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 2013

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 2013, together with the comparative figures for the year ended 31 December 2012, 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		
	2013	2012	**Change**
	RMB million		
Turnover	**86,195**	77,851	10.7%
Gross Profit	**18,613**	16,150	15.3%
Profit from Operations	**4,147**	3,518	17.9%
Profit for the Year	**2,942**	2,533	16.1%
Profit Attributable to Equity Shareholders of the Company	**2,775**	2,409	15.2%
Earnings Per Share ("**EPS**") – Basic and diluted [1]	**RMB0.29**	RMB0.25	

	As at 31 December		
	2013	2012	**Change**
	RMB million		
Total Assets	**49,910**	44,585	11.9%
Total Liabilities	**30,529**	27,227	12.1%
Net Assets	**19,381**	17,358	11.7%
Gearing Ratio [2]	**0.61**	0.61	
Current Ratio [3]	**0.73**	0.79	

Note:

(1) The calculation of basic and diluted EPS for the years ended 31 December 2013 and 2012 is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the year.

(2) Gearing Ratio = Total Liabilities/Total Assets

(3) Current Ratio = Current Assets/Current Liabilities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

		Year ended 31 December	
		2013	2012
	Note	***RMB million***	*RMB million*
Turnover	*5*	**86,195**	77,851
Cost of sales		**(67,582)**	(61,701)
Gross profit		**18,613**	16,150
Other revenue	*6*	**648**	564
Store operating costs		**(13,148)**	(11,400)
Administrative expenses		**(1,966)**	(1,796)
Profit from operations		**4,147**	3,518
Finance costs	*7(a)*	**(13)**	(12)
Profit before taxation	*7*	**4,134**	3,506
Income tax	*8(a)*	**(1,192)**	(973)
Profit for the year		**2,942**	2,533
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets:			
Changes in fair value recognised during the year		**34**	188
Reclassification adjustments for amounts transferred to profit or loss:			
– gains on disposal		**(34)**	(188)
Total comprehensive income for the year		**2,942**	2,533
Profit attributable to:			
Equity shareholders of the Company		**2,775**	2,409
Non-controlling interests		**167**	124
Profit for the year		**2,942**	2,533
Total comprehensive income attributable to:			
Equity shareholders of the Company		**2,775**	2,409
Non-controlling interests		**167**	124
Total comprehensive income for the year		**2,942**	2,533
Earnings per share			
Basic and diluted	*9*	**RMB0.29**	RMB0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

		At 31 December	
		2013	2012
	Note	***RMB million***	*RMB million*
Non-current assets			
Fixed assets:			
– Investment properties		**2,642**	2,335
– Other property, plant and equipment		**19,318**	16,028
– Land use rights		**4,993**	4,038
		26,953	22,401
Intangible assets		**9**	9
Goodwill		**99**	99
Interest in a joint venture		**3**	–
Trade and other receivables	*12*	**510**	372
Deferred tax assets		**213**	208
		27,787	23,089
Current assets			
Inventories	*11*	**11,268**	10,141
Trade and other receivables	*12*	**3,411**	3,528
Investments and time deposits	*13*	**1,173**	2,070
Cash and cash equivalents	*14*	**6,271**	5,757
		22,123	21,496
Current liabilities			
Trade and other payables	*15*	**29,611**	26,307
Bank loans	*16*	**391**	402
Income tax payables		**364**	369
		30,366	27,078
Net current liabilities		**(8,243)**	(5,582)
Total assets less current liabilities		**19,544**	17,507

		At 31 December	
		2013	2012
	Note	***RMB million***	*RMB million*
Non-current liabilities			
Other financial liabilities		**50**	85
Deferred tax liabilities		**113**	64
		163	149
Net assets		**19,381**	17,358
Capital and reserves			
Share capital		**2,721**	2,721
Reserves		**16,027**	14,109
Total equity attributable to equity shareholders of the Company		**18,748**	16,830
Non-controlling interests		**633**	528
Total equity		**19,381**	17,358

NOTES:

1. STATEMENT OF COMPLIANCE

The Group's financial statements have been prepared in accordance with all applicable 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 2013 comprise the Group and the Group's interest in a joint venture.

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**").

