

[For Immediate Release]



## Sun Art Retail Group Limited Announces Annual Results Ended 31 March 2024

(21 May 2024 - 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 2024.

Mr. Peter HUANG, Chairman of the Group commented, “Increasing revenue and reducing costs are of utmost importance, and turning losses into profits is the Group's prime goal. We must understand customers’ needs and regain their trust. As a retailer providing people's daily necessities, we should persist in saving every penny for our customers. ”

Mr. Hui SHEN, Chief Executive Officer of the Group commented, “The Group is taking prompt actions to return to the essence of retailing and founding principles established by RT-Mart. We are reshaping pricing mentality and strengthening the starting-price products and core products. We aim to sell more and more high-quality products to more and more customers at lower and lower prices. The Group values same store sales growth and offline traffic growth, pursuing revenue maximization and cost minimization in order to achieve profitability in the 2025 fiscal year.”

### Financial Highlights

#### **Annual results for the twelve months ended 31 March 2024:**

- The **revenue** of the Group amounted to RMB72,567 million, a decrease of 13.3% over the same period. The contraction of supply chain business<sup>Note1</sup> and store closures have approximately 8.4% impact on revenue. During the reporting period, the rental income reached RMB3,120 million, which was consistent with the same period of the last fiscal year.
- The **same store sales**<sup>Note2</sup> growth rate ("SSSG") was -6.6%. The increase in online orders has offset the slight decline in ticket size, achieving a low-digit positive growth for the fiscal year. The offline traffic slightly recovered, and the decline in ticket size has led to a high single-digit decrease in offline revenue.

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Note1: Supply chain business includes Taocaicai and Tmall inventory sharing business.

Note2: Same store sales does not include sales from supply chain business.

- The **gross profit** was RMB17,958 million, a decrease of RMB2,623 million over the same period. The gross margin was 24.7%, slightly higher than that of the same period of the last fiscal year.
- The **impairment losses** ("impairment") was RMB1,348 million, an increase of RMB964 million over the same period of the last fiscal year, mainly due to the impairments of right-of-use and fixed assets and goodwill for stores with negative cash flow, closed and planned to be closed.
- The **expenses** was RMB20,429 million, a decrease of RMB450 million over the same period. Without taking into account the impact of impairment losses, the expenses decreased by RMB1,414 million over the same period.
- The **operating profit** recorded a loss of RMB1,009 million. Without taking into account the impact of impairment losses, the operating profit was RMB339 million, a decrease of RMB1,222 million over the same period of the last fiscal year.
- Inventories were optimized with **inventory turnover days** remained stable. The **net cash** was approximately RMB16,504 million. The **restricted capital** was approximately RMB4,695 million.

## **Business Performance**

During the fiscal year, the online business sales accounted for approximately 29% of the Group's total revenue, of which B2C business accounted for about 22%. Sales derived from the Group's own App accounted for about 36% of the B2C business. The Group has accelerated the expansion of sales on third-party platforms starting from the fourth quarter of the fiscal year.

The Group has three membership stores opened in Yangzhou, Nanjing and Changzhou. Another four membership store projects have been launched and will be located in Changshu, Jiaxing, Wuxi and Jiangyin respectively. During the fiscal year, the number of paid members of the first M-Club store has exceeded 60,000, with a total number of members surpassing 110,000. The Group has started recruiting members in Changshu and Jiaxing. During the fiscal year, the cumulated number of paid members was approximately 140,000, and the total number of members was approximately 240,000.

In the future, the Group will fully leverage the foundation built by RT-Mart over the years to fully utilize its advantages and focus on stabilizing and increasing revenue scale, continuously refine and optimize the profit models of membership stores and superstores, accelerate the optimization of regional deployment and improve tail-end stores, resolutely reduce costs and increase efficiency, and streamline organization, in order to turn losses into profits. The Group will benefit customers with tangible discounts and high-quality products, foster employees' unity and dedication, and make RT-Mart a thriving and prosperous entity.

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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 2024, Sun Art had a total of 472 hypermarkets, 32 superstores and three membership stores in China with a total gross floor area (“GFA”) of approximately 13.52 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 2021, Taobao China Holding Limited (“Taobao China”) directly or indirectly holds 78.70% of the issued share capital of Sun Art Retail Group Limited (the “Group”) and therefore has become the ultimate controlling shareholder of the Group. The two parties will integrate online and offline professional capabilities to jointly explore new retail development opportunities in China's retail industry.

Sun Art has integrated online and offline professional capabilities, explored new retail development opportunities in China's retail industry, so as to become a leader in digital transformation of physical retail and a benchmarking enterprise for New Retail.

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