini stores by the end of this year. We consider the prospects of the Group to be positive with reference to the outlook of the Group on the basis of its performance in the first half of 2020, the Group's schedule for store openings in the second half of 2020, and future opportunities in the online business segment given that in our view, the Group is well placed to meet competition in the market.

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(iv) The Offer Price

Upon SPA Completion, the Alibaba Group has increased its economic interest in the Company to up to around 72.3%. A mandatory general offer is therefore triggered for the Offer Shares at the see-through price of HK\$8.10. The Offer Price represents a P/E multiple of about 23.1 times and a P/B multiple of about 2.7 times. As noted in paragraph (v) below, the Shares have mostly traded above the Offer Price since the beginning of this year and at the Latest Practicable Date closed at HK\$8.35.

(v) Share price and trading liquidity

The historical share price performance and trading liquidity are set out in section 4 above. The Shares have mostly traded above the Offer Price since the beginning of 2020 with a high of HK\$13.24 in June 2020. Following publication of the Joint Announcement, the share price increased by about 19.2% to close at HK\$9.45. The Shares continued to trade above the Offer Price before closing at HK\$8.10 (the Offer Price) on 18 November 2020. Thereafter the Shares traded higher and closed at HK\$8.35, an approximately 3.1% premium over the Offer Price, on the Latest Practicable Date.

We consider that the Shares have been relatively actively traded since January 2019, and increasingly so since March 2020. Given that the Shares are actively traded, Offer Shareholders who wish to sell part or all of their investment in the Company should be able to dispose of some of their holdings in the market without affecting the market price unduly. However, a sale of a significant number of Shares may place downward pressure on the price of the Shares.

(vi) P/E comparison to peers

There are only three Comparable Companies listed on the Stock Exchange. Only one is profitable, allowing a P/E multiple to be calculated. In addition, this company has a market capitalisation of below HK\$500 million. Consequently, we consider that peers listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange provide a better range of comparables, allowing for a more meaningful analysis of P/E multiples on an average basis, taking into account their business model (all of them principally engage in sales of merchandise to customers through hypermarket and supermarket convenience retail chains in the PRC), market capitalisation and prospects (the majority of the Comparable Companies listed in Mainland China either cooperate with or have received an equity investment from a major technology conglomerate, indicating potential future growth through e-commerce platforms). The Company is eligible for trading under the Stock Connect Scheme.

The P/E multiple as implied by the Offer Price of about 23.1 times is considerably lower than the mean and median of the P/E multiples (about 35 to 36 times) of the Comparable Companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The P/E multiple of the company we consider most comparable due to its market capitalisation, Yonghui, is about 48.8 times. While comparisons with companies listed on a different stock exchange may not be exact, we consider they are close because the type of business and other characteristics as summarised above are very similar. The difference between the multiples of the Company and the Mainland China-listed comparables is striking.

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(vii) P/B comparison to peers and Re-assessed NAV

The P/B multiple of the Company as represented by the Offer Price of about 2.7 times is higher than the mean as implied by the Comparable Companies listed in Shanghai and Shenzhen of about 2.4 times, and the Offer Price represents a premium over the Re-assessed NAV per share of about 59%. However, we consider that an earnings-based analysis is the most compelling in this case.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, particularly the substantial valuation discount to PRC-listed peers on the basis of P/E multiples and the average discounts of the Offer Price to the Company's share price from January 2020 to early October 2020 and on the Latest Practicable Date, we consider the terms of the Offer are not fair and not reasonable so far as the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders not to accept the Offer.

The Shares have consistently traded at or above the Offer Price since publication of the Joint Announcement, closing at HK\$8.35 on the Latest Practicable Date. Offer Shareholders who wish to take the opportunity of the Offer Price setting a floor to the market price of the Shares to realise their investment should monitor the market price and the trading liquidity of the Shares with a view to disposing of some or all of their Shares in the market instead of accepting the Offer.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jakob Fabian Hesse
Director

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

1. TERMS OF THE OFFER

Procedures for acceptance of the Offer

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited, by post or by hand, marked “**Sun Art Offer**” on the envelope, as soon as possible and in any event reach the Registrar no later than by 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in respect of all or part of your Shares, you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar in an envelope marked “**Sun Art Offer**”; or
 - (ii) arrange for the Shares to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked “**Sun Art Offer**”; or

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

- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

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

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

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is capable of acceptance on and from Friday, 27 November 2020 and will remain open for acceptance until Friday, 18 December 2020, being the First Closing Date, unless extended or revised in accordance with the Takeovers Code. The Offeror reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020.
- (b) If the Offer is extended or revised, the announcement of such extension will state the next closing date or a statement that the Offer will open until further notice. In the latter case, at least 14 days' notice in writing must be given to Offer Shareholders

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

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

3. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the latest time for acceptance of the Offer unless the Offer is extended by the Offeror in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Shareholder, less seller’s ad valorem stamp duty (if any) payable by the relevant accepting Shareholder, will be despatched to the relevant accepting Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (d) Settlement of the consideration to which an Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

The announcement of the results of the Offer will be jointly issued by the Offeror and the Company and posted on the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Friday, 18 December 2020, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer.

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

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

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

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

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

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer must be published on the website of the Stock Exchange and made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) As the Offer is unconditional in all respects, acceptances of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except as permitted under the Takeovers Code and in the circumstances set out in (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Offer Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

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

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

7. POSTING

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

8. OVERSEAS SHAREHOLDERS

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

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

Notice to U.S. Shareholders

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

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

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

The financial information of the Company included in this Composite Document has been extracted from the unaudited condensed consolidated financial information of the Group for the unaudited financial statements for the six months ended 30 June 2020 and the audited consolidated financial statements for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror parent, the Offeror and the Company is located in a country outside the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, CICC, and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable laws and the Takeovers Code and is made outside the United States and (ii) the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk/>.

9. STAMP DUTY

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

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

10. PRC TAX

Payments of the Offer Price to certain non-resident enterprises (as defined under the applicable PRC tax law) will potentially be liable to taxation in the PRC. In relation to that and as required under the applicable PRC tax law, the Offeror or its agent, will collect the relevant amount (being 10% of the cash consideration paid to the non-resident enterprise) from relevant non-resident enterprises as withholding tax for the purpose of making the tax payment on behalf of such non-resident enterprise. A detailed description of the withholding tax arrangement for relevant non-resident enterprises is further set out under the section headed "Withholding Tax Payment Arrangement" below.

Under the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises issued by the State Administration of Taxation of the PRC on 3 February 2015 ("Circular 7"), which replaced or supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, issued by the State Administration of Taxation, on 10 December 2009 ("Circular 698"), an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterised and treated

as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax.

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

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

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

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

PRC Tax Declaration Form

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

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

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

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

Withholding Tax Payment Arrangement

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

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

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

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

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

Collection of the PRC Tax Declaration Form

If you have determined that you may have any PRC tax filing obligation or be liable for any PRC tax payment obligation in respect of your Shares, please obtain a copy of the PRC tax declaration form from 9:30 a.m. to 5:30 p.m., Monday to Friday on any Business Day at the office of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from the date of this Composite Document until the 10th calendar day, being 28 December 2020 (or if such date is not a Business Day, the Business Day immediately preceding such date) after the Closing Date.

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

Returning the PRC Tax Declaration Form

If you have determined that you may have any PRC tax filing obligation or be liable for any PRC tax payment obligation in respect of your Shares, you should return the completed PRC tax declaration form to the Offeror at 26 Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, for the attention of the "Alibaba Group – Legal Director" and marked "Sun Art Retail Group Limited – PRC Tax Declaration Form", by no later than 5:30 p.m. on the 10th calendar day (or if such date is not a Business Day, the Business Day immediately preceding such date) after your acceptance of the Offer.

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

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

11. OTHER TAX IMPLICATIONS

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

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

12. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and neither the Company, the Offeror, the Sellers and CICC nor any of their respective agents or advisers nor the Registrar accepts any liability for any loss in postage or any other liabilities that may arise as a result.
- (b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an Offer Shareholder will constitute such Offer Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, CICC or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document, unless the Offeror has reduced the Offer Price in respect of any dividend declared, paid/made or agreed to be paid/made by the Company up to the close of the Offer.

- (g) The settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.
- (h) Any Offer Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (j) In making their decision, the Offer Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, the Sellers, CICC, the Registrar or their respective professional advisers. Offer Shareholders should consult their own professional advisers for professional advice.
- (k) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer, to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (l) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.
- (m) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

13. INTERPRETATION

- (a) A reference in this Composite Document to an Offer Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the Offer shall include any extension and/or revision thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of financial information for each of the three financial years ended 31 December 2017, 2018 and 2019 (as extracted from the annual reports of the Company) and for the six months ended 30 June 2020 (as extracted from the 2020 interim report of the Company).

	For the year ended 31 December			For the six months ended
	2017	2018	2019	30 June
	RMB	RMB	RMB	RMB
	million	million	million	million
	(audited)	(audited as restated)	(audited)	(unaudited)
Revenue	102,320	99,359	95,357	53,170
Cost of sales	(77,646)	(74,240)	(69,626)	(40,116)
Gross profit	24,674	25,119	25,731	13,054
Other income	1,630	1,743	1,489	904
Operating costs	(18,922)	(19,317)	(19,523)	(9,387)
Administrative expenses	(2,895)	(2,847)	(2,807)	(1,225)
Profit from operations	4,487	4,698	4,890	3,346
Finance costs	(13)	(670)	(623)	(286)
Share of results of associates and joint ventures	(5)	(8)	(15)	2
Profit before taxation	4,469	4,020	4,252	3,062
Income tax	(1,449)	(1,320)	(1,207)	(871)
Profit for the year/period	3,020	2,700	3,045	2,191
Other comprehensive income for the year/period	–	–	–	–
Total comprehensive income for the year/period	3,020	2,700	3,045	2,191
Profit attributable to:				
Equity shareholders of the Company	2,793	2,478	2,834	2,062
Non-controlling interests	227	222	211	129
Profit for the year/period	3,020	2,700	3,045	2,191

	For the year ended 31 December			For the six months ended
	2017	2018	2019	30 June
	RMB	RMB	RMB	RMB
	million	million	million	million
	(audited)	(audited as restated)	(audited)	(unaudited)
Total comprehensive income attributable to:				
Equity shareholders of the Company	2,793	2,478	2,834	2,062
Non-controlling interests	227	222	211	129
Total comprehensive income for the year/period	3,020	2,200	3,045	2,191
Earnings per share				
Basic and diluted	RMB0.29	RMB0.26	RMB0.30	RMB0.22
Cash dividends	1,235	1,139	1,290	–
Cash dividends per Share	RMB0.13	RMB0.12	RMB0.14	–

The consolidated financial statements of the Group for each of the year ended 31 December 2017, 2018 and 2019 were audited by KPMG and did not contain any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern. Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Company for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020.

2. CONSOLIDATED FINANCIAL INFORMATION

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2020 (the “**2020 Interim Financial Information**”) has been set out on pages 23 to 50 of the interim report of the Company for the six months ended 30 June 2020 which was posted on 21 August 2020 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the 2020 interim report of the Company

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0821/2020082100019.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”) has been set out on pages 89 to 179 of the annual report of the Company for the year ended 31 December 2019 which was posted on 17 March 2020 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 December 2019

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0317/2020031700015.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”) has been set out on pages 74 to 167 of the annual report of the Company for the year ended 31 December 2018 which was posted on 22 March 2019 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 December 2018

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0322/ltn20190322155.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”) has been set out on pages 70 to 147 of the annual report of the Company for the year ended 31 December 2017 which was posted on 26 March 2018 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 December 2017

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0326/ltn20180326063.pdf>

The 2020 Interim Financial Information, the 2019 Financial Statements, the 2018 Financial Statements and the 2017 Financial Statements (but not any other part of the interim report of the Company for the six months ended 30 June 2020 and the annual reports of the Company for the years ended 31 December 2019, 2018 and 2017 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

The Group has initially applied HKFRS 16, *Leases* as from 1 January 2019. The Group has elected to use the full retrospective approach and has therefore applied HKFRS 16, *Leases* retrospectively to the comparative information for the financial year ended 2018 in the 2019 Financial Statements.

3. INDEBTEDNESS

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Composite Document, the Group had outstanding lease liabilities of approximately RMB8,026 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities at the close of business on 30 September 2020.

4. MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2020, namely:

- (i) an approximately 5.1% increase in revenue recorded for the six months ended 30 June 2020 as compared to the same period in 2019, mainly due to same store sales growth (calculated on sales of goods excluding electronic appliances) of approximately 5.7% during the period, partly offset by an approximately 18.8% decrease in rental income, as some of the Group's tenants renting the Group's gallery spaces suspended their operations during the Covid-19 pandemic. The rental income from those tenants was waived during this period;
- (ii) an approximately 15.4% increase in net profit recorded for the six months ended 30 June 2020 as compared to the same period in 2019, mainly due to higher other income recorded from government grants received during the period, reduced operating costs and administrative expenses incurred by the Group and an improved effective tax rate; and
- (iii) the opening of one store and closure of three stores during the six months ended 30 June 2020.

