

[For Immediate Release]



Sun Art Retail Group Limited Announces Annual Results Ended 31 March 2025

(20 May 2025 - Hong Kong) Sun Art Retail Group Limited ("Sun Art" or the "Group", HKEX stock code: 6808), today announced its annual results for the twelve months ended 31 March 2025.

Mr. Julian Juul WOLHARDT, Chairman of the Group commented, "Under today's increasingly competitive retail landscape, customer footfall serves as both the foundation of our development and the true test of our corporate values. We are implementing our 'Every Day Low Price + Community Living Center' model, together with enhancing product competitiveness and optimizing store layouts, to elevate customer experiences. While we strive to implement lean operations, actively collect customer feedback and place great importance in employees' satisfaction, we are using modern digital tools to achieve the optimal balance among cost, efficiency and service quality. By uniting as one, we endeavor to drive daily progress, deliver better customer experiences, and collectively achieve our shared aspirations."

Mr. Hui SHEN, Chief Executive Officer of the Group commented, "In this fiscal year, Sun Art Retail has demonstrated a stabilizing trend in offline traffic alongside consistently improving online customer retention, with business performance showing moderate recovery and an overall positive trajectory. Sun Art Retail has been proactively formulating strategies in various aspects such as merchandise, pricing, efficiency, store network planning, talent development and membership operations, laying a solid foundation for the new fiscal year and future development. We are firmly committed to our core philosophy of 'Caring for our people, serving our customers and pursuing excellence'. We are actively driving transformation initiatives to enhance operational efficiency, while strengthening product and services quality. Moving forward, we will continue to create sustainable value for both our customers and employees."

Financial Highlights

Annual results for the twelve months ended 31 March 2025:

- The **revenue** was RMB71,552 million, representing a decrease of 1.4% over the same period. Without taking into account the impact of the scaling down of supply chain business and sales losses from store closures, which account for approximately 1.4% and 1.6% respectively, the revenue increased by 1.6% over the same period.
- The **rental income** was RMB3,034 million, representing a decrease of RMB86 million over the same period of the last fiscal year, mainly due to the reduction of gallery areas resulting from the tail-end store closures during the last fiscal year and adjustment of partial tenant mix.
- The **same store sales** ^{Note1} growth rate ("SSSG") was 0.6%. With continuous improvement in price competitiveness and product optimization, ticket size across all channels demonstrated steady growth, driving the increase in SSSG. Online revenue achieved mid-single-digit growth, mainly driven by the increase in average purchase pieces per order, leading to an increase in ticket size. Offline traffic stabilized, resulting in a moderate recovery in offline revenue.
- The **gross profit** was RMB17,236 million, representing a decrease of RMB722 million over the same period. The gross margin was 24.1%. The Group has developed district-specific pricing advantages, with a particular emphasis on quality-to-price ratio to rebuild price competitiveness and reinforce customers' pricing perception. Moving forward, the Group remains committed to customer-benefit philosophy by employing a low-cost feedback mechanism to provide ongoing customer rewards, enhance product competitiveness through product portfolio optimization, and develop higher value-for-money offerings and services to cultivate a sustainable value ecosystem and increase gross profit.
- The **expenses** was RMB16,941 million, representing a decrease of RMB3,488 million over the same period. During the reporting period, the Group implemented multi-dimensional cost-optimization and efficiency-enhancement initiatives, especially the cost optimization in headquarter. The low-cost strategy effectively mitigated the pressure from margin compression, while the expense ratio showed significant year-on-year improvement, demonstrating a positive signal of enhanced operational efficiency.
- Without taking into account the impacts of dividend withholding tax and the tax provision ^{Note2}, the **profit** was RMB692 million and the net profit margin was 1.0%.

Note1: Same store sales does not include sales from supply chain business. Supply chain business includes Taocaicai and Tmall inventory sharing business.

Note2: For details, please refer to the announcement of "BUSINESS UPDATE" released on February 27, 2025.