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 accounting 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 new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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 profit or loss and other 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	
	2013	2012
	RMB million	*RMB million*
Sales of goods	**83,958**	75,936
Rental income	**2,237**	1,915
	86,195	77,851

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	
	2013	2012
	RMB million	*RMB million*
Service income	**98**	100
Disposal of packaging materials	**79**	82
Interest income	**334**	270
Government grants	**119**	82
Compensation received in respect of lease contract disputes	**18**	30
	648	564

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	
	2013	2012
	RMB million	*RMB million*
Interest expense on borrowings		
– wholly repayable within five years	**7**	4
– wholly repayable after five years	**6**	8
	13	12

(b) Staff costs

	Year ended 31 December	
	2013	2012
	RMB million	*RMB million*
Salaries, wages and other benefits	**5,285**	4,636
Contributions to defined contribution retirement plans	**605**	508
Contributions to Employee Trust Benefit Schemes *(i)*	**350**	263
Share-based payments	**16**	51
	6,256	5,458

(i) Contributions to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Co., Ltd. ("**CIC**") and its subsidiaries ("**the RT-Mart Scheme**") and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Hong Kong Limited ("**ACHK**") and its subsidiaries ("**the Auchan Scheme**"). Under each scheme, an annual profit sharing contribution, calculated based on the consolidated results of CIC for the RT-Mart Scheme, and on the consolidated results of ACHK for the Auchan Scheme, and the number of eligible employees, is payable to a trust, the beneficial interests in which are allocated to participating eligible employees in accordance with the relevant Employee Trust Benefit Scheme rules. The trusts are administered by independent trustees and invest the amounts received in either cash and cash equivalents ("**cash-like assets**") or equity of CIC in the case of the RT-Mart Scheme, or cash-like assets or equity of ACHK's subsidiary, Auchan (China) Investment Co., Ltd. ("**ACI**") in the case of the Auchan Scheme, respectively. The annual profit sharing contributions are accrued in the year in which the associated services are rendered by the eligible employees.

In addition to the annual profit sharing contributions made by the Group, subject to certain conditions, eligible employees are entitled to acquire additional beneficial interests in the relevant Employee Trust Benefit Scheme trust using their own funds.

Any excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired is credited to capital reserve within equity of the Group.

(c) Other items

	Year ended 31 December	
	2013	2012
	RMB million	*RMB million*
Cost of inventories	**67,438**	61,579
Depreciation		
– assets leased out under operating leases		
– investment properties	**155**	129
– other property, plant and equipment	**225**	183
– assets held for own use	**1,706**	1,510
	2,086	1,822
Amortisation		
– land use rights	**132**	128
– intangible assets	**3**	2
	135	130
Operating lease charges		
(i) contingent rents		
– assets leased for own use	**471**	402
– assets sublet to others	**131**	107
(ii) minimum lease payments		
– assets leased for own use	**1,223**	1,076
– assets sublet to others	**194**	148
(iii) fees to Contracted Store Owners	**26**	43
Total	**2,045**	1,776
Loss on disposal of property, plant and equipment	**12**	23
Net foreign exchange gain	**(4)**	(14)
Auditors' remuneration		
– audit services	**28**	19
– non-audit services	**1**	–
Donations	**40**	5
Rental income from investment properties		
– gross (including property management fee)	**(860)**	(739)
– direct operating expenses	**52**	47
Net	**(808)**	(692)

8. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December	
	2013	2012
	RMB million	*RMB million*
Current tax – Hong Kong Profits Tax		
Provision for the year	**5**	2
Current tax – PRC income tax		
Provision for the year	**1,131**	972
Under/(over)-provision in respect of prior years	**12**	(9)
	1,148	965
Deferred tax		
Reversal of temporary differences	**44**	8
	1,192	973

(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 (2012: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(ii) All PRC subsidiaries are subject to income tax at 25% for the year ended 31 December 2013 (2012: 25%) under the Enterprise Income Tax law ("**EIT law**") which was enacted on 16 March 2007.

(iii) 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 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 Holdings Limited and ACHK should be subject to 5% withholding tax rate.

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 2013, deferred tax liabilities of RMB102 million (2012: RMB53 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 2013 were calculated at the withholding tax rate of 5% (2012: 5%).