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

The following is the text of a letter, summary disclosure of property information and valuations for the purpose of incorporation in this Composite Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values in existing state of the Properties held by the Group in the PRC as at 30 September 2020. As stated in “Appendix IV – General Information – Documents Available for Inspection”, a copy of the full property valuation report of the Group is available for public inspection.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

27 November 2020

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

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Sun Art Retail Group Limited (the “Company”) for us to carry out the valuations of the market values of the properties (“Properties”) held by the Company and its subsidiaries (together the “Group”) under one banner – being “RT-Mart 大潤發” and the other banner being “Auchan 歐尚” banner in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 30 September 2020 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represent its Market Value which in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS & ASSUMPTIONS

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

In the course of our valuations of the Properties held in the PRC, we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for their specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated 26 November 2020, regarding the titles to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuations on the basis that the owners have enforceable title to the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

In respect of the Properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company, are set out in the notes in the full property valuation report of the Group.

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

METHOD OF VALUATION

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

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

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Investment approach is appropriate for valuation of the Properties with tenancy terms and conditions. Direct Comparison Approach is a commonly used method for properties held for development, there are relevant comparable sales evidence for reference to arrive at the market value. This Approach rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar properties, subject to allowances for variable factors.

The Properties are located in the urban districts of Anshan, Baicheng, Beian, Binzhou, Changsha, Changshu, Chengdu, Chibi, Foshan, Fuxin, Ganzhou, Guangzhou, Haicheng, Hangzhou, Harbin, Huai'an, Huaihua, Jiamusi, Jiangshan, Jiaying, Ji'nan, Jinhua, Jinzhou, Jiujiang, Jiyuan, Kunshan, Laiyang, Liaoyang, Liaoyuan, Linyi, Maanshan, Meishan, Mudanjiang, Nanjing, Nantong, Ningbo, Ningde, Qiqihaer, Quanzhou, Shanghai, Shaoxing, Shenyang, Shuangyashan, Suihua, Suzhou, Tai'an, Taizhou, Tieling, Tongliao, Weifang, Weihai, Wuhan, Wuxi, Xishuangbanna, Yancheng, Yangzhou, Yantai, Yingkou, Yueyang, Zhangjiagang, Zhangqiu, Zhangzhou, Zhoushan respectively.

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

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

In respect of the properties which have not yet obtained all the relevant title certificates (namely, under "Auchan" Banner, numbers 17, 27, 31, and under "RT-Mart" banner, numbers 7, 13, 28, 29, 38, 40, 43, 47, 48, 50, 53, 54, 59, 67, 72, 76, 77, 79, 85, 89, 90, we have relied on the information given by the Company that all land premium and related fees for the relevant land use rights in respect of such property have been fully paid by the Company, and legally binding sale and purchase agreement and/or legally binding planning or construction permits, have been executed in favour of the Company in respect of such property.

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

The Company has confirmed that it is not aware of any facts which would cause any legal obstacle from their obtaining of the relevant outstanding title certificates for such properties. According to the PRC legal opinion, the PRC legal adviser has also confirmed that it is also not aware of any legal impediment that would prevent the Company from obtaining the relevant outstanding title certificates for such properties. Please refer to the notes of the

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Valuation Report of under “Auchan” Banner, numbers 17, 27, 31, and under “RT-Mart” banner, numbers 7, 13, 28, 29, 38, 40, 43, 47, 48, 50, 53, 54, 59, 67, 72, 76, 77, 79, 85, 89, 90. Based on the factors set out above, the currently outstanding title certificates do not affect our valuation of such properties.

Our approach in the valuation of such properties is fully in line with the relevant valuation and market standards for valuing properties in the PRC, and it is not uncommon in the PRC that title certificates are obtained only after the relevant sale and purchase of properties are transacted. We further confirm that we are not aware of any special discounted price in such situations and thus it would not affect our valuation. Our approach in the valuation of such properties is also consistent with the basis of preparation of the Company’s audited accounts. In the case where the outstanding title certificates are ultimately unable to be obtained for whatever reason, no commercial value will be attributed to the relevant property.

As described above, according to the Group, there are currently 24 properties which have not yet obtained the relevant title Certificates, with a total valuation of RMB6,713,300,000, 16.5% of the total valuation for all properties valued. The relative proportion of the valuation for such properties compared with the total valuation for all of the properties valued are listed on page 92 to 95 under the section headed “Summary of Valuations” for reference.

KEY ASSUMPTIONS

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

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

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

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

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (Gallery)/GFA (Hyper) basis)
Part A – Auchan		
Shanghai	(i) Gallery: RMB30,000 to RMB80,000	(i) Gallery: RMB450 to RMB600
	(ii) Hyper: RMB9,000 to RMB11,000	(ii) Hyper: RMB50 to RMB65
	(iii) Office: RMB14,000 to RMB15,000	(iii) Office: RMB75 to RMB80
	(iv) Industrial: RMB2,000 to RMB3,000	(iv) Industrial: RMB30 to RMB40
Nanjing	(i) Gallery: RMB8,000 to RMB30,000	(i) Gallery: RMB100 to RMB190
	(ii) Hyper: RMB7,500 to RMB9,500	(ii) Hyper: RMB30 to RMB45
Wuxi, Changzhou, Yangzhou, Zhenjiang, Nantong	(i) Gallery: RMB10,000 to RMB30,000	(i) Gallery: RMB120 to RMB450
	(ii) Hyper: RMB5,000 to RMB8,000	(ii) Hyper: RMB27 to RMB40
Hangzhou	(i) Gallery: RMB30,000 to RMB35,000	(i) Gallery: RMB450 to RMB500
	(ii) Hyper: RMB8,000 to RMB9,000	(ii) Hyper: RMB45 to RMB50
Ningbo	(i) Gallery: RMB10,000 to RMB20,000	(i) Gallery: RMB100 to RMB350
	(ii) Hyper: RMB4,000 to RMB7,000	(ii) Hyper: RMB10 to RMB35
Zhoushan, Huzhou, Jiaxing, Taizhou	(i) Gallery: RMB10,000 to RMB30,000	(i) Gallery: RMB150 to RMB450
	(ii) Hyper: RMB5,000 to RMB7,000	(ii) Hyper: RMB20 to RMB40

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (Gallery)/GFA (Hyper) basis)
Beijing	(i) Gallery: RMB30,000 to RMB35,000 (ii) Hyper: RMB10,000 to RMB15,000	(i) Gallery: RMB400 to RMB500 (ii) Hyper: RMB50 to RMB60
Chengdu	(i) Gallery: RMB10,000 to RMB50,000 (ii) Hyper: RMB5,000 to RMB9,000	(i) Gallery: RMB200 to RMB550 (ii) Hyper: RMB30 to RMB40
Wuhu, Maanshan, Bengbu	(i) Gallery: RMB8,000 to RMB25,000 (ii) Hyper: RMB6,000 to RMB8,000	(i) Gallery: RMB60 to RMB300 (ii) Hyper: RMB30 to RMB40
Meizhou, Dongguan	(i) Gallery: RMB10,000 to RMB16,000 (ii) Hyper: RMB5,000 to RMB7,000	(i) Gallery: RMB120 to RMB150 (ii) Hyper: RMB20 to RMB40
Part B – RT Mart		
Shanghai	(i) Gallery: RMB18,000 to RMB53,000 (ii) Hyper: RMB8,000 to RMB19,000 (iii) Office: RMB14,000	(i) Gallery: RMB233 to RMB434 (ii) Hyper: RMB41 to RMB127 (iii) Office: RMB83
Hangzhou, Jiangshan, Jiaxing, Jinhua, Ningbo, Shaoxing, Changshu, Huai'an, Kunshan, Suzhou, Tongzhou, Wuxi, Yancheng, Yangzhou, Zhangjiagang, Nanjing	(i) Gallery: RMB7,000 to RMB51,000 (ii) Hyper: RMB5,000 to RMB10,000 (iii) Warehouse: RMB4,000 to RMB5,000	(i) Gallery: RMB96 to RMB423 (ii) Hyper: RMB26 to RMB60 (iii) Warehouse: RMB27 to RMB30

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (Gallery)/GFA (Hyper) basis)
Ma'anshan, Suzhou	(i) Gallery: RMB8,000 to RMB20,000 (ii) Hyper: RMB5,000 to RMB7,000	(i) Gallery: RMB128 to RMB248 (ii) Hyper: RMB29 to RMB45
Binzhou, Ji'nan, Laiyang, Tai'an, Weifang, Weihai, Yantai, Zhangqiu, Linyi	(i) Gallery: RMB7,000 to RMB14,000 (ii) Hyper: RMB4,000 to RMB8,000 (iii) Warehouse: RMB5,000 to RMB9,000	(i) Gallery: RMB90 to RMB147 (ii) Hyper: RMB23 to RMB40 (iii) Warehouse: RMB29 to RMB52
Quanzhou, Zhangzhou, Jinjiang, Ningde	(i) Gallery: RMB8,000 to RMB17,000 (ii) Hyper: RMB3,000 to RMB7,000	(i) Gallery: RMB115 to RMB213 (ii) Hyper: RMB22 to RMB40
Jiamusi, Mudanjiang, Qiqihaer, Harbin, Suihua, Beian, Shuangyashan	(i) Gallery: RMB6,000 to RMB33,000 (ii) Hyper: RMB4,000 to RMB8,000	(i) Gallery: RMB88 to RMB256 (ii) Hyper: RMB21 to RMB43
Wuhan, Huaihua, Yueyang, Liuyang, Chibi	(i) Gallery: RMB5,000 to RMB32,000 (ii) Hyper: RMB5,000 to RMB10,000 (iii) Warehouse: RMB3,000	(i) Gallery: RMB78 to RMB235 (ii) Hyper: RMB27 to RMB60 (iii) Warehouse: RMB16
Liaoyang, Baicheng, Liaoyuan	(i) Gallery: RMB5,000 to RMB12,000 (ii) Hyper: RMB4,000 to RMB6,000	(i) Gallery: RMB88 to RMB145 (ii) Hyper: RMB20 to RMB27

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

PRC Cities	Market unit price (per sq m on GFA basis)	Market monthly unit rent (per sq m on NFA (Gallery)/GFA (Hyper) basis)
Jiujiang, Ganzhou	(i) Gallery: RMB22,000 to RMB24,000 (ii) Hyper: RMB4,000 to RMB7,000	(i) Gallery: RMB159 to RMB186 (ii) Hyper: RMB21 to RMB36
Shenyang, Fuxin, Haicheng, Tieling, Jinzhou, Anshan, Dashiqiao	(i) Gallery: RMB4,000 to RMB14,000 (ii) Hyper: RMB3,000 to RMB7,000 (iii) Warehouse: RMB3,000	(i) Gallery: RMB71 to RMB210 (ii) Hyper: RMB23 to RMB40 (iii) Warehouse: RMB19
Chengdu, Meishan	(i) Gallery: RMB4,000 to RMB13,000 (ii) Hyper: RMB3,000 to RMB8,000	(i) Gallery: RMB70 to RMB187 (ii) Hyper: RMB38 to RMB45
Liuyang, Zhengzhou	(i) Gallery: RMB10,000 to RMB14,000 (ii) Hyper: RMB5,000 to RMB8,000	(i) Gallery: RMB119 to RMB265 (ii) Hyper: RMB23 to RMB51
Jinghong, Foshan, Tongliao, Guangzhou	(i) Gallery: RMB15,000 to RMB38,000 (ii) Hyper: RMB4,000 to RMB9,000 (iii) Warehouse: RMB4,000	(i) Gallery: RMB187 to RMB293 (ii) Hyper: RMB19 to RMB46 (iii) Warehouse: RMB23

Capitalisation rate for

(i) Gallery: 4.75% to 7.25%

(ii) Hyper: 4.25% to 6.00%

POTENTIAL TAX LIABILITIES

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

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

In respect of the properties held by the Company for investment and for development, the likelihood of the relevant tax liabilities crystallising is remote as the Company has no plans for the disposal of such properties yet.

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

SOURCE OF INFORMATION

We have been provided by the Company with extracts of documents in relation to the title to the Properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company in respect of the Properties in the PRC and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, particulars of occupancy, tenancy details, completion date of buildings, number of car parking spaces, construction cost, development scheme, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

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

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

TITLE INVESTIGATION

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

SITE INSPECTION

Our PRC Office valuers, have inspected the exterior and, wherever possible, the interior of the Properties in October 2020 respectively.

