

Sun Art Retail Group Limited

2012 Interim Result Announcement

Auchan 欧尚

大润发
RT-Mart



舒適
Comfort

優質產品
Quality
Trust 信任

進步
Progress

分享
Sharing

便利
Convenience

Freshness 新鮮

便宜
Economical

多元化
Variety

28 August 2012

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便利 Convenience

Operating Environment

Freshness 新鲜

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優質產品 Quality

進步 Progress

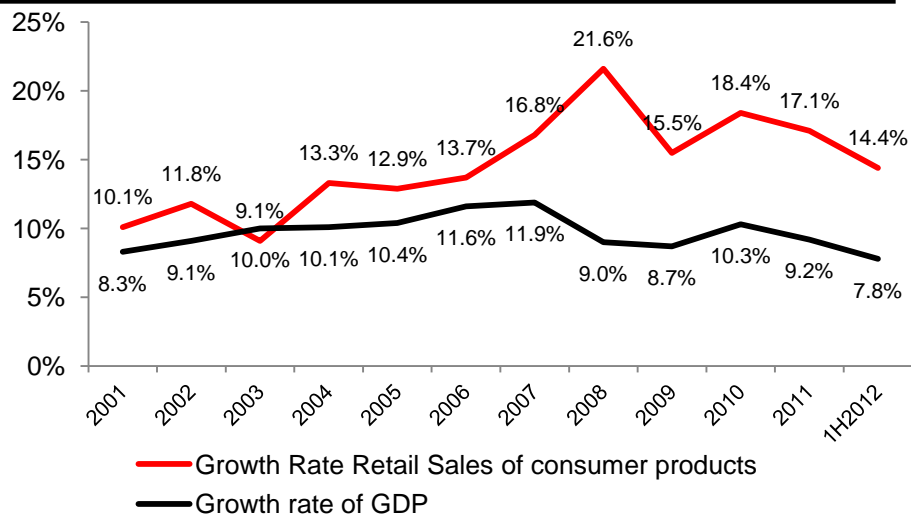
分享 Sharing

便宜 Economical

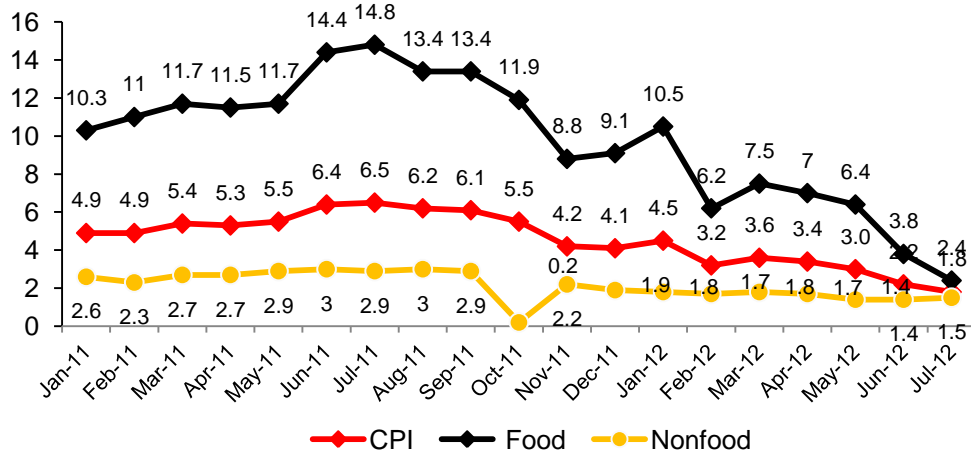
Operating environment



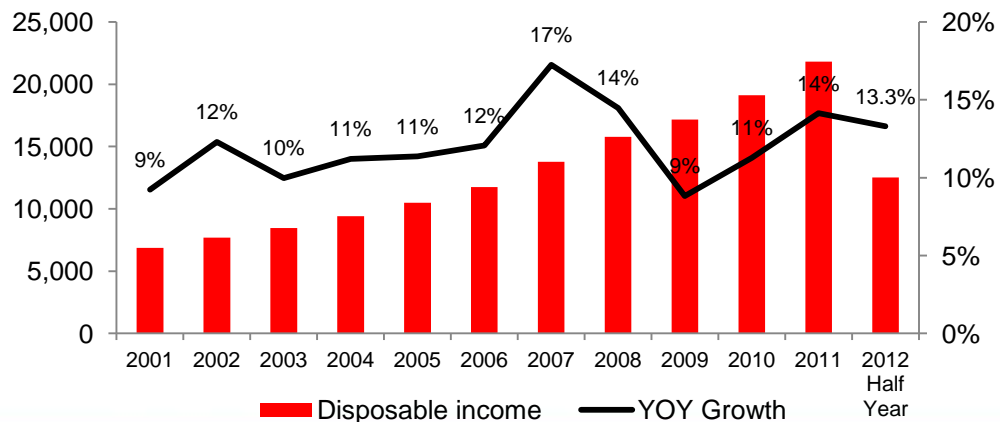
Growth of GDP and total retail sales of consumer goods



