SUN ART RETAIL GROUP LIMITED
高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 06808)

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The board (the "**Board**") of directors (the "**Directors**") of Sun Art Retail Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 December		
	2011	2010	**Change**
	RMB million		
Turnover	**68,084**	56,168	21.2%
Gross Profit	**13,857**	10,968	26.3%
Profit from Operations	**2,906**	2,474	17.5%
Profit for the Year	**1,985**	1,614	23.0%
Profit Attributable to Equity Shareholders of the Company[(1)]	**1,600**	1,031	55.2%
Earnings Per Share ("**EPS**") – Basic and diluted[(2)]	**RMB0.20**	RMB0.19	5.3%

	As at 31 December		
	2011	2010	**Change**
	RMB million		
Total Assets	**41,346**	29,853	38.5%
Total Liabilities	**25,829**	23,033	12.1%
Net Assets	**15,517**	6,820	127.5%
Gearing Ratio [(3)]	**0.62**	0.77	
Current Ratio [(4)]	**0.84**	0.63	

Note:

(1) Following the completion of the reorganisation on 13 May 2011 ("**Reorganisation**"), the Company has acquired the non-controlling interests in Auchan (China) Hong Kong Ltd. ("**ACHK**") & Concord Champion International Ltd. ("**CCIL**"), which became wholly owned subsidiaries of the Company.

(2) The calculation of EPS is based on the weighted average number of shares in issue during the year, including the new shares issued for the Reorganisation, in Initial Public Offering ("**IPO**") and the exercise of Over-allotment, after adjusting for the share subdivision on 27 June 2011.

(3) Gearing Ratio = Total Liabilities/Total Assets

(4) Current Ratio = Current Assets/Current Liabilities

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	Year ended 31 December **2011** *RMB million*	2010 *RMB million*
Turnover	*5*	**68,084**	56,168
Cost of sales		**(54,227)**	(45,200)
Gross profit		**13,857**	10,968
Other revenue	*6*	**414**	274
Store operating costs		**(9,516)**	(7,289)
Administrative expenses		**(1,849)**	(1,479)
Profit from operations		**2,906**	2,474
Finance costs	*7(a)*	**(90)**	(83)
Profit before taxation	*7*	**2,816**	2,391
Income tax	*8(a)*	**(831)**	(777)
Profit for the year		**1,985**	1,614
Other comprehensive income for the year			
Exchange differences on translation of financial statements of entities outside the People's Republic of China		**54**	67
Total comprehensive income for the year		**2,039**	1,681
Profit attributable to:			
Equity shareholders of the Company		**1,600**	1,031
Non-controlling interests		**385**	583
Profit for the year		**1,985**	1,614
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,643**	1,071
Non-controlling interests		**396**	610
Total comprehensive income for the year		**2,039**	1,681
Earnings per share			
Basic and diluted	*9*	**RMB0.20**	RMB0.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	At 31 December 2011 RMB million	2010 RMB million
Non-current assets			
Fixed assets:			
– Investment property		**1,921**	1,678
– Other property, plant and equipment		**14,102**	10,554
– Land use rights		**2,992**	2,582
		19,015	14,814
Intangible assets		**10**	10
Goodwill		**99**	99
Trade and other receivables	*12*	**433**	560
Deferred tax assets		**197**	168
		19,754	15,651
Current assets			
Inventories	*11*	**10,259**	7,383
Trade and other receivables	*12*	**3,749**	3,307
Time and pledged bank deposits		**67**	50
Cash and cash equivalents	*13*	**7,517**	3,462
		21,592	14,202
Current liabilities			
Trade and other payables	*14*	**25,162**	20,050
Bank loans and overdrafts		**199**	2,401
Income tax payables		**338**	244
		25,699	22,695
Net current assets/(liabilities)		**(4,107)**	(8,493)
Total assets less current liabilities		**15,647**	7,158

	Note	At 31 December **2011** *RMB million*	2010 *RMB million*
Non-current liabilities			
Bank loans		**–**	181
Other financial liabilities		**85**	87
Deferred tax liabilities		**45**	70
		130	338
Net assets		**15,517**	6,820
Capital and reserves			
Share capital		**2,721**	1,713
Reserves		**12,418**	2,690
Total equity attributable to equity shareholders of the Company		**15,139**	4,403
Non-controlling interests		**378**	2,417
Total equity		**15,517**	6,820

NOTES:

1. STATEMENT OF COMPLIANCE

The Group's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2011 comprise the Group and the Group's interest in a jointly controlled entity.

The financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest million (unless otherwise stated). RMB is also the functional currency of the Company and the Company's operating subsidiaries, as the Group's hypermarkets are all located in the People's Republic of China ("**PRC**"). Prior to the listing of the Company's shares on the Main Board of the Stock Exchange on 27 July 2011, the functional currency of the Company was United States Dollars ("**USD**"). However, as the listing proceeds were partially used to repay the USD denominated bank loans of the Group and most of the Company's future income is expected to be derived from its subsidiaries located in the PRC, the directors now consider it appropriate to regard RMB as the Company's functional currency for the foreseeable future. This change has been accounted for prospectively from 27 July 2011.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

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

HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period.

Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4. HYPERMARKETS OPERATED UNDER CONTRACTED STORE ARRANGEMENTS

The Group operates certain hypermarkets through Contracted Store arrangements ("**Contracted Stores**") under which the hypermarket owner ("**Contracted Store Owner**") provides the store, equipment and facilities for use by the Group to carry out the Group's hypermarket business and in return is entitled to an annual fee, calculated as either a fixed amount or a fixed percentage of the store's sales revenue, and any remaining profit or loss relating to the operation of the store is attributable to the Group.

The revenue, operating expenses and results relating to the operation of the Contracted Stores are included in the Group's consolidated statement of comprehensive income on a line-by-line basis and the net profit or loss attributable to the Group is recorded as an amount due from or due to the Contracted Store Owner, as applicable. Sales of inventories by the Group to the Contracted Stores are eliminated and the stores' inventories as of the reporting period end are incorporated into the Group's consolidated statement of financial position.

5. TURNOVER AND SEGMENT REPORTING

The principal activity of the Group is the operation of hypermarkets in the PRC.

The Group is organised, for management purpose, into business units based on the banner under which the hypermarkets are operated. As all of the Group's hypermarkets are located in the PRC, have similar economic characteristics, and are similar in respect of products and services provided and customer type, the Group has one reportable operating segment which is the operation of hypermarkets in the PRC.

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

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Sales of goods	**66,540**	54,924
Rental income	**1,544**	1,244
	68,084	56,168

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

6. OTHER REVENUE

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Service income	**112**	82
Disposal of packaging materials	**84**	64
Interest income	**92**	50
Government grants	**126**	78
	414	274

Government grants represent subsidies received from local authorities.

7. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Interest expense on borrowings		
– wholly repayable within five years	**82**	75
– wholly repayable after five years	**8**	8
	90	83

(b) Staff costs

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Salaries, wages and other benefits	**3,820**	2,806
Contributions to defined contribution retirement plans	**382**	253
Contributions to Employee Trust Benefit Schemes	**210**	188
	4,412	3,247

(c) Other items

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Cost of inventories	**54,127**	45,127
Depreciation		
– assets leased out under operating leases		
– investment property	**115**	94
– other property, plant and equipment	**167**	127
– other assets	**1,171**	895
	1,453	1,116
Amortisation		
– land use rights	**75**	68
– intangible assets	**2**	1
	77	69

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Operating lease charges		
(i) contingent rents		
– assets leased for own use	**308**	236
– assets sublet to others	**78**	58
(ii) minimum lease payments		
– assets leased for own use	**866**	674
– assets sublet to others	**122**	101
(iii) fees to Contracted Store Owners	**73**	100
Total	**1,447**	1,169
Loss on disposal of property, plant and equipment	**28**	5
Net foreign exchange loss/(gain)	**18**	(17)
Listing expenses	**46**	–
Auditors' remuneration		
– audit services	**19**	24
– IPO related services	**10**	–
Donations	**2**	9
Rental income from investment properties		
– gross	**(501)**	(380)
– direct operating expenses	**34**	23
Net	**(467)**	(357)

8. INCOME TAX

(a) Income tax in the consolidated statement of comprehensive income represents:

	Year ended 31 December **2011** *RMB million*	2010 *RMB million*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – PRC income tax		
Provision for the year	**871**	747
Under-provision in respect of prior years	**14**	6
	885	753
Deferred tax		
(Origination)/reversal of temporary differences	**(54)**	24
	831	777

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the Company and its subsidiaries incorporated in Hong Kong (2010: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries registered in the Cayman Islands and the British Virgin Islands are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(iii) On 16 March 2007, the PRC government enacted the new Enterprise Income Tax law ("**EIT law**"), which unified the income tax rate to 25% for all companies incorporated in the PRC. Accordingly, except for one subsidiary which is entitled to a transitional preferential rate of 24% for 2011 (2010: 22%), all PRC subsidiaries of the Group are subject to income tax at 25% for the year ended 31 December 2011 (2010: 25%).

(iv) The EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received. On 27 October 2009, the State Administration of Taxation issued Guoshuihan [2009] No. 601 ("**Circular 601**") which clarified that a "beneficial owner" under a tax treaty is determined not purely by its place of legal registration but also by other factors which depend on the specific facts and circumstances and significant judgment may be involved.

Since the Group can control the quantum and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 31 December 2011, deferred tax liabilities of RMB34 million (2010: RMB58 million) have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the Directors expect to distribute outside the PRC in the foreseeable future. The deferred tax liabilities as at 31 December 2011 were calculated at the withholding tax rate of 5% (2010: 5%). On 1 May 2010, Concord Investment (China) Limited received an advance ruling from its tax authority in-charge confirming that the reduced withholding tax rate of 5% would be applied on its dividends to RT-Mart Holdings Limited. The valid period of the ruling is from 1 May 2010 to 30 April 2013.

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

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Profit before taxation	**2,816**	2,391
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**704**	598
Tax concessions	**–**	(1)
Non-deductible expenses	**67**	51
PRC dividend withholding tax	**28**	84
Current year losses for which no deferred tax asset was recognised	**53**	65
Utilisation of previously unrecognised tax losses	**(35)**	(26)
Under-provision in respect of prior years	**14**	6
Actual tax expenses	**831**	777

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,600 million (2010: RMB1,031 million) and the weighted average of 7,805,626,406 ordinary shares (2010: 5,498,615,200) in issue during the year, after adjusting for the share subdivision on 27 June 2011.