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

	Year ended 31 December	
	2013	2012
	RMB million	*RMB million*
Profit before taxation	**4,134**	3,506
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**1,034**	877
Non-deductible expenses, less non-assessable income	**10**	34
PRC dividend withholding tax	**49**	42
Current year losses for which no deferred tax asset was recognised	**120**	60
Utilisation of previously unrecognised tax losses	**(33)**	(31)
Under/(over)-provision in respect of prior years	**12**	(9)
Actual tax expenses	**1,192**	973

(c) Income tax payables in the consolidated statement of financial position represent:

	Year ended 31 December	
	2013	2012
	RMB million	*RMB million*
Balance at beginning of the year	**369**	338
Under/(over)-provision in respect of prior years	**12**	(9)
Provision for current income tax for the year	**1,136**	974
Payment during the year	**(1,153)**	(934)
Income tax payables at the end of the year	**364**	369

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,775 million (2012: RMB2,409 million) and the weighted average of 9,539,704,700 ordinary shares (2012: 9,539,704,700) in issue during the year:

Weighted average number of ordinary shares

	Year ended 31 December	
	2013	2012
Issued ordinary shares at 1 January and 31 December	**9,539,704,700**	9,539,704,700

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:

	2013	2012
	RMB million	*RMB million*
Final dividend proposed after the end of the reporting period of HKD0.28 (equivalent to RMB0.22) per ordinary share (2012: HKD0.12 (equivalent to RMB0.10) per ordinary share)	**2,107**	926
	2,107	926

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:

A final dividend of HKD0.12 (equivalent to RMB0.10) per ordinary share amounted to RMB915 million in respect of the year ended 31 December 2012 was approved on 15 May 2013 and paid on 11 June 2013.

11. INVENTORIES

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

	At 31 December	
	2013	2012
	RMB million	*RMB million*
Trading merchandise	**11,268**	10,141

(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	
	2013	2012
	RMB million	*RMB million*
Carrying amount of inventories sold	**67,428**	61,563
Write down of inventories	**10**	16
	67,438	61,579

All inventories are expected to be sold within one year.

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2013 RMB million	2012 RMB million
Non-current		
Rental prepayments	**510**	372
Current		
Trade receivables	**174**	279
Amounts due from Contracted Stores	**67**	78
Amounts due from Contracted Store Owners	**55**	38
Other debtors	**621**	672
Value-added tax receivables	**547**	1,003
Prepayments:		
– rentals	**1,045**	1,079
– fixed assets	**902**	379
Sub-total	**3,411**	3,528
Trade and other receivables	**3,921**	3,900

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

The amounts due from Contracted Stores 2013 include the 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 payments made by Contracted Stores in respect of purchase of goods.

The amounts due from Contracted Store Owners comprise of 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. INVESTMENTS AND TIME DEPOSITS

	At 31 December 2013 RMB million	2012 RMB million
Loans and receivables	**1,029**	–
Available-for-sale financial assets	**–**	1,965
Time deposits	**144**	105
	1,173	2,070

Loans and receivables represent short-term financial products and time deposits originated by commercial banks, with guaranteed principals, fixed or determinable returns and with periods to maturity over 3 months from date of issue.

14. CASH AND CASH EQUIVALENTS

	At 31 December	
	2013	2012
	RMB million	*RMB million*
Deposits with banks within 3 months of maturity	**99**	270
Cash at bank and on hand	**4,349**	4,900
Other financial assets	**1,823**	587
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	**6,271**	5,757

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

15. TRADE AND OTHER PAYABLES

	At 31 December	
	2013	2012
	RMB million	*RMB million*
Current		
Trade payables	**15,951**	14,464
Advance receipts from customers	**8,080**	7,207
Amounts due to related parties	**82**	93
Construction costs payable	**2,363**	1,891
Dividends payable to non-controlling interests	**153**	28
Accruals and other payables	**2,982**	2,624
Trade and other payables	**29,611**	26,307

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

	At 31 December	
	2013	2012
	RMB million	*RMB million*
Due within 6 months	**15,816**	14,102
Due after 6 months but within 12 months	**135**	362
	15,951	14,464

16. BANK LOANS

Bank loans were unsecured and carried interest at 1.55% to 1.70% per annum as at 31 December 2013 (2012: 1.55% to 2.10%).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Our turnover is derived from the sales of goods and rental income. Turnover from the sales of goods is primarily derived at our hypermarkets where merchandise, mainly food, groceries, home appliances, textile and general goods 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.