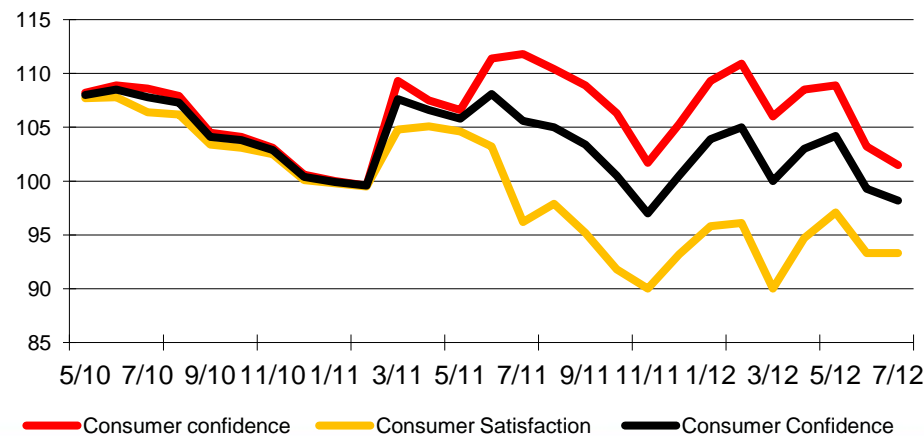
Consumer Price Index



Disposable income of urban citizen



Consumer Confidence Index





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Financial highlights

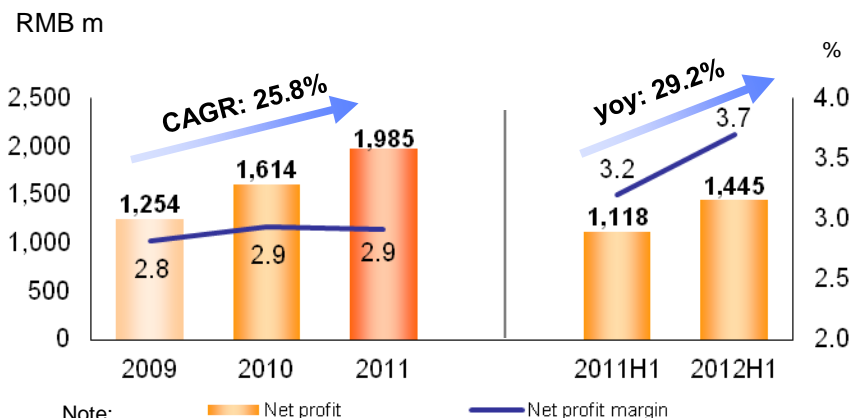
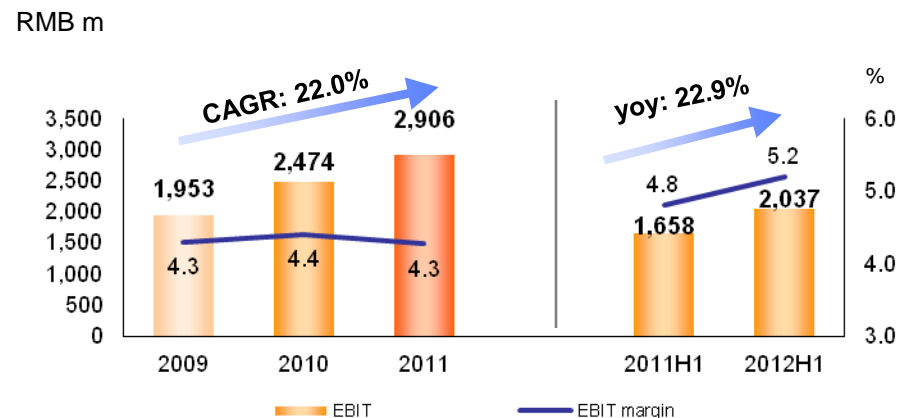
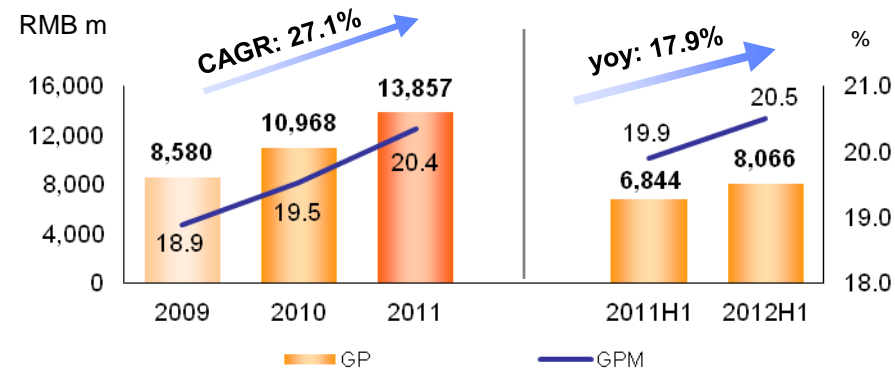
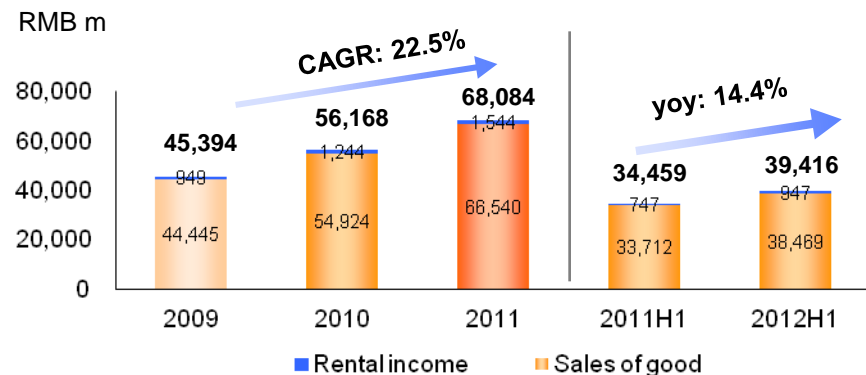


| As of 30 June (RMB million) | 2012 | 2011 | Change |
|--|---------------------|--------|---------|
| Turnover | 39,416 | 34,459 | 14.4% |
| Gross profit | 8,066 | 6,844 | 17.9% |
| Gross profit margin | 20.5% | 19.9% | 0.6 ppt |
| Same store sales growth ⁽¹⁾ | 4.3% ⁽¹⁾ | 11.9% | - |
| Profit from operations (EBIT) | 2,037 | 1,658 | 22.9% |
| Operating profit margin | 5.2% | 4.8% | 0.4 ppt |
| Profit for the period | 1,445 | 1,118 | 29.2% |
| Net profit margin | 3.7% | 3.2% | 0.5 ppt |
| Profit attributable to equity shareholders of the Company ⁽²⁾ | 1,373 | 784 | 75.1% |
| Earnings per share — Basic and diluted (RMB) ⁽³⁾ | 0.14 | 0.13 | 7.7% |