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Eric Y Fan	Shanghai	MCIREA, MRICS, CPV/ 22 years	Shanghai, Hangzhou, Suzhou, Nanjing, Wuxi, Wuhu, Changzhou, Jiaxing, Ningbo, Chengdu, Beijing, Dongguan, Bengbu	–
Jack M H Sun	Shanghai	CPV/15 years	Shanghai, Hangzhou, Suzhou, Nanjing, Wuxi, Changzhou, Jiaxing, Chengdu, Nanchang, Meizhou, Nantong	–
Rick K Sun	Shanghai	15 years	Shanghai, Suzhou, Nanjing, Wuxi, Changzhou, Yangzhou	–
Nicola H Z Zhou	Shanghai	8 years	Shanghai, Suzhou, Nanjing, Wuxi, Changzhou, Haimen	–

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Jun Wang	Shanghai	9 year	Wuxi, Wuhu, Bengbu, Tianmenshan, Zhenjiang	–
Tom C Zheng	Hangzhou	MCIREA/ 10 years	Ningbo, Zhoushan, Taizhou, Huzhou, Hangzhou	Hangzhou, Ningbo, Jiaxing, Shaoxing, Jinhua, Jiangshan
Kelly S Y Song	Nanjing	12 years	Shanghai, Hangzhou, Suzhou, Nanjin, Wuxi, Changzhou, Maanshan	Nanjing, Yancheng
Cathy Y Liu	Shanghai	MCIREA/ 15 years	–	Shanghai, Suzhou, Shenyang, Jiaxing, Ji’nan, Zhangjiagang
Chris Yu	Shanghai	MCIREA/ 12 years	–	Shanghai, Suzhou, Yangzhou, Jiaxing, Kunshan, Wuxi, Ji’nan, Jinzhou, Huai’an, Liaoyang
Shirlin JY QI	Shanghai	12 years	–	Shanghai, Nantong Shuangyashan, Qiqihaer, Changshu, Maanshan, Liaoyuan, Suihua, Baicheng
Liven Y Xu	Dalian Shenyang	MCIREA/ 15 years	–	Shenyang, Harbin, Mudanjiang, Jiamusi, Haicheng, Tieling, Fuxin, Beian, Yingkou, Anshan
Luwei Xiu	Qingdao	MCIREA/ 15 years	–	Qingdao, Ji’nan, Yantai, Linyi, Qingzhou, Laiyang, Weihai

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Name of Valuers	PRC Offices	Professional Qualification*/ Experience in the valuation of properties in the PRC	Part A – “Auchan 歐尚” Banner Experience in the relevant PRC Cities, include but not limited to	Part B – “RT-Mart 大潤發” Banner Experience in the relevant PRC Cities, include but not limited to
Robert RM Liang	Tianjing	15 years	–	Tai’an, Bingzhou, Laiwu, Zhangqiu
Andy ZX He	Guangzhou	MRICS, MCIREA/ 15 years	Guangzhou, Zhengzhou, Foshan, Jiujiang, Dongguan, Meizhou	Guangzhou, Zhengzhou, Foshan, Jiujiang, Dongguan, Meizhou, Jiyuan, Ganzhou
Linda D Lin	Chengdu	13 years	Chengdu	Chengdu, Xishuangbanna, Meishan
Lucy L Xu	Wuhan	12 years	–	Wuhan, Chibi
Stronger SC Hong	Xiamen	MRICS, MCIREA/ 11 years	–	Quanzhou, Jinjiang, Ningde, Zhangzhou
Merry XY Mo	Changsha	MRICS, MCIREA/ 7 years	–	Yueyang, Huaihua, Liuyang
Eric PB Liu	Beijing	6 years	Beijing	Tongliao

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

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

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

However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

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

CURRENCY

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

COMPLIANCE

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission and HKIS Valuation Standards 2017.

SUMMARY OF DISCLOSURE

This summary of disclosure has an overview of property interests, including their number and approximate size range, uses, how they are held and the general description of the area where they are located and other relevant general information, which complies with Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission. As stated in “Appendix IV – General Information – Documents Available for Inspection”, a copy of the full property valuation report which has about 323 pages for 125 properties of the Group is available for public inspection.

Yours faithfully,

For and on behalf of

Cushman & Wakefield Limited

Philip C Y Tsang

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

MSc, MHKIS

Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 27 years' experience in the valuation of properties in the PRC.

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

SUMMARY OF VALUATIONS

Property Group	No. of Properties	Market Value in existing state as at 30 September 2020	Market Value in existing state as at 30 September 2020 attributable to the Group
PART A – “AUCHAN 歐尚” BANNER			
Group I – Properties held by the Group under “Auchan 歐尚” banner for owner-occupation/ investment purposes in the PRC	34	RMB16,073,000,000	RMB16,037,000,000
PART B – “RT-Mart 大潤發” BANNER			
Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment purposes in the PRC	90	RMB24,251,700,000	RMB22,512,800,000
Group II – Properties held by the Group under “RT-Mart 大潤發” banner for development purposes in the PRC	1	RMB333,000,000	RMB309,100,000
Sub-total of Part B	91	RMB24,584,700,000	RMB22,821,900,000
Total of Part A & B	125	RMB40,657,700,000	RMB38,858,900,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

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

PART A – “AUCHAN 歐尚” BANNER

Market Valuation of RMB1,527,000,000
Property 17, 27, 31
(not yet obtained all
the relevant title
certificates)

*The valuation summary of
aforesaid 3 properties
refers to note 1.*

Market Valuation of RMB14,546,000,000
Property except 17, 27,
31 (have obtained all
the relevant title
certificates)

Market Valuation of RMB16,073,000,000
Property 1 to 34

% proportion of valuation 9.5%
for properties which
have not yet obtained
all the relevant title
certificates compared
with the total valuation
for all properties valued

PART B – “RT-Mart 大潤發” BANNER

Market Valuation of RMB5,186,300,000
Property 7, 13, 28, 29,
38, 40, 43, 47, 48, 50,
53, 54, 59, 67, 72, 76,
77, 79, 85, 89, 90 (not
yet obtained all the
relevant title
certificates)

*The valuation summary of
aforesaid 21 properties
refers to note 2.*

Market Valuation of RMB19,398,400,000
Property except 7, 13,
28, 29, 38, 40, 43, 47,
48, 50, 53, 54, 59, 67,
72, 76, 77, 79, 85, 89,
90 (have obtained all
the relevant title
certificates)

Market Valuation of RMB24,584,700,000
Property 1 to 91

% proportion of valuation 21.1%
for properties which
have not yet obtained
all the relevant title
certificates compared
with the total valuation
for all properties valued

As described above, according to the Group, there are currently 24 properties which have not yet obtained the relevant title Certificates, with a total valuation of RMB6,713,300,000, 16.5% of the total valuation for all properties valued.

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Notes:

1. The valuation summary of 3 properties of Part A which have not yet obtained all the relevant title certificates is as below:

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
17. Auchan Jiaxing Store, No. 1468 East Zhonghuan Road, Nanhu District, Jiaxing, Zhejiang Province, the PRC	933,000,000	99.78%	931,000,000
27. Auchan Gangzha Store, No. 26 Changping Road, Gangzha District, Nantong, Jiangsu Province, the PRC	305,000,000	99.78%	304,000,000
31. Auchan Dongguan Store, No. 236 Xiangfu Road, Liaobu Town, Dongguan, Guangdong Province, the PRC	289,000,000	99.78%	288,000,000

2. The valuation summary of 21 properties of Part B which have not yet obtained all the relevant title certificates is as below:

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
7. Jian Hua Store, No. 300 JunXiao Street, Jianhua District, Qiqihaer, Heilongjiang Province, the PRC	211,000,000	92.83%	195,900,000
13. Long Hai Store, northeast of the intersection of Zijingshan Road and Longhai Road, Guancheng District, Zhengzhou, He'nan Province, the PRC	294,000,000	92.83%	272,900,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
28. Suzhou DC, No. 9 Qinghua Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	419,000,000	92.83%	389,000,000
29. Su Zhou-3 (He Shan) Store, No. 1283 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	273,000,000	92.83%	253,400,000
38. Jin Jiang Store, Huguang West Road, Qingyang Jiedao, Jinjiang, Quanzhou, Fujian Province, the PRC	193,000,000	92.83%	179,200,000
40. Du Jiang Yan Store, No. 1 Lianhua Nan Road, Dujiangyan, Chengdu, Sichuan Province, the PRC	159,000,000	92.83%	147,600,000
43. Xi Shuang Ban Na Store, No. 2 Menghai Road, Jinghong, Xishuangbanna, Yunnan Province, the PRC	481,000,000	92.83%	446,500,000
47. Tie Xi Store, No. 5 West Jianshexi Road, Tiexi District, Shenyang, Liaoning Province, the PRC	272,000,000	92.83%	252,500,000
48. Huang Gu Store, No. 2 West Kunshan Road, Huanggu District, Shenyang, Liaoning Province, the PRC	318,300,000	92.83%	295,500,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
50. Liao Yang Store, No. 105 Xinyun Street, Baita District, Liaoyang, Liaoning Province, the PRC	277,000,000	92.83%	257,100,000
53. Chang Bai Store, No. 201 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC	284,000,000	92.83%	263,600,000
54. Shenyang DC, No. 51 and 53 Hushitainan Street, Shenbei New District, Shenyang, Liaoning Province, the PRC	193,000,000	92.83%	179,200,000
59. Ji Shui Store, north of Jishui Avenue, west of China Construction Bank, Jiyuan, He'nan Province, the PRC	199,000,000	92.83%	184,700,000
67. Chibi DC, Beijing Zhuhai Expressway and S214 Road junction, Zhaigongling District, Chibi, Hubei Province, the PRC	185,000,000	92.83%	171,700,000
72. HB HO, Huaneng Road, Jinan, Shandong Province, the PRC	62,000,000	92.83%	57,600,000
76. Lin Yi Store, east of Mengshan Road, south of Chengcai Road, Linyi City, Shandong Province, the PRC	209,000,000	92.83%	194,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
77. Shuang Ya Shan Store, No. 40 Jianshe Road, Shuangyashan, Heilongjiang Province, the PRC	174,000,000	92.83%	161,500,000
79. Liao Yuan Store, No. 640 People Avenue, Liaoyuan, Jilin Province, the PRC	197,000,000	92.83%	182,900,000
85. Fu Hai Store, No. 278 Fuhai Road, Fushan District, Yantai, Shandong Province, the PRC	191,000,000	92.83%	177,300,000
89. Jiao Cheng Store, Levels B2, B1, 1 and 3, Building A2, No. 101 South Jiaocheng Road, Jiaocheng District, Ningde, Fujian Province, the PRC	177,000,000	92.83%	164,300,000
90. Ji'nan DC, east of G220 Road, north of Yongkang Street, Jibei Economic Development Zone, Jiyang District, Ji'nan, Shandong Province, the PRC	418,000,000	92.83%	388,000,000
	5,186,300,000		4,814,400,000

PART A – “AUCHAN 歐尚” BANNER

SUMMARY OF VALUATIONS

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

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
1. Auchan Jiading Store, No. 99 Bole Road, Jiading District, Shanghai, the PRC	281,000,000	99.78%	280,000,000
2. Auchan Zhongyuan Store, No. 102 Zhongyuan Road, Yangpu District, Shanghai, the PRC	403,000,000	99.78%	402,000,000
3. Auchan Wuxi New Area Store, No. 288 North Changjiang Road, Wuxi New District, Wuxi, Jiangsu Province, the PRC	850,000,000	100%	850,000,000
4. Auchan Jinjihu Store, No. 205 Jinjihu Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	1,551,000,000	99.78%	1,548,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
5. Auchan Jiangning Store, No. 11 Qinhuai Road, Jiangning District, Nanjing, Jiangsu Province, the PRC	702,000,000	100%	702,000,000
6. Auchan Yingtian Store, No. 866 Yingtian Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC	343,000,000	99.78%	342,000,000
7. Auchan Hanzhongmen Store, No. 151 Hanzhongmen Avenue, Nanjing, Jiangsu Province, the PRC	245,000,000	99.78%	244,000,000
8. Auchan Haimen Store, No. 530 Middle Huanghai Road, Haimen City, Nantong, Jiangsu Province, the PRC	349,000,000	99.78%	348,000,000
9. Auchan Yangzhou Store, No. 425 Middle Jiangyang Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	367,000,000	99.78%	366,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
10. Auchan Lanling Store, No. 301 North Lanling Road, Tianning District, Changzhou, Jiangsu Province, the PRC	339,000,000	99.78%	338,000,000
11. Auchan Yongning Store, No. 18 North Yongning Road, Tianning District, Changzhou, Jiangsu Province, the PRC	466,000,000	99.78%	465,000,000
12. Auchan Danyang Store, No. 1 South Ring Road, Danyang, Jiangsu Province, the PRC	431,000,000	99.78%	430,000,000
13. Auchan Hangzhou Store, No. 213 Dagan Road, Gongshu District, Hangzhou, Zhejiang Province, the PRC	471,000,000	99.78%	470,000,000
14. Auchan Ningbo Store, No. 170, 172, 174 and 178 Cuibai Road, Haishu District, Ningbo, Zhejiang Province, the PRC	373,000,000	99.78%	372,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
15. Auchan Zhoushan Store, No. 266 Xingpu Avenue, Putuo District, Zhoushan, Zhejiang Province, the PRC	259,000,000	99.78%	258,000,000
16. Auchan Huzhou Store, No. 618 Changzhou Road, Economy Development Zone, Changxing Town, Huzhou, Zhejiang Province, the PRC	271,000,000	99.78%	270,000,000
17. Auchan Jiaxing Store, No. 1468 East Zhonghuan Road, Nanhu District, Jiaxing, Zhejiang Province, the PRC	933,000,000	99.78%	931,000,000
18. Auchan Taizhou Store, No. 455 East Sea Avenue, Economy Development Zone, Taizhou, Zhejiang Province, the PRC	410,000,000	99.78%	409,000,000
19. Auchan Tianmenshan Store, No. 1 Middle Yinhu Road, Jinghu District, Wuhu, Anhui Province, the PRC	368,000,000	99.78%	367,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
20. Auchan Huajin Store, No. 66 South Huajin Road, Yijiang District, Wuhu, Anhui Province, the PRC	257,000,000	99.78%	256,000,000
21. Auchan Maanshan Store, No. 857 East Yushan Road, Huashan District, Maanshan, Anhui Province, the PRC	342,000,000	99.78%	341,000,000
22. Auchan Beijing Store, No. 1 Linfeng Road, Fengtai District, Beijing, the PRC	699,000,000	99.78%	697,000,000
23. Auchan Gaoxin Store, No. 9 Zhanhua Road, High-tech Zone, Chengdu, the PRC	558,000,000	99.78%	557,000,000
24. Auchan Jinniu Store, No. 98 Shuhan Road, Jinniu District, Chengdu, the PRC	594,000,000	99.78%	593,000,000
25. Auchan Huayang, No. 1 section 2 of Huafu Avenue, Shuangliu District, Chengdu, the PRC	374,000,000	99.78%	373,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
26. Auchan Xinxing Store, No. 111 Xinxing Road, Jiangbei District, Ningbo, Zhejiang Province, the PRC	1,318,000,000	99.78%	1,315,000,000
27. Auchan Gangzha Store, No. 26 Changping Road, Gangzha District, Nantong, Jiangsu Province, the PRC	305,000,000	99.78%	304,000,000
28. Auchan Xingtang Store, No. 18 Songjiang Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	675,000,000	99.78%	674,000,000
29. Auchan Bengbu Store, No. 851 Chaoyang Road, Bengbu, Anhui Province, the PRC	245,000,000	99.78%	244,000,000
30. Auchan Xingning Store, No. 205 Nation Road, Xingning City, Meizhou, Guangdong Province, the PRC	190,000,000	99.78%	190,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
31. Auchan Dongguan Store, No. 236 Xiangfu Road, Liaobu Town, Dongguan, Guangdong Province, the PRC	289,000,000	99.78%	288,000,000
32. Auchan Suzhou Xiangcheng Store, No. 228 Qimen North Avenue, Xiangcheng District, Suzhou, Jiangsu Province, the PRC	450,000,000	99.78%	449,000,000
33. Auchan Shanghai Headquarter Office, No. 165 Longkou Road, Yangpu District, Shanghai, the PRC	357,000,000	99.78%	356,000,000
34. Auchan Shanghai Baoshan Warehouse, No. 27 Nanchen Road, Baoshan District, Shanghai, the PRC	8,000,000	99.78%	8,000,000
Grand Total:	<u>16,073,000,000</u>		<u>16,037,000,000</u>

