

Sun Art Retail Group Ltd.

(Incorporated in Hong Kong with limited liability)
Stock Code: 6808

2016 Interim Report



 **Auchan 欧尚**

 **RH l'avia**



 **大润发**
RT-Mart



飞牛网
feiniu.com
大润发 商城

 **FIELDS**
A Taste of Quality

 **校呵呵**
xiaohehe.org

 **欧尚酒窖**
ines
auchanwines.com

DIRECTORS**Executive Directors**

Bruno, Robert MERCIER (*Chief Executive Officer*)
HUANG Ming-Tuan

Non-Executive Directors

CHENG Chuan-Tai (*Chairman*)
Benoit, Claude, Francois, Marie, Joseph LECLERCQ
Xavier, Marie, Alain DELOM de MEZERAC
Wilhelm, Louis HUBNER

Independent Non-Executive Directors

Karen Yifen CHANG
Desmond MURRAY
HE Yi

AUDIT COMMITTEE

Desmond MURRAY (*Chairman*)
CHENG Chuan-Tai
Xavier, Marie, Alain DELOM de MEZERAC
Karen Yifen CHANG
HE Yi

REMUNERATION COMMITTEE

Karen Yifen CHANG (*Chairman*)
CHENG Chuan-Tai
Wilhelm, Louis HUBNER
Desmond MURRAY
HE Yi

NOMINATION COMMITTEE

HE Yi (*Chairman*)
CHENG Chuan-Tai
Wilhelm, Louis HUBNER
Karen Yifen CHANG
Desmond MURRAY

COMPANY SECRETARY

CHAN Wai Ling, FCIS, FCS (PE) (appointed on
10 August 2016)

AUTHORISED REPRESENTATIVES

Bruno, Robert MERCIER
CHAN Wai Ling (appointed on 10 August 2016)

REGISTERED OFFICE IN HONG KONG

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183 Queen's Road East, Hong Kong

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**PLACE OF BUSINESS IN THE PEOPLE'S
REPUBLIC OF CHINA (THE "PRC" OR
"CHINA")**

6th Floor, No. 165 Long Kou Road
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LEGAL ADVISOR

Herbert Smith Freehills
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15 Queen's Road Central, Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road, Central, Hong Kong

COMPANY'S WEBSITE

www.sunartretail.com

STOCK CODE

6808

HIGHLIGHTS OF INTERIM RESULTS

	For the six months ended 30 June		
	2016 <i>RMB million</i>	2015 <i>RMB million</i> (Restated) ⁽²⁾	Change
Unaudited			
Revenue	52,943	50,708	4.4%
Gross Profit	12,059	11,425	5.5%
Profit from Operations	2,199	2,180	0.9%
Profit for the Period	1,461	1,512	(3.4%)
Profit Attributable to Equity Shareholders of the Company	1,432	1,471	(2.7%)
Earnings Per Share (“EPS”)			
– Basic and diluted ⁽¹⁾	RMB0.15	RMB0.15	

Notes:

- (1) The calculation of basic and diluted EPS for the six months ended 30 June 2016 and 2015 is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the periods.
- (2) The results for the period ended 30 June 2015 has been restated to reflect the accounting treatment after the business combination under common control of Oney Accord Business Consulting (Shanghai) Co., Ltd (“**Oney Accord**”) completed on 7 December 2015.

BUSINESS REVIEW

Operating Environment

In the first half year of 2016, China's gross domestic product ("**GDP**") grew by 6.7% to approximately RMB34,063.7 billion. The overall consumer price index ("**CPI**") was up by 2.1% compared to the first half of 2015, the food CPI increased by 6.2%, driven mainly by the pork CPI which grew by 28.2% while the vegetable CPI was up by 18.2%. Non-food CPI was quite stable, increasing by 1.1%.

Total retail sales of consumer goods in China reached RMB15,613.8 billion, a growth of 10.3% year on year. National online sales reached RMB2,236.7 billion, an increase of 28.2% compared to the same period last year. Online physical products sales for the six months ended 30 June 2016 amounted to RMB1,814.3 billion, an increase of 26.6% and accounted for 11.6% of total retail sales. According to the China Nation Commercial Information Center, the sales growth of 50 key retailers dropped by 3.1%.

Prudent Expansion, Continuous Improvement of New Format and Regional Integration Initiative

During the period under review, Sun Art Retail Group Limited (the "**Company**"), together with its subsidiaries (the "**Group**") opened 12 new hypermarket complexes, of which one was under the Auchan banner and 11 were under the RT-Mart banner. Among the new stores, five were located in Eastern China, one was located in Northern China, two were located in Central China and four were located in Southern China.

As of 30 June 2016, the Group had a total of 421 hypermarket complexes in China with a total gross floor area ("**GFA**") of approximately 11.385 million square meters. Approximately 68.8% of the GFA was operated as leased space, 30.9% of the GFA was in self-owned properties and 0.3% of the GFA was contracted stores ("**Contracted Stores**"). Please refer to note 1 below for definitions of regional zones and note 3 below for the restated breakdown of GFA as of 31 December 2015.

As of 30 June 2016, approximately 9% of the Group's stores, were located in first-tier cities, 17% in second-tier cities, 45% in third-tier cities, 22% in fourth-tier cities and 7% in fifth-tier cities. Please refer to note 2 below for definitions of tiers.

During the period under review, the Group continued to proactively seek opportunities to open new stores. As of 30 June 2016, through the execution of lease contracts or acquisition of land plots, the Group had identified and secured 111 sites to open hypermarket complexes, of which 59 were under construction, ensuring sufficient sites reserved for the Group's expansion for the next three years.

Regarding the two premium supermarkets opened in year 2015, after six months' operation, we are still in the process of adjusting the range of products and upgrading consumer's in-store experience.

The RT-mart banner has a solid foundation in Shandong province, the management of the Group resolved in May 2016 that one store of the Auchan banner, located in Yantai, Shandong province, would be transferred to the RT-mart banner. There are 32 RT-mart banner stores located in Shandong province, and its favorable procurement power and supplier chain ability will therefore help to further improve the sales and the profitability of the store being transferred. The transfer of operations in the Yantai store started from 1 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2016, the number of stores and their GFA in each major region of China are set forth below:

Region	Number of hypermarket complexes (As of 30 June 2016)			Total GFA of hypermarket complexes (sq.m.) (As of 30 June 2016)		
	Auchan	RT-mart	Total	Auchan	RT-mart	Total
	Eastern China	47	126	173	1,950,605	3,058,563
Northern China	7	39	46	222,518	915,118	1,137,636
Northeastern China	2	38	40	55,660	1,054,374	1,110,034
Southern China	5	73	78	124,523	1,794,882	1,919,405
Central China	9	57	66	278,821	1,398,679	1,677,500
Western China	5	13	18	223,839	307,498	531,337
Total	75	346	421	2,855,966	8,529,114	11,385,080

Notes:

- (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, Ningxia Hui Autonomous Region

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

First-tier cities:	Municipalities under the direct jurisdiction of the Central Government and Guangzhou City
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

- (3) Restated breakdown of GFA as of 31 December 2015:

Approximately 69% of the GFA was operated as leased space, 31% of the GFA was in self-owned properties.

