SUN ART Retail Group Limited

Stock code: 6808

Financial Results Announcement For the six months ended 30 September 2022

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Kevin Lin





Xiaobei Gu

Chief Executive Officer and Executive Director

Desory Wan

Chief Financial Officer

Head of Investor Relations

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Expansion Status

Autonomous (north) Heidongiang (north) No. of stores GFA (sqm) Xinjing Uygur Autonomous Region (west) Liaoning (north) Liaoning (west) Huner Mongolia (west) Liaoning (west) Huner Mongolia (west) Liaoning (marka Store Total Hypermarket Superson (store) Hypermarket Superson (store) Hypermarket Superson (store) Mini (store) Hypermarket Superson (store) Total Hypermarket Superson (store) Hypermarket Superson (store) Total Hypermarket Hypermarket Superson (store) 1,40,304 1,40,00 1,40,304 1,40,624 0,0 1,40,304 1,40,624 Comparing Storuton Store Garsu Store Store Store Store Total 1,80,00 0 0 0,2417,944 0 0 2,417,944 Vunnan Garsu Store Store Total 75 1 28 0 0 0 0 666,610 Conreging Store Guargot Store Store Store Store Store Store no. breakdowr Store no. breakdowr Heine	As of 30 September 20)22	2										
Xinjang Uygur Autonomous RegionLiaoning Liaoning (west)Liaoning Liaoning (west)Liaoning Liaoning Liaoning (west)Liaoning Eastern StoreTotalHyper-Store StoreMini TotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreTotalHyper-Store StoreMini StoreHiper-StoreMini StoreHiper-StoreMini StoreHiper-StoreHiper-StoreHiper-StoreHiper-StoreHiper-StoreHiper-StoreHiper-StoreHiper-Store<			— ·		Region		No. of	stores			GFA (so	ım)	
Miniang Uygur Autonomous RegionLinoning Huner MongoliaLinoning Beijing Tanjin Mutonomous RegionLinoning Autonomous Region GansuLinoning HebeiBeijing Tanjin Autonomous RegionBeijing Tanjin Northern1855712615.442.61348.08214.6055.505.300Ningkia GansuAutonomous Region GansuAutonomous Region GansuNorthern Shanghai5120561,327.10316.26101.343.384New opening of Pening of Pening ofShanghai GungdaiNorthern Gangdaing5120561,724.82415.80001,740,624New opening of Pening of Pening of Pening of Pening ofShanghai Surthern Pening of Pening Pening of Pening of Pe				leilongjiang	Region			tember	2022)	(as o	f 30 Septer	mber 20	22)
Xinjiang Uygur Autonomous RegionInner Mongolia Autonomous RegionLiaoning Beijing Tanjin Ningxia Hebei GansuLiaoning Beijing Tanjin Shanxi ShandongEastein St120555,442,61348,08214,6055,505,000TibetShaanxi Hebei GansuNingxia Hebei GansuHebei Shanxi Shandong GansuNingxia Hebei Anhui Shanghai GansuSouthern Failan8420561,724,82415,80001,740,624TibetShaanxi Henan Jiangsu Guizhou YunnanAnhui Shanghai Guizhou Guizhou YunnanChongging Zheigang Taiwan Autonomous Region751281041,940,3916,4256,6511,953,467New opening of1Hunan FujianFujian Taiwan Autonomous RegionGanzy Taiwan Autonomous RegionGanzy Taiwan Autonomous RegionGanzy Taiwan Autonomous RegionGanzy Taiwan Autonomous RegionStore no. breakdow00668,610New opening of1hypermarketsSecured 2.00hypermarket sites Covering 2.31%Ganzy Taiwan Autonomous SecuredGanzy Taiwan Autonomous SecuredGanzy Taiwan Autonomous SecuredGanzy Taiwan CoveringGanzy SecuredGanzy Taiwan Taiwan Autonomous SecuredGanzy Taiwan CoveringGanzy SecuredGanzy SecuredGanzy SecuredGanzy SecuredGanzy SecuredGanzy SecuredGanzy SecuredGanzy <br< td=""><td></td><td></td><td>Ji</td><td>ilin</td><td></td><td></td><td></td><td></td><td>Total</td><td>Hypermarket</td><td>Superstore</td><td></td><td>Total</td></br<>			Ji	ilin					Total	Hypermarket	Superstore		Total
Wew opening of120531,327,10316,26101,343,364Ningvia Autonomous Region Gansu Shanxi Shandong China Gansu Shanxi Shandong Shanxi Shandong Shanyi Shany	, , ,,	Autonomous Degion	Liaoning			185	5	71	261	5,442,613	48,082	14,605	5,505,300
