



Sun Art Retail Announces 2015 Interim Results Store Network Expands Steadily Proactively Implements Innovations in Business Operations Feiniu.com Achieves Nationwide Coverage through O2O Synergy

Financial Highlights

(In RMB million, unless stated otherwise)

For the Six Months Ended 30 June

(Unaudited)

	2015	2014	Growth Rate
Revenue	50,708	48,038	5.6%
Gross Profit	11,425	10,523	8.6%
Profit from Operations	2,190	2,495	(12.2%)
Profit for the Period	1,522	1,789	(14.9%)
Profit Attributable to Equity Shareholders of the Company	1,476	1,710	(13.7%)
Earnings Per Share			
- Basic and Diluted	RMB 0.15	RMB 0.18	

Business Highlights

- Revenue increased 5.6% to RMB50,708 million; gross profit grew 8.6% to RMB11,425 million; gross profit margin increased 0.6ppt to 22.5%.
- Opened 16 hypermarket complexes, 2 under the Auchan banner and 14 under the RT-Mart banner.
- As of 30 June 2015, the Group had a total of 388 hypermarket complexes across China.
- Feiniu.com commenced its O2O program in March 2015 by leveraging the Group's physical stores as dispatching points and achieved nationwide coverage within two months.
- In June 2015, Feiniu Mall, marketplace platform of Feiniu, was officially launched. It will help improve the variety of Feiniu's offering.
- Purchased www.fieldschina.com in April 2015, which will further enhance the Group's E-commerce development, in particular to address the needs of customers looking for fresh products of high quality and food safety.

(12 August 2015, Hong Kong) **Sun Art Retail Group Limited** ("Sun Art Retail" or the "Group"; stock code: 6808), a leading hypermarket operator in China, has today announced 2015 interim results. For the six months ended 30 June 2015, the Group's revenue increased 5.6% to RMB50,708 million. Basic earnings per share amounted to RMB0.15.

For the six months ended 30 June 2015, gross profit was RMB11,425 million, an increase of 8.6% from the corresponding period in 2014. The gross profit margin was 22.5% compared to 21.9% for the corresponding period in 2014. The increase in gross profit margin was a result of progress in common purchase, own brand development and merchandise mix adjustment.

Mr. Bruno Robert Mercier, the Chief Executive Officer and Executive Director of Sun Art Retail commented, "Although GDP and retail growth have been slowing down, the growth of e-commerce has become a hot spot in the consumption environment. E-commerce has been re-shaping consumers' shopping behavior and brought challenges to hypermarket model in regard to purchasing, marketing and supply chain management. To face these challenges, we have been and will continue to work hard to make innovations in every aspect of our business to adapt itself to the changing environment."

During the period under review, the Group opened 16 new hypermarket complexes, of which 2 were under the Auchan banner and 14 were under the RT-Mart banner. Of the new stores, 5 were located in Eastern China, 3 in Northern China, 4 in Central China, 1 in North-Eastern China, and 3 in Southern China.

As of 30 June 2015, of the Group's stores, approximately 9% were located in first-tier cities, 17% in second-tier cities, 45% in third-tier cities, 21% in fourth-tier cities and 7% in fifth-tier cities. The Group had a total of 388 hypermarket complexes in China with a total gross floor area ("GFA") of approximately 10,637,372 million square meters. Approximately 68% of the GFA were operated on leasehold spaces and 32% of the GFA were in self-owned properties.

The Group took an even more prudent view in looking for potential opportunities to open new stores. As of 30 June 2015, through execution of lease contracts or acquisition of land plots, the Group had identified and secured 146 sites to open hypermarket complexes, of which 100 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.

Adjusted Brands Mix in Gallery and Improved Customer Shopping Experience

Sun Art Retail proactively sought for new shops including trendy brands, baby brands and theme restaurants to continuously improve its gallery's attractiveness. The Group has also increased cooperation with well known brands such as Starbucks, by organizing joint promotional activities with its gallery tenants, which helped improve tenants' sales and footfall to stores.

Proactively Sought Solutions to Expand Store Coverage and Increase Footfall

To further expand store coverage in the Group's catchment areas, Sun Art proactively explored suitable marketing methods such as using local public WeChat platforms to release promotional activities. These market expansion measures, together with a flexible pricing strategy, interactive activities with customers have improved the effectiveness of the relationship between customers and stores.

Innovative Purchasing Methods Push Forward Direct Sourcing

The Group increased imported direct purchases of fresh produce from overseas and maintained a pricing advantage over online sellers for hot selling items such as New Zealand Kiwis and US cherries. Sun Art will push forward direct sourcing from local and overseas markets to cater for customer demand and achieve differentiation from competitors.

Proactively Adjusted Merchandise Mix to Cater for New Consumption Demand

During the period under review, the Group launched two brands, "Actuel" for household and "Airport" for luggage. The Group's own brands have achieved very good sales growth in the Group's promotional activities thanks to its quality and competitive prices.

Steadily Developed E-Commerce, Launched O2O Business by Leveraging Store Network

Feiniu.com commenced its online to offline ("O2O") program in March 2015 by leveraging the Group's physical stores as dispatching points. Within two months, Feiniu.com achieved nationwide coverage through this O2O program. By the end of July 2015, Feiniu.com has over 5.5 million registered members, of which over 1 million are active users within half a year. For the month of July, sales through mobile app accounted for 64%. In June 2015, Feiniu Mall, marketplace platform of Feiniu was officially launched.

The Group purchased www.fieldschina.com ("Fields") in April 2015, which will further enhance our development of the E-Commerce area, in particular to address the needs of customers looking for fresh products of high quality and food safety.

Mr. Mercier concluded, “Based on the retail network we already own and our established E-commerce platform, Sun Art Retail will further explore synergies between them especially given the current trend of O2O. The Group will continue to expand its store network but carefully. Together with our hypermarkets complexes, Feiniu.com and fieldschina.com, we are dedicated to develop ourselves as an omni-channel retailer.”

- End -

About Sun Art Retail Group Limited (stock code: 6808)

Sun Art Retail is a leading hypermarket operator in China. Sun Art Retail operates its hypermarket business under two recognized banners – “Auchan” (歐尚) and “RT-Mart” (大潤發). As of 30 June 2015, Sun Art Retail had a total of 388 hypermarket complexes in China with a total gross floor area of approximately 10,637,372 million square meters. The e-commerce business platform of Sun Art Retail: www.feiniu.com officially commenced operations on 16 January 2014 and achieved nationwide coverage.

Enquiries:

Strategic Financial Relations Limited

Veron Ng	+852 2864 4831	veron.ng@sprg.com.hk
Brenda Chan	+852 2864 4833	brenda.chan@sprg.com.hk
Lisa Dai	+852 2864 4870	lisa.dai@sprg.com.hk