Developing Our Own Exclusive Brand Products

In order to enhance our differentiation and competitiveness, we have established our own brand strategy: not only to adopt “Auchan” and “RT-mart” as our own brands, but also to create exclusive brands for both the Auchan banner and RT-mart banner. The diverse exclusive brands cover a wide range of products mainly in the non-food sectors. For example, “Actuel” is an own brand for general goods, products of which includes LED bulbs, hangers, pillow covers, bed linen, wineglasses, stationery; “Unic” is an own brand for good-quality textiles, products of which includes under-wear, socks; “QILIVE” is an own brand for small appliances, such as fans, rice cookers; “Airport” is an own brand for luggage; and “Cup’s” is an own brand for sport-related products. In addition, we have also developed several food exclusive brands such as “ALLEGRA”, an imported mineral water from Italy. “Pierre Chanau” for imported wine, “Hui Shang” for Chinese cuisine and “MMM!” for dairy products. We strive to bring more own brands to our customers. A gardening-related own brand named “Garden star” was launched in April this year.

Direct Sourcing of Vegetables to Better Quality and Better Price

About 20 stores of the RT-mart banner located in Eastern China and five RT-mart stores located in Northern China were selected as pilot stores to start direct sourcing of a full range of vegetable products. More than 160 RT-mart stores participated in a centralized procurement project for vegetable direct sourcing. The centralized procurement project accounted for 40% of vegetable sector sales in participated stores with an average of 20 products. A specialised team is in charge of operating the whole process.

During the period under review, due to the successful commercial and financial results, this business model is expected to be replicated in more stores. This approach will be rolled out to other daily fresh products such as fruits, DVF (dry vegetables and fruits), and fish. The Auchan banner has started the same program in the first half of 2016.

Equipment Co-sourcing Project to Improve Quality and Save Costs

Given the success of common procurement for merchandise between the two banners, the Group has decided to extend this approach to the purchase of equipment. An equipment co-sourcing project between Auchan banner and RT-mart banner was launched at the end of January 2016. 12 co-sourcing initiatives were identified, such as shelves, anti-theft equipment, trolleys and bakery equipment.

Commercial Activities Alliance

In addition to common negotiation, the two banners of the Group were more and more involved in common promotional events, for instance, themed promotions such as “Street Market”, etc. and exclusive white alcohol promotions during Chinese New Year period.

E-commerce Business Development

As of 30 June 2016, Feiniu E-commerce Hong Kong Limited (“**Feiniu HK**”) has over 16.3 million registered members with over 3.2 million active members within half a year. During the period under review, Feiniu HK has utilised 35 stores to participate its O2O project, with coverage of 23 provinces out of Eastern China.

The Group continues to develop Feiniu HK. In May 2016, the Group decided to invest an additional capital of RMB1 billion for Feiniu HK’s development over the coming two years.

MANAGEMENT DISCUSSION AND ANALYSIS

Fields (www.fieldschina.com), presented as a high-end e-commerce site, also brought impressive performance result with over 50% of GMV growth in the first half of 2016 compared to the same period of last year.

Human Resources

As of 30 June 2016, the Group had 139,558 employees, including employees of RT-mart, Auchan, Feiniu HK, Fields Hong Kong Limited (“**Fields HK**”) and Oney Accord. Given the pressure of the increase in the minimum wage every year, the Group continued to upgrade its IT tools and to optimize work process, in order to downsize the number of employees as far as possible and enhance the efficiency of store operation.

Outlook

China’s economic growth is slowing down. However, the Chinese government’s major economic initiative is to rely on the internal consumption as a key driver to spur economic growth and the domestic market. The competitive environment of retail industry is driven by the rapid growth in E-commerce while retail market consolidation is still challenging. As a result, the Group will continue to spare no effort to develop and innovate in all aspects of its business in order to enhance attractiveness to its customers and differentiate itself from its competitors.

FINANCIAL REVIEW

Revenue

Revenue is derived from sales of goods and rental income. Revenue from sales of goods is primarily derived from the hypermarkets and E-commerce platforms where merchandise, mainly food, groceries, home appliances, textile and general goods, are laid out for sale. Revenue from sales of goods is net of value added tax and other applicable sales taxes after deducting any trade discounts. Revenue from rental income is derived from renting gallery space in hypermarket complexes to operators of businesses that we believe are complementary to the stores.

The following table sets forth a breakdown of the revenue from sales of goods and rental income for the periods indicated:

	Six months ended 30 June		Change
	2016 <i>RMB million</i>	2015 <i>RMB million</i>	
Sales of goods	51,248	49,193	4.2%
Rental income	1,695	1,515	11.9%
Total revenue	52,943	50,708	4.4%

For the six months ended 30 June 2016, revenue from sales of goods was RMB51,248 million, an increase of RMB2,055 million, or 4.2%, from RMB49,193 million for the corresponding period in 2015. The increase was primarily attributable to the continuous business expansion of the Group with the opening of new stores ⁽¹⁾.

During the period from 1 July 2015 to 30 June 2016, the Group continued to expand in various areas of China and opened 34 stores with 22 in the second half of 2015 and 12 in the first half of 2016, respectively. The new stores contributed to the increase in sales of goods.

For the six months ended 30 June 2016, the Same Store Sales Growth (“SSSG”)⁽²⁾ was -0.3% compared to -3.4% for the corresponding period in 2015. Despite the continuous slow growth in the overall domestic consumer market, the Group still made efforts to attract customers and develop the market. At the same time, the increase in CPI, particularly in the food sector, also had a positive impact on the SSSG of the Group.

For the six months ended 30 June 2016, revenue from rental income was RMB1,695 million, an increase of RMB180 million, or 11.9%, from RMB1,515 million for the corresponding period in 2015. 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.

Gross Profit

For the six months ended 30 June 2016, gross profit was RMB12,059 million, an increase of RMB634 million, or 5.5%, from RMB11,425 million for the corresponding period in 2015. The gross profit margin for the six months ended 30 June 2016 was 22.8%, an increase of 0.3 percentage points from 22.5% for the corresponding period in 2015. The increase in the gross profit margin was a result of a greater increase in revenue of 4.4% as compared to the increase in cost of sales of 4.1%, reflecting the ability of the Group to leverage on the economies of scale to improve the gross profit margin.

Other Income

Other income consists of income from disposal of packaging materials, interest income, service income, government grants and other miscellaneous income.

For the period ended 30 June 2016, other income was RMB436 million, an increase of RMB26 million, or 6.3%, from RMB410 million as restated for the corresponding period in 2015. The increase was primarily attributable to (i) an increase in service income of RMB20 million, which was mainly attributable to the expanded service of issuing co-branded credit card; (ii) an increase in government grants of RMB14 million; and partially offset by (iii) a decrease in interest income of RMB12 million which was related to less investment in financial products during the period as well as the lower interest rate in the market.

