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 2012

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 2012, together with the comparative figures for the year ended 31 December 2011, 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		
	2012	2011	**Change**
	RMB million		
Turnover	**77,851**	68,084	14.3%
Gross Profit	**16,150**	13,857	16.5%
Profit from Operations	**3,518**	2,906	21.1%
Profit for the Year	**2,533**	1,985	27.6%
Profit Attributable to Equity Shareholders of the Company	**2,409**	1,600(1)	50.6%
Earnings Per Share ("**EPS**") – Basic and diluted(2)	**RMB0.25**	RMB0.20	25.0%

	As at 31 December		
	2012	2011	**Change**
	RMB million		
Total Assets	**44,585**	41,346	7.8%
Total Liabilities	**27,227**	25,829	5.4%
Net Assets	**17,358**	15,517	11.9%
Gearing Ratio(3)	**0.61**	0.62	
Current Ratio(4)	**0.79**	0.84	

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 basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the year (2012: 9,539,704,700 shares and 2011: 7,805,626,406 shares including the new shares issued for the reorganisation, in initial public offering ("IPO") and upon the exercise of over-allotment option, 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 2012

		Year ended 31 December	
		2012	2011
	Note	***RMB million***	*RMB million*
Turnover	*5*	**77,851**	68,084
Cost of sales		**(61,701)**	(54,227)
Gross profit		**16,150**	13,857
Other revenue	*6*	**564**	414
Store operating costs		**(11,400)**	(9,516)
Administrative expenses		**(1,796)**	(1,849)
Profit from operations		**3,518**	2,906
Finance costs	*7(a)*	**(12)**	(90)
Profit before taxation	*7*	**3,506**	2,816
Income tax	*8(a)*	**(973)**	(831)
Profit for the year		**2,533**	1,985
Other comprehensive income for the year			
Exchange differences on translation of financial statements of entities outside the People's Republic of China		**–**	54
Available-for-sale financial assets:			
Changes in fair value recognised during the year		**188**	–
Reclassification adjustments for amounts transferred to profit and loss:			
– gains on disposal		**(188)**	–
Total comprehensive income for the year		**2,533**	2,039
Profit attributable to:			
Equity shareholders of the Company		**2,409**	1,600
Non-controlling interests		**124**	385
Profit for the year		**2,533**	1,985
Total comprehensive income attributable to:			
Equity shareholders of the Company		**2,409**	1,643
Non-controlling interests		**124**	396
Total comprehensive income for the year		**2,533**	2,039
Earnings per share			
Basic and diluted	*9*	**RMB0.25**	RMB0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	At 31 December 2012 RMB million	2011 RMB million
Non-current assets			
Fixed assets:			
– Investment properties		**2,335**	1,921
– Other property, plant and equipment		**16,028**	14,102
– Land use rights		**4,038**	2,992
		22,401	19,015
Intangible assets		**9**	10
Goodwill		**99**	99
Trade and other receivables	*12*	**372**	433
Deferred tax assets		**208**	197
		23,089	19,754
Current assets			
Inventories	*11*	**10,141**	10,259
Trade and other receivables	*12*	**3,528**	3,749
Available-for-sale financial assets	*13*	**1,965**	–
Time deposits	*14*	**105**	67
Cash and cash equivalents	*15*	**5,757**	7,517
		21,496	21,592
Current liabilities			
Trade and other payables	*16*	**26,307**	25,162
Bank loans		**402**	199
Income tax payables		**369**	338
		27,078	25,699
Net current liabilities		**(5,582)**	(4,107)
Total assets less current liabilities		**17,507**	15,647

	Note	At 31 December **2012** ***RMB million***	 2011 *RMB million*
Non-current liabilities			
Other financial liabilities		**85**	85
Deferred tax liabilities		**64**	45
		149	130
Net assets		**17,358**	15,517
Capital and reserves			
Share capital		**2,721**	2,721
Reserves		**14,109**	12,418
Total equity attributable to equity shareholders of the Company		**16,830**	15,139
Non-controlling interests		**528**	378
Total equity		**17,358**	15,517

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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 2012 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, when preparing the financial statements for the year ended 31 December 2011, the Directors considered it appropriate to regard RMB as the Company's functional currency for the foreseeable future. This change was accounted for prospectively from 27 July 2011.

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets that are measured at fair value.

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 few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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. As the Group bears the risks and rewards of the store's operation, the revenue, operating expenses and results relating to the operation of the Contracted Stores are included in the Group's consolidated statement of comprehensive income on a line-by-line basis and the net profit or loss relating to the operation of the stores attributable to the Group is recorded as an amount due from or to the Contracted Store Owner, as applicable. Sales of inventories by the Group to the Contracted Stores are eliminated and the stores' inventories as of the reporting period end are incorporated in the Group's consolidated statement of financial position. Prepaid cards bought by customers which may be used to purchase goods in other stores of the Group are recorded as "advance receipts from customers" within "trade and other payables" in the Group's consolidated statement of financial position, and a corresponding receivable from the Contracted Store is recognised.

