

Sun Art Retail Group Ltd.

(Incorporated in Hong Kong with limited liability)

Stock Code: 6808

A Retailer Trusted by Customers, and Embraced by Employees

Be preferred "Daily Essentials Hub" for all customers within a 3-kilometer radius,
Serving the diverse needs of both families and younger consumers.



Interim Report 2025

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CORPORATE INFORMATION

DIRECTORS

Executive Director

LI Weiping (*Chief Executive Officer*)
(appointed on 1 December 2025)

SHEN Hui (*Chief Executive Officer*)
(resigned on 1 December 2025)

Non-Executive Directors

Julian Juul WOLHARDT (*Chairman*)
Guannan WANG
Mengxue MEI

Independent Non-Executive Directors

Karen Yifen CHANG
Charles Sheung Wai CHAN
YIH Lai Tak, Dieter

AUDIT COMMITTEE

Charles Sheung Wai CHAN (*Chairman*)
Karen Yifen CHANG
YIH Lai Tak, Dieter
Mengxue MEI

REMUNERATION COMMITTEE

Karen Yifen CHANG (*Chairman*)
YIH Lai Tak, Dieter
Charles Sheung Wai CHAN
Julian Juul WOLHARDT

NOMINATION COMMITTEE

YIH Lai Tak, Dieter (*Chairman*)
Karen Yifen CHANG
Charles Sheung Wai CHAN
Guannan WANG

COMPANY SECRETARY

WANG Ruoyu (appointed on 27 October 2025)
HO Hang Yu Helen
(resigned on 27 October 2025)

AUTHORISED REPRESENTATIVES

LI Weiping (*appointed on 1 December 2025*)
SHEN Hui (*ceased to act on 1 December 2025*)
WANG Ruoyu (*appointed on 27 October 2025*)
HO Hang Yu Helen
(*ceased to act on 27 October 2025*)

REGISTERED OFFICE IN HONG KONG

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AUDITORS

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Registered PIE Auditor
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COMPANY'S WEBSITE

www.sunartretail.com

STOCK CODE

6808

HIGHLIGHTS OF INTERIM RESULTS

For the six months ended 30 September	2025 (Unaudited) RMB million	2024 (Unaudited) RMB million	Change	Change %
Revenue	30,502	34,708	(4,206)	(12.1)%
Gross Profit	7,719	8,526	(807)	(9.5)%
Profit from Operations	271	621	(350)	(56.4)%
(Loss)/Profit for the Period	(127)	186	(313)	NA
(Loss)/Profit Attributable to Equity shareholders of the Company	(123)	206	(329)	NA
(Loss)/Earnings Per Share – Basic and diluted ⁽¹⁾	RMB(0.01)	RMB0.02		

At 30 September 2025 (Unaudited) RMB million	At 31 March 2025 (Audited) RMB million	Change	Change %	
Total Assets	53,635	55,973	(2,338)	(4.2)%
Total Liabilities	35,402	35,545	(143)	(0.4)%
Net Assets	18,233	20,428	(2,195)	(10.7)%
Net Cash Position ⁽²⁾	11,958	12,529	(571)	(4.6)%

Notes:

(1) The calculation of basic (loss)/earnings per share for the six months ended 30 September 2025 is based on the weighted average number of 9,540,104,700 ordinary shares (for the six months ended 30 September 2024: 9,539,704,700 ordinary shares) in issue during the interim period.

For the six months ended 30 September 2025, the effect of share options granted by the Company was not included in the calculation of diluted loss per share because the effect would have been anti-dilutive. Therefore, diluted loss per share is equal to basic loss per share for the six months ended 30 September 2025. For the six months ended 30 September 2024, the share options granted by the Company are considered to be potential ordinary shares. As the exercise price of the share options is higher than the average price of the ordinary shares for the period, the share options are not included in the calculation of diluted earnings per share. The diluted earnings per share is equivalent to basic earnings per share during the six months ended 30 September 2024.

(2) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at fair value through profit or loss, time deposits and the aforementioned portions in assets of disposal groups classified as held for sale minus maturity amount of bank loans.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Environment

In the first three calendar quarters of 2025, China's gross domestic product ("GDP") grew by 5.2% year-on-year to about RMB101,503.6 billion. In terms of the growth rate per calendar quarter, the year-on-year growth rate was 5.4% in the first quarter, 5.2% in the second quarter and 4.8% in the third quarter.