Notes:

- (1) New stores: stores opened during the period from 1 July 2015 to 30 June 2016.
- (2) Same store sales growth: the growth rate of sales of the stores opened before 30 June 2015. It is calculated by comparing the sales derived from those stores during their operating periods in the first half of 2015 with sales during the corresponding periods in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Costs

Operating costs represent the costs attributable to the operations of the stores and E-commerce platforms. Operating costs primarily consist of personnel expenses, operating lease charges, expenses for utilities, maintenance, advertising, shuttle bus services and cleaning, together with the amortisation of land use rights and the depreciation of property, plant and equipment.

For the six months ended 30 June 2016, the operating costs were RMB8,886 million, an increase of RMB536 million, or 6.4%, from RMB8,350 million for the corresponding period in 2015.

The increase was primarily attributable to the increase in the number of stores in accordance with the on-going expansion of the hypermarket network and the development of E-commerce platforms. These projects 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 operating lease charges, amortisation of land use rights and depreciation of property, plant and equipment.

The amount of operating costs for the period ended 30 June 2016 represented 16.8% of revenue, an increase of 0.3 percentage points, from 16.5% of the corresponding period in 2015. This increase was a result of a greater increase in operating costs of 6.4% as compared to the increase in revenue of 4.4%.

Administrative Expenses

Administrative expenses primarily consist of personnel expenses, travelling expenses, the amortisation of land use rights, depreciation of property, plant and equipment and other expenses for the administrative departments. For the six months ended 30 June 2016, the administrative expenses were RMB1,410 million, an increase of RMB105 million, or 8.0%, from RMB1,305 million as restated for the corresponding period in 2015. The increase was primarily attributable to an increase in the number of administrative staff to provide supportive services for the expanded network of hypermarket complexes and E-commerce platforms.

The amount of administrative expenses for the period ended 30 June 2016 represented 2.7% of revenue, an increase of 0.1 percentage point, from 2.6% of the corresponding period in 2015. This increase was a result of a greater increase in administrative expenses of 8.0% as compared to the increase in revenue of 4.4%.

Profit from Operations

For the six months ended 30 June 2016, the profit from operations was RMB2,199 million, an increase of RMB19 million, or 0.9%, from RMB2,180 million as restated for the corresponding period in 2015. The operating margin was 4.2% for the six months ended 30 June 2016, a decrease of 0.1 percentage point, from 4.3% of the corresponding period in 2015. The operating margin was relatively stable, which showed that the Group was able to maintain its profitability while developing its business, through improving revenue and gross profit margins to substantially cover the increase in expenses.

Finance Costs

Finance costs primarily consist of the interest expense on borrowings. For the six months ended 30 June 2016, the finance costs were RMB12 million, an increase of RMB3 million, or 33.3% from RMB9 million for the corresponding period in 2015. The increase is mainly related to the higher average balance of borrowings during the six months ended 30 June 2016 compared with the corresponding period in 2015.

Income Tax

For the six months ended 30 June 2016, income tax expense was RMB722 million, an increase of RMB63 million, or 9.6%, from RMB659 million for the corresponding period in 2015. The effective income tax rate was 33.1% for the six months ended 30 June 2016, an increase of 2.7 percentage points, compared to 30.4% for the corresponding period in 2015. The increase in effective tax rate was mainly attributable to the losses generated by certain new legal entities and E-business entities for which the accumulated losses have not been utilized and no deferred tax was recognised.

Profit for the Period

For the six months ended 30 June 2016, profit for the period was RMB1,461 million, a decrease of RMB51 million, or 3.4%, from RMB1,512 million as restated for the corresponding period in 2015. Net profit margin for the period ended 30 June 2016 was 2.8%, decreasing by 0.2 percentage points from 3.0% for the corresponding period in 2015. The decrease was primarily attributable to the lower operating margin and higher effective income tax rate for the period. The profit for the period ended 30 June 2016, compared to the corresponding period in 2015, would have increased by 2.2%, had the losses occurred by the E-commerce entities and Oney Accord been excluded from both periods.

Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2016, the profit attributable to equity shareholders of the Company was RMB1,432 million, a decrease of RMB39 million, or 2.7%, from RMB1,471 million as restated for the corresponding period in 2015.

Profit Attributable to Non-Controlling Interests

For the six months ended 30 June 2016, the profit attributable to non-controlling interests was RMB29 million, a decrease of RMB12 million, or 29.3%, from RMB41 million as restated for the corresponding period in 2015. The profit attributable to non-controlling interests represented (i) interests in Auchan (China) Investment Co., Ltd. (“**ACI**”) and Concord Investment (China) Co., Ltd (“**CIC**”) from the Auchan Scheme^(*) and RT-Mart Scheme^(*); (ii) the interests held by independent third parties in three of the subsidiaries, People’s RT-Mart Limited Jinan, Feiniu HK and Fields HK; and (iii) the interests held by Oney Bank S.A. (“**Oney Bank**”, formerly known as “Banque Accord S.A.”) in Oney Accord.

* The Group has established an Employee Trust Benefit Scheme of CIC and its subsidiaries (the “**RT-Mart Scheme**”) and an Employee Trust Benefit Scheme of ACI and its subsidiaries (the “**Auchan Scheme**”). For further details, please refer to Note 5(b) of “Notes to the unaudited interim financial report” on page 28 to 29 of the interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

For the six months ended 30 June 2016, cash flow generated from operating activities was RMB3,892 million, a decrease of RMB234 million, or 5.7%, from RMB4,126 million as restated for the corresponding period in 2015. The decrease was primarily attributable to the calendar difference in Chinese New Year, resulting in the working capital variation in inventory and trade payable balance.

As of 30 June 2016, the net current liabilities decreased to RMB11,014 million from RMB11,111 million as of 31 December 2015. This decrease was primarily attributed to (i) a decrease in the current assets of RMB4,322 million, related to the reduced stock level as at 30 June 2016, partially offset by the increase in cash and cash equivalents; and (ii) a decrease in current liabilities of RMB4,419 million mainly from the decreased balance of trade and other payable of RMB4,101 million. The decrease in current liabilities was greater than the decrease in current assets, which resulted in a decrease in the net current liabilities.

For the six months ended 30 June 2016, the inventory turnover days and trade payable turnover days were 46 days and 73 days, respectively, compared to 43 days and 69 days for the corresponding period of 2015, respectively.

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

Investing Activities

For the six months ended 30 June 2016, cash flow used in investing activities was RMB1,903 million, a decrease of RMB652 million, or 25.5%, from RMB2,555 million as restated for the six months ended 30 June 2015.