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	
	2012	2011
	RMB million	*RMB million*
Sales of goods	**75,936**	66,540
Rental income	**1,915**	1,544
	77,851	68,084

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	
	2012	2011
	RMB million	*RMB million*
Service income	**100**	112
Disposal of packaging materials	**82**	84
Interest income on bank deposits	**82**	92
Interest income on available-for-sale financial assets	**188**	–
Government grants	**82**	126
Compensation received in respect of a lease contract dispute	**30**	–
	564	414

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	
	2012	2011
	RMB million	*RMB million*
Interest expense on borrowings		
– wholly repayable within five years	**4**	82
– wholly repayable after five years	**8**	8
	12	90

(b) Staff costs

	Year ended 31 December	
	2012	2011
	RMB million	*RMB million*
Salaries, wages and other benefits	**4,636**	3,820
Contributions to defined contribution retirement plans	**508**	382
Contributions to Employee Trust Benefit Schemes	**263**	210
Share-based payments	**51**	–
	5,458	4,412

(c) Other items

	Year ended 31 December	
	2012	2011
	RMB million	*RMB million*
Cost of inventories	**61,579**	54,127
Depreciation		
– assets leased out under operating leases		
– investment property	**129**	115
– other property, plant and equipment	**183**	167
– assets held for own use	**1,510**	1,171
	1,822	1,453
Amortisation		
– land use rights	**128**	75
– intangible assets	**2**	2
	130	77

	Year ended 31 December	
	2012	2011
	RMB million	*RMB million*
Operating lease charges		
(i) contingent rents		
– assets leased for own use	**402**	308
– assets sublet to others	**107**	78
(ii) minimum lease payments		
– assets leased for own use	**1,076**	866
– assets sublet to others	**148**	122
(iii) fees to Contracted Store Owners	**43**	73
Total	**1,776**	1,447
Loss on disposal of property, plant and equipment	**23**	28
Net foreign exchange (gain)/loss	**(14)**	18
Listing expenses	**–**	46
Auditors' remuneration		
– audit services	**19**	19
– IPO related services	**–**	10
Donations	**5**	2
Rental income from investment properties		
– gross	**(632)**	(501)
– direct operating expenses	**41**	34
Net	**(591)**	(467)

8. INCOME TAX

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

	Year ended 31 December	
	2012	2011
	RMB million	*RMB million*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2**	–
Current tax – PRC income tax		
Provision for the year	**972**	871
(Over) /under-provision in respect of prior years	**(9)**	14
	965	885
Deferred tax		
Reversal/(origination) of temporary differences	**8**	(54)
	973	831

(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 (2011: 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 is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(iii) All PRC subsidiaries are subject to income tax at 25% for the year ended 31 December 2012 (2011: 25% except one subsidiary at 24%) under the Enterprise Income Tax law ("**EIT law**") which was enacted on 16 March 2007.

(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.

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 2012, deferred tax liabilities of RMB53 million (2011: RMB34 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 2012 were calculated at the withholding tax rate of 5% (2011: 5%).

On 1 May 2010, Concord Investment (China) Co., Ltd ("**CIC**") 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.

On 12 July 2012, Announcement [2012] No. 30 ("**Announcement 30**") dated 29 June 2012 was released by the State Administration of Taxation ("**SAT**"). Announcement 30 explicitly states that a company that is a tax resident of a Double Taxation Agreement ("**DTA**") partner state and is listed in that jurisdiction ("**Listed Parent**") will automatically satisfy the beneficial ownership criteria in respect of PRC dividends received. Furthermore, subsidiaries that are wholly owned by the Listed Parent, directly and/or indirectly, and are tax residents of the same DTA partner state, may also be automatically regarded as the beneficial owners of any PRC dividends they receive. Accordingly, dividends receivable by RT Mart Holding Limited and ACHK should be subject to 5% withholding tax rate.

On 15 July 2012, Auchan (China) Investment Co., Ltd ("**ACI**") obtained the notification from Shanghai Yangpu National Tax Bureau confirming it is eligible for the reduced withholding tax rate on dividends of 5% for the year ended 31 December 2012.

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

	Year ended 31 December	
	2012	2011
	RMB million	*RMB million*
Profit before taxation	**3,506**	2,816
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**877**	704
Non-deductible expenses, less non-assessable income	**34**	67
PRC dividend withholding tax	**42**	28
Current year losses for which no deferred tax asset was recognised	**60**	53
Utilisation of previously unrecognised tax losses	**(31)**	(35)
(Over)/under-provision in respect of prior years	**(9)**	14
Actual tax expenses	**973**	831

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,409 million (2011: RMB1,600 million) and the weighted average of 9,539,704,700 ordinary shares (2011: 7,805,626,406, after adjusting for the share subdivision on 27 June 2011) in issue during the year.

