

[For Immediate Release]



(Incorporated in Hong Kong with limited liability)

Sun Art Retail Group Limited

Sun Art Retail Announces its 2011 Annual Results

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Turnover grew 21.2% to RMB68,084 million

Profit for the year rose 23.0% to RMB1,985 million

Market leading position maintained as market share increased to 12.8% ⁽¹⁾

Solid foundation for next 3 years with 153 hypermarket sites secured

Financial Highlights:

<i>(in RMB million, unless stated otherwise)</i>	For the year ended 31 December		
	2011	2010	Growth rate
Turnover	68,084	56,168	+21.2%
Gross profit	13,857	10,968	+26.3%
Profit from operations	2,906	2,474	+17.5%
Profit for the year	1,985	1,614	+23.0%
Profit attributable to equity shareholders of the Company	1,600	1,031	+55.2%
Earnings per share – Basic and diluted	RMB0.20	RMB0.19	+5.3%
<i>(in RMB million, unless stated otherwise)</i>	As at 31 December		
	2011	2010	Change
Total assets	41,346	29,853	+38.5%
Total liabilities	25,829	23,033	+12.1%
Net Assets	15,517	6,820	+127.5%
Gearing ratio (times) ⁽²⁾	0.62	0.77	N/A
Current ratio (times)	0.84	0.63	N/A

(4 March 2012, Hong Kong) **Sun Art Retail Group Limited** ("Sun Art Retail" or the "Group"; stock code: 6808), a leading hypermarket operator in China, today announces its first set of full-year audited results since listing.

For the year ended 31 December 2011, the Group posted a year-on-year increase of 21.2% for its turnover which reached RMB68,084 million. The Group's profit attributable to equity shareholders of the Company increased by 55.2% to RMB1,600 million, and profit for the year rose 23.0% to RMB1,985 million. Profit attributable to equity shareholders of the Company and profit for the year were 13.2% and 11.1% above the profit forecast when the Group launched its IPO last year. Basic earnings per share was RMB0.20 for 2011 as compared to RMB0.19 for 2010. The Board has recommended the payment of a final dividend of HK\$0.10 per ordinary share for the year ended 31 December 2011, subject to the approval of the shareholders at the 2012 annual general meeting.

(1) Information extracted from the 'Grocery Retailers in China' report from Euromonitor, calculated by retail value

(2) Gearing Ratio= Total Liabilities/Total Assets

Gross profit margin widened to 20.4% in 2011 from 19.5% in 2010, thanks to (i) better management on product category mix to bring a higher profit margin and (ii) economies of scale due to our continuously expanded business operation. Leveraging on the economies of scale brought by the expanded hypermarket network and growth in sales, net profit margin ratio was 2.9% for the year ended 31 December 2011, the same as that a year ago.

Mr. Bruno Robert Mercier, the Chief Executive Officer and Executive Director of the Group commented, *"2011 was an exciting year for Sun Art Retail, not only does it mark the year of the Group's successful Hong Kong IPO, we have also posted strong results this year. Our leading position in the hypermarket industry continued to improve as our market share increased 0.8 points to 12.8% from 2010, according to Euromonitor's 'Grocery Retailers in China' report. To achieve this lead, the Group expanded its stores steadily and proactively sought potential opportunities to open new stores. At the same time, the Group optimized its operations according to customer needs, by improving its stores, developing merchandise and the supply-chain system, enhancing talent reserves and training, improving our productivity, and actively seizing the opportunities brought by steady economic development in China, to create more returns for our customers, staff and shareholders."*

Sun Art Retail's turnover is derived from both sales of goods and rental income. The Group's sales of goods grew year-on-year 21.1% to RMB66,540 million for the year ended 31 December 2011. Turnover from sales of goods in comparable stores increased approximately 8.8%, which is ahead of inflation. Turnover from sales of goods in new stores also contributed to the rise in turnover. Rental income rose 24.1% to RMB1,544 million from a year ago, as a result of better management of tenant mix and an increase in leasable area from new stores.

As of 31 December 2011, the Group had a total of 230 hypermarket complexes in China. The total gross floor area ("GFA") of these hypermarket complexes of the Group reached 6,469,331 sq. m., of which about 68% and 32% were operated in leased stores and in self-owned properties respectively.

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

While expanding its stores steadily, the Group also proactively sought potential opportunities to open new stores. As of 31 December 2011, through execution of lease contracts or acquisition of land parcels, the Group had identified and secured 153 sites to open hypermarket complexes, of which 80 were under construction, thus building a solid foundation for development in the next 3 years.

The Group constantly optimized its stores, to enhance the shopping experience of customers and the service level of stores. During the year, the "RT-Mart" banner of the Group carried out renovation and improvement works on hypermarkets and retail galleries of two stores, namely Chunshen Store and Yingkou Store, the "Auchan" banner implemented renovation and improvement works on Jiading Store and Beijing Store, and expansion on car park of Chengdu Store.

The Group continued to strive for improvement in its operational effectiveness, as such two distribution centres for "RT-Mart" located in Southern China area and North-Eastern China area commenced operations in the July and November respectively. The new distribution centers covered the provinces of Guangdong, Guangxi, Fujian, Yunnan, Hainan and the three provinces in North-Eastern China, which significantly improved the distribution efficiency of these local stores. With the operating of logistics centres in East China and North China, the national logistics network of the Group has matured gradually, which provided not only a strong distribution support for all local operation stores, but also a guarantee for the Group's future development.

Mr. Mercier concluded, *"Given the uncertainties over the state of the global economy which could affect our market directly or indirectly, 2012 will certainly be a challenging year. However, from our very solid basis, we intend to continue to roll out our strategy in the coming years, ensuring continued growth in same store sales growth and continuing to open stores at a sustained rate, without compromising on the quality of these stores and ensuring an enjoyable, hassle free and consistent shopping experience for our customers nationwide, with an ultimate goal to continuously improve our competitive position in China's growing retailing market."*

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About Sun Art Retail Group Limited

Sun Art Retail is China's largest and fastest growing hypermarket operator in China in term of sales in 2011 and market share increase from 2008 to 2011 respectively. In 2011, Sun Art Retail has a market share of 12.8% by retail sales value, according to a Euromonitor report. Sun Art Retail operates its hypermarket business under two recognized banners – being the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners. As at 31 December 2011, Sun Art Retail had a nationwide footprint with 230 hypermarket complexes across 24 out of 31 provinces, autonomous regions and municipalities in China.

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