In the first three calendar quarters of 2025, the overall consumer price index ("CPI") decreased by 0.1% compared to the same period last year, and the food CPI decreased by 1.8%. The pork CPI decreased by 2.9% year-on-year. The year-on-year growth of the pork CPI turned from increase to decrease starting from June this year. The decline gradually widened from July to September, decreasing by 9.5%, 16.1% and 17.0% respectively year-on-year. The non-food CPI increased by 0.2%.

In the first three calendar quarters of 2025, China's total retail sales of consumer goods amounted to RMB36,587.7 billion, representing a year-on-year increase of 4.5%. Divided by consumption types, the retail sales of commodities reached RMB32,488.8 billion, a year-on-year increase of 4.6%, and catering revenue reached RMB4,098.9 billion, a year-on-year increase of 3.3%. The national online retail sales amounted to RMB11,283.0 billion for the first three calendar quarters of 2024, representing a year-on-year increase of 9.8%. The online retail sales of physical goods reached RMB9,152.8 billion, representing a year-on-year increase of 6.5% and accounting for 25.0% of the total retail sales of social consumer goods.

Three-Year Strategy & Business Performance

■ **Three-Year Strategic Roadmap Overview**

Over the next three years, the Group will build on a foundation of "**Healthy Products, Enjoyable Experiences, and Caring Services**" to develop a retail model that balances experience and efficiency for all customer segments within a three-kilometer radius. This approach aims to meet the needs of both families and younger consumers, fully unleashing operational resilience and long-term growth potential.

The Group will continue to strengthen its "**Daily Essentials**" leadership with enhanced differentiation in fresh categories. By optimizing SKUs, reducing product homogenization, and accelerating assortment renewal, it will sharpen its category competitiveness. An efficient supply chain will be the key to improving product quality and price value. The Group's "**1+1 Dual Brand**" private brand strategy will further solidify differentiated product offerings.

Through its **multi-format portfolio** — combining hypermarkets, superstores, front warehouses, and membership stores — the Group will have hypermarkets as its core while actively expanding superstores and front warehouse operations to align with diverse consumer scenarios. The “**One Store, One Plan**” initiative will advance store renovations, phase out underperforming locations, and catalyze the transition of stores into community lifestyle centers. The Group will also deepen member engagement through an upgraded service system to continuously strengthen loyalty.

To ensure effective execution of its Three-year strategy, the Group has established a dedicated Transformation Management Office (“**TMO**”) to oversee strategy implementation. The Group is also optimizing incentive structures to enhance team effectiveness, while developing younger leadership to build a more agile organization capable of responding to dynamic competitive pressures.

■ **Business Progress and Highlights**

National Sourcing Cuts Costs, Pork Leads Breakthrough

In September 2025, the Group officially launched a nationwide joint procurement program for self-operated pork. Adopting a “direct sourcing + focus on leading suppliers” model, the Group established deep collaboration mechanisms with upstream partners, ensured full traceability for safer and more consistent product quality, and strictly implemented an integrated management system covering four key areas: contract terms, pricing mechanisms, quality standards, and review mechanisms.

The nationwide joint procurement model and its integrated management system enabled volume-based price negotiations, effectively reducing procurement costs across all regions. Simultaneously, the Group implemented end-to-end solutions to improve efficiency, including continuous optimization of product hierarchy, standardized merchandising execution, refined consumption scenario development, and enhanced customer experience and value perception.

In September 2025, the self-operated pork category had nearly 20% year-on-year growth in sales volume, with gross profit margin increasing by approximately four percentage points and gross profit rising by over RMB4 million. From September to October 2025, cumulative gross profit growth exceeded RMB10 million year-on-year, demonstrating significantly enhanced category profitability. Moving forward, the Group will remain customer-centric, aligning with seasonal and festive occasions to better meet consumer needs and deliver greater customer value and commercial value. The Group aims to replicate the success of the pork joint procurement model by gradually expanding it to poultry, beef, and other categories, while continuously broadening the scope of nationwide joint procurement.