Weighted average number of ordinary shares

	Year ended 31 December	
	2012	2011
Issued ordinary shares at 1 January	**9,539,704,700**	211,485,200
Effect of shares issued on 13 May 2011	**–**	66,920,951
	9,539,704,700	278,406,151
Effect of share subdivision	**–**	6,960,153,775
Effect of shares issued on initial public offering	**–**	567,066,480
Weighted average number of ordinary shares for the year	**9,539,704,700**	7,805,626,406

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:

	2012	2011
	RMB million	*RMB million*
Final dividend proposed after the end of the reporting period of HKD0.12 (equivalent to RMB0.10) per ordinary share (2011: HKD0.10 (equivalent to RMB0.08) per ordinary share)	926	775
	926	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.

A final dividend of HKD0.10 (equivalent to RMB0.08) per ordinary share amounted to RMB776 million in respect of the year ended 31 December 2011 was approved on 16 May 2012 and paid on 8 June 2012.

11. INVENTORIES

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

	At 31 December	
	2012	2011
	RMB million	*RMB million*
Trading merchandise	**10,141**	10,259

(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	
	2012	2011
	RMB million	*RMB million*
Carrying amount of inventories sold	**61,563**	54,061
Write down of inventories	**16**	66
	61,579	54,127

All inventories are expected to be sold within one year.

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2012 *RMB million*	2011 *RMB million*
Non-current		
Rental prepayments	**372**	433
Current		
Trade receivables	**279**	256
Amounts due from Contracted Stores	**78**	311
Amounts due from Contracted Store Owners	**38**	334
Other debtors	**672**	673
Value-added tax receivables	**1,003**	937
Prepayments:		
– rentals	**1,079**	828
– fixed assets	**379**	410
Sub-total	**3,528**	3,749
Trade and other receivables	**3,900**	4,182

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

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 ongoing relationship.

The amounts due from Contracted Stores as at 31 December 2012 include balance of prepaid cards sold by the Contracted Stores which may be used by customers to purchase goods in certain of the Group's other stores, offset by advance payment made by Contracted Stores in respect of purchase of goods.

The amounts due from Contracted Store Owners comprise advances made by the Group to certain Contracted Store Owners and the Contracted Stores' profit attributable to the Group. 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 prepayments made for fixed assets which will be transferred to the relevant asset category upon receipt of the assets and the balances due from Contracted Store Owners, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 December 2012 *RMB million*	2011 *RMB million*
Available-for-sale financial assets	**1,965**	–

These represent short-term financial products issued by PRC commercial banks. The principal sum of these short-term financial products are guaranteed and are repayable, together with any associated returns, on the maturity dates which range from 3 to 9 months from date of issue. These products have expected but not guaranteed returns ranging from 2.70% to 5.50% per annum.

14. TIME DEPOSITS

Bank deposits as at 31 December 2012 of RMB105 million (2011: RMB67 million) have maturity of over 3 months.

15. CASH AND CASH EQUIVALENTS

	At 31 December	
	2012	2011
	RMB million	*RMB million*
Deposits with banks within 3 months of maturity	**270**	1,521
Cash at bank and on hand	**4,900**	5,996
Other financial assets	**587**	–
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	**5,757**	7,517

Other financial assets represent investments in short-term financial products issued by PRC commercial banks, with guaranteed principals and fixed returns ranging from 1.48% to 5.00% per annum and with periods to maturity less than three months from date of issue.

16. TRADE AND OTHER PAYABLES

	At 31 December	
	2012	2011
	RMB million	*RMB million*
Current		
Trade payables	**14,464**	15,034
Advance receipts from customers	**7,207**	5,949
Amounts due to related parties	**93**	44
Construction costs payable	**1,891**	1,691
Dividends payable to non-controlling interests	**28**	2
Accruals and other payables	**2,624**	2,442
Trade and other payables	**26,307**	25,162

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

	At 31 December	
	2012	2011
	RMB million	*RMB million*
Due within 6 months	**14,102**	14,696
Due after 6 months but within 12 months	**362**	338
	14,464	15,034

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Our turnover is derived from sales of goods and rental income. Turnover from sales of goods is primarily derived at our hypermarkets, where merchandise, mainly food, groceries and home appliances are laid out for sale. Turnover from sales of goods 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 years indicated:

	Year ended 31 December		
	2012	2011	**Change**
	(RMB million)		
Sales of goods	**75,936**	66,540	14.1%
Rental income	**1,915**	1,544	24.0%
Total turnover	**77,851**	68,084	14.3%

For the year ended 31 December 2012, our turnover from sales of goods was RMB75,936 million, an increase of RMB9,396 million, or 14.1%, from RMB66,540 million for the year ended 31 December 2011. The increase was primarily attributable to the continuous business expansion of the Group with the opening of new stores(1) and the same store sales growth(2) (the "**SSSG**").

For the year ended 31 December 2012, the Group opened 43 stores located in various areas of China. The new stores contributed to the increase in sales of goods.

For the year ended 31 December 2012, the SSSG was 3.3%. Stores opened in 2011 gradually became mature and attracted customers through various promotion activities.

