

[For Immediate Release]



Sun Art Retail Announces 2012 Interim Results
Turnover Rose 14.4% to RMB39,416 Million
Gross Profit Margin and Operating Margin Improved Steadily
Profit for the Period Increased 29.2% to RMB1,445 Million

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Improves Operational Efficiency to Achieve Higher Profitability
Maintains Steady Pace of Store Openings with 155 Sites Secured

Financial Highlights:

<i>(in RMB million, unless stated otherwise)</i>	For the six months ended 30 June		
	2012	2011	Growth rate
Turnover	39,416	34,459	+14.4%
Gross profit	8,066	6,844	+17.9%
Profit from operations	2,037	1,658	+22.9%
Profit for the period	1,445	1,118	+29.2%
Profit attributable to equity shareholders of the Company	1,373	784	+75.1%
Earnings per share – Basic and diluted	RMB0.14	RMB0.13	+7.7%

(28 August 2012, Hong Kong) **Sun Art Retail Group Limited** ("Sun Art Retail" or the "Group"; stock code: 6808), a leading hypermarket operator in China, is pleased to announce its results for the six months ended 30 June 2012.

During the first half, the Group's turnover reached RMB39,416 million, and recorded a year-on-year growth of 14.4%. The Group's profit for the period rose 29.2% to RMB1,445 million. Compared to last year, basic earnings per share for the first half of 2012 amounted to RMB0.14, up by 7.7%. No dividend has been declared for the six months ended 30 June 2012.

Gross profit margin expanded to 20.5% from 19.9% in the corresponding period last year, thanks to the increasing overall scale and the good optimization of product mix. Net profit margin for the period was 3.7%, widening 0.5 percentage point from 3.2% in the same period last year. This growth was primarily attributable to the effective control of cost, as well as a decrease in finance costs and lower effective income tax rate for the period.

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Mr. Bruno Robert Mercier, the Chief Executive Officer and Executive Director of the Group commented, *"Just over a year ago, Sun Art Retail Group successfully launched its IPO in Hong Kong and throughout the past year, the Group strove to achieve strong results for our shareholders. During the first half, we dedicated great efforts in expanding our store network while actively searching for more locations with high potential to open new stores. Given the softer economy in China, the Group took initiatives to streamline its operations, control its costs, improve productivity and at the same time better respond to customer needs by optimizing our stores, enhancing merchandise offerings and developing marketing initiatives."*

The Group's turnover is comprised of both sales of goods and rental income. During the first half, the Group's sales of goods increased by 14.1% year-on-year to RMB38,469 million. Same store sales growth reached 4.3% despite the pressure of Chinese New Year Calendar shift and the overall slowdown of the economy. Rental income rose 26.8% to RMB947 million from a year ago, as a result of an increase in leasable area from new stores, and better management of tenant mix.

During the period under review, the Group continued to maintain a steady pace on opening new stores, and opened 10 hypermarket complexes under the banner of "RT-Mart" as planned. Among those complexes, 4 were in Eastern China, 2 in Central China, 3 in Western China and 1 in Southern China.

As of 30 June 2012, the Group had a total of 240 hypermarket complexes in China. Of the Group's stores, 12% were located in first-tier cities, 17% in second-tier cities, 45% in third-tier cities, 20% in fourth-tier cities and 6% in fifth-tier cities.

The total gross floor areas ("GFA") of these hypermarket complexes amounted to 6,727,105 square meters. Approximately 67% and 33% of total GFA were operated in leased stores and in self-owned properties respectively.

Meanwhile, the Group also proactively sought potential opportunities to open new stores. As of 30 June 2012, through execution of lease contracts or acquisition of land parcels, the Group had identified and secured 155 sites to open hypermarket complexes, of which 106 were under construction, building a foundation for the store development between 2012 and 2014.

The Group continued to enhance the appeal of its fresh food area, cooked food area and women apparel area. During the period under review, store car park enlargement was completed on 4 of the Group's stores to offer greater shopping convenience.

With the objective of creating differentiation in terms of merchandise to bring customers refreshing shopping experiences, the Group consistently optimized its merchandise offerings by strengthening co-operation with large brands which supply exclusive products. The Group also fostered direct procurement of merchandise from the producers with a view to lower procurement costs.

The Group continuously fostered the optimization of operational flows. During the period, the Group's Auchan Banner was conferred SGS ISO 9001 quality management structure certification, therefore establishing a more rigorous internal control management system. Meanwhile, the Group's RT-Mart Banner reduced energy consumption through the establishment of automatic lighting control systems, automatic energy saving control for air-conditioners, as well as freezing and refrigeration systems in certain stores. Moreover, Sun Art Retail signed a contract for the land of the new distribution centre located in Chibi city of Hubei Province, which will be used for the logistics and distribution services for stores in Central China.

Mr. Mercier concluded, *"The slowdown in economic growth and uncertainties in the international economy have impacted severely consumer confidence at the beginning of the year. In the second half of 2012, we will continue to open new stores, and prepare the resources for stores in 2013 and beyond. Meanwhile we will continue to improve the relevance of our merchandise mix, the efficiency of our supply chain, the impact of marketing and promotion activities, develop our energy saving and emission reduction initiatives, and capture the benefits of the synergies between the two banners. We are still quite confident that these efforts will lead by the end of 2012 to results that should meet our shareholders' expectations."*

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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. Sun Art Retail operates its hypermarket business under two recognized banners – the "Auchan" (歐尚) and "RT-Mart" (大潤發) banners. As at 30 June 2012, Sun Art Retail had a nationwide footprint with 240 hypermarket complexes across 24 out of 31 provinces, autonomous regions and municipalities in China.

For further inquiries, please contact:

iPR Ogilvy Ltd.

Natalie Tam/ Charis Yau/ Polly Leung/ Demi Lo

Tel: (852)2136 6182/ 2136 6181/ 2136 6183/ 2136 8059/ 3920 7625

Fax: (852) 3170 6606

Email: natalie.tam@iprogilvy.com/ charis.yau@iprogilvy.com/
polly.leung@iprogilvy.com/ demi.lo@iprogilvy.com