MANAGEMENT DISCUSSION AND ANALYSIS

Private Brand Strategy Upgraded with “1+1 Dual Brand Matrix” Implementation

The Group is strengthening its private brand offerings by leveraging hypermarket-based nationwide supply chain resources to build end-to-end quality control systems and price competitiveness from the source.

The “Super Save” series focuses on value-for-money, connecting directly with manufacturers to eliminate intermediaries and brand premiums. While adhering to national and higher quality standards, it builds core competitiveness around daily essentials, market best-sellers, and extreme cost-effectiveness. The “RT-Mart Select” series meets consumer demand for “high quality at affordable prices, balancing health and taste.” It emphasizes health trends, regional flavors, and authoritative certifications, translating healthy eating from concept to practical application.

During the period ended 30 September 2025 (“**the reporting period**”), the dual brands launched over 500 SKUs spanning more than 50 categories, achieving sales growth of over 50% compared to the same period of the last fiscal year. In September 2025, the dual brands contributed over 2% of total revenue. Moving forward, the Group will continue to deepen the “1+1 Dual Brand Strategy”, using their differentiated positioning to create synergies that cover diverse consumer needs — from daily necessities to premium quality upgrades — while steadily increasing their share in overall performance.

End-to-End Logistics Optimization Enhances Supply Chain Resilience

The Group has implemented systematic optimization across its warehousing and logistics network. This initiative aims to provide stores and suppliers with efficient, low-cost fulfillment support while improving on-time delivery rates and supplier satisfaction. The optimized system also enhances inventory turnover and effectively reduces return-to-warehouse and product return rates, thereby strengthening overall supply chain resilience.

By consolidating national warehousing resources, the Group has established a core network of 13 dry warehouses and 25 cold chain facilities, while simultaneously reducing the number of stores’ external warehouses. The adoption of competitive bidding for dry and cold chain services has introduced leading logistics providers, with projected cumulative cost savings exceeding RMB100 million over the coming years.

Development at Its Core

Advancing store transformations

During the reporting period, the Group completed full-store remodels at 3 East China stores, achieving double-digit foot traffic growth, and department-level upgrades in fresh & prepared food ("3R")^{Note 1} sections at 3 South China stores, driving over 20% category sales growth. The Group will accelerate this program with plans to remodel over 30 stores this fiscal year, targeting 200+ store transformations by the next fiscal year.

Remodeled stores focus on product differentiation through new item introductions, underperforming SKU rationalization, and expanded private brand penetration. The Group has upgraded 3R sections through partnerships with local heritage brands.

The store layout redesign prioritizes a highly shoppable environment: converting long-span shelves to shorter-span ones, removing forced traffic routes, and lowering shelving for improved sightlines. The seasonal promotion zones and featured item areas were created to achieve "one step, one scene" with products "made fresh, sold fresh" to generate a vibrant market atmosphere. Tasting stations enhance customer interaction and engagement. Future stores will optimize at 6,000-7,500 sqm — a more efficient match for the curated 15,000 SKUs — while expanding gallery spaces to strengthen community lifestyle center positioning.

Accelerating new store openings

During the reporting period, the Group launched 3 new hypermarkets. The Kunshan Chaoyang and Anhui Wuwei stores, which opened in September 2025, have fully adopted the store remodeling approach in their layout planning, traffic flow design, and merchandise selection, establishing them as benchmark stores for the new generation of hypermarkets. Those two new stores have both achieved a sales contribution of over 30% from their fresh and 3R sections, significantly exceeding company-wide average.

Deploying front warehouse network

During the reporting period, the Group officially launched its front warehouse initiative. Using a low-cost setup model, the project leverages the hypermarket's unified inventory and digital operations to enable efficient nearby delivery and capture new online customers.

As of September 2025, the Group had established front warehouses in five locations: Shanghai, Jiangyin, Shenyang, Jinan, and Qingyuan. The average size per facility is approximately 500 square meters, with average daily sales of around RMB50,000. The front warehouses utilize hypermarket resources to develop assortment plans based on local customer demand, achieving either single or multiple daily deliveries. Over the next three years, the Group plans to increase the proportion of online sales to 40%-50% of total revenue.

Note¹: The term "3R" refers to "Ready to Cook, Ready to Eat, Ready to Heat." Products in the prepared foods section include delicatessen, bakery, and dim-sum.