For the year ended 31 December 2012, our turnover from rental income was RMB1,915 million, an increase of RMB371 million, or 24.0%, from RMB1,544 million for the year ended 31 December 2011. This increase was primarily attributable to an increase in leasable area from new stores and an increase in rental income from existing stores as a result of better management of tenant mix.

Notes:

(1) New stores: stores opened during the year ended 31 December 2012.

(2) Same store sales growth: the growth rate of sales of the stores opened before 31 December 2011. It is calculated by comparing the sales derived from those stores during their operating periods in 2011 with sales during the corresponding periods in 2012.

Gross Profit

For the year ended 31 December 2012, our gross profit was RMB16,150 million, an increase of RMB2,293 million, or 16.5%, from RMB13,857 million for the year ended 31 December 2011. Our gross profit margin remained stable with a slight increase of 0.3 percentage points during the year ended 31 December 2012. The increase in our gross profit margin was due to a greater increase in turnover of 14.3% as compared to increase in cost of sales of 13.8%, reflecting (i) better management on product category mix to bring a higher profit margin and (ii) economies of scale due to our expanding business operation.

Other Revenue

The other revenue consists of income from the disposal of packaging materials, interest income, service income, government grants and other miscellaneous revenue.

For the year ended 31 December 2012, the other revenue was RMB564 million, an increase of RMB150 million, or 36.2%, from RMB414 million for year ended 31 December 2011. This increase was primarily attributable to the increase in interest income from the investment to principal guaranteed financial products with a higher return rate than bank deposits. For the year ended 31 December 2012, the Group received compensation of RMB30 million in respect of a lease dispute, which also contributed to the increase in other revenue.

Store Operating Costs

Store operating costs represent the costs attributable 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 amortisation and depreciation of land use rights and property, plant and equipment at our stores.

For the year ended 31 December 2012, the store operating costs were RMB11,400 million, an increase of RMB1,884 million, or 19.8%, from RMB9,516 million for the year ended 31 December 2011.

This increase was primarily attributable to the increase in the number of stores in accordance with the on-going expansion of our hypermarket network. The expansion of our hypermarket network required the recruitment of new staff which led to an increase in personnel expenses. Also, new stores, operated on leased or self-owned sites, resulted in an increase in rental expenses and amortisation and depreciation of land use rights, property, plant and equipment at our stores.

Administrative Expenses

Administrative expenses primarily consist of personnel expenses, travelling expenses, amortisation and depreciation of land use rights, property, plant and equipment and other expenses for our administrative departments. For the year ended 31 December 2012, our administrative expenses were RMB1,796 million, a decrease of RMB53 million, or 2.9%, from RMB1,849 million for the year ended 31 December 2011. The Group recognised the listing expenses of approximately RMB46 million in the year ended 31 December 2011 while there was no such cost for 2012. This contributed to the decrease in administrative expenses in the year ended 31 December 2012. In addition, there was a decrease in certain tax charges due to changes in regulation and changes in the taxes on certain rebates.

Profit from Operations

For the year ended 31 December 2012, our profit from operations was RMB3,518 million, an increase of RMB612 million, or 21.1%, from RMB2,906 million for the year ended 31 December 2011. Our operating margin was 4.5%, an increase of 0.2 percentage points from 4.3% for the year ended 31 December 2011, which demonstrated the ability of the Group to leverage on the expanding business scale and exploit the fixed costs base to improve profitability.

Finance Costs

Finance costs primarily consist of interest expenses on borrowings. For the year ended 31 December 2012, our finance costs were RMB12 million, a decrease of RMB78 million, or 86.7%, from RMB90 million for the year ended 31 December 2011. This decrease was primarily attributed to a decrease in the balance of borrowings with the repayment of the bank borrowings made in the second half of 2011.

Income Tax

For the year ended 31 December 2012, our income tax expense was RMB973 million, an increase of RMB142 million, or 17.1%, from RMB831 million for the year ended 31 December 2011. Our effective income tax rate was 27.8% for the year ended 31 December 2012 compared to 29.5% for the year ended 31 December 2011, since more new stores turned profitable and started the utilisation of taxes losses for which no deferred tax asset was recognised in prior years.

Profit for the Year

For the year ended 31 December 2012, our profit for the year was RMB2,533 million, with an increase of RMB548 million, or 27.6%, from RMB1,985 million for the year ended 31 December 2011. Our net profit margin was 3.3% for the year ended 31 December 2012, increasing from 2.9% for the year ended 31 December 2011. The increase was primarily attributable to an increase in the operating margin by 0.2 percentage points, a decrease in finance costs and the lower effective income tax rate for the year ended 31 December 2012.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2012, our profit attributable to equity shareholders of the Company was RMB2,409 million, an increase of RMB809 million, or 50.6%, from RMB1,600 million for the year ended 31 December 2011.

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 2012, cash flow generated from operating activities was RMB5,583 million, a decrease of RMB181 million, or 3.1%, from RMB5,764 million for the year ended 31 December 2011.