Autonomous Region Gansu Shanxi Shandong Gansu TibetAutonomous Region Shanxi Shandong Gansu Shanxi Shandong Autonomous Region Stohuan Hubei Annui Chongqing Guizhou Hunan Jiangsu Guinghai GuinghaiN.E.asterm Shanzi Shandhai Chongqing Taiwan Autonomous Region5420561,724,82415,80001,740,624TibetShanxi Henan Jiangsu Annui Chongqing Guinghai Quangzi Guinghai Autonomous RegionShanzi Shandhai Chongqing Taiwan Autonomous RegionN.E.asterm China Taiwan Autonomous Region5420561,724,82415,80001,740,624New opening of 1 hypermarketsShanxi Henan Jiangsu Guinghai Quangzi Covering 2309 citiesSouthern China Taiwan Autonomous Region9800982,417,944002,417,944New opening of 1 hypermarketsFujian Guangzi Covering 2309 citiesTaiwan Autonomous RegionGuangzi Taiwan Autonomous RegionTaiwan China Taiwan Autonomous RegionGFA breakdow00668,610New opening of 1 hypermarkets1 hypermarket sites Secured 24 superstore sites Covering 2309 citiesGerage duang Covering 2309 citiesGuangzi Covering 2309 citiesCovering 64Covering 64Coveri		(west)	Beijing Tianjin			51	2	0	53	1,327,103	16,261	0	1,343,364
TibetShaanxi Henan Jiangsu AhuiShanghai AhuiShanghai AhuiShanghai 		Autonomous Region Qinghai Sha	Hebei		N-Eastern	54	2	0	56	1,724,824	15,800	0	1,740,624
Sichuan Hubei Annul China 75 1 28 104 1,940,391 6,425 6,651 1,953,467 Chongqing Zhejiang Western 25 0 0 25 668,610 0 0 668,610 Yunnan Guangxi Fujian Total 488 10 99 597 13,521,485 86,568 21,256 13,629,309 New opening of 1 hypermarkets Secured 20 hypermarket sites Eased, Owned, 32.8% Secured 23.1% New opening of 144 mini stores 2399 cities Owned, 32.8% Owned, 32.8% 0wned, 23.1%	Tibet		- Children			98	0	0	98	2,417,944	0	0	2,417,944
West opening of 1 hypermarkets Leased, 76.9% Owned, 23.1% Owned, 23.1% New opening of 1 4 mini stores Secured 239 cities Covering 239 cities Owned, 23.1%			ıbei			75	1	28	104	1,940,391	6,425	6,651	1,953,467
Yunnan Cuangxi Zhuang Guangdong Guangdong Taiwan Autonomous Region Taiwan Taiwan GFA breakdown GFA breakdown Store no. breakdown New opening of 1 hypermarkets Secured 20 hypermarket sites Leased, 67.2% Owned, 32.8% Owned, 23.1% New opening of 14 mini stores Covering 239 cities Covering 239 cities			lionavi			25	0	0	25	668,610	0	0	668,610
Linang Guagdong Region Faiwan New opening of 1 hypermarkets Secured 20 hypermarket sites New opening of 2 superstores Secured 24 superstore sites New opening of 14 mini stores Covering 239 cities		Yunnan Guangxi			<u>Total</u>	488	10	99	597	13,521,485	86,568	21,256	<mark>13,629,309</mark>
New opening of 1 hypermarkets Secured 20 hypermarket sites New opening of 2 superstores Secured 24 superstore sites New opening of 14 mini stores Covering 239 cities		Zhuang C Autonomous	Guangdong Laiwan	1		GF	A brea	akdowr	٦	St	ore no. b	reakdo	wn
Secured 20 hypermarket sites New opening of 2 superstores Secured 24 superstore sites New opening of 14 mini stores Covering 239 cities	New opening of 1 bi												
New opening of 2 superstores Secured 24 superstore sites New opening of 14 mini stores Covering 239 cities		1	20	what alter									
New opening of 14 mini stores <u>Covering 239 cities</u>	•	Secured	nyperma	II KET SITES									
New opening of 14 mini stores Covering 239 cities	New opening of		24			67.	.2%	N IA					
New opening of 14 mini stores Covering 239 cities		Secu	red Z4 supe	erstore sit	es			1	52.0%			and the second s	
Covering 239 cities	Now opening of	14 mini stores											
	New opening of		Covering 25	29 oiti	20								
									nd store nu	umber breakdow	n only include	hypermar	kets
Note: During the reporting period, one superstore was converted into hypermarket, which was not included in the new opening of hypermarkets. 新鮮・便宜・舒适・便利 Fresh Inexpensive - Comfortable - Convenient		ts.							ent		(h)	· 30	多大润发
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	For the six months ended 30 September				
RMB in million	2022	2021	Change		
Revenue ⁽¹⁾	40,611	41,534	-2.2%		
Gross Profit	10,112	10,933	-7.5%		
Gross Profit Margin	24.9%	26.3%	- 1.4ppt		
EBIT	500	560	-10.7%		
EBIT Margin	1.2%	1.3%	-0.1ppt		
Profit for the period	-87	112	-177.7%		
Net Profit Margin	-0.2%	0.3%	-0.5ppt		
Profit attributable to equity shareholders	-69	117	-159.0%		
Earnings per share - Basic and diluted (RMB) ⁽²⁾	-0.01	0.01			