(1) Same store sales: accounted for stores opened before 30th June, 2011

(2) Following the completion of the reorganization on 13 May 2011, the Company has acquired the non-controlling interests in Auchan (China) Hong Kong Ltd. and Concord Champion International Ltd., which became wholly owned subsidiaries of the Company

(3) The Calculation of EPS is based on the weighted average number of shares in issue during the year, including the new shares issued for the Reorganization, in IPO and the exercise of Over-allotment, after adjusting for the share subdivision on 27 June 2011



Note:

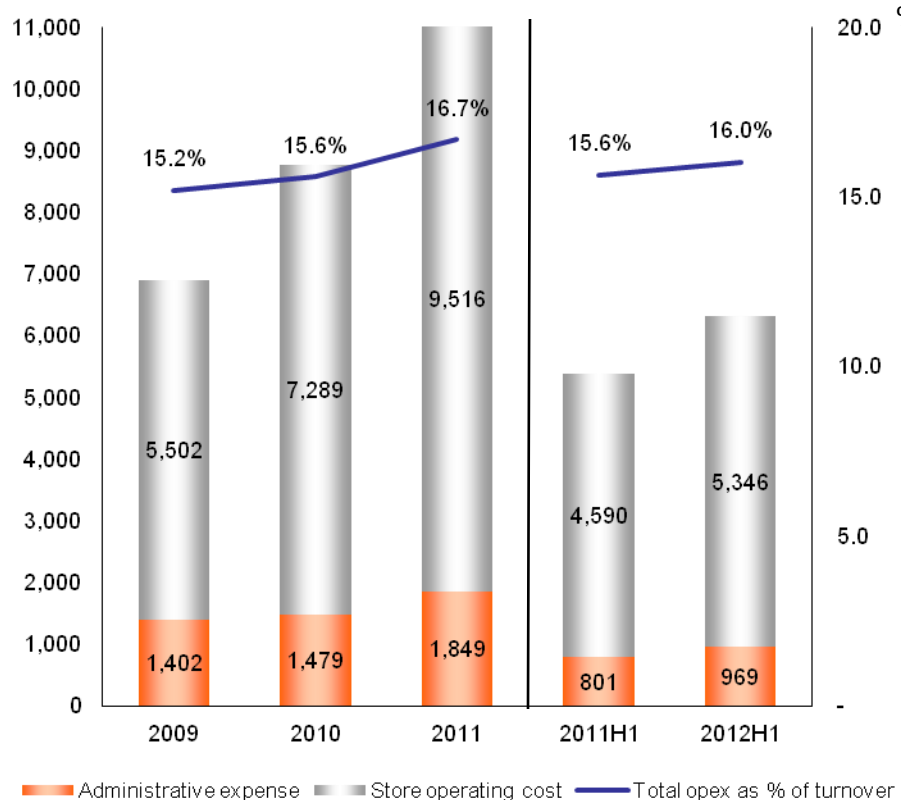
(1) Showing profit for the year, i.e. including the non-controlling interests