MANAGEMENT DISCUSSION AND ANALYSIS

Expansion Status

The Group restructured six operational regions into four operational regions in May this year, including Eastern China Region, Northern China Region, Northeastern China Region, and Southern China Region. All stores previously under Central China Region and Western China Region were reassigned to the Eastern China Region, Northern China Region, and Southern China Region for management. Please refer to note 1 below for the provinces covered by the current four operational regions.

During the six months ended 30 September 2025, the Group opened three hypermarkets, of which two hypermarkets are located in Eastern China and one is located in Southern China. During the reporting period, the Group closed six hypermarkets and one superstore, of which three were located in Eastern China, two were located in Northern China and two were located in Southern China.

As of 30 September 2025, the Group had a total of 462 hypermarkets, 32 superstores, and seven membership stores, M-Club. The total gross floor area ("GFA") of hypermarkets, superstores and membership stores was approximately 13.40 million square meters, of which about 65.0% of the GFA was in leased properties, and 35.0% of the GFA was in self-owned properties.

As of 30 September 2025, approximately 6.2% of the Group's hypermarkets, superstores and membership stores were located in first-tier cities, 18.0% in second-tier cities, 48.9% in third-tier cities, 19.5% in fourth-tier cities and 7.4% in fifth-tier cities. Please refer to note 2 below for definitions of city tiers.

As of 30 September 2025, the Group has signed contracts with two superstores, of which one is under construction.

Region	Number of Brick-and-Mortar Stores (As of 30 September 2025)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 30 September 2025)				
	Membership			Store		Membership			Store	
	Hypermarket	Superstore	Store	Total	Percentage	Hypermarket	Superstore	Store	Total	Percentage
Eastern China	235	15	7	257	51%	6,621,916	105,384	251,828	6,979,128	52%
Northern China	56	5	0	61	12%	1,512,695	40,273	0	1,552,968	12%
Northeastern China	48	7	0	55	11%	1,590,536	54,849	0	1,645,385	12%
Southern China	123	5	0	128	26%	3,199,367	24,109	0	3,223,476	24%
Total	462	32	7	501	100%	12,924,514	224,615	251,828	13,400,957	100%

Notes:

(1) The Group adopts the following regional zoning according to the national regional economic planning guidelines:

Eastern China:	Shanghai City, Zhejiang Province, Jiangsu Province, Anhui Province, Hubei Province, Jiangxi Province (Excluding Ganzhou City)
Northern China:	Beijing City, Tianjin City, Shandong Province, Hebei Province, Henan Province, Shanxi Province, Gansu Province, Qinghai Province, Shaanxi Province, Inner Mongolia Autonomous Region (Ordos City), Ningxia Hui Autonomous Region
Northeastern China:	Jilin Province, Liaoning Province, Heilongjiang Province, Inner Mongolia Autonomous Region (Tongliao City)
Southern China:	Guangdong Province, Fujian Province, Hainan Province, Yunan Province, Guizhou Province, Hunan Province, Sichuan Province, Chongqing City, Jiangxi Province (Ganzhou City), Guangxi Zhuang Autonomous Region

(2) City tiers were classified according to the following standards:

First-tier cities:	Municipalities under the direct jurisdiction of the central government and Guangzhou City
Second-tier cities:	Provincial capitals and sub-provincial cities
Third-tier cities:	Prefecture-level cities
Fourth-tier cities:	County-level cities
Fifth-tier cities:	Townships and towns

Human Resources and Remuneration Policies

As of 30 September 2025, the Group had 81,954 employees (85,778 as of 30 September 2024). The total employee benefit expense was RMB3,788 million (RMB4,106 million as of 30 September 2024).

The Group's policy is to recruit and promote individuals based on merit and their development potentials. Remuneration packages offered to all employees are determined with reference to their performance, time commitment, responsibilities and the prevailing salary levels in the market.

In addition to salary, the Group also makes contributions to defined contribution retirement plans, share option scheme and Employee Trust Benefit Schemes ("ETBS"), respectively. The Group has adopted a share option scheme and the amended ETBS as approved by the shareholders of the Company on 16 August 2023 for the purpose of, among other things, recognising employees' contribution to the Group's continuous growth and success; and attracting and retaining high-calibre personnel to strive for the long term development of the Group. Further details in relation to the options or awards granted under share option scheme and the amended ETBS during the six months ended 30 September 2025 are set out in the section headed "Share Schemes" of the interim report.