Weighted average number of ordinary shares

	Year ended 31 December	
	2011	2010
Issued ordinary shares at 1 January	**211,485,200**	211,485,200
Effect of shares issued on 13 May 2011	**66,920,951**	–
	278,406,151	211,485,200
Effect of share subdivision	**6,960,153,775**	5,287,130,000
Effect of shares issued on initial public offering	**567,066,480**	–
Weighted average number of ordinary shares for the year	**7,805,626,406**	5,498,615,200

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

10. DIVIDENDS

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

	2011
	RMB million
Final dividend proposed after the end of the reporting period of HK$0.10 (equivalent to RMB0.08) per ordinary share	**775**
	775

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

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

On 10 June 2011, the Company's Directors approved to distribute a dividend of USD174 million (equivalent to RMB1,128 million) to the Company's shareholders at that date.

On 16 April 2010 and 10 December 2010, the Company's Directors approved to distribute a dividend of USD45 million (equivalent to RMB306 million) and USD71 million (equivalent to RMB429 million) to the Company's shareholders at that date, respectively.

11. INVENTORIES

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

	At 31 December	
	2011	2010
	RMB million	*RMB million*
Trading merchandise	**10,259**	7,383

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Carrying amount of inventories sold	**54,061**	45,116
Write down of inventories	**66**	11
	54,127	45,127

12. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2011	2010
	RMB million	*RMB million*
Non-current		
Rental prepayments	**433**	560
Current		
Trade receivables	**256**	131
Amounts due from Contracted Stores	**311**	437
Amounts due from Contracted Store Owners	**334**	441
Other debtors	**673**	543
Value-added tax receivables	**937**	441
Prepayments:		
– rentals	**828**	561
– fixed assets	**410**	753
Sub-total current	**3,749**	3,307
Trade and other receivables	**4,182**	3,867

The Group's trade receivables relate to credit card sales, the aging of which is within one month, and credit sales to corporate customers, the aging of which is within three months.

Management monitors the exposure to credit risk on an ongoing basis. Credit risk in respect of trade receivables is limited as the balances mainly arise from credit card sales. Credit terms are offered in rare cases to corporate customers with whom the Group has an established and ongoing relationship.

The amounts due from Contracted Stores as at 31 December 2011 include RMB395 million (2010: RMB663 million) in respect of the unutilised balance of prepaid cards sold by the Contracted Stores which may be used by customers to purchase goods in certain of the Group's other stores. Such balances are also included in "Advance receipts from customers" within "Trade and other payables" (note 14). The remaining balances relate to trading balances arising from the sale of inventories by the Group to the Contracted Stores.

The amounts due from Contracted Store Owners comprise advances made by the Group to certain Contracted Store Owners and the Contracted Stores' profit attributable to the Group. These amounts are not expected to be recovered within one year.

Rental prepayments may be offset against future rentals due to landlords of hypermarket premises leased by the Group in accordance with the relevant lease agreements.

Except for the balances due from Contracted Store Owners and prepayments made for fixed assets, which will be transferred to the relevant asset category upon receipt of the assets, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

13. CASH AND CASH EQUIVALENTS

	At 31 December	
	2011	2010
	RMB million	*RMB million*
Deposits with banks within 3 months of maturity	**1,521**	480
Cash at bank and on hand	**5,996**	2,982
Cash and cash equivalents in the consolidated statement of financial position	**7,517**	3,462

14. TRADE AND OTHER PAYABLES

	At 31 December	
	2011	2010
	RMB million	*RMB million*
Current		
Trade payables	**15,034**	12,060
Advance receipts from customers	**5,949**	4,046
Amounts due to related parties	**44**	37
Construction costs payable	**1,691**	1,613
Dividends payable	**2**	685
Accruals and other payables	**2,442**	1,609
Trade and other payables	**25,162**	20,050

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

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

An ageing analysis of trade payables is as follows:

	At 31 December	
	2011	2010
	RMB million	*RMB million*
Due within 6 months	**14,696**	11,706
Due after 6 months but within 12 months	**338**	354
	15,034	12,060

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Our turnover is derived from sales of goods and rental income. Turnover from sales of goods, primarily derived at our hypermarkets, is net of value added tax and other applicable sales taxes after deducting any trade discounts. Turnover from rental income is derived from renting gallery space in hypermarket complexes to operators of businesses that we believe are complementary to our stores.

The following table sets forth a breakdown of our turnover from sales of goods and rental income for the periods indicated:

	Year ended 31 December		
	2011	2010	**Change**
	(RMB million)		
Sales of goods	**66,540**	54,924	21.1%
Rental income	**1,544**	1,244	24.1%
Total turnover	**68,084**	56,168	21.2%

For the year ended 31 December 2011, our turnover from sales of goods was RMB66,540 million, an increase of RMB11,616 million, or 21.1%, from RMB54,924 million for the year ended 31 December 2010. The increase was primarily attributable to comparable store(1) sales growth and new stores opened in 2011.

Turnover from sales of goods in comparable stores increased approximately 8.8%, which is ahead of inflation. This increase was mainly due to the continuous management on improvement of the store shopping environment and product mix to cater for customer preference.

The opening of 46 new stores during the year of 2011 also contributed to the rise in turnover from sales of goods.

Note:

(1) Comparable Store: Stores opened before 31 December 2009, with operation covering two full years ended 31 December 2010 and 2011.