Operating expense



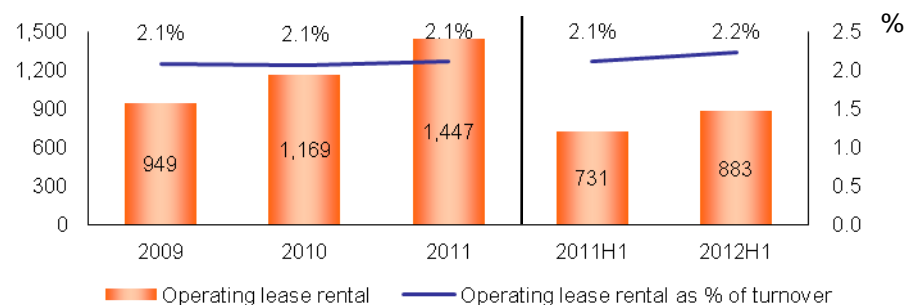
Total operating cost

RMB m



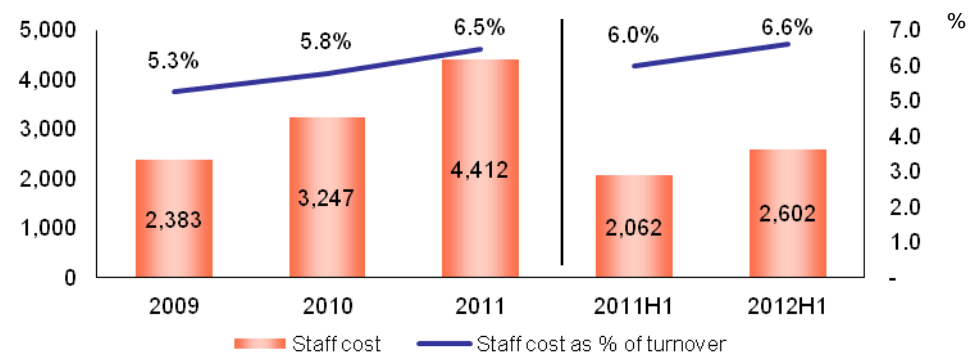
Operating lease rental

RMB m



Staff cost

RMB m

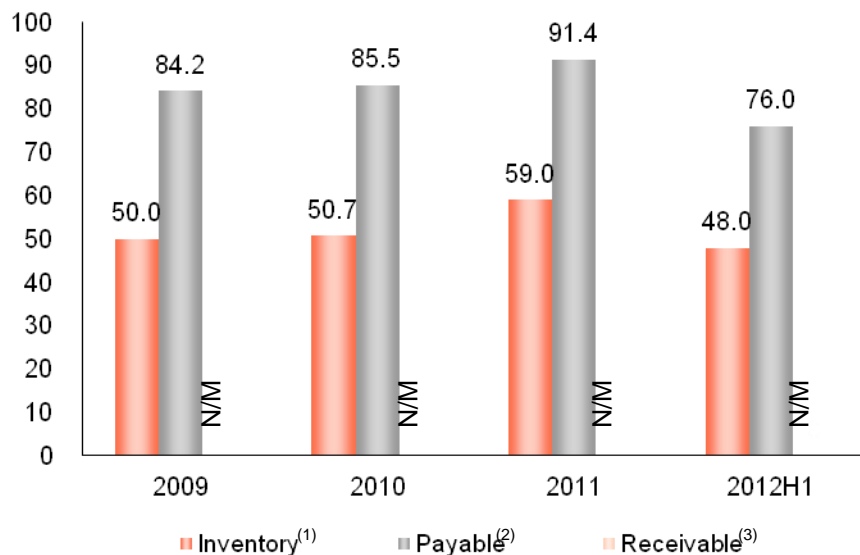


Balance sheet



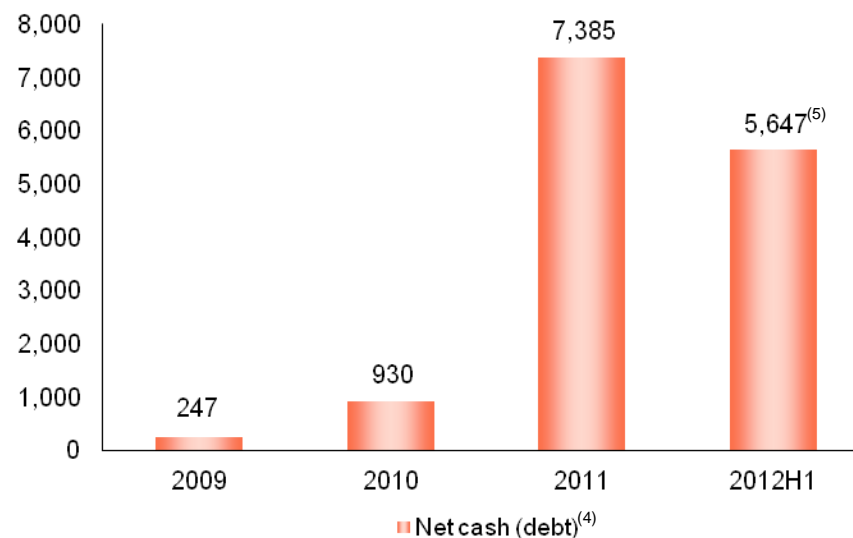
Stable working capital days

Days



Net cash position

RMB m



Note:

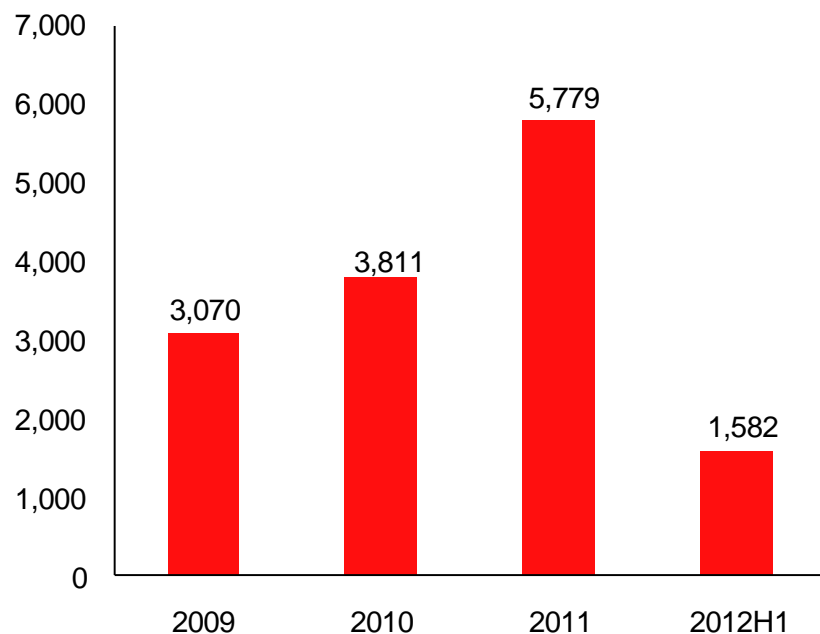
- (1) Turnover days of inventory is calculated as the average inventory for the year/ period, divided by cost of inventories charged to P/L for the year/ period, and multiplied by 365 days for 2009, 2010 and 2011 and 180 days for 2012H1
- (2) Turnover days of accounts payable is derived by dividing the average of opening and closing balances of trade payables, for the relevant period by cost of inventories charged to P/L and multiplying by 365 days for 2009, 2010 and 2011 and 180 days for 2012H1
- (3) Turnover days of accounts receivable is insignificant for the Company. It is derived by dividing the arithmetic mean of opening and closing balances of trade receivables, for the relevant period by turnover and multiplying by 365 days for 2009, 2010 and 2011 and 180 days for 2012H1
- (4) Calculated as the sum of cash & cash equivalents, restricted and pledged bank deposits, minus bank loans and Ods
- (5) Excluding the "Available-for-sale financial assets" which is RMB1,976 million.