The cash flow used in investing activities mainly reflected the capital expenditure of RMB1,375 million in respect of the development of new stores and the remodelling of existing stores, as well as the settlement of capital expenditure incurred in 2015 of RMB633 million. During the six months ended 30 June 2016, 12 new stores were opened in various areas of China.

Financing Activities

For the six months ended 30 June 2016, cash flow used in financing activities was RMB1,737 million, with an increase of RMB1,283 million, or 282.6%, from RMB454 million as restated for the six months ended 30 June 2015. This increase was mainly attributable to (i) the increase in dividend distribution of RMB305 million in 2016; and (ii) a net decrease in bank borrowings of RMB223 million during the six months ended 30 June 2016, while during the six months ended 30 June 2015, there was a net increase in bank borrowings of RMB766 million.

CORPORATE GOVERNANCE PRACTICES

The Company 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 principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The Company reviews regularly its organizational structure to ensure operations 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 code provisions as set out in the CG Code for the six months ended 30 June 2016, save and except for the deviation of code provisions A.6.7 and C.3.7(a) of the CG Code.

Code provision A.6.7 provides that the independent non-executive directors should attend general meetings of the company. Mr. Desmond Murray, the Independent Non-Executive Director of the Company, attended the annual general meeting of the Company held on 13 May 2016 (the “**AGM**”). Ms. Karen Yifen Chang and Mr. He Yi, the Independent Non-Executive Directors of the Company, were unable to attend the AGM due to sickness and prior business engagement external to the Company respectively.

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 a telephone line 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 (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 by any employee about improprieties in financial reporting, internal control and other matters.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own policies for securities transactions (the “**Company Code**”) by the 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 relevant employees and they have confirmed that they have complied with the Model Code and the Company Code throughout the six months ended 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

At the board meeting held on 10 August 2016, no dividend for the six months ended 30 June 2016 has been declared.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the six months ended 30 June 2016 and up to the latest practicable date prior to the printing of this interim report, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interest or short position of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in the Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Name of director/ chief executive	Name of corporation	Nature of interest	Total number of shares⁽¹⁾	Approximate percentage shareholding of the relevant entity
Bruno, Robert MERCIER	Company	Beneficial owner	140,000(L)	0.0015%
	Auchan Holding S.A. ⁽²⁾	Beneficial owner	501(L) ⁽⁴⁾	0.0016%
HUANG Ming-Tuan	Company	Beneficial owner, interest of spouse and interest in a controlled corporation ⁽³⁾	117,234,074(L)	1.2289%
CHENG Chuan-Tai	Company	Beneficial owner	6,000,000(L)	0.0629%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of director/ chief executive	Name of corporation	Nature of interest	Total number of shares ⁽¹⁾	Approximate percentage shareholding of the relevant entity
Xavier, Marie, Alain DELOM de MEZERAC	Auchan Holding S.A. ⁽²⁾	Beneficial owner	2,184(L) ⁽⁵⁾	0.0069%
			730(L) ⁽⁶⁾	0.0022%
			459(L) ⁽⁷⁾	0.0015%
			719(L) ⁽⁸⁾	0.0023%
Desmond MURRAY	Company	Beneficial owner	55,000(L)	0.0006%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Auchan Holding S.A. (formerly "Groupe Auchan S.A.") is a company incorporated in France and comprises various companies controlled by Gerard Mulliez and the other members of the Mulliez family through which they conduct or pursue their various business interests in hypermarkets operations, supermarkets operations, real estate development, banking and e-commerce. Auchan Holding S.A. is one of our two ultimate controlling shareholders. Auchan Holding S.A. has adopted various share incentive plans pursuant to which share-based awards are granted to eligible directors and employees of Auchan Holding S.A. and its subsidiaries. These share incentive plans include the following:
- (i) Stock Option Plan (2016) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 30 August 2016 to 30 September 2016.
 - (ii) Stock Option Plan (2017) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 30 August 2017 to 30 September 2017.
 - (iii) Stock Option Plan (2018) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 29 August 2018 to 30 September 2018.
 - (iv) Stock Option Plan (2019) relating to the grant of options to subscribe for shares in Auchan Holding S.A. with a vesting period from 28 August 2019 to 30 September 2019.

Note: With effect from 9 May 2012, the only class of shares issued by Auchan Holding S.A. is ordinary shares, the restricted shares and Class S shares were converted to ordinary shares on 9 May 2012. The issued share capital of Auchan Holding S.A. is 31,654,416 shares as at 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (3) (i) Mr. HUANG Ming-Tuan holds 15,559,258 shares.
- (ii) Ms. LEE Chih-Lan is the spouse of Mr. HUANG Ming-Tuan and holds 1,551,238 shares. Accordingly, Mr. HUANG Ming-Tuan is deemed to be interested in all of the shares held by Ms. LEE Chih-Lan.
- (iii) Mr. HUANG Ming-Tuan is the legal and beneficial owner of the entire issued share capital of Victor Spring Ltd., a limited liability company incorporated in the British Virgin Islands. Accordingly, he is deemed to be interested in all of the 17,969,614 shares held by Victor Spring Ltd.
- (iv) Mr. HUANG Ming-Tuan is the legal and beneficial owner of 50% of the share capital of Unique Grand Trading Ltd., a limited liability company incorporated in the British Virgin Islands, and Ms. LEE Chih-Lan, the spouse of Mr. HUANG Ming-Tuan, holds the remaining 50%. Accordingly, he is deemed to be interested in all of the 82,153,964 shares held by Unique Grand Trading Ltd.
- (4) This represents 501 shares in Auchan Holding S.A.
- (5) This represents 2,184 shares in Auchan Holding S.A.
- (6) This represents stock options in respect of 730 shares in Auchan Holding S.A. granted pursuant to the Auchan Holding S.A. Stock Option Plan (2017).
- (7) This represents stock options in respect of 459 shares in Auchan Holding S.A. granted pursuant to the Auchan Holding S.A. Stock Option Plan (2018).
- (8) This represents stock options in respect of 719 shares in Auchan Holding S.A. granted pursuant to the Auchan Holding S.A. Stock Option Plan (2019).

Save as disclosed above, so far as known to any Directors, as at 30 June 2016, none of the Directors or chief executives of the Company or any of their associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as defined in Part XV of the SFO, which were required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified by the Directors or chief executives to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 30 June 2016, the persons or corporations (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number and class of shares ⁽¹⁾	Approximate percentage of shareholding
A-RT ⁽²⁾	Beneficial owner	4,865,338,686(L)	51.0009%
Auchan Retail International S.A. ⁽³⁾	Interest in a controlled corporation and beneficial owner	5,791,757,452(L) ⁽¹²⁾	60.7121%
Auchan Holding S.A. ⁽⁴⁾	Interest in a controlled corporation	5,791,757,452(L) ⁽¹²⁾	60.7121%
Au Marche S.A.S ⁽⁵⁾	Interest in a controlled corporation	5,791,757,452(L) ⁽¹²⁾	60.7121%
Mulliez Family ⁽⁶⁾	Interest in controlled corporations	5,791,757,452(L) ⁽¹²⁾	60.7121%
Kofu ⁽⁷⁾	Beneficial owner	748,376,538(L) ⁽¹³⁾	7.8449%
CGC ⁽⁸⁾	Beneficial owner	807,024,010(L) ⁽¹⁴⁾	8.4596%
Ruentex Industries ⁽⁹⁾	Interest in a controlled corporation	807,024,010(L) ⁽¹⁴⁾	8.4596%
Ruentex Development ⁽¹⁰⁾	Interest in controlled corporations	807,024,010(L) ⁽¹⁴⁾	8.4596%
Mr. YIN Chung Yao ⁽¹¹⁾	Interest in controlled corporations	748,376,538(L) ⁽¹³⁾	7.8449%

Notes:

(1) The letter "L" denotes long position in the shares.