Continuous trainings are provided to the employees.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

The Group's core mission is to ensure full execution of Three-year strategy. The Group will focus on product optimization and differentiation by reducing SKUs, eliminating homogeneous products, and concentrating on high-efficiency core items. At the same time, the Group will enhance store transformations to redefine shopping environments and customer experiences, leverage nationwide joint procurement and upgraded private brands to strengthen cost advantages and price competitiveness, and accelerate the deployment of front warehouse network to capture online growth. Moving forward, the Group will drive progress through supply chain efficiency and member-centric operations, translating Three-year strategy into sustainable performance that deliver quality growth.

Amid market challenges, the Group has consistently taken the initiative to adapt and proactively seek breakthroughs. The Group continued to optimize its business portfolio, maintained growth momentum in online operations, achieved notable progress in private brand development, and steadily enhanced our supply chain capabilities. In the first half of the fiscal year, the Group achieved multiple localized breakthroughs and phased achievements. Looking ahead, the Group expects these successes to become interconnected, scaling from isolated gains into comprehensive and systematic capabilities that collectively drive a qualitative leap in the Group's overall performance.

FINANCIAL REVIEW

Revenue

Revenue is derived from sales of goods, membership fee and rental income from tenants. Revenue from sales of goods is primarily derived from the brick-and-mortar stores and online sales channels where merchandise, mainly food, groceries, textile and general goods, are made available for sale. Revenue from sales of goods is net of value-added tax and other applicable sales taxes after deducting any trade discounts. Membership fee is derived from operating membership stores that offer members lower prices on quality products. Rental income from tenants is derived from renting of gallery space in brick-and-mortar stores complexes to operators of businesses that we believe are complementary to the stores.

For the six months ended 30 September 2025, revenue from sales of goods was RMB29,081 million, representing a decrease of RMB4,105 million, or 12.4%, from RMB33,186 million for the corresponding period ended 30 September 2024. The decrease was mainly due to (i) intensified market competition and weak consumption which led to a decrease in both the average purchase items per transaction and the average selling price of products, resulting in a lower average ticket size; and (ii) the calendar effect of the Mid-Autumn Festival overlapping with National Day.

For the six months ended 30 September 2025, the Same Store Sales Growth⁽¹⁾ ("SSSG") calculated based on sales of goods was -11.7%. Despite a decline in average ticket size, our online Business to Customer (the "B2C") business remained resilient, with the online order volume increased by approximately 7.4%, driving the online SSSG grew by approximately 2.1%. The Daily Order per Store ("DOPS") of B2C business was over 1,200 orders.

For the six months ended 30 September 2025, revenue from membership fee was RMB18 million, representing an increase of RMB4 million, or 28.6%, from RMB14 million for the corresponding period ended 30 September 2024.

For the six months ended 30 September 2025, revenue from rental income was RMB1,403 million, representing a decrease of RMB105 million, or 7.0%, from RMB1,508 million for the corresponding period ended 30 September 2024. The decline in rental income was primarily attributable to the combination of rent concession to retain gallery tenants, an ongoing optimisation of the tenant mix and the temporary impact of the gallery revamping.

Note:

- (1) Same store sales growth: the growth rate of sales of the stores opened before 30 September 2024. It is calculated by comparing the sales derived from those stores during their operating periods in the six months ended 30 September 2024 with sales during the corresponding periods ended 30 September 2025.

Gross Profit

For the six months ended 30 September 2025, gross profit was RMB7,719 million, representing a decrease of RMB807 million, or 9.5%, from RMB8,526 million for the six months ended 30 September 2024.

The gross profit margin for the six months ended 30 September 2025 was 25.3%, representing an increase of 0.7 percentage points from 24.6% for the six months ended 30 September 2024.

The increase in gross profit margin was mainly driven by the three key initiatives: (i) optimising the product mix by phasing out long-tail and low-efficiency items; (ii) accelerating new product launches and enhancing private label penetration; and (iii) deepening supply-chain collaboration to enhance efficiency.

Other Income and Other Gains, net

Other income and other gains, net, consists of government grants, interest income, gain on financial assets measured at FVPL, income from disposal of packaging material, net gain on disposal and reassessment of investment properties and other property, plant and equipment, and other miscellaneous income.