A breakdown of our turnover from sales of goods and rental income for the years indicated is set out as below:

	Year ended 31 December		
	2013	2012	**Change**
	(RMB million)		
Sales of goods	**83,958**	75,936	10.6%
Rental income	**2,237**	1,915	16.8%
Total turnover	**86,195**	77,851	10.7%

For the year ended 31 December 2013, our turnover from the sales of goods was RMB83,958 million, an increase of RMB8,022 million, or 10.6%, from RMB75,936 million for the year ended 31 December 2012. The increase was primarily attributable to the continuing 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 2013, the Group continued to expand in various areas of China and opened 50 stores, which contributed to the increase in sales of goods.

For the year ended 31 December 2013, the SSSG was 2.0%. Stores that were opened for more than one year became mature and gradually developed their markets.

For the year ended 31 December 2013, our turnover from rental income was RMB2,237 million, an increase of RMB322 million, or 16.8%, from RMB1,915 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in rentable 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 2013.

(2) Same store sales growth: For stores opened over 12 full months as of 31 December 2013. It is calculated by comparing the sales derived in those stores from their opening month to the end of year 2012 with the same period in year 2013.

Gross Profit

For the year ended 31 December 2013, our gross profit was RMB18,613 million, an increase of RMB2,463 million, or 15.3%, from RMB16,150 million for the year ended 31 December 2012. Our gross profit margin for the year ended 31 December 2013 was 21.6%, an increase of 0.9 percentage points from 20.7% for the year ended 31 December 2012. The increase in our gross profit margin was a result of a greater increase in turnover of 10.7% as compared to the increase in cost of sales of 9.5%, reflecting: (i) better management of product category mix to bring a higher profit margin and (ii) economies of scale due to our expanding business operations.

Other Revenue

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 2013, other revenue was RMB648 million, an increase of RMB84 million, or 14.9%, from RMB564 million for the year ended 31 December 2012. This increase was primarily attributable to: (i) an increase in interest income of RMB64 million, generated from the higher transaction volume of investment in principal guaranteed financial products with a relatively higher return than bank deposits; (ii) an increase in government grants of RMB37 million, which were received from local authorities; and (iii) a decrease in compensation received in respect of lease contract disputes of RMB12 million. The compensations received for the years ended 31 December 2013 and 2012 were one-off and were related to different lease contracts.

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 amortisation and depreciation of land use rights, property, plant and equipment of our stores.

For the year ended 31 December 2013, the store operating costs were RMB13,148 million, an increase of RMB1,748 million, or 15.3%, from RMB11,400 million for the year ended 31 December 2012.

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.

The amount of store operating costs for the year ended 31 December 2013 represented 15.3% of turnover, an increase of 0.7 percentage points, from 14.6% for the year ended 31 December 2012. The increase was mainly attributable to the expenses incurred for the preparation of new stores that were opened in second half of 2013, including personnel expenses, energy expenses and other miscellaneous expenses.

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 2013, our administrative expenses were RMB1,966 million, an increase of RMB170 million, or 9.5%, from RMB1,796 million for the year ended 31 December 2012. The increase was primarily attributable to an increase in the number of administrative staff to provide supporting services for our expanding network of hypermarket complexes. The ratio of administrative expenses represented 2.3% of turnover, which remained stable for the years ended 31 December 2013 and 2012.

Profit from Operations

For the year ended 31 December 2013, our profit from operations was RMB4,147 million, an increase of RMB629 million, or 17.9%, from RMB3,518 million for the year ended 31 December 2012. Our operating margin was 4.8%, an increase of 0.3 percentage points from 4.5% for the year ended 31 December 2012, which demonstrated the ability of the Group to leverage our fixed cost base due to the expansion of business scale to increase profitability.

Finance Costs

Finance costs primarily consist of interest expenses on borrowings. For the year ended 31 December 2013, our finance costs were RMB13 million, which remained stable from RMB12 million for the year ended 31 December 2012.

Income Tax

For the year ended 31 December 2013, our income tax expense was RMB1,192 million, an increase of RMB219 million, or 22.5%, from RMB973 million for the year ended 31 December 2012. Our effective income tax rate was 28.8% for the year ended 31 December 2013 compared to 27.8% for the year ended 31 December 2012. The increase in effective tax rate was mainly attributable to the losses generated by certain stores opened in 2012 and 2013 for which no deferred tax was recognised.

