

CHINA NEWSLETTER



Alibaba Group Reports March Quarter and FY 2018 Earnings

On May 4, Alibaba Group announced financial results for the quarter ended March 31 and the company's 2018 fiscal year.

In the quarter ended March 31, 2018:

- **Revenue** was RMB 61,932 million (US\$ 9,873 million), an increase of 61% year-over-year.
- **Annual active consumers** on China retail marketplaces reached 552 million, an increase of 37 million from the 12-month period ended December 31, 2017.
- **Net income attributable to ordinary shareholders** was RMB 7,561 million (US\$ 1,206 million) and net income was RMB 6,641 million (US\$ 1,059 million). **Non-GAAP net income** was RMB 14,099 million (US\$ 2,248 million), an increase of 35% year-over-year.

In the fiscal year ended March 31, 2018:

- **Revenue** was RMB 250,266 million (US\$ 39,898 million), an increase of 58% year-over-year.
- **GMV** transacted on China retail marketplaces was RMB 4,820 billion (US\$ 768 billion), representing an accelerated year-over-year growth rate of 28%.
- **Net income attributable to ordinary shareholders** was RMB 63,985 million (US\$10,201 million) and net income was RMB 61,412 million (US\$ 9,791 million). **Non-GAAP net income** was RMB 83,214 million (US\$13,266 million), an increase of 44% year-over-year.

JD.com Opens its Largest Unmanned Store In Xiong'an New Area

On May 2, China's eCommerce company, JD.com opened the 246 square metre high-tech retail venue.

The store, which allows smartphone-enabled shoppers to buy Pocky, Snickers and stinky tofu via facial recognition, also updates the retail experience by adding digital price tags that can provide updated price discounts and offers in real time. Customers simply walk through the "smart payment lanes" to check out without the need to reach for their wallets.

JD, which unveiled its first unmanned store in the city of Yantai in Shandong province during January, has since opened over 10 unmanned supermarkets in cities like Beijing, Tianjin, Dalian and Xi'an, and is also planning a second store in Xiong'an.



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JD.com Announces First Quarter 2018 Results

On May 8, JD.com announced its unaudited financial results for the quarter ended March 31, 2018.

First Quarter 2018 Highlights

- **Net revenues** for the first quarter of 2018 were RMB 100.1 billion (US\$ 16.0 billion), an increase of 33.1% from the first quarter of 2017. **Net service revenues** for the first quarter of 2018 were RMB 8.6 billion (US\$1.4 billion), an increase of 60.0% from the first quarter of 2017.
- **Operating margin of JD Mall before unallocated items** for the first quarter of 2018 was 2.1%, as compared to 2.2% for the same period last year.
- **Net income from continuing operations attributable to ordinary shareholders** for the first quarter of 2018 was RMB 1,524.9 million (US\$243.1 million), compared to RMB 298.8 million for the same period last year.
- **Non-GAAP net income from continuing operations attributable to ordinary shareholders** for the first quarter of 2018 was RMB 1,047.4 million (US\$167.0 million), compared to RMB 1,321.9 million for the same period last year.
- **Annual active customer accounts** increased by 27.6% to 301.8 million in the twelve months ended March 31, 2018 from 236.5 million in the twelve months ended March 31, 2017.

Cash Flow and Working Capital: As of March 31, 2018, the company's cash and cash equivalents, restricted cash and short-term investments totaled RMB 49.9 billion (US\$ 8.0 billion), compared to RMB 38.4 billion as of December 31, 2017.

JD Logistics Financing: As of March 31, 2018, JD Logistics, the logistics subsidiary of the company has substantially completed its financing with a total amount of approximately \$2.55 billion, representing 19% of the ownership of JD Logistics on a fully diluted basis.



Alipay Launches New Initiative to Help Small and Micro Businesses Grow



Recently, Alipay has announced the launch of its new initiative “small and micro businesses growth plan” dedicated to helping small and micro businesses grow.

- Ant Financial said that its Alipay platform is pledging RMB 1 trillion in loans over the next 3 years to help businesses overcome financing problems and difficulties.
- Alipay said it aims to provide “security” and “growth” to the 100 million businesses that it serves and to support the vast community of small businesses to keep up the pace in the Internet+ era. Mashang refers to small/micro businesses and street vendors who rely on QR codes to receive payments.

Lotte to Sell Stores to Wumart for 230 Million Dollars

On April 26, South Korea's Lotte Shopping said that it has agreed to sell 21 Lotte Mart hypermarket and supermarket stores in China to Wumart Stores Inc for around 248.5 billion won (\$230.2 million).

- Lotte will sell a 87.38 percent stake in Lotte Mart in Beijing to Wumart and keep the remaining shares, according to Lotte Mart China.
- Lotte Mart has 110 retail outlets in China. Of them, 99 are hypermarkets and 11 are supermarkets. The 21 outlets involved in the deal with Wumart include 10 hypermarkets and 11 supermarkets.
- Last year, Lotte Shopping picked Goldman Sachs to manage the sale of its Lotte Mart stores in China, after most of them were shut down amid political tensions between the two countries. The retailer had aimed for the sale by the end of last year.
- Lotte Shopping did not elaborate on whether there was progress on the sales of its remaining five Lotte Mart operators in China.