For the six months ended 30 September 2025, other income and other gains, net was RMB566 million, representing a decrease of RMB55 million, or 8.9%, from RMB621 million for the six months ended 30 September 2024, which was mainly attributed to the reduction of interest income and gain on financial assets measured at FVPL.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Marketing Expenses

Selling and marketing expenses represent the expenses attributable to the operations of the stores and online business. Selling and marketing expenses primarily consist of personnel expenses, operating lease charges, expenses for utilities, maintenance, advertising, packing and delivery, platform expenses, together with the depreciation of property, plant and equipment.

For the six months ended 30 September 2025, selling and marketing expenses were RMB7,303 million, representing a decrease of RMB364 million, or 4.7%, from RMB7,667 million for the corresponding period ended 30 September 2024.

The decrease was mainly due to (i) a decrease of RMB186 million savings on personnel costs which was benefited from the optimisation of the personnel structure and model; (ii) the reduction of variable costs caused by the decrease in revenue from sales of goods; and (iii) the management's continuous effort to improve cost control and efficiency. The savings of the expenses partially offset the decrease of gross profit.

The amount of selling and marketing expenses for the six months ended 30 September 2025 as a percentage of total revenue was 23.9%, representing an increase of 1.8 percentage points from 22.1% for the corresponding period ended 30 September 2024.

Administrative Expenses

Administrative expenses primarily consist of personnel expenses, travelling expenses, depreciation of property, plant and equipment and other expenses for the administrative departments.

For the six months ended 30 September 2025, administrative expenses were RMB711 million, representing a decrease of RMB148 million, or 17.2%, from RMB859 million for the corresponding period ended 30 September 2024.

The decrease was mainly due to a decrease of RMB108 million in personnel costs, which was benefited from the management's efforts to optimise the headquarters organisational structure and savings on cost control.

The amount of administrative expenses for the six months ended 30 September 2025 as a percentage of total revenue was 2.3%, representing a decrease of 0.2 percentage points, from 2.5% for the corresponding period ended 30 September 2024.

Profit from Operations

For the six months ended 30 September 2025, the profit from operations was RMB271 million, representing a decrease of RMB350 million, or 56.4%, from RMB621 million for the corresponding period ended 30 September 2024. The decrease was attributable to (i) pressure on revenue from sales of goods and a decline in rental income; (ii) the reduction of interest income and gain on financial assets measured at FVPL; and (iii) the impact of optimising organisational structure of the Central China region. The savings on expenses largely offset the impact of revenue decline.

The operating margin during the six months ended 30 September 2025 was 0.9%, a decrease of 0.9 percentage points, from 1.8% for the corresponding period ended 30 September 2024.

Finance Costs

Finance costs primarily consist of the interest expenses on bank loans and lease liabilities and other interest expense. For the six months ended 30 September 2025, the finance costs were RMB174 million, representing a decrease of RMB37 million, or 17.5%, from RMB211 million for the corresponding period ended 30 September 2024. The decrease was attributable to the reduced amortised interest on lease liabilities and the decline of interest on bank loans.

Income Tax

For the six months ended 30 September 2025, income tax was RMB224 million, which remained unchanged from the same period ended 30 September 2024.

The related effective tax rate for the six months ended 30 September 2025 was 230.9%, significantly higher than the income tax rate of 25% under the EIT Law, which was caused by the unrecognised deferred tax on losses generated in several entities since the recoverability of those losses before their expiry was not certain.

(Loss)/Profit for the Period

For the six months ended 30 September 2025, loss for the period was RMB127 million, representing a decrease of RMB313 million from a profit of RMB186 million for the corresponding period ended 30 September 2024.

The net loss margin for the six months ended 30 September 2025 was 0.4%, decreasing by 0.9 percentage points, from a net profit margin of 0.5% of the corresponding period ended 30 September 2024. The decrease was primarily attributable to the decrease in operating margin.

(Loss)/Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 September 2025, the loss attributable to equity shareholders of the Company was RMB123 million, representing a decrease of RMB329 million from a profit of RMB206 million for the corresponding period ended 30 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss Attributable to Non-Controlling Interests

For the six months ended 30 September 2025, the loss attributable to non-controlling interests was RMB4 million, representing a decrease of RMB16 million, or 80.0%, from a loss of RMB20 million for the corresponding period ended 30 September 2024.