**Part A Group I – Properties held by the Group under “Auchan 歐尚” banner for owner-occupation/investment in the PRC
Valuation Summary as at 30 September 2020**

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 September 2020 attributable to the Group (RMB)	Property
1	Jiading Store	Shanghai New Auchan Hypermart Co., Ltd.	Shanghai	Jiading District	99 Bole Road	Commercial	11/4/2042	Hypermarket	33,311.00	2004	17,990.78	281,000,000	99.78%	280,000,000	Jiading Store
2	Zhongyuan Store	Shanghai Auchan Hypermart Co., Ltd.	Shanghai	Yangpu District	102 Zhongyuan Road	Commercial	N/A	Hypermarket	21,507.30	1999	26,208.74	403,000,000	99.78%	402,000,000	Zhongyuan Store
3	Phase I of Wuxi new area Store	Wuxi Immochan Real Estate Co., Ltd.	Wuxi	Wuxi New District	Phase 1, 288 North Changjiang Road	Commercial	14/2/2041	Hypermarket	39,889.20	2001	31,949.41	850,000,000	100.00%	850,000,000	Phase I of Wuxi new area Store
	Phase II of Wuxi new area Store	Wuxi Immochan Real Estate Co., Ltd.	Wuxi	Wuxi New District	Phase 2, 288 North Changjiang Road	Commercial	29/11/2046	Hypermarket	9,277.20	2014	36,838.12				Phase II of Wuxi new area Store
4	Jinjihu Store	Suzhou Industrial Park Immochan Real Estate Co., Ltd.	Suzhou	Industrial Park Area	205 Jinjihu Road	Commercial	31/12/2039	Hypermarket	66,430.92	2001	128,476.44	1,551,000,000	99.78%	1,548,000,000	Jinjihu Store
5	Jiangning Store	Nanjing Jinshang Real Estate Co., Ltd.	Nanjing	Jiangning District	11 Qinhui Road	Commercial	30/6/2045	Hypermarket	58,021.50	2008	39,093.10	702,000,000	100.00%	702,000,000	Jiangning Store
6	Yingtian Store	Nanjing Ningshang Real Estate Co., Ltd.	Nanjing	Jianye District	No. 866, Yingtian Road	Commercial & carpark	20/11/2043	Hypermarket	27,014.30	2008	43,414.85	343,000,000	99.78%	342,000,000	Yingtian Store
7	Hanzhongmen Store	Nanjing Immochan Real Estate Co., Ltd.	Nanjing	Jianye District	151 Hanzhongmen Avenue	Commercial	5/6/2042	Hypermarket	8,654.90	2004	28,345.41	245,000,000	99.78%	244,000,000	Hanzhongmen Store
8	Haimen Store	Nantong Auchan Hypermart Co., Ltd.	Haimen	Haimen Town	No. 530 Huangtai Middle Road	Wholesale & retail, accommodation and catering, business and finance, other commercial	14/9/2049	Hypermarket	33,333.00	2010	31,700.79	349,000,000	99.78%	348,000,000	Haimeng Store
9	Yangzhou Store	Yangzhou Auchan Hypermart Co., Ltd.	Yangzhou	Haijiang District	425 Jiangyang Zhong Road	Commercial	22/1/2047	Hypermarket	27,825.50	2009	49,871.81	367,000,000	99.78%	366,000,000	Yangzhou Store

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 September 2020 attributable to the Group (RMB)
10	Lanling Store	Changzhou Auchan Hypermarkets Co., Ltd.	Changzhou	Tianming District	No. 301 Lanling North Road	Commercial	31/10/2043	Hypermarket	28,328.00	2007	40,338.81	99.78%	338,000,000	Lanling Store
11	Yongning Store	Changzhou Immochan Real Estate Co., Ltd.	Changzhou	Yongning District	No. 18 Yongning North Road	Commercial	20/5/2045	Hypermarket	25,000.00	2008	61,343.10	99.78%	465,000,000	Yongning Store
12	Danyang Store	Zhenjiang Auchan Hypermarkets Co., Ltd.	Zhenjiang	Danyang City	No. 1 South Ring Road	Commercial	25/12/2046	Hypermarket	29,318.90	2009	48,442.08	99.78%	430,000,000	Danyang Store
13	Hangzhou Store	Hangzhou Auchan Hypermarkets Co., Ltd.	Hangzhou	Gongshu District	213 Daguan Road	Commercial	17/3/2042	Hypermarket	47,586.00	2002	35,308.17	99.78%	470,000,000	Hangzhou Store
14	Ningbo Store	Ningbo Immochan Real Estate Co., Ltd.	Ningbo	Haishu District	Nos. 170, 172, 174 and 178 Cuihai Road	Commercial	4/8/2043	Hypermarket	22,721.00	2005	41,646.77	99.78%	372,000,000	Ningbo Store
15	Zhoushan Store	Zhoushan Immochan Real Estate Co., Ltd.	Zhoushan	Putuo District	266 Xingpu Avenue, Donggang Jiedao	Commercial	22/12/2042	Hypermarket	19,456.00	2006	25,745.54	99.78%	258,000,000	Zhoushan Store
16	Huzhou Store	Huzhou Auchan Hypermarkets Co., Ltd.	Huzhou	Changxing Town	No. 618 Changzhou Road	Commercial	31/12/2048	Hypermarket	33,300.00	2009	29,298.66	99.78%	270,000,000	Huzhou Store
17	Jiaxing Store	Jiaxing Immochan Real Estate Co., Ltd.	Jiaxing	Nanhu District	No. 1468 East Zhonghuan Road	Commercial	29/10/2046	Hypermarket	59,152.60	2008	110,619.64	99.78%	931,000,000	Jiaxing Store
18	Taizhou Store	Taizhou Auchan Hypermarkets Co., Ltd.	Taizhou	Jiaojiang	455 Donghai Road	Commercial	12/10/2046	Hypermarket	26,733.00	2009	50,305.14	99.78%	409,000,000	Taizhou Store
19	Tianmenshan Store	Anhui Auchan Hypermarkets Co., Ltd.	Wuhu	Jinghu District	1 Middle Yinhu Road	Commercial, carpark and warehouse	22/5/2047	Hypermarket	30,000.40	2008	32,348.43	99.78%	367,000,000	Tianmenshan Store
20	Huajin Store	Anhui Auchan Hypermarkets Co., Ltd.	Wuhu	Yijiang District	66 Huajin Road	Commercial	14/3/2049	Hypermarket	50,257.00	2010	32,020.40	99.78%	256,000,000	Huajin Store
21	Maanshan Store	Anhui Auchan Hypermarkets Co., Ltd.	Maanshan	Yushan District	857 East Yushan Road	Commercial	31/1/2050	Hypermarket	34,227.41	2010	31,007.32	99.78%	341,000,000	Maanshan Store
22	Beijing Store	Beijing Immochan Consultation Co., Ltd.	Beijing	Feigai District	No. 1 Linfeng Road underground carpark	Commercial and underground carpark	18/8/2043	Hypermarket	15,585.74	2004	42,085.24	99.78%	697,000,000	Beijing Store

Ref. No.	Property	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group (%)	Market Value in existing state as at 30 September 2020 attributable to the Group (RMB)
23	Gaoxin Store	Chengdu Auchan Hypermarkets Co., Ltd.	Chengdu	Gaoxin District	No. 9 1-2 Zhanhua Road	Commercial	31/8/2045	Hypermarket	33,333.34	2006	38,529.36	99.78%	557,000,000	Gaoxin Store
24	Jinniu Store	Chengdu Auchan Hypermarkets Co., Ltd.	Chengdu	Jinniu District	No. 98 Shuhan Road	Commercial	17/7/2042	Hypermarket	27,076.24	2004	48,486.46	99.78%	593,000,000	Jinniu Store
25	Huayang Store	Shuangliu Nakamori Real Estate Development Co., Ltd.	Chengdu	Shuangliu District	No. 1 section 2 of Huaifu Avenue	Commercial	2/7/2047	Hypermarket	21,300.00	2010	30,713.66	99.78%	373,000,000	Huayang Store
26	Phase I of Xinxing Store	Ningbo Innmochan Real Estate Co., Ltd.	Ningbo	Haishu District	Auchan Xinxing Store, No. 111 Xinxing Road	Commercial	30/4/2049	Hypermarket	67,685.00	2012	35,901.82	99.78%	1,315,000,000	Phase I of Xinxing Store
	Phase II of Xinxing Store					Commercial		Hypermarket		2014	101,509.34			Phase II of Xinxing Store
27	Gangzha Store	Nantong New Auchan Hypermarkets Co., Ltd.	Nantong	Gangzha District	26 Changping Road	Commercial	7/5/2052	Hypermarket	45,947.38	2012	33,147.00	99.78%	304,000,000	Gangzha Store
28	Xingtang Store	Suzhou Auchan Hypermarkets Co., Ltd.	Suzhou	Industrial Park Area	18 Songjiang Road	Commercial	8/6/2051	Hypermarket	32,853.27	2011	66,021.11	99.78%	674,000,000	Xingtang Store
29	Bengbu Store	Anhui Auchan Hypermarkets Co., Ltd.	Bengbu	Yuhui District	No. 851 Chaoyang Road	Commercial and hypermarket	6/9/2052	Hypermarket	33,273.00	2013	31,462.99	99.78%	244,000,000	Bengbu Store
30	Xingning Store	Merzhou Auchan Hypermarkets Co., Ltd.	Merzhou	Xingning City	No. 205 National Road	Commercial and carpark	18/3/2053	Hypermarket	34,201.37	2013	25,408.67	99.78%	190,000,000	Xingning Store
31	Dongguan Store	Dongguan Auchan Hypermarkets Co., Ltd.	Dongguan	Liaobu Town	No. 236 Xiangfu Road	Commercial	4/7/2053	Hypermarket	28,560.20	2015	31,749.45	99.78%	288,000,000	Dongguan Store
32	Suzhou Xiangcheng Store	Suzhou Auchan Hypermarkets Co., Ltd.	Suzhou	Xiangcheng District	No. 228, Qimen North Avenue	Commercial and non-residential	14/5/2053	Hypermarket	16,145.00	2016	50,107.68	99.78%	449,000,000	Suzhou Xiangcheng Store
33	Shanghai Headquarter Office	Auchan (China) Investment Co., Ltd.	Shanghai	Yangpu District	No. 165 Longkou Road	Commercial & Office	17/11/2048	Office	8,116.10	2011	25,457.76	99.78%	356,000,000	Shanghai Headquarter Office
34	Shanghai Baoshan Warehouse	Shanghai Auchan Supermarket Co., Ltd.	Shanghai	Baoshan District	No. 27 Nanchen Road	Industrial	13/4/2027	Warehouse	5,643.00	1997	3,265.56	99.78%	8,000,000	Shanghai Baoshan Warehouse
	Total								1,116,380.56		1,576,252.55		16,073,000,000	

* Permitted use for the portion of the Properties stated on the relevant title certificate

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

PART B – “RT-MART 大潤發” BANNER**SUMMARY OF VALUATIONS****Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment in the PRC**