As of 31 December 2012, our net current liabilities increased to RMB5,582 million from RMB4,107 million as of 31 December 2011. This increase was primarily attributed to: (i) a decrease in the current assets of RMB96 million, with a reduced level of inventories and of trade and other receivables as at 31 December 2012, partially offset by the rise in the combined balance of cash and cash equivalents and available-for-sale financial assets; and (ii) an increase in trade payables and other payables of RMB1,145 million, reflecting an increase in advance receipts from customers of RMB1,258 million from prepaid cards. This results from the on-going expansion of prepaid card sales, partially offset by the decrease in the balance of trade payables.

For the year ended 31 December 2012, the inventory turnover days and trade payable turnover days were 61 days and 87 days respectively, while the inventory turnover days and trade payable days were 59 days and 91 days for the year ended 31 December 2011 respectively.

Available-for-sale financial assets represented the investments made by the Group in short-term financial products issued by commercial banks in the PRC. These investments are principal guaranteed, with maturity dates from 3 to 9 months. The expected but not guaranteed return rates vary between 2.7% and 5.5% per annum.

Investing Activities

For the year ended 31 December 2012, cash flow used in investing activities was RMB6,862 million, an increase of RMB1,599 million, or 30.4%, from RMB5,263 million for the year ended 31 December 2011.

The cash flow used in investing activities mainly reflected (i) a net investment in short-term financial products for RMB1,965 million; and (ii) capital expenditure for RMB5,362 million, including: (a) new stores and projects for RMB3,668 million; (b) the upgrading and remodelling of our existing hypermarkets for RMB1,631 million; and (c) the upgrading of existing distribution centres for RMB63 million.

Financing Activities

For the year ended 31 December 2012, cash flow used in financing activities was RMB481 million, as compared to cash generated from financing activities of RMB3,730 million for the year ended 31 December 2011. The change was primarily attributable to the fact that the Group received net proceeds from IPO ("**Net Proceeds**") of RMB7,625 million during the year ended 31 December 2011 while there was no such proceeds for 2012. The fluctuation was also due to: (i) a decrease in dividend distribution for the year ended 31 December 2012 of RMB1,055 million; and (ii) net borrowing from banks of RMB204 million, while there was a net repayment of bank loans of RMB2,157 million for 2011.

The Group expects to finance future capital expenditures through a combination of cash flow generated from operating activities and bank loans.

Dividends

The Board proposed a final dividend of HK$0.12 (equivalent to RMB0.10) per ordinary share (the "**Final Dividend**") for the year ended 31 December 2012, amounting to approximately HK$1,145 million (equivalent to RMB926 million). 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 15 May 2013.

For details of the Final Dividend, please refer to the section headed "Final Dividends" in this announcement on page 25.

BUSINESS REVIEW

Macroeconomic Environment

In 2012, China succeeded in steering its economy to a "soft landing". The gross domestic product ("**GDP**") grew by 7.8% to approximately RMB51,932.2 billion. The growth in the consumer price index slowed down to 2.6%. The economic slowdown and lower consumer price index posed challenges to the top line growth of retail businesses, and the growth in total annual retail sales of consumer goods (according to National Bureau of Statistics) decreased by 2.8 percentage points to 14.3%, still a high level.

As a result of some of China's economy transition reforms, final consumption expenditures contributed 51.8% to the country's GDP in 2012 and became the prominent driver of growth. Meanwhile, the service sector's share of the country's GDP in 2012 increased by 1.2 percentage points, while the country's urbanization rate grew by 1.3 percentage points up to 52.6%. The per capita disposable income of urban residents reached RMB24,565, representing a nominal increase of 12.6% over the previous year. Adjusted for inflation, the per capita disposable income actually grew by 1.2 percentage points to 9.6%.

Expansion of Retail Network

In 2012, the Group continued to open new stores at a steady pace. During the year under review, it opened 43 hypermarket complexes, of which 9 were under the Auchan banner and 34 were under the RT-Mart banner. Of the new stores, 12 were located in Eastern China, 3 in Northern China, 10 in Central China, 4 in North-Eastern China, 10 in Southern China and 4 in Western China. Please refer to note 1 for definitions of regional divisions.

As of 31 December 2012, of the Group's stores, 11% were located in first-tier cities, 19% in second-tier cities, 44% in third-tier cities, 20% in fourth-tier cities and 6% in fifth-tier cities. Please refer to note 2 for definitions of tiers.

During the year under review, the Group continued to proactively seek opportunities to open new stores. As of 31 December 2012, through execution of lease contracts or acquisition of land parcels, the Group had identified and secured 157 sites to open hypermarket complexes, of which 101 were under construction, ensuring sufficient sites for the Group's expansion in the next three years and laying a solid ground for the Group's development in the medium term. Of the contracted sites, 3% were located in first-tier cities, 16% in second-tier cities, 50% in third-tier cities, 24% in fourth-tier cities and 7% in fifth-tier cities.