(2) A-RT Retail Holdings Limited ("**A-RT**") is 36.70% owned by Auchan Retail International S.A. (formerly "Auchan Hyper S.A."), therefore Auchan Retail International S.A. is deemed to be interested in all the shares in which A-RT is interested in by virtue of Part XV of the SFO.

The rest of shares of A-RT is 25.42% owned by CGC, 23.58% owned by Kofu and 14.30% owned by Monicole Exploitation Maatschappij BV ("**Monicole BV**").

Monicole BV is a company incorporated in the Netherlands, which is indirectly wholly-owned by Auchan Retail International S.A..

(3) Auchan Retail International S.A. is a company incorporated in France which is wholly-owned by Auchan Holding S.A. A-RT is 36.70% owned by Auchan Retail International S.A., therefore Auchan Retail International S.A. is deemed to be interested in all the shares in which A-RT is interested in by virtue of Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (4) Auchan Retail International S.A. is wholly-owned by Auchan Holding S.A., therefore Auchan Holding S.A. is deemed to be interested in all the shares in which Auchan Retail International S.A. is interested in by virtue of Part XV of the SFO.
- (5) Auchan Holding S.A. is 61.88% owned by Au Marche S.A.S, therefore Au Marche S.A.S is deemed to be interested in all the shares in which Auchan Holding S.A. is interested in by virtue of Part XV of the SFO.
- (6) Mulliez Family comprises the founder of Auchan Holding S.A. (one of our two ultimate controlling shareholders), Gerard Mulliez, and other members of the Mulliez family in France, who hold interests in various companies under Auchan Holding S.A. Au Marche S.A.S is wholly-owned by the Mulliez Family through certain intermediate holding companies. No one member of the Mulliez Family is able to exert a dominant influence over other members in their voting rights in Au Marche S.A.S. The Mulliez Family is collectively represented by a member of the family, who plays an administrative role and is similarly unable to exert a dominant influence over other members of the Mulliez Family and does not control Au Marche S.A.S.
- (7) Kofu International Limited (“**Kofu**”) is a company incorporated in the British Virgin Islands, which is indirectly wholly-owned by Mr. YIN Chung Yao, and has a direct beneficial interest of 7.84% in the Company.
- (8) Concord Greater China Limited (“**CGC**”) is a company incorporated in the British Virgin Islands and a company under Ruentex (Ruentex Development Co. Ltd. (“**Ruentex Development**”), Ruentex Industries Limited (“**Ruentex Industries**”), CGC and Kofu collectively) and has a direct beneficial interest of 8.46% in the Company.
- (9) CGC is 42.25% owned by Ruentex Industries, therefore Ruentex Industries is deemed to be interested in all the shares in which CGC is interested in by virtue of Part XV of the SFO.
- (10) CGC is 15.51% owned by Sinopac Global Investment Ltd. (“**Sinopac**”) (a company indirectly owned as to 49.06% by Ruentex Industries and 49.06% by Ruentex Development and directly owned as to 1.886% by Kofu), and Sinopac is 49.06% owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the shares in CGC in which Sinopac is interested in by virtue of Part XV of the SFO. CGC is 25.46% owned by Ruentex Development. Therefore Ruentex Development is deemed to be interested in all the shares in which CGC is interested in by virtue of Part XV of the SFO.
- (11) Kofu is wholly owned by Mr. YIN Chung Yao, through certain controlled corporations.
- (12) Such 5,791,757,452 shares belong to the same batch of shares.
- (13) Such 748,376,538 shares belong to the same batch of shares.
- (14) Such 807,024,010 shares belong to the same batch of shares.

Save as disclosed above, as at 30 June 2016, the Directors of the Company are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

As at 30 June 2016, the shareholding interests of nine of the operating subsidiaries in the PRC are partially held by independent third parties. Those operating subsidiaries are Fields HK, Feiniu HK, RT-Mart Limited Shanghai, Jinan RT-Mart, Changshu Bairuenfa Hypermarket Co., Ltd., Shanghai Auchan Hypermarket Co., Ltd., Hangzhou Auchan Hypermarket Co., Ltd., Changzhou Immochan Real Estate Co., Ltd., and Wuxi Immochan Real Estate Co., Ltd. The shareholding interest of Oney Accord is partially held by Oney Bank, which is a connected person of the Company.

DEED OF NON-COMPETITION

Pursuant to a deed of non-competition dated 29 June 2011 (the “**Deed of Non-competition**”) entered into between A-RT, Auchan Retail International S.A., Monicole BV, CGC, Kofu (collectively, the “**Controlling Shareholders**”) and the Company, each of the Controlling Shareholders has undertaken to the Company that it will not and will use its best endeavour to procure that none of its affiliates will, among other things, carry on or engage in any business, which directly or indirectly, competes or is likely to compete with the operation of hypermarket complexes under the banners of “Auchan” and “RT-Mart” in the PRC, which comprise hypermarkets and retail galleries of individual retail stores.

To the best knowledge of the Directors, there is no breach of the Deed of Non-competition by the Controlling Shareholders during the six months ended 30 June 2016.

AUDIT COMMITTEE

The Company established an Audit Committee on 27 June 2011 with written terms of reference in compliance with the CG Code (new terms of reference were adopted by the Board on 11 December 2015). The primary duties of the Audit Committee are to assist the Board in overseeing and reviewing (i) the effectiveness of the Company’s risk management and internal control systems and regulatory compliance of the Group; (ii) the balance, transparency and integrity of the Company’s financial statements and application of financial reporting principle; (iii) the relationship with the independent auditors and their independence assessment; and (iv) the effectiveness of the Company’s internal audit function. The Audit Committee currently consists of five Non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai, Mr. Xavier, Marie, Alain Delom de Mezerac, Ms. Karen Yifen Chang, Mr. He Yi and Mr. Desmond Murray. It is currently chaired by Mr. Desmond Murray, an Independent Non-executive Director. The Audit Committee has reviewed and discussed the unaudited consolidated financial statements for the six months ended 30 June 2016 and has met with the independent auditors, KPMG, who have reviewed the interim financial statements in accordance with Hong Kong Standard on Review Engagement 2410.