Investment return



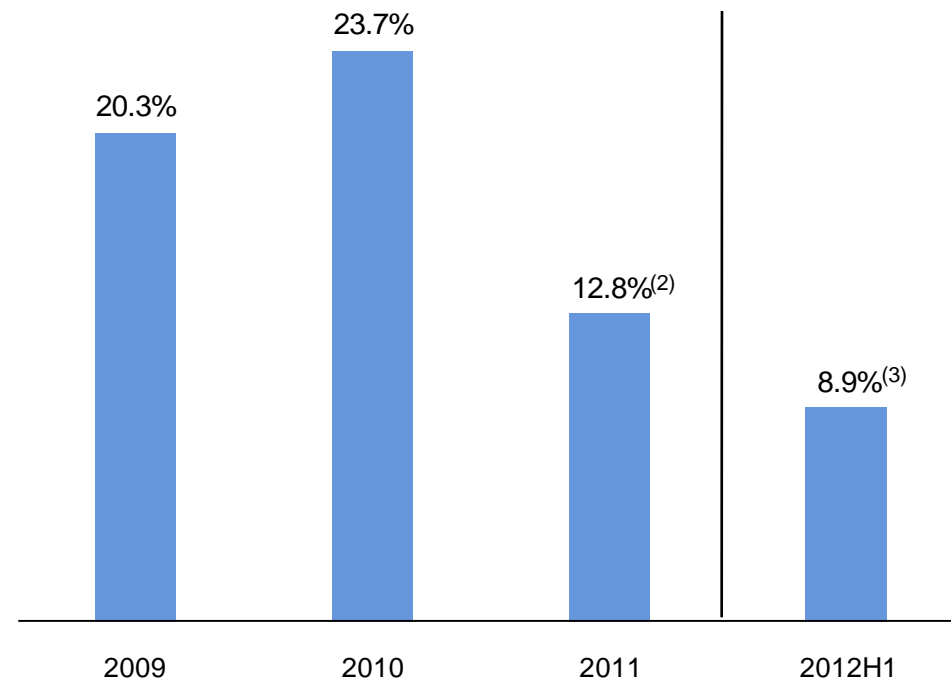
CAPEX

RMB m



■ CAPEX

ROE⁽¹⁾



■ ROE

Note:

(1) ROE is calculated by dividing net profit for the period by total equity amounts as at the end of such period

(2) Excluding effect of initial public offering of equity, ROE for 2011 is 25.2%

(3) Calculated on half year basis



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Proactive plan to expand store network

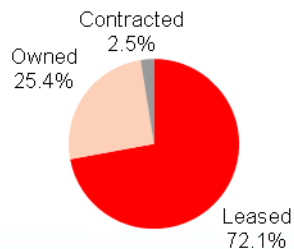


10 new hypermarket complexes were opened in first half of 2012

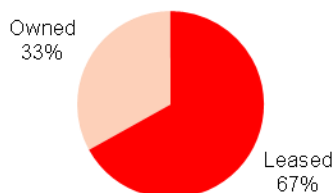
| Region | No. of hypermarket complexes (30 June 2012) | | | GFA of hypermarket complexes (sqm) (30 June 2012) | | |
|---------------------|---|------------|------------|---|------------------|------------------|
| | | | Total | | | Total |
| Eastern China | 35 | 83 | 118 | 1,451,679 | 2,101,978 | 3,553,657 |
| Northern China | 4 | 27 | 31 | 124,990 | 658,962 | 783,952 |
| North-Eastern China | — | 21 | 21 | — | 556,550 | 556,550 |
| Southern China | — | 33 | 33 | — | 842,087 | 842,087 |
| Central China | 3 | 23 | 26 | 96,219 | 580,801 | 677,020 |
| Western China | 3 | 8 | 11 | 115,196 | 198,643 | 313,839 |
| Total | 45 | 195 | 240 | 1,788,084 | 4,939,021 | 6,727,105 |



Store no. breakdown (30 June 2012)



GFA breakdown (30 June 2012)



A total of **240** hypermarkets across China as at 30 June 2012, covering **24** Provinces, autonomous regions and municipalities. Secured **155** sites to open hypermarket complexes, of which **106** were under construction

Business review



1

Store Optimization

- Continually optimized the shopping environment and improved the standards of its hardware at the stores, in order to infuse a new surge of energy
- Enhanced fresh food area, cooked food area and women apparel area of some stores.
- Alternations of car parks and expansion of areas were completed on four of the Group's stores, to make shopping significantly more convenient for customers
- Modifications on the internal design of retail gallery and facade of Shanghai Zhongyuan Store, enhancing the image and increasing the potential customer flow