As of 31 December 2012, the Group had a total of 273 hypermarket complexes in China, with a total gross floor area ("**GFA**") of approximately 7.64 million square meters, of which approximately 66% were operated on leased spaces and 34% were in self-owned properties. The number of such stores and their GFA in each major region of China are set forth below:

Region	Number of hypermarket complexes (As of 31 December 2012)			Total GFA of hypermarket complexes (sq.m.) (As of 31 December 2012)		
	Auchan	RT-Mart	Total	Auchan	RT-Mart	Total
Eastern China	39	87	126	1,574,484.4	2,194,678.0	3,769,162.4
Northern China	6	28	34	196,443.8	680,582.0	877,025.8
Northeastern China	1	24	25	23,906.0	667,220.0	691,126.0
Southern China	1	41	42	15,968.0	1,018,231.0	1,034,199.0
Central China	4	30	34	138,095.8	763,425.0	901,520.8
Western China	3	9	12	150,447.5	220,427.0	370,874.5
Total	54	219	273	2,099,345.5	5,544,563.0	7,643,908.5

(1) According to the national guidance of economic regional planning, the Group uses the following regional divisions:

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

(2) City tiers were defined as follows:

First-tier cities:	Municipalities under the direct jurisdiction of the central government and Guangzhou
Second-tier cities:	Provincial capitals and sub-provincial cities
Third-tier cities:	Prefecture-level cities
Fourth-tier cities:	County-level cities
Fifth-tier cities:	Townships and towns

Store Improvement

During the year under review, the Group continued to improve the shopping environment of its stores and enhance customers' shopping convenience by expanding the area of some of its hypermarket complexes and car parks, including those of Auchan Changyang, Chengdu Jinniu, Nanjing Hanzhongmen, Suzhou Xingtang as well as RT-Mart Xiaoshan and Taicang Stores.

The Group's two banners upgraded the fresh food, cooked food, bakery areas in some stores according to its annual schedule to offer a greater selection of made-on-site merchandise at the fresh food areas and to accentuate the freshness of its fresh products on display. The RT-Mart banner upgraded the apparel retail area to display apparel goods to the standards of brand name specialist retailers.

The Group also upgraded the retail galleries of some stores, carried out renovations, expanded their area and adjusted the tenants mix. As a result, the retail galleries are becoming more diverse and offering better services thereby differentiating from competitors.

Optimization of Procurement and Merchandise Mix

The Group always attaches great importance to good strategic relationships with its suppliers. According to the "2012 Supplier Satisfaction Survey" issued by Shanghai Business Information Center, RT-Mart and Auchan ranked No. 1 and No. 4 respectively in the "2012 hypermarket retail format overall satisfaction index". Meanwhile, RT-Mart ranked No. 1 in indexes in execution capability, replenishment and distribution, and management of merchandise mix.

During the year under review, the Group's two banners aligned their contractual conditions, thereby facilitating the progress of their common negotiation with suppliers. Consequently around 32% of the total Group turnover was negotiated in common during the year.

The Group puts customers' demands in the first place and endeavours to satisfy their wants and needs. It closely monitors the latest consumption trends, the needs of different consumer groups and keeps enriching the choice of merchandise to meet evolving demand. For instance, it offers a rich array of seasonal agricultural products, local specialties, packed fruits and vegetables and cooked foods. It also has introduced more health and functional products as well as products for children and elderly.

The Group strives to offer high quality fresh products which are good value for money. During the year under review, the Group responded to the government's policy of benefiting people by setting up "bargain corners" in its shops to sell vegetables for RMB1 per piece. The move was well received by customers. The Group's fresh products procurement base has been expanding through various measures including "connection between farms and hypermarkets" and direct procurement of goods at their places of production. This has ensured a stable supply of quality fresh products. Meanwhile, intensive training was provided to fresh product employees, such as "cooking school" and "bakers' training" to strengthen their professional skills.

Own brands are essential to the Group's capability to meet consumers' varying demands and provide differentiated products, and thus are key to enhance the Group's competitiveness. During the year, the Group's own brand team introduced over 700 new products under the Group's own brands to satisfy customers' needs. It also made improvements to their packaging and design.

Optimization of Supply Chain Management

During the year under review, RT-Mart's two logistics centres, which were opened respectively in Southern China and Northeastern China in 2011, have been operating smoothly for a year and the staff's professionalism has increased. Meanwhile, the systems at the logistics centres were customized and improved to enable the introduction of more fast-moving merchandises and high volume items. In addition, the usage rate and loading capacity of the Group's trucks were improved through better routes, scheduling and communication with stores. The overall inventory level and operating costs were reduced as the operations became smoother. The Group's distribution center in eastern China enlarged its fleet of self-owned trucks during the year to cope with rapid growth. The distribution center in Eastern China also won the title of "Best Logistics Advanced Unit and Container Non-delivery Exemplary Unit in Jiangsu Province in 2012". The Auchan banner also set up a distribution center in Eastern China, which is scheduled to commence operations in 2013.