CORPORATE GOVERNANCE AND OTHER INFORMATION

NOMINATION COMMITTEE

The Company established a nomination committee (“**Nomination Committee**”) on 27 June 2011 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships. The Nomination Committee currently consists of five Non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai, Mr. Wilhelm, Louis Hubner, Ms. Karen Yifen Chang, Mr. He Yi and Mr. Desmond Murray. It is currently chaired by Mr. He Yi, an Independent Non-executive Director.

REMUNERATION COMMITTEE

The Company established a remuneration committee (“**Remuneration Committee**”) on 27 June 2011 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the Company’s policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee currently consists of five Non-executive Directors, three of whom are independent. The members currently are Mr. Cheng Chuan-Tai, Mr. Wilhelm, Louis Hubner, Ms. Karen Yifen Chang, Mr. He Yi and Mr. Desmond Murray. It is currently chaired by Ms. Karen Yifen Chang, an Independent Non-executive Director.

OTHER CHANGES IN DIRECTOR’S INFORMATION

Other changes in Director’s information of the Company subsequent to the publication of the 2015 Annual Report are set out below:

- With effect from 25 January 2016, Mr. Wilhelm, Louis Hubner has resigned as a general manager of Auchan LLC. He has been appointed as board members of Auchan (China) Hong Kong Limited, one of the principal subsidiaries of the Company, and A-RT Retail Holdings Limited, the immediate controlling shareholder of the Company, on 11 December 2015 and 4 February 2016 respectively.
- With effect from 1 July 2016, Mr. Desmond Murray has relinquished his position as chairman of the remuneration committee of Clear Media Limited (“**CML**”). With effect from 9 August 2016, Mr. Murray has resigned as an independent non-executive director, as chairman of the audit committee, and as a member of each of the audit committee, the remuneration committee and the nomination committee of CML.

Save for those disclosed above, there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

**Review Report to the Board of Directors of****Sun Art Retail Group Limited**

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 20 to 38 which comprises the consolidated statement of financial position of Sun Art Retail Group Limited as at 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

10 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016 – Unaudited

	Note	Six months ended 30 June	
		2016 RMB million	2015 RMB million (Restated)
Revenue	3	52,943	50,708
Cost of sales		(40,884)	(39,283)
Gross profit		12,059	11,425
Other income	4	436	410
Operating costs		(8,886)	(8,350)
Administrative expenses		(1,410)	(1,305)
Profit from operations		2,199	2,180
Finance costs	5(a)	(12)	(9)
Share of results of an associate and a joint venture		(4)	–
Profit before taxation	5	2,183	2,171
Income tax	6	(722)	(659)
Profit for the period		1,461	1,512
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss:			
Changes in fair value of long-term other financial liabilities		7	–
Total comprehensive income for the period		1,468	1,512

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016 – Unaudited

	Note	Six months ended 30 June	
		2016 RMB million	2015 RMB million (Restated)
Profit attributable to:			
Equity shareholders of the Company		1,432	1,471
Non-controlling interests		29	41
Profit for the period		1,461	1,512
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,439	1,471
Non-controlling interests		29	41
Total comprehensive income for the period		1,468	1,512
Earnings per share			
Basic and diluted	7	RMB0.15	RMB0.15

The notes on pages 26 to 38 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 – Unaudited

	Note	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Non-current assets			
Investment properties	8	3,460	3,516
Other property, plant and equipment	8	22,678	22,902
Land use rights	8	5,372	5,278
		31,510	31,696
Intangible assets		63	64
Goodwill		181	181
Equity-accounted investees		15	19
Unquoted available-for-sale equity security		4	4
Trade and other receivables	9	594	527
Deferred tax assets		401	374
		32,768	32,865
Current assets			
Inventories		8,237	12,646
Trade and other receivables	9	3,132	3,380
Investments and time deposits	10	104	36
Cash and cash equivalents	11	6,849	6,582
		18,322	22,644
Current liabilities			
Trade and other payables	12	28,525	32,626
Bank loans	13	414	638
Income tax payables		397	491
		29,336	33,755
Net current liabilities		(11,014)	(11,111)
Total assets less current liabilities		21,754	21,754
Non-current liabilities			
Bank loans	13	3	2
Other financial liabilities	15	100	114
Deferred tax liabilities		60	11
		163	127
Net assets		21,591	21,627

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 – Unaudited

	Note	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Capital and reserves			
Share capital	14	10,020	10,020
Reserves		10,537	10,726
Total equity attributable to equity shareholders of the Company		20,557	20,746
Non-controlling interests		1,034	881
Total equity		21,591	21,627

Approved and authorised for issue by the Board of Directors on 10 August 2016.

Bruno, Robert MERCIER
Chief Executive Officer
& Executive Director

HUANG Ming-Tuan
Executive Director

The notes on pages 26 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 – Unaudited

	Note	Attributable to equity shareholders of the Company						Non-controlling interests RMB million	Total equity RMB million
		Share capital RMB million	Capital reserve RMB million	Exchange reserve RMB million	Statutory reserve RMB million	Retained profits RMB million	Total RMB million		
Balance at 1 January 2015		10,020	2,338	44	950	6,329	19,681	869	20,550
Changes in equity for the six months ended 30 June 2015 as restated:									
Profit for the period (as restated)		-	-	-	-	1,471	1,471	41	1,512
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income (as restated)		-	-	-	-	1,471	1,471	41	1,512
Cash injection from Employee Trust Benefit Schemes		-	1	-	-	-	1	2	3
Acquisition of a subsidiary		-	(77)	-	-	-	(77)	16	(61)
Dividend declared in respect of the previous year	14(b)	-	-	-	-	(1,223)	(1,223)	-	(1,223)
Balance at 30 June 2015 as restated		10,020	2,262	44	950	6,577	19,853	928	20,781
Balance at 1 July 2015 as restated		10,020	2,262	44	950	6,577	19,853	928	20,781
Changes in equity for the six months ended 31 December 2015 as restated:									
Profit for the period (as restated)		-	-	-	-	972	972	(20)	952
Other comprehensive income		-	19	1	-	-	20	1	21
Total comprehensive income (as restated)		-	19	1	-	972	992	(19)	973
Cash injection from Employee Trust Benefit Schemes		-	38	-	-	-	38	20	58
Business combination under common control		-	(75)	-	-	-	(75)	-	(75)
Acquisition of non-controlling interests		-	(62)	-	-	-	(62)	13	(49)
Cash injection from non-controlling interests		-	-	-	-	-	-	52	52
Profit appropriation		-	-	-	96	(96)	-	-	-
Dividends declared and payable to non-controlling share holders		-	-	-	-	-	-	(113)	(113)
Balance at 31 December 2015 and 1 January 2016		10,020	2,182	45	1,046	7,453	20,746	881	21,627
Balance at 1 January 2016		10,020	2,182	45	1,046	7,453	20,746	881	21,627
Changes in equity for the six months ended 30 June 2016:									
Profit for the period		-	-	-	-	1,432	1,432	29	1,461
Other comprehensive income		-	7	-	-	-	7	-	7
Total comprehensive income		-	7	-	-	1,432	1,439	29	1,468
Capital injection from a non-controlling shareholder		-	-	-	-	-	-	21	21
Acquisition of non-controlling interests		-	(103)	-	-	-	(103)	103	-
Shared based payments		-	(4)	-	-	-	(4)	-	(4)
Dividend declared in respect of the previous year	14(b)	-	-	-	-	(1,521)	(1,521)	-	(1,521)
Balance at 30 June 2016		10,020	2,082	45	1,046	7,364	20,557	1,034	21,591