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
1. He Ping Store, No. 78 South Nanjing Street, Heping District, Shenyang, Liaoning Province, the PRC	370,000,000	92.83%	343,500,000
2. Shen He Store, No. 80 Wenyi Road, Shenhe District, Shenyang, Liaoning Province, the PRC	306,000,000	92.83%	284,100,000
3. Su Jia Tun Store, No. 141 Yingchun Street, Sujiatun District, Shenyang, Liaoning Province, the PRC	277,000,000	92.83%	257,100,000
4. Ha Er Bin (Nan Gang) Store, No. 402 Xuanhua Street, Nangang District, Harbin, Heilongjiang Province, the PRC	214,000,000	92.83%	198,700,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
5. Jia Mu Si Store, No. 972 Chang'an Road, Xiangyang District, Jiamusi, Heilongjiang Province, the PRC	233,000,000	92.83%	216,300,000
6. Mu Dan Jiang Store, No. 55 Dongyi Pedestrian Street, Dong'an District, Mudanjiang, Heilongjiang Province, the PRC	179,400,000	92.83%	166,500,000
7. Jian Hua Store, No. 300 JunXiao Street, Jianhua District, Qiqihaer, Heilongjiang Province, the PRC	211,000,000	92.83%	195,900,000
8. Lai Yang Store, No. 18 Longmen West Road, Laiyang, Shandong Province, the PRC	165,000,000	92.83%	153,200,000
9. Lai Wu Store, Building 1, No. 35 Wenyuan East Street, Laiwu District, Ji'nan, Shandong Province, the PRC	252,000,000	92.83%	233,900,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
10. Bin Zhou Store, No. 604 Bohai 7 Street, Bincheng District, Binzhou, Shandong Province, the PRC	294,000,000	92.83%	272,900,000
11. Tai An Store, No. 82 Dongyue Street, Taishan District, Tai'an, the PRC	501,000,000	92.83%	465,100,000
12. Qingzhou Store, the intersection of Fangongting Road and Yunmenshan Road, Qingzhou, Weifang, Shandong Province, the PRC	212,000,000	92.83%	196,800,000
13. Long Hai Store, northeast of the intersection of Zijingshan Road and Longhai Road, Guancheng District, Zhengzhou, He'nan Province, the PRC	294,000,000	92.83%	272,900,000
14. Shun De Store, No. 8 Yannian Road, Daliang Jiedao, Shunde District, Foshan, Guangdong Province, the PRC	257,000,000	92.83%	238,600,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
15. Yue Yang Store, the junction of Huaban Qiao Road, Qingnian Road and Jianxiang Road, Yueyang Lou District, Yueyang, Hu'nan Province, the PRC	236,000,000	92.83%	219,100,000
16. Huai Hua Store, the junction of Renmin Road and Fucheng Road, Hecheng District, Huaihua, Hu'nan Province, the PRC	197,000,000	92.83%	182,900,000
17. Ci Xi Store, No. 550 North Er'huanzhong Road, Cixi, Ningbo, Zhejiang Province, the PRC	402,000,000	92.83%	373,200,000
18. Tong Lu Store, No. 359 South Yingchun Road, Tonglu, Hangzhou, Zhejiang Province, the PRC	307,000,000	92.83%	285,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
19. Yong Kang Store, No. 3117 Jiulingdong Road, Dongcheng Jiedao, Yongkang, Jinhua, Zhejiang Province, the PRC	425,000,000	92.83%	394,500,000
20. Ping Hu Store, No. 519 Xinhua Zhong Road, Danghu Jiedao, Pinghu, Jiaying, Zhejiang Province, the PRC	285,000,000	92.83%	264,600,000
21. Jia Xing Store, No. 1001 Zhongshan Road (W), Xiuzhou District, Jiaying, Zhejiang Province, the PRC	135,000,000	92.83%	125,300,000
22. Chun Shen Store, Levels 1-3, No. 2801 Chunshen Road, Minhang District, Shanghai, the PRC	555,000,000	92.83%	515,200,000
23. Yang Pu Store, No. 1618 Huangxing Road, Yangpu District, Shanghai, the PRC	902,000,000	92.83%	837,300,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
24. Feng Xian Store, No. 601 Nanting Road, Fengxian District, Shanghai, the PRC	323,000,000	92.83%	299,800,000
25. Zha Bei Store, No. 3318 Gonghexin Road, Jing'an District, Shanghai, the PRC	389,000,000	92.83%	361,100,000
26. Hua Cao Store, No. 2, Lane 399 Fanxing Road, Minhang District, Shanghai, the PRC	623,000,000	92.83%	578,300,000
27. Dong Huan Store, No. 1500 Donghuan Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC	353,000,000	92.83%	327,700,000
28. Suzhou DC, No. 9 Qinghua Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	419,000,000	92.83%	389,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
29. Su Zhou-3 (He Shan) Store, No. 1283 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	273,000,000	92.83%	253,400,000
30. Qian Deng Store, No.8 Shangshu Road, Qiandeng Town, Kunshan, Jiangsu Province, the PRC	460,000,000	92.83%	427,000,000
31. Da Feng Store, No. 7 Xingfu East Road, Dafeng, Yancheng, the PRC	219,000,000	92.83%	203,300,000
32. Jian Hu Store, No. 128 West Xiangyang Road, Jianhu Town, Yancheng, the PRC	177,000,000	92.83%	164,300,000
33. Zhang Jia Gang Store, Nanjing Road, Tangqiao Town, Zhangjiagang, Jiangsu Province, the PRC	279,000,000	92.83%	259,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
34. Chang Shu Store, No. 168 Qinhu Road, Yushan Town, Changshu, Jiangsu Province, the PRC	382,000,000	92.83%	354,600,000
35. Tong Zhou Store, No. 18 Jianshe Road, Jinsha Town, Tongzhou District, Nantong, Jiangsu Province, the PRC	319,000,000	92.83%	296,100,000
36. Huai'an Store, east of Chengde North Road, north of Huanghe Road, Huaiyin District, Huai'an, Jiangsu Province, the PRC	539,000,000	92.83%	500,300,000
37. Ma An Shan Store, No. 518 East Hubei Road, Huashan District, Maanshan, Anhui Province, the PRC	225,000,000	92.83%	208,900,000
38. Jin Jiang Store, Huguang West Road, Qingyang Jiedao, Jinjiang, Quanzhou, Fujian Province, the PRC	193,000,000	92.83%	179,200,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
39. Zhang Zhou Store, No. 56 of Xinhua North Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	222,000,000	92.83%	206,100,000
40. Du Jiang Yan Store, No. 1 Lianhua Nan Road, Dujiangyan, Chengdu, Sichuan Province, the PRC	159,000,000	92.83%	147,600,000
41. Mei Shan Store, No. 100, Section 2, Huanhudong Road, Dongpo District, Meishan, Sichuan Province, the PRC	156,000,000	92.83%	144,800,000
42. Jiang Han Store, No. 257 Jiangnan Road, Jiangnan District Wuhan, Hubei Province, the PRC	544,000,000	92.83%	505,000,000
43. Xi Shuang Ban Na Store, No. 2 Menghai Road, Jinghong, Xishuangbanna, Yunnan Province, the PRC	481,000,000	92.83%	446,500,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
44. Su Zhou Store, the junction of Dongchang Road and Shunhe Road, Yongqiao District, Suzhou, Anhui Province, the PRC	194,000,000	92.83%	180,100,000
45. Wei Yang Store, No. 2 Zhuxi Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	267,000,000	92.83%	247,900,000
46. Hai Cheng Store, Nos. 39-S14, S15 and S16, Beishuncheng Road, Haizhou District, Haicheng, Liaoning Province, the PRC	279,000,000	92.83%	259,000,000
47. Tie Xi Store, No. 5 West Jianshexi Road, Tiexi District, Shenyang, Liaoning Province, the PRC	272,000,000	92.83%	252,500,000
48. Huang Gu Store, No. 2 West Kunshan Road, Huanggu District, Shenyang, Liaoning Province, the PRC	318,300,000	92.83%	295,500,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
49. Kai Yuan Store, No. 188, Hada Road, Kaiyuan, Tieling, Liaoning Province, the PRC	221,000,000	92.83%	205,200,000
50. Liao Yang Store, No. 105 Xinyun Street, Baita District, Liaoyang, Liaoning Province, the PRC	277,000,000	92.83%	257,100,000
51. Fu Xin Store, No. 63 Zhonghua Road, Xihe District, Fuxin, Liaoning Province the PRC	184,000,000	92.83%	170,800,000
52. Jiujiang Store, No. 53 Jiurui Road, Xunyang District, Jiujiang, Jiangxi Province, the PRC	161,000,000	92.83%	149,500,000
53. Chang Bai Store, No. 201 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC	284,000,000	92.83%	263,600,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
54. Shenyang DC, No. 51 and 53 Hushitainan Street, Shenbei New District, Shenyang, Liaoning Province, the PRC	193,000,000	92.83%	179,200,000
55. Guangzhou DC, No. 3 Nanjiang 3rd Road, Zhujiang Street, Nansha District Guangzhou, Guangdong Province, the PRC	242,000,000	92.83%	224,600,000
56. SH HO, No. 255 West Jiangchang Road, Jing'an District, Shanghai, the PRC	234,000,000	92.83%	217,200,000
57. Dang Tu Store, No. 217 Middle Zhenxing Road, Dangtu Town, Maanshan, Anhui Province, the PRC	153,000,000	92.83%	142,000,000
58. Zhang Qiu Store, Shanquan Road, Zhangqiu, Shandong Province, the PRC	187,000,000	92.83%	173,600,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
59. Ji Shui Store, north of Jishui Avenue, west of China Construction Bank, Jiyuan, He'nan Province, the PRC	199,000,000	92.83%	184,700,000
60. Sui Hua Store, Block 5, Jiuzhou Mingyuan, Beilin District, Suihua, Heilongjiang Province, the PRC	191,000,000	92.83%	177,300,000
61. Bei An Store, Room 000133, Wealth Center (RT-Mart Commercial plaza), Shanghai Road, Heping District, Beian, Heilongjiang Province, the PRC	209,000,000	92.83%	194,000,000
62. Baicheng Store, No. 3 Xinhua West Road, Taobei District, Baicheng, Jilin Province, the PRC	204,000,000	92.83%	189,400,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
63. Gan Zhou Store, No. 8 International Time Square, No. 94 Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	153,000,000	92.83%	142,000,000
64. Shang Yu Store, No. 559 Citizen Avenue, Baiguan Jiedao, Shangyu, Shaoxing, Zhejiang Province, the PRC	185,000,000	92.83%	171,700,000
65. Wen Deng Store, the intersection of Kunyu Road and Hengshan Road, Wendeng District, Weihai, Shandong Province, the PRC	173,000,000	92.83%	160,600,000
66. Liu Yang Store, Shishuang Road, Liuyang, Changsha, Hu'nan Province, the PRC	227,000,000	92.83%	210,700,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
67. Chibi DC, Beijing Zhuhai Expressway and S214 Road junction, Zhaigongling District, Chibi, Hubei Province, the PRC	185,000,000	92.83%	171,700,000
68. Wuxi Binghu Store, No. 66 Qingqi Road, Liangxi District, Wuxi, Jiangsu Province, the PRC	240,000,000	92.83%	222,800,000
69. Heng Shan Store, No. 58 Hengshan Road, Development Area, Yantai, Shandong Province, the PRC	292,000,000	92.83%	271,100,000
70. Hai Zhou Store, Levels 1-3, No. 128 Zhonghua Road, Haizhou District, Fuxin, Liaoning Province the PRC	174,000,000	92.83%	161,500,000
71. Nanjing DC, No. 9 Longxuhu Road, Liuhe District, Nanjing, Jiangsu Province, the PRC	242,000,000	92.83%	224,600,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
72. HB HO, Huaneng Road, Jinan, Shandong Province, the PRC	62,000,000	92.83%	57,600,000
73. Xu Guan Store, Room 101, Block 1 of Wenchang Garden, Suzhou Gaoxin District, Suzhou, Jiangsu Province, the PRC	300,000,000	92.83%	278,500,000
74. Tong Liao Store, Block A#, Hengyuan Garden, Yongqing Office, Korqin District, Tongliao, Inner Mongolia Autonomous Region, the PRC	244,000,000	92.83%	226,500,000
75. Jiang Shan Store, No. 98 Chengbei Square, Shuangta Jiedao, Jiangshan, Zhejiang Province, the PRC	275,000,000	92.83%	255,300,000
76. Lin Yi Store, east of Mengshan Road, south of Chengcai Road, Linyi City, Shandong Province, the PRC	209,000,000	92.83%	194,000,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
77. Shuang Ya Shan Store, No. 40 Jianshe Road, Shuangyashan, Heilongjiang Province, the PRC	174,000,000	92.83%	161,500,000
78. Xi An Store, No. 246 Xin'an Street, Xi'an District, Mudanjiang, Heilongjiang Province, the PRC	322,000,000	92.83%	298,900,000
79. Liao Yuan Store, No. 640 People Avenue, Liaoyuan, Jilin Province, the PRC	197,000,000	92.83%	182,900,000
80. Yu Huan Store, Hugang Avenue, Yuhuan, Taizhou City, Zhejiang Province, the PRC	250,000,000	92.83%	232,100,000
81. Li Cheng Store, XinHua North Road, Licheng District, Quanzhou City, Fujian Province, the PRC	179,000,000	92.83%	166,200,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
82. Dashiqiao Store, Chenwei Time Square, No. 31 Chaoyang Road, Dashiqiao District, Yingkou, Liaoning Province, the PRC	227,000,000	92.83%	210,700,000
83. Ti Yu Chang Store, No 1-33, Yinhe Square, No. 26 of Part 5, Jiefang Road, Linghe District, Jinzhou, Liaoning Province, the PRC	225,000,000	92.83%	208,900,000
84. Wen Jiang Store, No. 66 South Fengxi Road, Wenjiang District, Chengdu, Sichuan Province, the PRC	172,000,000	92.83%	159,700,000
85. Fu Hai Store, No. 278 Fuhai Road, Fushan District, Yantai, Shandong Province, the PRC	191,000,000	92.83%	177,300,000
86. Xi Shan Store, No. 111-307 Western Xihu Road, An Town, Xishan District, Wuxi, Jiangsu Province, the PRC	176,000,000	92.83%	163,400,000