Profit for the Year

For the year ended 31 December 2013, our profit for the year was RMB2,942 million, with an increase of RMB409 million, or 16.1%, from RMB2,533 million for the year ended 31 December 2012. Our net profit margin was 3.4% for the year ended 31 December 2013, increasing by 0.1 percentage points from 3.3% for the year ended 31 December 2012. The increase was primarily attributable to an increase in operating margin by 0.3 percentage points, partially offset by the higher effective income tax rate for 2013.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2013, our profit attributable to equity shareholders of the Company was RMB2,775 million, an increase of RMB366 million, or 15.2%, from RMB2,409 million for the year ended 31 December 2012.

Profit Attributable to Non-Controlling Interests

For the year ended 31 December 2013, our profit attributable to non-controlling interests was RMB167 million, an increase of RMB43 million, or 34.7%, from RMB124 million for the year ended 31 December 2012. The profit attributable to non-controlling interests was attributable to: (i) interests in ACI and CIC from the Auchan Scheme and RT-Mart Scheme and (ii) the interests held by independent third parties in two of the subsidiaries, People's RT-Mart Limited Jinan and Uitox E-commerce (Shanghai) Co., Ltd. ("**Uitox**").

Liquidity and Financial Resources

For the year ended 31 December 2013, cash flow generated from operating activities was RMB6,994 million, an increase of RMB1,411 million, or 25.3%, from RMB5,583 million for the year ended 31 December 2012.

As at 31 December 2013, our net current liabilities increased to RMB8,243 million from RMB5,582 million as of 31 December 2012. The difference was primarily attributed to: (i) an increase in trade payables and other payables of RMB3,304 million; (ii) an increase in inventory of RMB1,127 million, (iii) an increase in cash and cash equivalents of RMB514 million, which was partially offset by a decrease in investments and time deposits of RMB897 million. The increase in net current liabilities reflected the impact of the calendar difference of Chinese New Year on the business and the expansion of the business by opening new stores.

For the year ended 31 December 2013, the inventory turnover days and trade payables turnover days were 58 days and 82 days, respectively, and were approximately 61 days and 87 days for the corresponding period of 2012, respectively.

Investments and time deposits represented the investments made by the Group in financial products issued by the banks and time deposits with the banks. These investments are principal guaranteed with maturity periods over three months from the date of issue.

Investing activities

For the year ended 31 December 2013, cash flow used in investing activities was RMB5,608 million, with a decrease of RMB1,254 million, or 18.3%, from RMB6,862 million for the year ended 31 December 2012.

The cash flow used in investing activities mainly reflected (i) the proceeds received at the maturity of investments net of investments made of RMB936 million; and (ii) the capital expenditure relating to: (a) new stores and projects of RMB4,867 million; (b) the upgrading and remodeling of our existing hypermarkets of RMB1,865 million; and (c) the upgrading of the existing distribution centers and head office building of RMB56 million.

The net proceeds of RMB936 million received at the maturity of investments are comprised of proceeds of RMB19,561 million received at the maturity of investments offset by payment of RMB18,625 million for the purchase of investments. All of these investments are short-term principal guaranteed financial products, which were purchased by the Group as part of its treasury activities according to the Group's treasury policies in order to maximize returns on the surplus cash.

Financing activities

For the year ended 31 December 2013, cash flow used in financing activities was RMB863 million, with an increase of RMB382 million, or 79.4%, from RMB481 million for the year ended 31 December 2012. This increase was mainly attributable to: (i) an increase in dividend distribution of RMB137 million; and (ii) a net increase in bank borrowings of RMB204 million in 2012, while in 2013, there was no changes in principals of bank borrowings.

Dividends

The Board proposed a final dividend of HK$0.28 (equivalent to RMB0.22) per ordinary share (the "**Final Dividend**") for the year ended 31 December 2013, amounting to approximately HK$2,671 million (equivalent to RMB2,107 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 2014. For details of the Final Dividends, please refer to the section headed "Final Dividends" in this announcement on page 26.

BUSINESS REVIEW

Operating Environment

During 2013, China's economy maintained steady growth with gross domestic product ("**GDP**") for the whole year growing by 7.7% to approximately RMB56,884.5 billion. Price levels remained stable, with the consumer price index ("**CPI**") increasing 2.6%. The urbanization rate progressed to 53.73%, an increase of 1.16 percentage points over last year. Per capita disposable income of urban households rose to RMB26,955, a nominal growth of 9.7% and a growth of 7.0% in real terms over the previous year.