The notes on pages 26 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016 – Unaudited

	Six months ended 30 June	
	2016 <i>RMB million</i>	2015 <i>RMB million</i> (Restated)
Operating activities		
Cash generated from operations	4,686	5,027
Income tax paid	(794)	(901)
Net cash generated from operating activities	3,892	4,126
Investing activities		
Payment for the purchase of investment properties, other property, plant and equipment, land use rights and intangible assets	(1,980)	(2,670)
Payment for acquisition of a subsidiary, net of cash acquired	–	(62)
Other cash flows arising from investing activities	77	177
Net cash used in investing activities	(1,903)	(2,555)
Financing activities		
Dividends paid	(1,521)	(1,216)
Other cash flows arising from financing activities	(216)	762
Net cash used in financing activities	(1,737)	(454)
Net increase in cash and cash equivalents	252	1,117
Cash and cash equivalents at 1 January	6,582	5,770
Effect of foreign exchange rate changes	15	–
Cash and cash equivalents at 30 June	6,849	6,887

The notes on pages 26 to 38 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

1 BASIS OF PREPARATION

Sun Art Retail Group Limited (the “**Company**”) is a company incorporated in Hong Kong on 13 December 2000 with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 July 2011. The interim financial report comprises the Company and its subsidiaries (together, “**the Group**”). The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 10 August 2016. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 19.

The financial information relating to the year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to HKFRSs 2012-2014 Cycle*
- *Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial report by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial report should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group’s interim financial report as the Group does not present the relevant required disclosures outside the interim financial report.

Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group’s interim financial report.

3 REVENUE AND SEGMENT REPORTING

The principal activity of the Group is the operation of hypermarkets and E-commerce platforms in the People’s Republic of China (“PRC”).

The Group is organised, for management purpose, into business units based on the banner under which the hypermarkets and E-commerce platforms are operated. As all of the Group’s hypermarkets and E-commerce platforms 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 and E-commerce platforms in the PRC.

Revenue 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 is as follows:

	Six months ended 30 June	
	2016	2015
	RMB million	RMB million
Sale of goods	51,248	49,193
Rental income	1,695	1,515
	52,943	50,708

The Group’s customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group’s revenues.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

4 OTHER INCOME

	Six months ended 30 June	
	2016 RMB million	2015 RMB million (Restated)
Service income	135	115
Disposal of packaging materials	61	57
Interest income	141	153
Government grants	99	85
	436	410

Government grants represent subsidies received from local authorities.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Interest expense on borrowings		
– wholly repayable within five years	10	6
– wholly repayable after five years	2	3
	12	9

(b) Staff costs:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million (Restated)
Salaries, wages and other benefits	3,917	3,590
Contributions to defined contribution retirement plans	467	415
Contributions to Employee Trust Benefit Schemes (i)	197	176
Share-based payments	(1)	3
	4,580	4,184

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(Expressed in Renminbi (“RMB”) unless otherwise indicated)

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs: (continued)

- (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:

	Six months ended 30 June	
	2016 RMB million	2015 RMB million (Restated)
Cost of inventories	40,796	39,181
Depreciation	1,472	1,366
Amortisation	100	90
Operating lease charges	1,402	1,338
Loss on disposal of property, plant and equipment	–	2

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

6 INCOME TAX

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

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Current tax – Hong Kong Profits Tax		
Provision for the period (i)	–	1
Over-provision in respect of prior years	(1)	–
Current tax – PRC income tax		
Provision for the period	701	674
Over-provision in respect of prior years	–	(1)
	700	674
Deferred tax		
Origination of temporary differences, net	22	(15)
	722	659

- (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 (2015: 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 six months ended 30 June 2016 (2015: 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

6 INCOME TAX (CONTINUED)

(iii) (continued)

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.

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 30 June 2016, deferred tax liabilities of RMB50 million (31 December 2015: RMB1 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 30 June 2016 and 31 December 2015 were calculated at the withholding tax rate of 5%.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,432 million (six months ended 30 June 2015: RMB1,471 million as restated) and the weighted average of 9,539,704,700 ordinary shares (six months ended 30 June 2015: 9,539,704,700 ordinary shares) in issue during the interim period.

	2016	2015
Issued ordinary shares at 1 January and 30 June	9,539,704,700	9,539,704,700

There were no dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015 and therefore diluted earnings per share is equivalent to basic earnings per share.

8 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the six months ended 30 June 2016, the Group incurred capital expenditure of RMB1,375 million (six months ended 30 June 2015: RMB1,371 million), primarily in respect of new store developments. Items of store and office equipment with a net book value of RMB4 million were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB3 million), with no gain or loss occurred (six months ended 30 June 2015: RMB2 million loss) (note 5(c)).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Non-current		
Rental prepayments	594	527
Current		
Trade receivables	256	195
Amounts due from Contracted Stores	–	41
Amounts due from Contracted Store Owners	59	57
Amounts due from related parties (note 18)	101	115
Other debtors	683	723
Value-added tax receivables	427	635
Prepayments:		
– rentals	1,284	1,249
– fixed assets and intangible assets	322	365
Sub-total current	3,132	3,380
Trade and other receivables	3,726	3,907

The Group’s trade receivables relate to sales through settlement by credit cards or third-party payment platforms, the aging of which is within one month, and credit sales to corporate customers, the aging of which is within three months. Credit risk in respect of trade receivables is limited as the balances mainly arise from the credit card sales and the sales through settlement by third-party payment platforms. Credit terms are offered in rare cases to corporate customers with whom the Group has an established and ongoing relationship.

Contracted stores (“**Contracted Stores**”) are hypermarkets operated by the Group through arrangements 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.

The amounts due from Contracted Store Owners principally represent the Contracted Stores’ profit attributable to the Group. These amounts are repayable on demand.

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 and intangible assets which will be transferred to the relevant asset category upon the receipt of the assets, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi ("RMB") unless otherwise indicated)

10 INVESTMENTS AND TIME DEPOSITS

	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Loans and receivables	60	–
Available-for-sale financial assets	10	–
Time deposits	34	36
	104	36

Loans and receivables represent short-term financial products issued by banks with guaranteed repayment of principals, fixed or determinable returns and having maturity periods over three months from date of issue.