For the year ended 31 December 2011, our turnover from rental income was RMB1,544 million, an increase of RMB300 million, or 24.1%, from RMB1,244 million for the year ended 31 December 2010. This increase was primarily attributable to an increase in rental income from existing stores as a result of better management of tenant mix and an increase in leasable area from new stores.

Gross Profit

For the year ended 31 December 2011, our gross profit was RMB13,857 million, an increase of RMB2,889 million, or 26.3%, from RMB10,968 million for the year ended 31 December 2010. Our gross profit margin ratio increased to 20.4% for the year ended 31 December 2011 from 19.5% for the year ended 31 December 2010. The increase in our gross profit margin ratio was a result of a greater increase in turnover of 21.2% as compared to the increase in cost of sales of 20.0%, reflecting (i) better management of product category mix to bring a higher gross profit margin and (ii) economies of scale due to our continuously expanded business operation.

Store Operating Costs

Store operating costs represent the costs related to the operations of our stores and primarily consist of personnel expenses, rental expenses, expenses for utilities, maintenance, advertising, shuttle bus services and cleaning, together with depreciation and amortization of property, plant and equipment and land use rights, for our stores.

For the year ended 31 December 2011, the store operating costs were RMB9,516 million, an increase of RMB2,227 million, or 30.6%, from RMB7,289 million for the year ended 31 December 2010. This increase was primarily attributable to (i) an increase in personnel expenses, (ii) an increase in rental expenses and depreciation and amortisation of property and equipment and land use rights, at our stores, (iii) the effect of the additional surcharges and taxes due to the Urban Maintenance and Construction Tax and Education Levy effective from 1 December 2010, and (iv) the increase in other costs due to the increase in number of stores. The increase in personnel expenses was primarily due to an increase in the number of staff to accommodate our new store openings and an increase in the wages of staff at our stores in response to the 12th 5-year plan of China's National People's Congress which resulted in an overall increase in wages in the industry generally. The increase in rental expenses and depreciation and amortisation of property, plant and equipment and land use rights, was attributable to the 46 new stores opened in 2011 to further expand the business network.

Administrative Expenses

Administrative expenses primarily consist of personnel expenses, travelling expenses, depreciation and amortization of property, plant and equipment and other expenses for our administrative departments. For the year ended 31 December 2011, our administrative expenses were RMB1,849 million, an increase of RMB370 million, or 25.0%, from RMB1,479 million for the year ended 31 December 2010. The increase was primarily attributable to the rise in personnel expenses in response to the 12th 5-year plan of China's National People's Congress which resulted in an overall increase in salary level of the industry. Meanwhile, the increase in the number of administrative staff to provide supportive services for our expanded network of hypermarket complex also contributed to the increase in personnel expenses.

Profit from Operations

For the year ended 31 December 2011, our profit from operations was RMB2,906 million, an increase of RMB432 million, or 17.5%, from RMB2,474 million for the year ended 31 December 2010. Our operating margin was 4.3%, slightly decreasing from 4.4% for the year ended 31 December 2010. The decrease in operating margin is primarily due to (i) the percentage of personnel expenses to turnover increased by 0.7%; (ii) the percentage of taxes and surcharges to turnover increased by 0.3%; and (iii) compensated by the increase in the gross profit margin of 0.9%.

Finance Costs

Finance costs primarily consist of interest expenses on borrowings. For the year ended 31 December 2011, our finance costs were RMB90 million, an increase of RMB7 million, or 8.4%, from RMB83 million for the year ended 31 December 2010. This increase was primarily attributed to an increase in the weighted average loan balance during the year ended 31 December 2011 to meet the cash requirement for expansion of hypermarket network before the proceeds from IPO were received.

Income Tax

For the year ended 31 December 2011, our income tax expense was RMB831 million, an increase of RMB54 million, or 6.9%, from RMB777 million for the year ended 31 December 2010. Our effective income tax rate was 29.5% for the year ended 31 December 2011 compared to 32.5% for the year ended 31 December 2010, since more stores opened before 2011 turned profitable and started the utilization of prior year unrecognized tax losses.

Profit for the Year

For the year ended 31 December 2011, our profit was RMB1,985 million, with an increase of RMB371 million, or 23.0%, from RMB1,614 million for the year ended 31 December 2010. Our net profit margin was 2.9% for the year ended 31 December 2011, the same as that for the year ended 31 December 2010. The stable net profit margin reflected that the Group was able to leverage on the economy of scales brought by its expanded hypermarket network and growth in sales.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2011, our profit attributable to equity shareholders of the Company was RMB1,600 million, an increase of RMB569 million, or 55.2%, from RMB1,031 million for the year ended 31 December 2010.

On 13 May 2011, the shareholders approved the Company to issue new shares as consideration for acquiring the previous non-controlling interests in ACHK and CCIL, such that the Company became the sole shareholder of ACHK, the holding company of Auchan hypermarkets in China, and CCIL, the holding company of RT Mart hypermarkets in China.

Liquidity and Financial Resources

For the year ended 31 December 2011, cash flow generated from operating activities was RMB5,764 million, with an increase of RMB866 million, or 17.7%, from RMB4,898 million for the year ended 31 December 2010.