During 2013, total retail sales of consumer goods in China reached RMB23,438 billion, a nominal growth of 13.1% year-on-year. The growth rate, however, decreased by 1.2 percentage points from 2012. According to the National Bureau of Statistics, due to the policy of restricting the so-called "three public consumptions" (official receptions, vehicles and overseas trips), new changes began to emerge in the structure of consumer markets: luxurious consumption such as premium tobacco, alcohol and fine catering were hard-hit, while online shopping and travel as well as leisure consumption became new consumption hotspots. Physical retail sales growth slowed down, and the growth in online shopping also slowed down but to a lesser extent. According to "the retail sales of top 100 key large-scale retailers of China in 2013" (which includes only brick and mortar retailers) published by China National Commercial Information Center, the year-on-year growth of retail sales in 2013 was 8.9%, representing a decrease of 1.9 percentage points in the growth rate from 2012; according to the statistics of iResearch, the transaction amount of online shopping in China during 2013 reached RMB1,850 billion, representing a year-on-year growth of 42.0%.

Expansion of Retail Network

In 2013, the Group continued to open new stores at a steady pace. During the year, we opened 50 hypermarket complexes, of which 5 were under the Auchan banner and 45 were under the RT-Mart banner. Of the new stores, 15 were located in Eastern China, 6 in Northern China, 10 in Central China, 6 in North-Eastern China, 9 in Southern China and 4 in Western China. Please refer to note 1 for definitions of regional zones.

As of 31 December 2013, of the Group's stores, approximately 10% were located in first-tier cities, 18% in second-tier cities, 45% in third-tier cities, 21% in fourth-tier cities and 6% in fifth-tier cities. Please refer to note 2 for definitions of tiers.

During the year, the Group continued to proactively seek for opportunities to open new stores. As of 31 December 2013, through execution of lease contracts or acquisition of land parcels, the Group had identified and secured 160 sites to open hypermarket complexes, of which 99 were under construction, ensuring sufficient land reserves 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 secured sites, 4% were located in first-tier cities, 17% in second-tier cities, 44% in third-tier cities, 27% in fourth-tier cities and 8% in fifth-tier cities.

Finally, we would like to mention that the Group purchased 5 leased stores during the year.

As of 31 December 2013, the Group had a total of 323 hypermarket complexes across the country, with a total gross floor area ("**GFA**") of approximately 8.93 million square meters, of which approximately 66% were operated in leased spaces, 33% were in self-owned properties and 1% were contracted stores. Details of 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 2013)**			**Total GFA of hypermarket complexes (sq.m.) (As of 31 December 2013)**		
	Auchan	**RT-Mart**	**Total**	**Auchan**	**RT-Mart**	**Total**
Eastern China	41	100	141	1,651,053	2,503,068	4,154,121
Northern China	6	34	40	196,444	814,075	1,010,519
Northeastern China	1	30	31	23,906	821,222	845,128
Southern China	2	50	52	42,226	1,244,340	1,286,566
Central China	5	39	44	170,463	1,016,730	1,187,193
Western China	4	11	15	178,609	264,368	442,977
Total	**59**	**264**	**323**	**2,262,701**	**6,663,803**	**8,926,504**

(1) The Group adopts the following regional zoning according to the national regional economic planning guidelines:

Eastern China:	Shanghai City, Zhejiang Province, Jiangsu Province
Northern China:	Beijing City, Tianjin City, Shandong Province, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region (West)
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, Qinghai Province

(2) City tiers were classified according to the following standards:

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, the Group completed the renovation of the Auchan Changyang, Nanjing Hanzhongmen, Wuxi Changjiang North Road stores, and the RT-Mart Xuzhou Xiguan Jianguo, Wuhan Hanjiang and Guangzhou Huadu stores. Such renovation comprised of both remodeling and capacity expansion of in-store sales area, retail galleries or car-parks. The Wuxi Changjiang North Road store completed a large scale capacity expansion in respect of the in-store sales area and retail gallery, thus presenting a better shopping environment with more choices. Moreover, in a bid to enhance shopping convenience and shopping atmosphere of the in-store sales area, certain other stores also carried out partial renovation and upgrading.