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

Property	Market Value in existing state as at 30 September 2020 RMB	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
87. Hu Nan Street Store, Unit AS31, AS34, AS35, No. 8 and Unit AS1, No. 18 Hu'nan Street, Tiedong District, Anshan, Liaoning Province, the PRC	210,000,000	92.83%	194,900,000
88. Feng Hua Store, No. 8 Nanshan Road, Fenghua District, Ningbo, Zhejiang Province, the PRC	159,000,000	92.83%	147,600,000
89. Jiao Cheng Store, Levels B2, B1, 1 and 3, Building A2, No. 101 South Jiaocheng Road, Jiaocheng District, Ningde, Fujian Province, the PRC	177,000,000	92.83%	164,300,000
90. Ji'nan DC, East of G220 Road, North of Yongkang Street, Jibei Economic Development Zone, Jiyang District, Ji'nan, Shandong Province, the PRC	418,000,000	92.83%	388,000,000
Sub-total:	<u>24,251,700,000</u>		<u>22,512,800,000</u>

APPENDIX III SUMMARY OF PROPERTY VALUATION REPORT

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

Property	Market Value in existing state as at 30 September 2020 <i>RMB</i>	Interest attributable to the Group <i>%</i>	Market Value in existing state as at 30 September 2020 attributable to the Group <i>RMB</i>
91. Kunshan Runliang Store, East of Bailu Road, North of Chaoyang Road, Kunshan, Suzhou, Jiangsu Province, the PRC	333,000,000	92.83%	309,100,000
Sub-total:	<u>RMB333,000,000</u>		<u>RMB309,100,000</u>

Note: As at the valuation date, Property No. 91 and Phase II of No. 90 are vacant for no immediate development potential. No approved development plan is available yet at this early stage, the Company has not prepared the development scheme with distribution of uses and floor area details, the estimated cost and anticipated date of completion. Thus, we cannot estimate the value after development has been completed for Property No. 91 and Phase II of No. 90.

**Group I – Properties held by the Group under “RT-Mart 大潤發” banner for owner-occupation/investment in the PRC
Valuation Summary as at 30 September 2020**

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
1	He Ping Store	Shenyang RT-Mart commercial Co., Ltd.	Shenyang	Heping District	No. 78 Nanjingnan Street	Commercial	25/11/2042	Hypermarket	8,391.20	2002	49,376.96	370,000,000	92.83%	343,500,000
2	Shen He Store	Shenyang Runtai Commercial Co., Ltd.	Shenyang	Shenhe District	No. 80 Weyi Road	Commercial	31/5/2044	Hypermarket	17,897.70	2005	37,138.82	306,000,000	92.83%	284,100,000
3	Su Jia Tun Store	Shenyang Sujiatun RT-Mart Commercial Co., Ltd.	Shenyang	Sujiatun District	No. 141 Yingchun Street	Commercial	30/3/2050	Hypermarket	13,537.00	2010	40,544.83	277,000,000	92.83%	257,100,000
4	Ha Er Bin (Nan Gang) Store	Harbin RT-Mart Commercial Co., Ltd.	Harbin	Nangang District	No. 402 Xuanhua Street	Commercial	8/4/2041	Hypermarket	4,684.20	2003	34,090.85	214,000,000	92.83%	198,700,000
5	Jia Mu Si Store	Qingdao Runtai Business Co., Ltd., Jiamusi Branch	Jiamusi	Xiangyang District	No. 972 Chang'an Road	Commercial	1/11/2046	Hypermarket	23,914.00	2006	28,712.00	233,000,000	92.83%	216,300,000
6	Mu Dan Jiang Store	Kunshan Runtai Commercial Co., Ltd., Mudanjiang Branch	Mudanjiang	Dong'an District	No. 55 Dongyi Pedestrian Street	Commercial/wholesale & retail	21/9/2039 28/9/2039	Hypermarket	3,563.46	2001	27,952.07	179,400,000	92.83%	166,500,000
7	Jianhua Store	Qiqihaer Runtai Commercial Co., Ltd.	Qiqihaer	Jianhua District	No. 300 JunXiao Street	Residential	28/6/2054	Hypermarket	7,932.50	2006	33,613.90	211,000,000	92.83%	195,900,000

APPENDIX III

SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
8	Lai Yang Store	Laiyang RT-Mart Commercial Co., Ltd.	Laiyang	Laiyang	No. 18 Longmen West Road	Commercial & residential	7/7/2048 7/7/2078	Hypermarket	8,975.00	2009	26,494.76	165,000,000	92.83%	153,200,000
9	Lai Wu Store	Laiwu RT-Mart Commercial Co., Ltd.	Ji'nan	Laiwu District	Building 1, No. 35 Weyuan East Street	Commercial	26/5/2046	Hypermarket	26,667.00	2010	44,769.79	252,000,000	92.83%	233,900,000
10	Bin Zhou Store	Binzhou RT-Mart Commercial Co., Ltd.	Binzhou	Bincheng District	No. 604 Bohai 7 Street	Wholesale & retail	30/12/2047	Hypermarket	12,909.16	2011	39,103.88	294,000,000	92.83%	272,900,000
11	Tai An Store	Tai'an Sztic Commercial Property Co., Ltd.	Tai'an	Taishan District	No. 82 Dongyue Street	Commercial	15/6/2047	Hypermarket	28,891.00	2011	53,312.68	501,000,000	92.83%	465,100,000
12	Qingzhou Store	Qingzhou RT-Mart Commercial Co., Ltd.	Weifang	Qingzhou	the intersection of Fangongting Road and Yunmenshan Road	Commercial	17/12/2048	Hypermarket	17,317.38	2010	30,488.69	212,000,000	92.83%	196,800,000
13	Long Hai Store	Zhengzhou Runrui Commercial Co., Ltd.	Zhengzhou	Guancheng District	Northeast of the intersection of Zijingshan Road and Longhai Road	Residential	31/3/2070	Hypermarket	27,713.30	2011	29,861.65	294,000,000	92.83%	272,900,000
14	Shun De Store	Foshan Shunde District RT-Mart Co., Ltd.	Foshan	Shunde District	No. 8 Yannian Road, Daliang Jiedao	Commercial & residential	15/5/2043	Hypermarket	15,007.23	2005	25,869.51	257,000,000	92.83%	238,600,000
15	Yue Yang Store	Yueyang RT-Mart Commercial Co., Ltd.	Yueyang	Yueyang District	the junction of Huabanqiao Road, Qingnian Road and Jiangxiang Road	Commercial	5/7/2047	Hypermarket	21,817.72	2012	40,724.34	236,000,000	92.83%	219,100,000

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SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
16	Huai Hua Store	Huailua RT-Mart Commercial Co., Ltd.	Huailua	Hecheng District	the junction of Remin Road and Fucheng Road	Commercial	28/4/2049	Hypermarket	14,734.81	2012	32,895.80	197,000,000	92.83%	182,900,000
17	CI Xi Store	Cixi RT-Mart Commercial Co., Ltd.	Ningbo	Cixi	No. 550 North Er-huazhong Road	Commercial	3/2/2048	Hypermarket	23,137.00	2008	50,219.21	402,000,000	92.83%	373,200,000
18	Tong Lu Store	Tonglu RT-Mart Commercial Co., Ltd.	Hangzhou	Tonglu	No. 359 South Yingchun Road	Commercial	2/2/2048	Hypermarket	16,600.00	2008	35,064.84	307,000,000	92.83%	285,000,000
19	Yong Kang Store	Yongkang Tarun Commercial Co., Ltd.	Jinhua	Yongkang	No. 3117 Jiulingdong Road, Dongcheng Jiedao	Commercial	27/8/2050	Hypermarket	19,727.00	2011	49,662.95	425,000,000	92.83%	394,500,000
20	Ping Hu Store	Pinghu RT-Mart Commercial Co., Ltd.	Jiaxing	Pinghu	No. 519 Xinghua Zhong Road, Danghu Jiedao	Commercial & Public Infrastructure	22/10/2046	Hypermarket	7,287.84	2008	23,650.41	285,000,000	92.83%	264,600,000
21	Jia Xing Store	Jiaxing Xiuzhou District Commercial Co., Ltd.	Jiaxing	Xiuzhou District	No. 1001 Zhongshan Road (W)	Commercial & office	7/8/2050	Hypermarket	18,988.40	2000	12,331.14	135,000,000	92.83%	125,300,000
22	Chun Shen Store	Kunshan Runhua Commercial Co., Ltd., Shanghai Minhang Branch	Shanghai	Minhang District	No. 2801 Chunshen Road	Residential	25/9/2070	Hypermarket	100,307.00	2005	23,351.39	555,000,000	92.83%	515,200,000
23	Yang Pu Store	Shanghai RT-Mart Co., Ltd.	Shanghai	Yangpu District	No. 1618 Huangxing Road	Commercial	24/11/2038	Hypermarket	33,334.00	1999	41,826.39	902,000,000	92.83%	837,300,000
24	Feng Xian Store	Shanghai Jiji Trading Co., Ltd.	Shanghai	Fengxian District	No. 601, Nanting Road	Commercial	14/9/2045	Hypermarket	14,399.80	2007	33,148.11	323,000,000	92.83%	299,800,000
25	Zha Bei Store	Shanghai RT-Mart Co., Ltd.	Shanghai	Jing'an District	No. 3318 Gonghexin Road	Commercial	19/10/2037	Hypermarket	31,797.00	1998	26,195.00	389,000,000	92.83%	361,100,000

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SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
26	Hua Cao Store	Shanghai Minhang Huaceo Trading Co., Ltd.	Shanghai	Minhang District	No. 2, Lane 399 Fanxing Road	Residential	9/9/2073	Hypermarket	28,525.00	2009	32,429.73	623,000,000	92.83%	578,300,000
27	Dong Huan Store	Suzhou Rumbua Property Co., Ltd.	Suzhou	Industrial Park	No. 1500 Donghuan Road	Commercial	11/12/2046	Hypermarket	23,743.42	2009	27,141.83	353,000,000	92.83%	327,700,000
28	Suzhou DC	Suzhou Kangcheng Warehousing Co., Ltd.	Suzhou	Gaoxin District	No. 9 Qinghua Road	Industrial/Warehouse	22/8/2054	Warehouse	119,827.17	2005	48,780.93	208,000,000	92.83%	193,100,000
29	Su Zhou-3 (He Shan) Store	Suzhou Runrui Commercial Co., Ltd.	Suzhou	Gaoxin District	No. 1283 Binhe Road	Industrial/Warehouse	15/12/2058 18/3/2060, 24/2/2061	Warehouse	70,476.50	2010	47,709.13	211,000,000	92.83%	195,900,000
30	Qian Deng Store	Kunshan Qianheng Runping Commercial Co., Ltd.	Kunshan	Qianheng Town	No. 8, Shangshu Road	Commercial	8/12/2049	Hypermarket	33,333.30	2011	57,561.91	460,000,000	92.83%	427,000,000
31	Da Feng Store	Dafeng Runtai Commercial Co., Ltd.	Yancheng	Dafeng	No. 7 Xingfu East Road	Commercial	13/11/2050	Hypermarket	18,684.00	2010	30,912.57	219,000,000	92.83%	203,300,000
32	Jian Hu Store	Yancheng Jianruifa Investment & Management Co., Ltd.	Yancheng	Jianhu Town	No. 128 West Xiangyang Road	Commercial	20/4/2049	Hypermarket	17,790.00	2009	26,278.00	177,000,000	92.83%	164,300,000
33	Zhang Jia Gang Store	Zhangjiagang RT-Mart Commercial Co., Ltd.	Zhangjiagang	Tangqiao Town	Nanjing Road	Commercial	29/6/2045 8/9/2049	Hypermarket	28,648.00	2012	36,516.65	279,000,000	92.83%	259,000,000