As at 31 December 2011, our net current liabilities decreased to RMB4,107 million from RMB8,493 million as of 31 December 2010. This decrease was primarily attributed to: (i) an increase in the current assets of RMB7,390 million, with the rise in inventory level as at 31 December 2011 to prepare for Chinese New Year in January 2012, together with the rise in the balance of cash and cash equivalents; (ii) a decrease in loans and borrowings of RMB2,202 million, due to repayment of bank loans in 2011 second half year; and (iii) partially offset by an increase in trade and other payables of RMB5,112 million, reflecting an increase in trade payables of RMB2,974 million for the increase in inventories and an increase in advance receipts from customers of RMB1,903 million for unused deposits on prepaid card resulting from the increased sales of prepaid card in December 2011, the month before Chinese New Year which was earlier in 2012 and was a peak season of prepaid card sales.

For the year ended 31 December 2011, the inventory turnover days and trade payable turnover days were 59 days and 91 days, respectively, and were approximately 51 days and 86 days for the year ended 31 December 2010, respectively. The inventory turnover days and trade payable turnover days increased for the year due to higher inventory and trade payable level as at 31 December 2011 to prepare for Chinese New Year in January 2012.

Investing Activities

For the year ended 31 December 2011, cash flow used in investing activities was RMB5,263 million, with an increase of RMB1,520 million, or 40.6%, from RMB3,743 million for the year ended 31 December 2010.

The cash flow used in investing activities mainly reflected the capital expenditure related to: (i) RMB4,251 million for new stores and projects including the purchase of fixed assets for existing Contracted Stores from the Contracted Store Owners for RMB141 million; (ii) RMB1,047 million for the upgrading and remodeling of our existing hypermarkets; and (iii) RMB481 million for the establishment of new distribution centers and the upgrading of the existing distribution centers.

Financing Activities

For the year ended 31 December 2011, cash inflow from financing activities was RMB3,730 million, as compared to cash outflow for financing activities of RMB604 million for the year ended 31 December 2010, mainly resulting from: (i) net proceeds from IPO ("**Net Proceeds**") of RMB7,625 million; (ii) dividend distribution of RMB1,837 million for the profit of previous years including RMB1,128 million for a special distribution declared on 10 June 2011 ("**Special Distribution**"); and (iii) a net decrease in bank borrowings of RMB2,157 million.

Dividends

The Board proposed a final dividend of HK$0.10 (equivalent to RMB0.08) per ordinary share (the "**Final Dividend**") for the year ended 31 December 2011, amounting to approximately HK$953,970,470 (equivalent to RMB774,528,625). The payment of the Final Dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on 16 May 2012. For details of Final Dividends, please refer to the section headed "Final Dividends" in this announcement on page 24.

Special Distribution

We have declared a Special Distribution on 10 June 2011 to our shareholders as at 10 June 2011 in an amount of US$174 million (approximately RMB1,128 million), which is equal to 69.9% of our profit for the year ended 31 December 2010. The actual payment of the Special Distribution to our shareholders was made in July 2011 before listing with cash generated from operating activities.

Use of Proceeds from Initial Public Offering

On 27 July 2011 (the "**Listing Date**"), the Company's shares were listed on the Stock Exchange and the Company raised net proceeds of HK$9,258 million (equivalent to RMB7,625 million).

As at 31 December 2011, the Group had utilized RMB4,780 million of the net proceeds as follows:

- RMB1,414 million for new hypermarkets openings;
- RMB2,398 million for repayment of the Group's secured and unsecured bank loans;
- RMB754 million for the upgrading and remodeling our existing hypermarkets; and
- RMB214 million for the establishment of new distribution centers and the upgrade of the existing distribution centers.

Such utilization of the Net Proceeds was in accordance with the proposed allocations set out in the section headed "Use of Proceeds" in the IPO prospectus ("**Prospectus**"). The unutilized portion of the Net Proceeds is currently held in cash and cash equivalents and it is intended that it will also be applied in a manner consistent with the proposed allocations in the Prospectus.

BUSINESS REVIEW

Expansion of Retail Network

In 2011, the Group opened 46 hypermarket complexes, of which 42 were under the "RT-Mart" banner and 4 were under the "Auchan" banner. Of the new stores, 14 were located in Eastern China, 7 in Northern China, 10 in Central China, 4 in North-Eastern China, 8 in Southern China and 3 in Western China, while 9 were operated in self-owned properties and 37 were operated in leased properties. In addition, the Group purchased 4 properties of previous leasing stores or Contracted Stores under the "RT-Mart" banner. During 2011, the Group expanded into 3 new provinces and autonomous regions: Henan Province, Yunnan Province and Inner Mongolia Autonomous Region (North). By the end of 2011, the Group's hypermarket complexes have covered 24 provinces, autonomous regions and municipalities. Please see note (1) for details of regional divisions.

As of 31 December 2011, of the Group's stores, 13% were located in first-tier cities, 17% in second-tier cities, 44% in third-tier cities, 20% in fourth-tier cities and 6% in fifth-tier cities. Please see note (2) for details of cities tiers definition.

While expanding its stores steadily, the Group also proactively sought potential opportunities to open new stores. As of 31 December 2011, through execution of lease contracts or acquisition of land parcels, the Group had identified and secured 153 sites to open hypermarket complexes, of which 80 were under construction, building a solid foundation for the development in the next 3 years. Of the identified sites, 4% were located in first-tier cities, 20% were located in second-tier cities, 76% were located in third to fifth-tier cities. The Group will actively seize opportunities brought by China's urbanization, to serve more urban residents.