Our IT systems contributed to improving our operational efficiency and cost cutting through ongoing optimization. During the year under review, certain Auchan stores' third-party cashier systems were replaced by the Group's own developed systems. This will effectively reduce their investment in the cashier systems and operating costs. Meanwhile, the launch of an indirect procurement system, together with the common negotiation of equipment and consumables will enable the Group to control its procurement more effectively and reduce costs.

Operating Efficiency Enhancement

During the year under review, many of the Group's stores raised the efficiency of energy consumption by installing automatic lighting control systems, air-conditioners with automatic energy saving systems as well as freezers and refrigerators with energy saving and adjustment systems.

During the year under review, Auchan adopted the "LOHAS" management program, which aims at enhancing operating efficiency. In the program, the Group collected the staff's opinions to identify and remedy weaknesses which may affect operating efficiency. A trial run of the program was conducted in one store, with the cashier department and mass consumer products division singled out for study, and significant progress has been achieved. For instance, the proportion of merchandise with unreadable barcodes at the cashier department dropped significantly and working hours reduced. In the future, the program will be rolled in all stores.

RT-Mart reviewed and improved 160 operational procedures (including management of merchandise entry, sales and inventory, equipment and consumables, damage prevention and maintenance and repair as well as the operation of retail galleries) in order to meet the objectives of lean management and operational efficiency enhancement.

Optimization of Human Resources Management and Training

As at 31 December 2012, the Group had 118,335 employees. To promote our rapid growth, the Group implemented an effective human resource optimization strategy. Dependable staff have been developed at stores and their productivity has been improved through the upgrading of human resources systems and staff on-job training.

Auchan rolled out its first "Staff Engagement Survey", through which data and information regarding staff's satisfaction with the Company and their engagement was obtained. Based on the survey findings as well as through meetings with employees, communication with staff about wages and benefits, job opportunities and corporate brand recognition was strengthened. Auchan was accredited with the "Best Performance Compensation Management Model in 2012" and "China's Best HR Exemplary Enterprise in 2012" by "www.51job.com" during the year.

A professional fresh products training school was established by RT-Mart and opened, which improved the efficiency of the technicians who have been trained and allowed the development of new fresh products favored by customers. The employees of both banners attended trainings and hundreds of proficient fresh products masters were deployed in stores. In addition, a standard version of teaching materials have been developed and were used in programs such as "Three-Star Staff Training" and "Fire Safety Training". After becoming the first corporate training institution to be entitled to government subsidies in Shanghai in 2011, RT-Mart's training base in the city has trained a number of staff, who have passed the State's salespersons qualification examinations.

Environment and Social Responsibilities

The Group works to comply with the state's regulations on environmental protection, energy conservation and the retail industry requirements in terms of hypermarkets' design, construction and business operations. The Group has been gradually establishing and improving internal procedures for garbage classification and processing and for recording, classifying and processing hazardous waste. Meanwhile, the Group took initiatives to renovate its stores to save energy and reduce emissions of exhaust gas and waste water.

The Group has formulated specifications and procedures for product quality control, which include audit system for the introduction of new suppliers merchandise. Specifically, staff of the procurement and quality inspection departments check the validity of the new suppliers' permits and licenses for production and operation and the safety of their production processes at source. They conduct site visits, on-site inspection of assessment of the production environment, evaluate raw material quality, water sources and hazard control. Only qualified vendors are accepted.

The Group aspires to be a good neighbor in the community and a good citizen. It actively participates in social activities and is committed to social responsibility. To enrich the cultural life of the community, the Group opened plazas at its stores to host a variety of cultural and recreational activities jointly with local communities. On top of providing care for the underprivileged such as the elderly, the disabled, and orphans, the Group also supported and actively participated in various charitable events hosted by local governments or social organizations.

The Group demonstrated its efforts in environmental protection and sustainable development. Auchan participated in the "Million Tree Project" for the second time, planting another 2,000 trees in the "Auchan Public Forest" in Inner Mongolia. In June, Auchan's stores launched promotional activities for 230 kinds of green products, educating consumers about their benefits. Joining forces with the "Albatross" organization, the green coach program was launched at all Auchan stores. Staff volunteers travelled to local schools or communities to train school students about sustainable development.

In 2012 Auchan's Wuxi store became the first retail company in China to obtain carbon credits and LEED (Leadership in Energy and Environmental Design) certification. The Lianshui store, Sujiatun store and Sanlin store under RT-Mart won the title of being one of the "One hundred exemplary low-carbon emission shops nationwide" by the China Chain Store & Franchise Association, joining RT Mart's Zhabei, Dafeng and Tianshan store for a total of six RT-Mart stores to have won the title.