Available-for-sale financial assets represent short-term financial products issued by PRC commercial banks, with variable returns and principals not guaranteed for repayment.

Time deposits as at 30 June 2016 of RMB34 million (31 December 2015: RMB36 million) have original maturity over three months.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Deposits with banks within 3 months of maturity	99	207
Cash at bank and on hand	5,463	4,358
Other financial assets	1,287	2,017
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	6,849	6,582

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi (“RMB”) unless otherwise indicated)

12 TRADE AND OTHER PAYABLES

	At 30 June 2016	At 31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Current		
Trade payables	14,688	18,247
Advance receipts from customers	8,167	8,331
Amounts due to related parties (<i>note 18</i>)	83	207
Construction costs payable	1,255	1,888
Amount due to Contracted Stores	50	–
Dividends payable to non-controlling interests	181	181
Accruals and other payables	4,101	3,772
Trade and other payables	28,525	32,626

All trade and other payables are expected to be settled within one year.

Advance receipts from customers primarily represents the unused balance of prepaid cards sold by the Group.

The amounts due to Contracted Stores as at 30 June 2016 included advance payment made by Contracted Stores in respect of purchase of goods, offset by 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.

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

	At 30 June 2016	At 31 December 2015
	<i>RMB million</i>	<i>RMB million</i>
Due within 6 months	14,326	17,940
Due after 6 months but within 12 months	362	307
	14,688	18,247

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(Expressed in Renminbi ("RMB") unless otherwise indicated)

13 BANK LOANS

	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Current		
Bank loans repayable with 1 year guaranteed by a related party	4	5
Unsecured bank loans repayable within 1 year	410	633
Subtotal	414	638
Non-current		
Bank loans guaranteed by a related party	3	2
Bank loans	417	640

Unsecured bank loan carried interest at annual rate of 3.83% to 3.92% as at 30 June 2016 (31 December 2015: 2.26% to 3.92%). Bank loan guaranteed by a related party, Oney Bank S.A. ("**Oney Bank**", formerly known as "Banque Accord S.A."), carried interest at annual rate from 6.05% to 7.07% (31 December 2015: 6.05% to 6.30%).

14 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 June 2016		At 31 December 2015	
	No. of shares	RMB million	No. of shares	RMB million
Ordinary shares, issued and fully paid:				
At 1 January/30 June/31 December	9,539,704,700	10,020	9,539,704,700	10,020

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Dividends

A final dividend of HKD0.16 (equivalent to RMB0.13) per ordinary share in respect of the year ended 31 December 2014 was approved on 14 May 2015, and payment was made in June 2015.

A final dividend of HKD0.19 (equivalent to RMB0.16) per ordinary share in respect of the year ended 31 December 2015 was approved on 13 May 2016, and payment was made in June 2016.

No interim dividend has been declared in respect of the six months ended 30 June 2016.

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15 OTHER FINANCIAL LIABILITIES

Other financial liabilities represent capital contributed in cash by the third-party shareholders of certain subsidiaries of the Group which are cooperative joint ventures in the PRC and put option liabilities on non-controlling interests of Fields Hong Kong Limited (“**Fields HK**”).

The Group and some of the non-controlling shareholders entered into put and call option contracts on 2 April 2015. Pursuant to the contracts, the Group has been granted the right to purchase and the non-controlling shareholders have been granted the right to sell, the shares of Fields HK held by some of the non-controlling shareholders, at the pre-determined dates. The exercise prices are based on pre-defined calculation formula. The put option liabilities on non-controlling interests were initially recorded at RMB77 million, being present value of exercise price and were included in “Other Financial Liabilities” on acquisition date with a corresponding amount debited Capital reserve within equity of the Group. All subsequent changes in the carrying amount of the “Other Financial Liabilities” are recorded in equity.

16 COMMITMENTS

Capital commitments outstanding and not provided for in the interim financial statements were as follows:

	At 30 June 2016 RMB million	At 31 December 2015 RMB million
Contracted for	2,691	2,611
Authorised but not contracted for	1,513	3,230
	4,204	5,841

17 CONTINGENCIES

As at 30 June 2016, legal actions have commenced against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and lease agreements. The total claims amounted RMB155 million as at 30 June 2016 (31 December 2015: RMB222 million). As at 30 June 2016, the legal actions were ongoing, with most of the actions not yet set for trial dates. Provision of RMB25 million (31 December 2015: RMB21 million) has been made within Trade and other payables as at 30 June 2016, which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

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(Expressed in Renminbi (“RMB”) unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June	
	2016 RMB million	2015 RMB million
Short-term employee benefits	37	28
Post-employment benefits	–	–
Share-based payments	2	1
	39	29

Total remuneration is included in “staff costs” (see note 5(b)).

(b) Related party transactions

In addition to the related party information disclosed elsewhere in the notes to the unaudited interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2016 and 2015.

	Six months ended 30 June	
	2016 RMB million	2015 RMB million (Restated)
Agency fees (i)	(15)	45
Trademark fee payable (ii)	16	13
IT services fee payable (iii)	3	4
Expenses payable (iv)	47	65
Contributions to Employee Trust Benefit Schemes	197	176
Purchase of goods (v)	2	1
Bank loans repayment (vi)	(7)	–

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(Expressed in Renminbi (“RMB”) unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

- (i) Agency fees relate to amounts collected from international suppliers by Patinvest starting from March 2015 and Auchan International S.A. for prior periods on behalf of the Group, net of fees payable to Patinvest and Auchan International S.A., respectively.
- (ii) Trademark fee payable represents the fee charged by Auchan Holding S.A. (“**Auchan Holding**”) for the grant of licenses to the Group to use the Auchan trademarks.
- (iii) IT services fee payable represents the fee charged by Auchan International Technology for IT support and services provided.
- (iv) Expenses payable primarily relate to personnel and administrative costs paid by subsidiaries of Auchan Retail on behalf of the Group, which are reimbursed and expensed by the Group.
- (v) This represents purchase of merchandise from Auchan International (Shanghai) International Trading Company Limited.
- (vi) This represents the loan repaid to Oney Bank by Oney Accord Consulting (Shanghai) Co., Ltd (“**Oney Accord**”).

The service fee charged by Oney Accord on provision of assistance on issuing and administration of prepaid cards and support for payment terminals of RMB4 million and RMB4 million in six months ended in June 30 2016 and 2015, respectively, were eliminated upon the application of business combination under common control between the Company and Oney Accord.

(c) Related party balances

	At 30 June 2016	At 31 December 2015
	RMB million	RMB million
Amounts due from subsidiaries of Auchan Holding	101	115
Amounts due to Auchan Holding and its subsidiaries	83	207

19 COMPARATIVES

The comparative consolidation financial statement of profit or loss and other comprehensive income and condensed consolidated cash flow statement for the period ended 30 June 2015 have been restated to reflect the accounting treatment after the business combination under common control of Oney Accord completed on 7 December 2015.