APPENDIX III

SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
34	Chang Shu Store	Changshu RT-Mart Hypermarket Co., Ltd.	Changshu	Yushan Town	No. 168 Qinhu Road	Commercial	31/12/2046	Hypermarket	14,226.00	2007	30,956.08	382,000,000	92.83%	354,600,000
35	Tong Zhou Store	Nantong Tongzhou Runtai Commercial Co., Ltd.	Nantong	Tongzhou District	No. 18 Jianshe Road	Commercial	31/12/2046	Hypermarket	9,549.60	2008	35,034.05	319,000,000	92.83%	296,100,000
36	Huai'an Store	Huai'an Runhui Commercial Co., Ltd.	Huai'an	Huaiyin District	East of Chengde North Road, North of Huanghe Road	Commercial	30/8/2052	Hypermarket	28,681.18	2013	69,997.98	539,000,000	92.83%	500,300,000
37	Ma An Shan Store	Qingdao Runtai Business Co., Ltd., Maanshan Branch	Maanshan	Huashan District	No. 518 East Hubei Road	Commercial	4/2042	Hypermarket	16,643.22	2003	24,100.00	225,000,000	92.83%	208,900,000
38	Jim Jiang Store	Jinjiang Runde Commercial Co., Ltd.	Quanzhou	Jinjiang	Huagang West Road	Commercial & residential	7/12/2077	Hypermarket	35,340.40	2010	46,106.22	193,000,000	92.83%	179,200,000
39	Zhang Zhou Store	Zhangzhou RT-Mart Commercial Co., Ltd.	Zhangzhou	Xiangcheng District	No. 56 of Xinhua North Road	Commercial	29/5/2043	Hypermarket	6,710.48	2010	25,602.75	222,000,000	92.83%	206,100,000
40	Du Jiang Yan Store	Chengdu Xingfu RT-Mart Trading Co., Ltd.	Chengdu	Duijiangyan	No. 1 Lianhua Nan Road	Commercial	25/5/2046	Hypermarket	15,406.95	2011	18,280.96	159,000,000	92.83%	147,600,000
41	Mei Shan Store	Meishan RT-Mart Commercial Co., Ltd.	Meishan	Dongpo District	No. 100, Section 2, Ease Lake Road	Commercial	31/3/2050	Hypermarket	19,314.93	2011	17,286.50	156,000,000	92.83%	144,800,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
42	Jiang Han Store	Wuhan RT-Mart Jiangnan Hypermarket Development Co., Ltd.	Wuhan	Jiangnan District	No. 257 Jiangnan Road	Commercial	21/09/2041	Hypermarket	15,619.01	2011	42,684.66	544,000,000	92.83%	505,000,000
43	Xi Shuang Ban Na Store	Jinghong RT-Mart Commercial Co., Ltd.	Xishuangbanna	Jinghong	No. 2 Menghai Road	Residential	30/8/2078	Hypermarket	39,359.50	2011	51,894.40	481,000,000	92.83%	446,500,000
44	Su Zhou Store	Suzhou RT-Mart Commercial Co., Ltd.	Suzhou	Yongqiao District	the Junction of Dongchang Road and Shumie Road	Commercial	4/2052	Hypermarket	4,879.66	2013	32,882.34	194,000,000	92.83%	180,100,000
45	Wei Yang Store	Yangzhou Runhan Commercial Co., Ltd.	Yangzhou	Hanjiang District	No. 2 Zhuxi Road	Commercial	17/9/2049	Hypermarket	22,166.00	2012	28,193.85	267,000,000	92.83%	247,900,000
46	Hai Cheng Store	Haicheng RT-Mart Commercial Co., Ltd.	Haicheng	Haizhou District	Nos. 39-S14, S15 and S16, Beishuncheng Road	Commercial	26/11/2048	Hypermarket	3,228.68	2012	31,504.01	279,000,000	92.83%	259,000,000
47	Tie Xi Store	Shenyang Runping Commercial Co., Ltd.	Shenyang	Tiexi District	No. 5 West Jianshexi Road	Commercial	23/4/2052	Hypermarket	12,362.86	2013	39,038.38	272,000,000	92.83%	252,500,000
48	Huang Gu Store	Shenyang Runliang Commercial Co., Ltd.	Shenyang	Huanggu District	No. 2 West Kunshan Road	Commercial & residential	24/11/2053	Hypermarket	20,031.00	2013	44,390.40	318,300,000	92.83%	295,500,000
49	Kai Yuan Store	Kaiyuan RT-Mart Commercial Co., Ltd.	Tieling	Kaiyuan	No. 188, Haida Road	Commercial	12/4/2052	Hypermarket	10,277.00	2013	44,172.97	221,000,000	92.83%	205,200,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
50	Liao Yang Store	Liaoyang RT-Mart Commercial Co., Ltd.	Liaoyang	Baita District	No. 105 Xinyun Street	Commercial	25/3/2052	Hypermarket	6,509.39	2013	44,498.00	277,000,000	92.83%	257,100,000
51	Fu Xin Store	Fuxin RT-Mart Commercial Co., Ltd.	Fuxin	Xihe District	No. 63 Zhonghua Road	Commercial	30/12/2051	Hypermarket	13,249.75	2013	27,365.09	184,000,000	92.83%	170,800,000
52	Jiujiang Store	Jiujiang RT-Mart Commercial Co., Ltd.	Jiujiang	Xunyang District	No. 53 Jurui Road	Commercial	24/5/2049	Hypermarket	2,859.60	2013	20,440.33	161,000,000	92.83%	149,500,000
53	Chang Bai Store	Shenyang Runfu Commercial Co., Ltd.	Shenyang	Heping District	No. 201 Nanjingnan Street	Commercial	25/9/2051	Hypermarket	5,562.38	2012	42,514.03	284,000,000	92.83%	263,600,000
54	Shenyang DC	Shenyang RT-Mart Warehousing Co., Ltd.	Shenyang	Shenbei New District	No. 51, Hushitaiman Street	Industrial	5/4/2060	Warehouse	121,575.00	2012	62,245.00	193,000,000	92.83%	179,200,000
55	Guangzhou DC	Guangzhou Rundefa Warehousing Co., Ltd.	Guangzhou	Nansha District	No. 3 Nanjiang 3rd Road, Zhujiang Street	Warehouse	3/6/2060	Warehouse	66,724.00	2011	55,671.18	242,000,000	92.83%	224,600,000
56	SH HO	Shanghai RT-Mart Co., Ltd.	Shanghai	Jing'an District	No. 255 West Jiangchang Road	Warehouse	9/10/2056	Office	4,921.60	2008	16,277.39	234,000,000	92.83%	217,200,000
57	Dang Tu Store	Kunshan Runhua Commercial Co., Ltd., Dangtu Branch	Maanshan	Dangtu Town	No. 217 Middle Zhenxing Road	Commercial	23/5/2047	Hypermarket	19,094.74	2012	23,646.15	153,000,000	92.83%	142,000,000
58	Zhang Qiu Store	Shandong Zhiangqiu RT-Mart Commercial Co., Ltd.	Zhangqiu		Shanquan Road	Commercial	7/9/2052	Hypermarket	27,581.00	2014	30,260.82	187,000,000	92.83%	173,600,000

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59	Ji Shui Store	Jiyuan RT-Mart Commercial Co., Ltd.	Jiyuan		North of Jishui Avenue	Commercial	22/4/2052	Hypermarket	23,515.00	2014	36,368.00	199,000,000	92.83%	184,700,000
60	Sui Hua Store	Kunshan Runhua Commercial Co., Ltd., Suihua Branch	Suihua	Beilin District	the Second Crossing of South Dongzhi Road	Commercial	14/10/2050	Hypermarket	14,746.16	2014	40,938.44	191,000,000	92.83%	177,300,000
61	Bei An Store	Beian Runtai Commercial Co., Ltd.	Beian	Heping District	Room 000133, Wealth Center, Shanghai Road	Commercial	7/8/2051	Hypermarket	13,116.71	2013	44,765.75	209,000,000	92.83%	194,000,000
62	Baicheng Store	Baicheng RT-Mart Commercial Co., Ltd.	Baicheng	Taobei District	No. 3 Xinhua West Road	Commercial & warehouse	13/8/2052 13/8/2062	Hypermarket	23,792.62	2014	40,926.86	204,000,000	92.83%	189,400,000
63	Gan Zhou Store	Ganzhou RT-Mart Commercial Co., Ltd.	Ganzhou	Zhanggong District	No. 8 International Time Square, No. 94 Hongqi Avenue	Commercial	19/3/2047	Hypermarket	69,836.61	2012	25,959.38	153,000,000	92.83%	142,000,000
64	Shang Yu Store	Kunshan Runhua Commercial Co., Ltd., Shangyu Branch	Shaoxing	Shangyu District	No. 559 Citizen Avenue	Commercial	16/5/2044	Hypermarket	4,110.55	2007	19,970.47	185,000,000	92.83%	171,700,000
65	Wen Deng Store	Wendeng RT-Mart Commercial Co., Ltd.	Weihai	Wendeng District	the intersection of Kunyu Road and Hengshan Road	Commercial	22/9/2049	Hypermarket	9,684.00	2011	28,137.90	173,000,000	92.83%	160,600,000
66	Liu Yang Store	Liyang RT-Mart Commercial Co., Ltd.	Changsha	Liyang	Shishuang Road	Commercial	17/11/2053	Hypermarket	5,167.46	2015	37,598.96	227,000,000	92.83%	210,700,000

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Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
67	Chibi DC	Chibi RT-Mart Warehousing Co., Ltd.	Chibi	Zhaogongling District	Beijing Zhuhai expressway and S214 road junction	Warehouse	2/4/2063	Warehouse	133,333.50	2014	66,962.07	185,000,000	92.83%	171,700,000
68	Wuxi Binghu Store	Wuxi Tianrunfa Hypermarket Co., Ltd.	Wuxi	Liangxi District	No. 66 Qingqi Road	Commercial	8/9/2042	Hypermarket	11,071.90	2013	19,506.78	240,000,000	92.83%	222,800,000
69	Hengshan Store	Yantai Auchan Hypermarket Co., Ltd.	Yantai	Development Area	No. 58, Hengshan Road	Commercial	29/12/2051	Hypermarket	29,045.02	2013	45,418.43	292,000,000	92.83%	271,100,000
70	Hai Zhou Store	Fuxin Runyun Commercial Co., Ltd.	Fuxin	Haizhou District	No.128 Zhonghua Road	Commercial	29/6/2053	Hypermarket	37,362.00	2016	42,924.67	174,000,000	92.83%	161,500,000
71	Nanjing DC	Nanjing RT-Mart Warehousing Co., Ltd.	Nanjing	Liuhe District	No. 9 Longyuhu Road	Industrial	29/1/2063	Warehouse	107,183.10	2015	51,037.83	242,000,000	92.83%	224,600,000
72	HB HO	Ji'nan Lixia RT-Mart Trading Co., Limited	Ji'nan	Lixia District	Huaneng Road	Commercial	5/2/2048	Office	22,777.00	2015	7,200.00	62,000,000	92.83%	57,600,000
73	Xu Guan Store	Suzhou Xuguan Runhua Commercial Co., Ltd.	Suzhou	Gaoxin District	Room 101, Block 1 of Wenchang Garden	Commercial	9/4/2047	Hypermarket	10,090.68	2009	25,047.86	300,000,000	92.83%	278,500,000
74	Tong Liao Store	Tongliao Runtai Trading Co., Ltd.	Tongliao	Korqin District	Block A#, Hengyuan Garden, Yongqing Office	Commercial	31/5/2048	Hypermarket	6,891.62	2013	40,182.89	244,000,000	92.83%	226,500,000
75	Jiang Shan Store	Jiangshan Runliang Commercial Co., Ltd.	Jiangshan		No. 98 Chengbei Square	Commercial	13/12/2053	Hypermarket	17,156.00	2015	46,681.19	275,000,000	92.83%	255,300,000

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
76	Lin Yi Store	Linyi RT-Mart Commercial Co., Ltd.	Linyi		East of Mengshan Road	Commercial	30/8/2050	Hypermarket	104,004.00	2016	34,034.00	209,000,000	92.83%	194,000,000
77	Shuang Ya Shan Store	Shuangyashan RT-Mart Commercial Co., Ltd.	Shuangyashan		No. 40 Jianshe Road	Commercial	13/8/2053	Hypermarket	9,999.00	2016	37,126.00	174,000,000	92.83%	161,500,000
78	Xi An Store	Mudanjiang RT-Mart Commercial Co., Ltd.	Mudanjiang	Xi'an District	No. 246 Xin'an Street	Commercial	3/2056	Hypermarket	17,606.50	2016	42,112.86	322,000,000	92.83%	298,900,000
79	Liao Yuan Store	Liaoyuan RT-Mart Commercial Co., Ltd.	Liaoyuan		No. 640 People Avenue	Commercial & residential	20/7/2054 20/7/2084	Hypermarket	15,000.00	2016	43,252.09	197,000,000	92.83%	182,900,000
80	Yu Huan Store	Yuhuan RT-Mart Commercial Co., Ltd.	Taizhou	Yuhuan	Huegang Avenue	Commercial	29/9/2053	Hypermarket	22,520.66	2016	39,759.88	250,000,000	92.83%	232,100,000
81	Li Cheng Store	Quanzhou LiCheng RT-Mart Commercial Co., Ltd.	Quanzhou	Licheng District	XinHua North Road	Commercial	5/1/2053	Hypermarket	32,041.80	2015	25,245.68	179,000,000	92.83%	166,200,000
82	Dashiqiao Store	Dashiqiao RT-Mart Commercial Co., Ltd.	Yingkou	Dashiqiao District	No. 31 Chaoyang Road	Commercial	23/8/2051	Hypermarket	20,730.00	2016	43,919.72	227,000,000	92.83%	210,700,000
83	Ti Yu Chang Store	Jinzhou Runjiang Commercial Co., Ltd.	Jinzhou	Linghe District	No. 1-33, Yinhe Square, No. 26 of Part 5, Jiefang Road	Commercial	29/5/2083	Hypermarket	37,362.00	2018	28,331.89	225,000,000	92.83%	208,900,000
84	Wen Jiang Store	Sichuan RT-Mart Commercial Co., Ltd.	Chengdu	Wenjiang District	No. 66 South Fengyi Road	Commercial	9/1/2051	Hypermarket	10,918.69	2018	48,171.24	172,000,000	92.83%	159,700,000