During the year, the Group proactively tried out new property management models on retail galleries. We have engaged a dedicated professional property management company to manage some of the largest retail galleries in three Auchan stores. The adoption of this new model has improved our service standards for both customers and tenants, and the environment has also been improved significantly. The RT-Mart banner also continued to improve the proportion among national, regional chain brands and local specialties in their retail galleries. At the same time, we kept improving our tenant mix by increasing the proportion of experience-type business models, such as catering, entertainment and servicing, thus better catering to the needs of our customers, attracting higher customer-flow and achieving rental income growth.

Optimization of Procurement and Merchandise Mix

During the year, the Group continued to achieve progress in common negotiation by our two banners with suppliers. Products accounted for approximately 40% of our purchasing amount were negotiated in common, representing an increase over the last year.

During the year, in order to better meet changing consumer demand, we continuously enriched our product lines and improved merchandise differentiation. For example, in response to concerns over environmental pollution, we introduced and displayed an increasing number of air-purifiers. By keeping an eye on top on-line sellers, we introduced the most popular assortment in our stores. A respect of concerns on rising domestic prices, we introduced more quality yet price competitive imported meats and milk, thereby improving consumer's choices. At the same time, in order to keep abreast of consumer demands and continuously enhance the marketability and contribution of each SKU of our offerings, we proactively managed our product range from the perspective of nation-wide, regional and local range. In addition, we enhanced seasonal and promotional merchandise for the purpose of product management, trying to make sure every SKU answers a well defined customer need.

During the year, the Group continued to foster the development of our own brands which includes the products under the "Big Thumb", "RT-Mart" and "Auchan" brands, other exclusive brands and self-manufactured merchandise. By the end of 2013, own brands sales accounted for 9.8% of the Group's sales amount. In 2013, we set up a team of professional designers to support the "full range" development of our own brands products. Meanwhile, we appointed designated own brands commercial personnel in each region to gain a better understanding of customer needs and to provide support.

Leveraging on our edge in physical stores, the Group also adopted innovative marketing means to improve the shopping experience, such as in-store food-tasting and on-site food preparation, which emphasize on immediate consumption and serve as ordered, so as to let customers feel the "displayable freshness". At the same time, we imposed tighter merchandise quality control and continuously improved the standards and professionalism of our quality inspection system, gradually extending the scope of fresh product traceability and endeavoring to fulfill our quality commitment to our customers.

Development of E-commerce Business

During the year, the Group established Uitox as one of our e-commerce business platforms. Uitox set up the web-site www.feiniu.com and the merchandise and logistics distribution system by December 2013. Trial operations was offered to internal staff in the same month and member registration in Shanghai has been gradually rolled out. The number of registered members reached 182,000 as of the end of the year, and the number of items on line amounted to 100,000. As a new business line, www.feiniu.com collected customer feedback during the trial operation and kept improving the web-page design and logistics and distribution services to improve shopping experience of our customers. www.feiniu.com officially commenced operations on 16 January 2014.

Optimization of Supply Chain Management

During the year, the Group's Eastern China distribution centre of the RT-Mart banner put in place the "automatic sorting system" to deal with goods returned from stores, resulting in faster processing speed and enhanced efficiency. As the store scale expanded and the distribution efficiency enhanced, the Southern China and Northeastern China distribution centres of RT-Mart banner which commenced operation at the end of 2011 had already achieved profitability, providing more support for regional development. The construction of Chibi distribution centre in Hubei province for future Central China distribution commenced during the year, and it is expected that it will start operations in October 2014.

The Auchan banner commenced the operation of its distribution centre for the Eastern China region in 2013; as of the end of the year, warehousing for part of the mass consumer products ("**MCP**"), cosmetics, detergent category products and own brands merchandise had been completed. At the same time, the RT-Mart Northeastern distribution centre started the trial distribution of our own brands merchandise to Auchan Shenyang store, thereby improving the distribution efficiency of this type of merchandise.

Operating Efficiency Enhancement

During the year, our information technology teams continued to simplify our procedures and eliminate paper work by providing more tools for efficiency improvement in operations and office management. For example, the "E-catalogue" has provided faster and more reliable supplier data updates and new product information to our procurement department. The "direct mail ("**DM**") merchandises out-of-stock system" has provided a tool for better DM merchandise inventory management for our stores, significantly improving the availability rate of promotional items. "Electronic direct mail" ("**EDM**") has trialled a new way of direct mail almost without cost, thus enhancing our promotion channels. The introduction of on-line training for bakery products manufacturing has further improved the standardization of this training. This has resulted in enhanced consistency and quality of our products.