- The **net cash inflow from operating activities** was RMB3,549 million. The increase was mainly due to the transference of restricted deposits related to the unutilized prepaid cards balances that expired in the previous year into restricted time deposits with maturity over three months within this fiscal year. Without taking into account the impact of restricted deposits, the net cash inflow from operating activities was approximately RMB1,967 million.
- **Net cash** was approximately RMB12,529 million, the **restricted deposits** was approximately RMB6,572 million.
- Inventories were optimized with **inventory turnover days** of 50 days, representing a decrease of 3 days over the same period of last fiscal year.

Business Performance and Strategies

Products and Pricing: Gaining Market Leadership through Quality and Value

Low price and high quality strategy stands as one of the Group's key competitive advantages derived from the scale. In this fiscal year, the Group reshaped pricing perception by leveraging both characteristics of business districts and the flexible and timely market-based pricing mechanism, so as to deliver more competitive prices and ensure tangible cost benefits for customers. With the further implementation of the end-to-end quality control management, quality and pricing strategies, these would serve as the cornerstones for stabilizing the Group's revenue from the hypermarkets in this fiscal year.

While reinforcing pricing perception, the Group has positioned fresh produce as its spearhead and focused on developing the “standardization” of fresh produce, achieving notable success in advancing trending categories and hero products (大單品). The Group proactively expanded and optimized category mix by eliminating homogeneous and underperforming products, accelerating the development of private label products, especially the "Super Saver" series, and highlighting quality-to-price ratio as well as quality, to lay the foundation for future growth driven by commodity power. Coupled with optimizing product displays and scenario-based shopping experiences, the Group is progressively building a customer-centric product evaluation framework to improve merchandise efficiency. All of these initiatives enabled a better integration of price competitiveness, quality and the Group's cultural values.

Efficiency and Operations: Comprehensive Enhancements to Optimize Shopping Experience

The Group achieved synergistic efficiency improvements in three key domains: operations, promotions and supply chain management. The Group proactively advanced standardization of fresh produce, particularly evidenced by a substantial increase in the standardization rate for fruits and vegetables. Digitalization initiatives have further enhanced supply chain optimization and improved store labor efficiency and manpower structure, resulting in a full-chain efficiency upgrading in operations, marketing and sales. During the operation, the Group adhered to quality control management and quality metrics to enhance both product quality consistency and customer satisfaction.

The Group endeavored to achieve organic growth in omni-channel customer footfall through comprehensive improvement of products, quality, pricing and services. With a focus on store profitability improvement and sustainable multi-format development, the Group rolled out in-depth renovations of its community living center stores and optimized tenant mix in galleries to create and improve an overall one-stop experience for customers.

Store Strategy and Talent Cultivation: Future-Focused to Forge Competitive Advantage Building

Talent serves as the foundation of the Group's development. The Group highly values talent cultivation and motivation by creating an efficient talent system through various approaches such as core talent evaluations, management trainee development and employee training programs. By enhancing employee satisfaction and corporate cultural construction, the Group has strengthened employees' loyalty and fostered a profound sense of belonging.

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About Sun Art Retail Group Limited

Sun Art is a leading retailer with hypermarket and omni-channel e-commerce businesses in China. Sun Art operates its business with hypermarkets, superstores and membership stores under RT-Mart, RT-Super and M-Club. As of 31 March 2025, Sun Art had a total of 465 hypermarkets, 33 superstores and seven membership stores in China with a total gross floor area (“GFA”) of approximately 13.49 million square meters, covering 207 cities across 29 provinces, autonomous regions and municipalities. The Group has always been committed to high quality-to-price ratio and the customer value of health and pleasure by providing high-quality shopping experience for customers with fresh and inexpensive commodities, comfortable and convenient environment, as well as lump-sum buying. The Group aims to become life service centers, a good neighbor of communities and a trustworthy shopping representative of customers.

As of 31 March 2025, DCP Capital Partners II, L.P. indirectly holds 79.16% of the issued share capital of Sun Art Retail Group Limited (the “Group”) and therefore has become the ultimate controlling shareholder of the Group.

Sun Art Retail Group will leverage its integrated online and offline expertise to explore growth opportunities in China’s retail sector, positioning itself as an innovation driver as well as industry leader and benchmark for retail excellence.

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