As of 31 December 2011, the Group had a total of 230 hypermarket complexes in China. The total gross floor areas ("**GFA**") of these hypermarket complexes amounted to 6.5 million square meters, of which approximately 68% and 32% were operated in leased stores and in self-owned properties respectively. The number of such stores and their GFA in each major regions of China are set forth as below:

Region	**Number of hypermarket complexes (As of 31 December 2011)**			**Total GFA of hypermarket complexes (sq.m.) (As of 31 December 2011)**		
	Auchan	**RT-Mart**	**Total**	**Auchan**	**RT-Mart**	**Total**
Eastern China	35	79	114	1,451,679	1,977,939	3,429,618
Northern China	4	27	31	124,990	658,962	783,952
North-Eastern China	–	21	21	–	556,550	556,550
Southern China	–	32	32	–	818,898	818,898
Central China	3	21	24	96,219	537,304	633,523
Western China	3	5	8	115,196	131,594	246,790
Total	45	185	230	1,788,084	4,681,247	6,469,331

Note:

(1) According to the economic regional planning, the Group has adjusted the regional divisions as follows:

Eastern China: Shanghai City, Zhejiang Province, Jiangsu Province
Northern China: Beijing City, Tianjin City, Shandong Province, Hebei Province
North-Eastern China: Jilin Province, Liaoning Province, Heilongjiang Province, Inner Mongolia Autonomous Region (North)
Southern China: Guangdong Province, Guangxi Zhuang Autonomous Region, Fujian Province, Hainan Province
Central China: Anhui Province, Hunan Province, Hubei Province, Henan Province, Jiangxi Province
Western China: Yunnan Province, Sichuan Province, Gansu Province, Shaanxi Province

(2) The tiers of cities were divided as follows:

First-tier cities: Municipalities and Guangzhou
Second-tier cities: Capital cities, vice-provincial cities
Third-tier cities: Prefecture-level cities
Fourth-tier cities: County-level cities
Fifth-tier cities: Townships and towns

Store Optimization

During the year ended 31 December 2011, the Group strived to optimize its stores, to enhance the shopping experience of customers and to improve the service level of stores. Store optimization involves further improvement and redecoration of hypermarkets, renovation of retail galleries, as well as the introduction of new brands that are better tailored to the local customers' expectation. During the year under review, the "RT-Mart" banner of Group ("**RT-Mart Banner**") carried out renovation and improvement works on a number of hypermarkets and retail galleries. The two largest projects undertaken by RT-Mart Banner were the upgrading of the Chunshen Store and Yingkou Store. For the "Auchan" banner of the Group ("**Auchan Banner**"), the three largest projects were the upgrading of Jiading Store and Beijing Store, and the expansion of the car park of Chengdu Store. Store optimization involves not only macro alterations, but also detailed improvements, including items relating to the shopping experience of customers, such as refurbishment of floor tiles and toilets. Meanwhile, bakery bars and leisure bars are constantly upgraded to meet operational demands. Constant upgrading helps to ensure the continuous attractiveness of the stores of the Group, and increase their revenues.

Supplier and Merchandise Optimization

The Group consistently emphasizes the importance of establishing strategic relationships with its suppliers. According to "2011 Supplier Satisfaction Survey" issued by Shanghai Business Information Center, our Auchan and RT-Mart Banner ranked No. 1 and No. 3 respectively in "2011 hypermarket retail format overall satisfaction", and ranked among the best in indexes like "credit", "marketing" and "process management". In the year ended 31 December 2011, the Auchan Banner convened its Second Supplier Conference, sharing corporate strategies and visions with its suppliers and building a good "retailer-supplier" communication platform.

The Group constantly reviews merchandise categories and develops differentiated merchandises. During the year of 2011, the Group actively promoted direct procurements from the producers, private brand merchandise, exclusively sold merchandise, branded, featured, quality merchandise from various places and imported merchandise etc., to continuously enrich its merchandise mix. In addition, we measured merchandise by sales result, and withdrew slow moving goods in time, to maintain the activeness of our offering. We also shared the resources of Auchan global procurement.

The Group always varies its merchandise mix to ensure it is oriented to customer needs and makes demand analysis with local focuses. The Group keeps an eye on new merchandise and customer shopping trends, for example expanding categories of computer, communication and consumer electronic ("3C") goods. In the year of 2011, the Group selected proper categories, to develop store-in-store, such as wine rooms, baby land and candy castles etc., to meet the needs of specific customer bases. At the same time, we carried out a series of strategies of improvements to package sizes and meat cuts based on customer demands, which further enlarged the Group's customer bases.

The Group consistently promoted the connection between farms and hypermarkets and direct purchase from producers and expanded the supply bases of fresh product. By the end of 2011, the Group had sourced several large scale vegetable producers in several areas, including Southern Jiangsu Province, Northern Jiangsu Province, Anhui Province, Zhejiang Province, Shandong Province and Hubei Province etc.. Meanwhile, the Group promoted regional direct sales of fruits. For instance, we procured various kinds of apples from several places such as Shandong and Shaanxi, and implemented direct processing, packaging and distribution. With the combination of connection between farms and hypermarkets and regional direct sales, delivery time of vegetables and fruits from farms to customers was reduced to ensure freshness and lower price compared with wet markets. Meanwhile, we have placed emphasis on the control of pesticide residues on vegetables and fruits to enhance the safety.