2

Merchandise optimization

- Consistently optimized its merchandise selection by eliminating slow-moving and repetitive products, then introducing premium goods with better value for money
- Strengthened its cooperation with large brands for exclusive merchandise to offer different merchandises
- Stepped up introduction of nationally renowned, exceptional merchandise and special local merchandise with a focus on quality and varieties
- Continuously fostered direct procurement of merchandise from their place of origin to shorten intermediate processes in procurement and lower procurement costs.
- Continued to promote the execution of "Farm-Hypermarket Links" and expansion of procurement from vegetable production base. It also optimized basic vegetables offerings, and enhanced management of fruit classification to satisfy different customers' needs. The Group increased procurement of merchandise such as imported fruits and seafood.
- Continued to refined meat cutting and develop varieties of cooked food such as rice, noodles and snack as well

3

Marketing and Customer Service Optimization

- Continued to facilitate its "round-table meeting" programme to listen to customers' opinions, and placed extra attention to customers' feedback gathered from the cashiers.
- Continuously amended the "customer satisfaction research" programme by adjusting the assessment criteria of the "customer satisfaction research" based on actual situations and refining indicators for weak-performing items so that the genuine reasons could be identified to facilitate store improvements.
- Launched various kinds of marketing activities as usual, and paid extra attention to the changes in customers' consumption demand and trends regarding offerings and varieties of DM merchandise.

Business review (Cont'd)



4

Business Flow Optimization

- Continuously fostered the optimization of various operational procedures, such as management of merchandise entry, sales and inventory; management of equipment and consumables; as well as management of damage prevention and maintenance.
- Auchan Banner was accredited the SGS ISO 9001 quality management systems certification, which allowed the internal control management system to work in a more scientific manner, thus enhancing stability and efficiency of the operations
- RT-Mart Banner established an automatic lighting control system, automatic energy saving control for air-conditioners as well as energy saving adjustments for freezers and refrigeration systems in certain stores, which have effectively realized the Group's goals on optimizing its energy conservation system

5

Information System Optimization

- Launched the "promotion activity automation" system which greatly enhanced the accuracy for such operations and precision of promotion activities.
- Continued to optimize the financial information system, and established a better reconciliation platform.
- Achieved balance between control on marketing expenses and output efficiency with the use of information systems to increased marketing effectiveness.
- Launched the "computer-operated application" automatic system was launched, further promoted the office automation system.
- Launched the "training and management system", realized the goal of tracking and control on human resources management effectiveness via information system.

6

Logistics System Optimization

- Signed a contract in relations to the land for its new distribution centre located in Chibi City in Hubei province which will provide logistics and distribution services in Central China
- Continued to enlarge its fleet of self-owned vehicles to meet the distribution needs of new stores

7

Human Resource Management Optimization

- Continued to foster in-depth development of the training system in its headquarters and regional headquarters, and established professional training bases by regions to nurture various professionals in different fields, such as talent for cooked food and baking.
- Through the establishment of skill grading and commencement of corresponding appraisals, training effectiveness was also greatly enhanced.
- Continuous enhancement in human resources management. Keeps on raising its labors' productivity and quality of services through a more reasonable shift scheduling mechanism and a more effective training system

8

Corporate Social Responsibility

- Auchan Banner partook in the "Million Tree Project" organized by Shanghai Roots & Shoots, and fulfilled its commitment of planting 2,000 trees in Hure Banner, Tongliao in Inner Mongolia
- RT-Mart Banner organized customer volunteers to conduct charity sale and fund raising activities in stores nationwide for plantation at the Panda Corridor in Niba Mountain, Sichuan to improve the living environment of pandas around the corridor



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Business strategy



Proactively expand quality retail network to widen the gap between competitors and maintain market leadership



Constantly strive to optimize the product mix and pricing strategy



Focus on further improving operational efficiency, supply chain management



Continue to provide staff with training and maintain good corporate culture





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Q&A

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優質產品

Quality

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Thank You!



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Quality 品质
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