RT-Mart organized the "Charity Bazaar" activity on 22 June 2012. All the revenue from the sales of certain products nationwide on that day were donated to the "Forestation Program in Niba Mountain" to improve the conditions of the trails for pandas in Sichuan. From November to December, "Charity 100, RT-Mart Yiliang Caring Love Program" was launched with "Donation Stations" being set up in 52 stores in China. College volunteers called on RT-Mart's customers for donations for the primary school students at the earthquake-stricken area in Yiliang. About RMB1,825,000 worth of donations were raised from the program.

Outlook

After the 18th National People's Congress of the Chinese Communist Party, the government's plans for urbanization and household income growth should continue to fuel the long-term growth of China's domestic consumption and is positive for retailers.

The Group believes that this will provide opportunities for growth in the country's hypermarket sector. To cope with challenges resulting from intensifying competition, temporarily weak consumption and changes in consumer's purchase patterns, the Group will adopt the following measures: (1) continue to maintain growth by taking advantage of the opportunities offered by continued urbanization. It will apply strict criteria in sites selection to ensure new sites quality. (2) keep improving the logistics, distribution and IT systems to raise the efficiency of the supply chain. The Group will continue to enhance its staff's professionalism and productivity with training programs. In addition, it will step up its effort in the procurement of products at their place of origin to reduce the number of intermediaries and related costs. (3) closely monitor the trends of consumer demand and constantly adapt the merchandise mix to satisfy the consumers' changing wants and needs. It will also observe food safety regulations and exercise strict quality control when developing its own brands.

With the above measures, the competitive advantages of both Auchan and RT-Mart will be given full play. The Group has geared up for the challenges ahead and will reinforce its leading position in the market and bring better returns to its shareholders in 2013.

OTHER INFORMATION

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 non-executive Directors. 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 2012.

Corporate Governance

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

The Company has devised its own Corporate Governance and Compliance Manual which incorporates all the policies, principles and practices as set out in the Corporate Governance Code effective from time to time (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 that its operations are in line with the good corporate governance practices as set out in the CG Code and aligned with the latest developments.

In the opinion of the Board, the Company has complied with all the principles as set out in the CG Code for the year ended 31 December 2012 save and except for code provisions A.6.7 and C.3.7 (a).

Code provision A.6.7 of the CG Code provides that the independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Due to other prior business engagements, two independent non-executive Directors were not able to attend the annual general meeting of the Company held on 16 May 2012 but the Chairman of the Audit Committee did.

Code provision C.3.7(a) provides that under the terms of reference of the Audit Committee, the Audit Committee should review arrangements that can be used by the employees in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Company had not established any formal arrangement for employees to raise concern about possible improprieties in financial reporting, internal control or other matters. In practice, employees have direct access to our internal auditor via either an anonymous hotline or a mailbox. In addition, they have direct access by email to the executive Directors and the senior management. The Directors regularly receive and review monthly financial reports. The Directors, through the Audit Committee, meet quarterly with the Group's internal audit function, whose main responsibility is to review the internal control system of the Group. The Directors consider that the lack of such arrangements will not have a material effect on the functions of financial reporting, internal control or other related matters. The internal auditors, the Audit Committee and the Board will discuss the proper actions to deal with any issue reported from any employee about improprieties in financial reporting, internal control and other matters.

Further information of the corporate governance practice of the Company will be set out in the Corporate Governance Report in the annual report of the Company for the year ended 31 December 2012.

Securities Transactions by Directors

The Company has adopted its own policies for securities transactions (the "**Company Code**") by Directors and relevant employees 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 of the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company Code throughout the year ended 31 December 2012.

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 2012.

Annual General Meeting

The 2013 AGM will be held on 15 May 2013 (Wednesday). 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.

Final Dividends

At the Board meeting held on 15 March 2013 (Friday), the Directors proposed that a Final Dividend of HK$0.12 (equivalent to RMB0.10) per ordinary share for the year ended 31 December 2012, amounting to approximately HK$1,145 million (equivalent to RMB926 million) be paid on or about 15 July 2013 to the shareholders of the Company whose names appear on the Company's register of members at the close of business at 4:30 p.m. on 23 May 2013 (Thursday). The proposed Final Dividend is subject to the approval by the shareholders of the Company at the forthcoming AGM to be held on 15 May 2013 (Wednesday).

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2013 AGM

The Company's register of members will be closed from 13 May 2013 (Monday) to 15 May 2013 (Wednesday), both dates inclusive, during which period 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 for registration no later than 4:30 p.m. on 10 May 2013 (Friday).

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

The proposed Final Dividend is subject to the approval of shareholders at the 2013 AGM. For determining the entitlement to the proposed Final Dividend, the record date is fixed on 23 May 2013 (Thursday). 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 for registration no later than 4:30 p.m. on 23 May 2013 (Thursday).

Publication of Final Results and 2012 Annual Report

This 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 of the Company for the year ended 31 December 2012 will be dispatched to the shareholders of the Company and make available for review on the same websites 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 = RMB0.80852 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)*
Benoit, Claude, Francois, Marie, Joseph LECLERCQ
Philippe David BAROUKH
Xavier Marie Alain DELOM de MEZERAC

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

Hong Kong, 15 March 2013