Service Optimization

The Group has devoted itself to the satisfaction of customers' demand. During the year under review, the Group carried out "roundtable conference" and "mystery shopper" projects to collect customers' opinions. Unannounced visits to the stores were also conducted to check on the service, merchandise quality and public security. The survey results were shared and discussed at store managers' meetings to continuously improve the service level in all stores.

The Group further optimized direct mail ("DM") delivery, sending promotional messages via SMSs and e-mails, to meet younger customers' needs to advise members of the latest product and service information, in order to enhance their loyalty. As of 31 December 2011, RT-Mart Banner had 18.54 million members in total. During the year of 2011, our Auchan Banner further pushed its online shopping service in its Suzhou Store and Changyang Store in Shanghai to provide more shopping channels for the customers.

During the year under review, our Auchan and RT-Mart Banners launched and promoted a variety of platforms such as "Listening To Customers" and "Online Complaint" respectively. In addition to positive feedback from customers, the Group also focused on responding to the customers' demands and required the relevant stores to find solutions and reply to customers in a timely manner so as to improve customer satisfaction with goods and adapt to market changes more quickly.

Operating Efficiency and Supply Chain Management Optimization

Business flow optimization

During the year under review, the Group continuously strived to optimize working processes for all stores and headquarters based on the principle of simplicity with a focus on "public security, food safety, pricing strategy". For public security, the Group improved system and equipment for fire safety and crisis management. The Group enhanced controls over the early warning process. For food safety, the Group includes its own homemade products into third-party's scope of testing, built a recall system for the homemade products, and lifted the quality standards of fresh products. For pricing strategy, the Group ensured the proper implementation of pricing strategies with respect to procurement processes and store operations.

While continuously optimizing and updating existing processes, according to operational requirements, the Group also added processes for the equipment ordering, contract management, a paperless office, radio frequency ("RF") management applications for stores, and adjustment to the market research system.

Information system optimization

The improvement to the Group's information systems was carried out with an objective to respond rapidly to the changing market environment and customers' demand to be user-oriented with an aim to lower cost and heighten efficiency. Information system optimization mainly involves continued optimization of hardware architecture for system security and performance; constant upgrade of the system software section to fully support new applications; launching more than one hundred newly developed pieces of software and continued optimization of existing systems to greatly improve their efficiency.

Logistics system optimization

In July and November 2011, the Group's two distribution centres for our RT-Mart Banner located in Southern China and North-Eastern China commenced their operation respectively. Covering the distribution of goods in the provinces of Guangdong, Guangxi, Fujian, Yunnan, Hainan and the three provinces in North-Eastern China, the new distribution centers significantly improved the distribution efficiency to the local stores in these provinces. Together with the operation of logistics centres in East China and North China, the national logistics network of the Group has been further developed, providing not only a strong distribution support for all stores in these regions, but also a contributor for the Group's future development.

During the year under review, the Auchan Banner continued to distribute goods of cosmetic and detergent categories from its distribution centre to its stores in Shanghai, effectively reduced the goods shortage at the stores. At the same time, the Auchan and RT-Mart Banners also started discussions regarding the utilization of the North-Eastern distribution centre of our RT-Mart Banner to distribute certain commodities for certain Auchan Banner stores.

Human Resource Management Optimization

As at 31 December 2011, the Group had 103,768 employees, an increase of 7.2% compared to 31 December 2010.

During the year under review, the Group actively carried out staff recruitment, training and retention to cope with its rapid store-expansion program. The Group actively promoted various levels and types of training, including training in new stores, in-service training of employees at all levels, training of store trainee managers and executives. The Group developed a series of training materials focusing on training objectives, to improve the staff service levels in stores in a planned way. The reservation and training of staff have effectively guaranteed the rapid development of the stores, and also enhanced the retention of employees. During the year under review, by optimizing the training of newly recruited section managers, the Auchan Banner significantly reduced the turnover rate, which laid the foundation for a higher level of talented manager.

The Group regards its staff as its most valuable asset, and puts emphasis on staff care and benefits. During the year under review, the Auchan Banner established the Employer Employee Committee, which listened to its staff opinions on working environment and living conditions, through events such as roundtable conference, and also set up a "Care Fund" to support its staff. During the year under review, our RT-Mart Banner won the "Shanghai Model Employee's Home" reward of Zhabei District, Shanghai city.

Corporate Social Responsibilities

The Group adheres to its expectation of "being a good corporate citizen" by maintaining a high standard of morality and value, and fulfilling its corporate social responsibility. The Group actively participated in social welfare activities by promoting public welfare programs from its headquarters to stores, organizing a variety of community goodwill activities, actively participating in activities of caring for the elderly and donating for the care of the elderly and low income families. In respect of environmental protection, in addition to cooperation with various measures of the government energy saving sectors to actively develop various energy conservation and emission reduction systems, the Group also actively participated in a variety of environmental projects. During the year under review, the Auchan Banner joined the "Albatross Foundation". Nearly 200 employees from 38 stores became trainers for this project to conduct environmental and protection programs for children from the communities in which our stores were located. The RT-Mart Banner has been a member of the ALXA SEE Ecological Association for years which contributes to ecological protection and social progress.