Note: The Group has initially applied HKFRS 16 at 1 January 2019.

(1) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

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(2) The calculation of basic and diluted EPS is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the period.

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Revenue

Gross Profit and Margin



Note:

(1) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

(2)、(3) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of the financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

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(4) Previous period: the six months ended 30 September 2021, hereinafter the same.

(5) Reporting Period: the six months ended 30 September 2022, hereinafter the same.

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Operating Profit

Net Profit⁽¹⁾and Margin



Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively. (1) Showing profit for the period, i.e. including the non-controlling interests.

(2) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

(3)、(4) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

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Financial Highlights



Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively. (1) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

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Working Capital Days⁽¹⁾

Net Cash Position⁽²⁾



RMB (million)



Net Cash

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Note:

(1) The inventory turnover days and trade payable turnover days are calculated on average balances of inventory and trade payable, together with the cost of inventory during past 12 months. Data has been restated since 2015.

(2) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at FVPL and time deposits minus bank loans.

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(3) For the twelve months ended 31 March 2021, the inventory turnover days and trade payable turnover days are calculated on average balances of inventory and trade payable, together with the cost of inventory during past twelve months.

(4) For the six months ended 31 March 2022, the inventory turnover days and trade payable turnover days are calculated on average balances of inventory and trade payable, together with the cost of inventory during past twelve months.

(5)、(6) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

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(7) Previous period: the six months ended 30 September 2021, hereinafter the same.

(8) Reporting Period: the six months ended 30 September 2022, hereinafter the same.

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Note:

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

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(2) The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively.

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Focus on offline needs of families with kids and the getting-old group, redefine the customer value of "shopping, experience, services and social", and become offline experience centers.

- The hypermarket remodeling version 2.0 was successfully duplicated in four stores, representing a much higher offline revenue growth than that of comparable stores. The modular remodeling will be duplicated quickly to other stores in this fiscal year.
- Adhere to product de-homogenization and upgrading so as to drive the growth of ticket size.
- Continue to optimize galleries' tenants mix, maintain at a low gallery vacancy rate in the industry amid the pandemic.

Focus on busy working persons who enjoy the convenience of online shopping, leverage near-fields advantages of store warehouses, and become online fulfillment centers.

- Provide offerings dedicated for online customers from various portals and optimize marketing schemes. The revenue of one-hour delivery business continues to grow at double digits with a sustainable profit model.
- The online order centralized processing capability developed during the pandemic in Shanghai has been implemented in

stores nationwide to mitigate the negative impact in stores due to lockdown amid the pandemic.

Continue to develop the business models of RT-Super and RT-Mini for the multiformat development.

- As a "low-cost extension of RT-Mart", the Group will open new RT-Super stores cautiously.
- Continue to develop the business model of RT-Mini, focusing on community stores in Nantong City.

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Develop the infrastructure of fresh product supply chain into core competitiveness to serve the multi-format and omni-channel development.

- Accelerate the infrastructure construction of fresh product processing centers, facilitate the development of processing center network and supply chain network.
- During the reporting period, more than 200 stores have switched the supply chains.

Endeavor to sustainable development.

- Endeavor to the long-term construction of Environmental, Social and Governance ("ESG") and to become a benchmark for green operation in the retail industry.
- Set a clear long-term goal of achieving carbon neutrality in its own operations by 2030.

舒话

▪便利

- Focus on providing safe, healthy and high-quality products, and actively promote the development of sustainable green supply chain.
- Emphasize the concept of "people-oriented", and actively engage in pandemic control and disaster relief as well as various charity activities, so as to contribute to the society with actions.

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