APPENDIX III

SUMMARY OF PROPERTY VALUATION REPORT

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Year of Completion	Total GFA (sq m)	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
85	Fu Hai Store	Yantai RT-Mart Commercial Co., Ltd.	Yantai	Fushan District	No. 278 Fuhai Road	Commercial	17/7/2048	Hypermarket	26,335.00	2015	39,179.00	191,000,000	92.83%	177,300,000
86	Xi Shan Store	Wuxi Runtu Commercial Co., Ltd.	Wuxi	Xishan District	No. 111-307 Western Xihu Road	Wholesale & retail	19/6/2053	Hypermarket	5,418.11	2014	21,560.22	176,000,000	92.83%	163,400,000
87	Hu Nan Street Store	Anshan Runtu Commercial Co., Ltd.	Anshan	Tiedong District	Unit AS31, AS34, AS35, No. 8 and Unit AS1, No. 18, Hu'nan Street	Commercial	31/5/2055	Hypermarket	19,369.43	2017	39,755.52	210,000,000	92.83%	194,900,000
88	Feng Hua Store	Ningbo Fenghua RT-Mart Commercial Co., Ltd.	Ningbo	Fenghua	No. 8 Nanshan Road	Commercial	13/8/2046	Hypermarket	13,715.00	2008	22,738.44	159,000,000	92.83%	147,600,000
89	Jiao Cheng Store	Ningde Runliang Commercial Co., Ltd.	Ningde	Jiaocheng District	Levels B2, B1, 1 and 3, Building A2, No. 101 South Jiaocheng Road	Commercial	28/12/2055	Hypermarket	12,904.87	2019	39,172.52	177,000,000	92.83%	164,300,000
90	Ji'nan DC	Ji'nan RT-Mart Warehousing Co., Ltd.	Ji'nan	Jiyang District	East of G220 Road, North of Yongkang Street	Warehouse	29/4/2067	Warehouse	264,385.30	Phase I: 2019 Phase II:	Phase I: 80,697.59 Phase II: 62,259.21	418,000,000	92.83%	388,000,000
	Total											24,251,700,000		22,512,800,000

* Permitted use for the portion of the Properties stated on the relevant title certificate

Part B Group II – Properties held by the Group under “RT-Mart 大潤發” banner for development in the PRC
Valuation Summary as at 30 September 2020

Ref. No.	Property Name	Holding entity	City	District	Property Address	Land Use (as per the related title certificate)*	Expiry date of land use term	Type of property (Current actual use of the building)	Site Area (sq m)	Plot Ratio GFA (sq m)	Schedule year of commencement of construction	Scheduled year of completion of construction	Market Value in existing state as at 30 September 2020 (RMB)	Interest attributable to the Group %	Market Value in existing state as at 30 September 2020 attributable to the Group RMB
1	Kunshan Runliang Store	Kunshan Runliang Commercial Co., Ltd.	Suzhou	Kunshan	East of Bolu Road, north of Chaoyang Road	Commercial	29/11/2057	Hypermarket	29,908.00	74,770.00	1/2021	12/2023	333,000,000	92.83%	309,100,000

* Permitted use for the portion of the Properties stated on the relevant title certificate

1. RESPONSIBILITY STATEMENT

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

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

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

2. ISSUED SHARES OF THE COMPANY

(a) Issued Shares

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

Issued and fully paid-up Shares

9,539,704,700 Shares

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

As at the Latest Practicable Date, no new Shares had been issued by the Company since 31 December 2019 (being the date to which its latest published audited financial statements were prepared).

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

(b) Listing

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

3. MARKET PRICES

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

Date	Closing price per Share HK\$
29 April 2020	12.92
29 May 2020	11.86
30 June 2020	13.24
31 July 2020	10.76
31 August 2020	10.10
30 September 2020	8.55
16 October 2020 (the Last Trading Day)	7.93
29 October 2020	8.53
24 November 2020 (the Latest Practicable Date)	8.35

- (b) During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$13.24 on 30 June 2020, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$7.73 on 7 October 2020.

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

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

required, pursuant to section 352 of the SFO, to be entered in the register; (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code, are as follows:

Name of Director	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital as at the Latest Practicable Date
Mr. HUANG Ming-Tuan	Interest of spouse ¹	77,590,702	0.81%
Mr. Desmond MURRAY	Beneficial owner	55,000	0.0006%

Notes:

- (1) Ms. LEE Chih-Lan is the spouse of Mr. HUANG Ming-Tuan. Ms. LEE Chih-Lan holds 76,039,464 shares through Unique Grand Trading Limited and 1,551,238 shares under her name. Accordingly, Mr. HUANG Ming-Tuan is deemed to be interested in all of the shares held by Ms. LEE Chih-Lan.

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

- (b) As at the Latest Practicable Date, the Offeror, save for 2,001,753,643 Shares (representing approximately 20.98% of the issued Shares of the Company as at the Latest Practicable Date), did not directly own any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) As at the Latest Practicable Date, none of the directors of the Offeror was interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (d) As at the Latest Practicable Date, save and except (i) the holdings by exempt principal traders and exempt fund managers under the Takeovers Code; (ii) 4,865,338,686 Shares (representing approximately 51.00% of all issued Shares of the Company as at the Latest Practicable Date) held by A-RT (being a concert party of the Offeror); and (iii) 480,396,231 Shares (representing approximately 5.04% of all issued Shares of the Company as at the Latest Practicable Date) held by the New Retail Fund (being a concert party of the Offeror), none of the concert parties of the Offeror owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) As at the Latest Practicable Date, save for the 89,664,045 IU Shares, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had, prior to the Despatch Date, irrevocably committed themselves to accept or reject the Offer.
- (f) As at the Latest Practicable Date, no person with whom the Offeror or any of its concert parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (g) As at the Latest Practicable Date, save for Mr. HUANG Ming-Tuan (an executive Director, chairman and the chief executive officer of the Company), and Mr. Desmond MURRAY (an independent non-executive Director), none of the Directors held any beneficial shareholding in the Company which would otherwise entitle them to accept or reject the Offer. Each of (i) Mr. HUANG Ming-Tuan and his associates; and (ii) Mr. Desmond MURRAY has given an irrevocable undertaking in favour to the Offeror, pursuant to which each of them has undertaken that he/she/it will not accept the Offer in respect of the beneficial shareholdings of the Company held by each of them (details of their respective shareholdings has been disclosed above).
- (h) As at the Latest Practicable Date, none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or a person who is presumed to be acting in acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders, exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives of the Company.

- (i) As at the Latest Practicable Date, 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 presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code.
- (j) As at the Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company had managed any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) on a discretionary basis.
- (k) As at the Latest Practicable Date, save and except for certain borrowings or lendings by exempt principal traders and exempt fund managers under the Takeovers Code, none of the Offeror or its concert parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares or any convertible securities, warrants, options or derivatives in respect of any Shares which had been either on-lent or sold.
- (l) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares.

5. DISCLOSURE OF INTERESTS IN SHARES OF THE OFFEROR

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

6. DEALINGS IN SHARES

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

- (c) During the Relevant Period, save for (i) entering into the SPA; and (ii) certain dealings by exempt principal traders and exempt fund managers under the Takeovers Code, none of the Offeror, the directors of the Offeror or its concert parties had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (d) During the Relevant Period, save for the dealings by Mr. HSU Sheng-Yu (who is the chief financial officer of the subsidiaries of the Group operating under the “RT-Mart” banner) as disclosed below, none of the persons who had entered into the Irrevocable Undertakings in respect of the IU Shares had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares:

Date (dd/mm/yyyy)	Sale/Purchase	Number of shares	Price per share
28/04/2020	Sale	1,000,000	HK\$13
30/06/2020	Sale	500,000	HK\$13.30
	Sale	51,500	HK\$13.40
02/07/2020	Sale	13,500	HK\$13.40

- (e) During the Offer Period and up to the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code has dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) During the Offer Period and up to the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

7. DEALINGS IN SHARES OF THE OFFEROR

During the Relevant Period, neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

Name	Position	Term	Amount of Remuneration	Variable Remuneration
Xavier, Marie, Alain DELOM de MEZERAC ¹	Non-executive Director	a term of 3 years from 27 July 2020 to 26 July 2023 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$0	N/A
Karen Yifen CHANG ²	Independent Non-executive Director	a term of 3 years from 27 June 2020 to 26 June 2023 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$395,000 per annum	N/A
Desmond MURRAY ³	Independent Non-executive Director	a term of 3 years from 27 June 2020 to 26 June 2023 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$475,000 per annum	N/A
HE Yi ⁴	Independent Non-executive Director	a term of 3 years from 27 June 2020 to 26 June 2023 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$395,000 per annum	N/A
Dieter YIH ⁵	Independent Non-executive Director	a term of 3 years from 11 December 2019 to 10 December 2022 (both dates inclusive), provided that either party may terminate such appointment by giving at least three months' written notice	HK\$395,000 per annum	N/A

1 This service contract replaces a service contract of substantially similar terms which the term covers the period from 27 July 2017 to 26 July 2020 (both days inclusive).

2 This service contract replaces a service contract of substantially similar terms which the term covers the period from 27 June 2017 to 26 June 2020 (both days inclusive) and the amount of remuneration was HK\$345,000 per annum.

3 This service contract replaces a service contract of substantially similar terms which the term covers the period from 27 June 2017 to 26 June 2020 (both days inclusive) and the amount of remuneration was HK\$425,000 per annum.

4 This service contract replaces a service contract of substantially similar terms which the term covers the period from 27 June 2017 to 26 June 2020 (both days inclusive) and the amount of remuneration was HK\$345,000 per annum.

5 The remuneration of Mr. Dieter Yih was increased from HK\$345,000 to HK\$395,000 with effect from 12 August 2020.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which: (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. MATERIAL CONTRACTS

No contract (being the contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by the Company or any of its subsidiaries within the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are material.

11. EXPERTS

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

Name	Qualification
CICC	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Somerley Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Cushman & Wakefield Limited	independent property valuer

(collectively, the “**Experts**”).

12. CONSENTS

Each of the Experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name and logo in the form and context in which they are respectively included.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director has a material personal interest.
- (d) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, or its concert parties, and any other person.
- (e) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any of the Company's associates by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person.
- (f) As at the Latest Practicable Date, save for the Irrevocable Undertakings, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of its concert parties, on the one hand, and any Directors, recent directors of the Company, Shareholders or recent shareholders of the Company, on the other hand, having any connection with or dependence upon or is otherwise connected with the Offer.
- (g) Other than the SPA and termination of the Shareholders' Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any party acting in concert with it on the one hand, and the Sellers and any party acting in concert with the Sellers on the other hand.

- (h) As at the Latest Practicable Date, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any shareholder of the Company; and (ii)(a) the Offeror or (b) the Company. There is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any shareholder of the Company; and (ii)(a) any parties acting in concert with the Offeror or (b) any subsidiaries or associated companies of the Company.
- (i) As at the Latest Practicable Date, the Offeror had no agreement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offer to any other persons.
- (j) The principal members of the Offeror's concert group are Alibaba Group, A-RT, New Retail Fund and CICC.
- (k) The Offeror is an indirect wholly-owned subsidiary of Alibaba Group. The directors of Alibaba Group are ZHANG Daniel Yong, TSAI Joseph C., WU Maggie Wei, EVANS J. Michael, JING Eric Xiangdong, MISRA Kabir, TUNG Chee Hwa, KWAIK Walter Teh Ming, YANG Jerry, EKHOLM E. Börje and MARTELLO Wan Ling.
- (l) The registered address of the Offeror is 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (m) The registered address of Alibaba Group is Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands.
- (n) The registered address of the Company is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (o) The head office and principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (p) The principal business address of CICC is at 29th Floor, One International Finance Centre 1 Harbour View Street Central, Hong Kong.
- (q) The Offer is unconditional in all respects; and, as such, there is no agreement or arrangement to which the Offeror is party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at www.sunartretail.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at Suite No. 02, 22/F, Sino Plaza 255-257 Gloucester Road, Causeway Bay, Hong Kong, from the date of this Composite Document up to the Closing Date:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 December 2018 and 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (c) the letter from CICC dated 27 November 2020, the text of which is set out on pages 8 to 17 of this Composite Document;
- (d) the letter from the Board dated 27 November 2020 to the Offer Shareholders, the text of which is set out on pages 18 to 24 of this Composite Document;
- (e) the letter from the Independent Board Committee dated 27 November 2020 to the Offer Shareholders, the text of which is set out on pages 25 to 26 of this Composite Document;
- (f) the letter from the Independent Financial Adviser dated 27 November 2020 to the Independent Board Committee, the text of which is set out on pages 27 to 58 of this Composite Document;
- (g) the letter and full property valuation report of the Group (including the valuation certificates) prepared by Cushman & Wakefield Limited, a summary of which is set out in Appendix III to this Composite Document;
- (h) the service contracts referred to in paragraph 8 of this Appendix IV;
- (i) the written consents referred to in paragraph 12 of this Appendix IV; and
- (j) the Irrevocable Undertakings.