Outlook

In 2012, in view of the uncertainties and instabilities in the global economic recovery, China will continue to implement its economic policy based on "Progress with Stability", constantly promoting economic restructuring, managing inflation expectation, expanding domestic demand, ensuring and improving the well-being of the people, with the aim to maintain a stable and healthy development of the economy. We will actively seize opportunities brought by stable and healthy development of the economy, expanded domestic demand, accelerated urbanization and improved consumption structure. The Group aims to leverage on the series of measures implemented to stimulate consumption, such as consumption to the improvement of the quality of life for the people, in order to enlarge our market share and to become customers' favorite and trusted retailer.

In 2012, while proactively expanding quality stores as planned, the Group will also follow closely with the development trend of the urbanization in China, identify new sites for new hypermarkets with strict site selection criteria and penetrate further into the various tiers of cities. By doing so, the Group expects to constantly widen the gap with competitors to maintain its leading market position.

The Group will continue with its customer oriented corporate culture, to enhance its level of service, optimize merchandise mix, as well as optimize the environment and facilities in its hypermarkets, based on customers' needs so as to achieve better sales performance.

The Group will continuously strive to enhance efficiencies and increase productivity by improving supply chain management in response to increasing labor costs. According to the 12th Five-Year Plan outline, during the period, China's labour wage level is expected to achieve reasonable and rapid growth, the minimum wage rates will be raised annually by at least 13 percent on average rate. The Group will capitalize on the positive impacts triggered by wage level inflation such as the increase in consumption power and will continuously improve management standards through enhanced staff efficiency, flexible shift schedule, process optimization, as well as information and logistic systems improvements, in order to achieve optimal operating efficiency.

As a responsible enterprise, the Group will continue focusing on and assuming corporate social responsibilities by playing its role as a consumption endpoint, to promote scientific theories on green, and low-carbon consumption. The Group will actively carry out energy-saving and emission reductions. We will also proactively hold community relations events, to become a good neighbor in the community and a trusted enterprise for consumers.

OTHER INFORMATION

Corporate Governance

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has devised its own code of corporate governance which incorporates all the policies, principles and practices as set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company reviews regularly its organizational structure to ensure its operations comply with the good corporate governance practices as set out in the CG Code and align with the latest developments.

Throughout the period under review from the Listing Date to 31 December 2011, the Company complied with all the code provisions as set out in the CG Code, except for the deviation below in relation to code provision A.4.1:–

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election.

As at the Listing Date, the non-executive directors of the Company were not appointed for specific terms, but are subject to retirement by rotation in accordance with the articles of association of the Company. Since the non-executive directors are subject to retirement by rotation and re-election at the AGM in accordance with the Company's articles of association, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in this aspect is no less exacting than that in the Code.

Audit Committee

As required by the Listing Rules, the audit committee of the Company ("**Audit Committee**") consists of five non-executive directors of the Company, three of whom are independent. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for the year ended 31 December 2011.

Remuneration and Nomination Committees

In compliance with the CG Code, the Company has established a remuneration committee and a nomination committee.

Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company continues to enhance communication and relationship with its investors. Investors may write directly to the Company at its registered office or via email to ting.li@sunartretail.com for any enquiries.

To promote effective communication, the Company maintains a website at http://www.sunartretail.com, where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

Directors' Securities Transactions

The Company has devised its own code of conduct regarding directors' dealing in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company Code and the Model Code throughout the period under review from the Listing Date to 31 December 2011.

Purchase, Sale and Repurchase of The Company's Listed Securities

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2011.

Final Dividends

At the Board meeting held on 2 March 2012, it was proposed that a Final Dividend of HK$0.10 (equivalent to RMB0.08) per ordinary share for the year ended 31 December 2011, amounting to approximately HK$953,970,470 (equivalent to RMB774,528,625) be paid on or before 15 July 2012 to the shareholders of the Company whose names appear on the Company's register of members at the close of business on 22 May 2012. The proposed Final Dividend is subject to the approval by the shareholders of the Company at the forthcoming AGM to be held on 16 May 2012.

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2012 AGM

The Company's register of members will be closed from 11 May 2012 (Friday) to 16 May 2012 (Wednesday) (both days inclusive), during which time no transfer of shares will be registered. To ensure that shareholders are entitled to attend and vote at the AGM, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 10 May 2012 (Thursday) for registration of the relevant transfer.

(b) For determining the entitlement to the Proposed Final Dividend

The proposed Final Dividend is subject to the approval of shareholders at the 2012 AGM. For determining the entitlement to the proposed Final Dividend for the year ended 31 December 2011, the record date is fixed on Tuesday, 22 May 2012. Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 22 May 2012 (Tuesday) for registration of the relevant transfer.

Publication of Final Results and 2011 Annual Report

The final results announcement of the Company is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sunartretail.com). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sunartretail.com) in due course.

Annual General Meeting

The 2012 AGM will be held on Wednesday, 16 May 2012. A notice convening the AGM will be published and dispatched to shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

By Order of the Board
SUN ART RETAIL GROUP LIMITED
CHENG Chuan-Tai
Chairman

For purpose of this announcement, the exchange rate of HK$1 = RMB0.8119 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Bruno Robert MERCIER *(Chief Executive Officer)*
HUANG Ming-Tuan

Non-executive Directors:
CHENG Chuan-Tai *(Chairman)*
Christophe Maurice Paule Marie Joseph DUBRULLE
Philippe David BAROUKH
Xavier Marie Alain DELOM DE MEZERAC

Independent Non-executive Directors:
Karen Yifen CHANG
Desmond MURRAY
HE Yi

Hong Kong, 2 March 2012