



## Sun Art Retail Achieves Top and Bottom Line Growth Profit for the Period Jumps 30% to RMB1.9 billion

*GMV of Feiniu Doubles to RMB1.8 billion*

*Continues to Introduce New Business Formats*

*Fulfills One-hour Delivery of Fresh Products*

### Financial Highlights

(In RMB million, unless stated otherwise)

(Unaudited)

|   | For the Six Months Ended 30 June |          |        |
|---|----------------------------------|----------|--------|
|   | 2017                             | 2016     | Growth |
| Revenue   | 54,080                           | 52,943   | 2.1%   |
| Gross Profit                                      | 12,582                           | 12,059   | 4.3%   |
| Profit from Operations                            | 2,925                            | 2,199    | 33.0%  |
| Profit for the Period                             | 1,898                            | 1,461    | 29.9%  |
| Profit Attributable to Equity Shareholders of the | 1,757                            | 1,432    | 22.7%  |
| Earnings Per Share                                |                                  |          |        |
| - Basic and Diluted                               | RMB 0.18                         | RMB 0.15 |        |

### Business Highlights

- Revenue and all profit lines grew. Gross, operating and net profit margins all improved
- As at 30 June 2017, the Group had a total of 446 hypermarket complexes across China
- The first "RT-mart Fresh" (大潤發優鮮) was successfully launched inside RT-Mart Yang Pu store early July
- Feiniu one-hour delivery service "Ji Su Da" (急速達) was officially launched in mid-June 2017, with nearly 400 mortar stores delivering to customers within a 3-kilometer of the trading area
- Feiniu achieved RMB1.8 billion gross merchandise volume ("GMV") and reached 28 million registered members, of which 3.5 million were active members during the first half of 2017.

(9 August 2017, Hong Kong) **Sun Art Retail Group Limited** ("Sun Art Retail" or the "Group"; stock code: 6808), a leading hypermarket operator in China, has announced its 2017 interim results. For the six months ended 30 June 2017 ("1H 2017"), the Group's revenue increased by 2.1% to RMB54,080 million and profit for the period was up by 29.9% to RMB1,898 million. If the unused prepaid card balance gain of RMB345 million and extra RMB90 million withholding tax were excluded, profit for the period still had a meaningful growth to RMB1,643 million, a YoY growth of 12.5%. Basic earnings per share were RMB0.18.

For 1H 2017, gross profit was RMB12,582 million, rose by 4.3% YoY. Gross profit margin was 23.3%, up by 0.5ppt, reflecting the ability of the Group to reap the best from economies of scale to improve margin.

**Mr. Ludovic HOLINIER, CEO and Executive Director of Sun Art Retail and Chairman of Auchan China,** commented, “We are glad to have achieved growth on all fronts. Revenue increase was derived from store expansion in the first half of 2016 and the growth of rental income. In addition, we believe that we can benefit from deployment of O2O business thus enhancing our value proposition for customers and to keep on improving our global efficiency.”

### **Continued the Initiative of New Business Formats and Prudent Closure of Stores**

As at 30 June 2017, Sun Art Retail had a total of 446 hypermarket complexes in China with a total gross floor area (“GFA”) of approximately 12.105 million square meters. The Group had identified and secured 78 sites to open hypermarket complexes, of which 71 were under construction.

In 1H 2017, the Group opened two new hypermarket complexes under the RT-mart banner. Meanwhile, the Group has closed two stores in the first half of 2017. A third store is going to be closed in the second half which was loss-making for the past few years and failed to achieve any improvements after specific action plans were implemented.

In the first half of 2017, the Group opened two beauty shops named LLABEAU (莱碧). In addition, a second Hi!Auchan Premium Supermarket will be opened in Shanghai in the second half of this year. The Group will continue to explore unmanned convenience store with upgraded prototype accompanied by more advanced technologies, with the belief that it is a retail innovation with far-reaching implication.

### **Fulfillment of One-hour Delivery, RT-mart Fresh Helps Upgrade Products from O2O**

In 1H 2017, the Group is developing O2O and B2B by leveraging off Feiniu’s infrastructure. As at 30 June 2017, the GMV of Feiniu was RMB1.8 billion, double that of the same period in 2016. It now has over 28 million registered members, of whom 3.5 million are active members in 1H 2017.

Feiniu’s one-hour delivery service named “Ji Su Da” (急速達) was launched mid-June 2017, covering the business area of each participating store within a three-kilometer radius. Ji Su Da provides 4,000 store keeping units (“SKU”) with 3,000 standard SKUs and 1,000 fresh products that can satisfy 80% to 90% of family daily needs. By providing one-hour store-to-home delivery service, Ji Su Da can help to lower the costs of warehousing and last mile delivery.

The first “RT-mart Fresh” (大潤發優鮮) was successfully launched inside RT-mart Yang Pu store early July. “RT-mart Fresh” covers 5,000 SKUs mainly Fresh, and FMCG in categories such as fresh products, imported products, as well as some general goods. The initiative brings two kind of benefits. On one hand, serving as a model for future stand alone “RT-mart Fresh” stores, it opens the option to open such stores in city centers or shopping centers with 3,000 to 4,000 square meters in the near future. On the other hand, it can also help to enhance the range of products of mortar stores.

**Mr. Holinier** concluded, “Moving forward, the Group will focus on strengthening its core competitiveness – a product range with recognized quality at affordable prices, and teams dedicated to provide a high level of service. We will do our best to provide what customers need anytime, anywhere and on any device, leveraging our physical stores network with O2O capabilities.”

- End -

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

Sun Art Retail is a leading retailer with hypermarket and fast-growing E-commerce businesses in China. Sun Art Retail operates its hypermarket business under two recognized banners – “Auchan” (歐尚) and “RT-Mart” (大潤發). As at 30 June 2017, Sun Art Retail had a total of 446 outlets in China with total gross floor area (“GFA”) of approximately 12.105 million square meters. The E-commerce business platforms of Sun Art Retail include Feiniu.com ([www.feiniu.com](http://www.feiniu.com)), Fields ([www.fieldschina.com](http://www.fieldschina.com)), Auchan Wine ([www.auchanwines.com](http://www.auchanwines.com)).

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