During the year, the Group continued to foster our environmental protection and energy conservation efforts, including the renovation and replacement of automatic air-conditioning systems, refrigerating and freezing systems and automatic lighting control systems as well as the installation of LED energy saving lightings in stores, which resulted in saving energy expenses. Our attempts in improving operational efficiency, such as "self-help shopping cart" and "self-checkout" were also implemented with good results in certain pilot stores.

Optimization of Human Resources Management and Training

As at 31 December 2013, the Group had 130,097 employees.

During the year, the Group's two banners enhanced exchange and co-operation in the areas of human resources management and training and conducted more shared training sessions. The self-made fresh products school provided courses for baking and dim sum making for the two brands. Such shared training sessions provided an excellent platform for experience exchange and resources sharing.

Against the backdrop of rising labor costs, the Group devoted itself to enhancing productivity through training and improved work processes. As a result, the Group managed to effectively keep the rapid increase in labor costs under control by achieving the target of having less employees, but with better skills.

In order to cope with the rapid store expansion, the Group continued to enlarge our pool of professional staff, and has trained up professional personnel that can meet the requirements of business development by cooperation programs with vocational schools of textile and fresh food processing technology.

The two banners of the Group have been dedicated in creating a harmonious corporate environment and building up a motivated team. During the year, the Group's Auchan banner was awarded the "Top 30 best employers in Shanghai" by Peking University's Corporate Social Responsibility and Employer Brand Communication Research Center and zhaopin.com, and the RT-Mart banner was awarded the "Labor Harmonious Corporation of Shanghai" by Shanghai Labor and Social Security Bureau.

Corporate Social Responsibility

The Group attaches importance to consistent performance of corporate social responsibilities and has joined the "Earth Hour" activity for four consecutive years. The Auchan banner has participated in the "Million Tree Project" charity activity organized by the "Roots & Shoots Shanghai" for three consecutive years, and the RT-Mart banner has participated in the "Shanxing 100" activity hosted by China Foundation for Poverty Alleviation for two consecutive years.

In 2013, the stores under the Group's two banners actively participated in charity activities and promoted environmental protection in various ways, such as by organizing community entertainment activities, visiting social vulnerable groups and organizing charity donations. After the Ya'an earthquake in April 2013, the Group organized our stores to deliver relief materials to the affected area in a timely manner, the aggregate cash and materials donations amounted to RMB14 million.

Outlook

The Group will continue to maintain a stable pace in new store expansion by leveraging on the opportunities arising from urbanization and prudently selecting the location of new stores to ensure their quality. At the same time, we will continue to optimize our processes, step-up our training efforts and improve our logistics and distribution and information technology systems to enhance the productivity of our staff and the effectiveness of our entire supply chain. We will continue to improve our product mix, foster the development of our proprietary brand merchandise, increase the proportion of direct procurement, and impose strict merchandise quality and safety control on all food products to improve the customer experience. We will continue to improve and develop e-commerce business, enhance consumer shopping experience and explore new shopping channels.

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 2013.

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 Listing Rules.

The Company reviews regularly its organizational structure to ensure code provisions 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 2013 save and except for code provision C.3.7 (a).

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 audit department 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 audit department, 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 2013.

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 2013.

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

There was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2013.

Annual General Meeting ("AGM")

The 2014 AGM will be held on 15 May 2014 (Thursday). 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 28 February 2014 (Friday), the Directors proposed that a Final Dividend of HK$0.28 (equivalent to RMB0.22) per ordinary share for the year ended 31 December 2013, amounting to approximately HK$2,671 million (equivalent to RMB2,107 million) be paid on or about 15 July 2014 (Tuesday) 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 2014 (Friday). 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 2014 (Thursday).

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2014 AGM

The Company's register of members will be closed from 13 May 2014 (Tuesday) to 15 May 2014 (Thursday), 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 12 May 2014 (Monday).

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

The proposed Final Dividend is subject to the approval of shareholders at the 2014 AGM. For determining the entitlement to the proposed Final Dividend, the record date is fixed on 23 May 2014 (Friday). 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 2014 (Friday).

Publication of Final Results and 2013 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 2013 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 = RMB0.7888 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, 28 February 2014