The loss attributable to non-controlling interests represented (i) interests in ACI and CIC held by a trust from the Auchan Scheme and RT-Mart Scheme (as defined below). The trustee ceased to hold any non-controlling interests since 20 May 2025 upon the acquisition of the remaining equity interests of ACI and CIC by the Group; (ii) the interest held by independent third parties in three of the subsidiaries, namely, RT-MART Limited Shanghai, People's RT-Mart Limited Jinan and Fields Hong Kong Limited; and (iii) the interest held by Hema (China) Co., Ltd. in Shanghai Run He Internet Technology Co., Ltd.

Liquidity, Financial Resources and Gearing Ratio

For the six months ended 30 September 2025, net cash inflow from operating activities was RMB1,323 million, representing an increase of RMB1,964 million, from net cash outflow of RMB641 million for the six months ended 30 September 2024. The increase was mainly due to the variance of restricted deposits of RMB3,205 million between the two periods.

Without taking into account the impact of restricted cash variances, the net cash inflow from operating activities was RMB1,036 million for the six months ended 30 September 2025, representing a decrease of RMB1,241 million, from RMB2,277 million for the corresponding period ended 30 September 2024, which was mainly due to (i) a decrease in profit before taxation of RMB313 million; (ii) an increase of withholding tax paid of RMB167 million; and (iii) the calendar shift effect of the Mid-Autumn Festival overlapping with National Day leading to the changes in working capital.

As at 30 September 2025, the net current liabilities increased to RMB2,114 million from RMB1,181 million as at 31 March 2025. The increase of the net current liabilities was primarily attributed to (i) a decrease in the current assets of RMB1,467 million, which mainly related to the decline in trade and other receivables and the decreased combined balance of Cash and cash equivalents, financial assets measured at FVPL and restricted deposits; and (ii) a decrease in the current liabilities of RMB534 million mainly due to the decreased balance of contract liabilities and bank loans. The decrease in current assets was greater than the decrease in current liabilities, which resulted in an increase in the net current liabilities.

For the six months ended 30 September 2025, the inventory turnover days and trade payable turnover days, calculated on average balances of inventories and trade payables, together with the cost of inventories during the past six months, were 60 days and 79 days, respectively, compared to 54 days and 76 days for the corresponding period ended 30 September 2024.

As at 30 September 2025, the net cash position of the Group was RMB11,958 million as compared to RMB12,529 million as at 31 March 2025. The gearing ratio, calculated by dividing net cash position by the total equity was 0.66 as at 30 September 2025 as compared to 0.61 as at 31 March 2025.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between Shareholder returns and sound capital position. The Group continually makes adjustments, when necessary, to maintain an optimal capital structure and to reduce the cost of capital.

Investing Activities

For the six months ended 30 September 2025, net cash inflow from investing activities was RMB1,980 million, representing an increase of RMB4,105 million, from net cash outflow of RMB2,125 million for the six months ended 30 September 2024. The increase was mainly attributable to the increase in the net proceeds generated from investment in financial assets measured at FVPL.

The net cash inflow from investing activities was mainly reflected in (i) the capital expenditure of RMB264 million paid in respect of the development of new stores and the remodelling and transforming of existing stores; (ii) the net cash inflow generated from investment in financial instruments measured at FVPL of RMB2,291 million; (iii) the net cash outflow from investment in time deposits and restricted time deposits with maturity over three months of RMB172 million.

Financing Activities

For the six months ended 30 September 2025, net cash outflow from financing activities was RMB2,260 million, with a decrease of RMB2,620 million, from net cash inflow of RMB360 million for the six months ended 30 September 2024.

The decrease was mainly attributable to (i) an increase in the cash outflow of dividends paid to Company's shareholders of RMB1,294 million; and (ii) the net cash outflow from bank loans of RMB254 million compared to the net cash inflow of RMB1,215 million for the corresponding period.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the six months ended 30 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risks

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the Directors consider the Group's exposure to foreign exchange risk is not significant.

As of the date of this announcement, the Group has not used any currency hedging instruments, but the management will continue to closely monitor exchange rate fluctuations and will take appropriate measures to keep foreign exchange risk exposure to the minimum.

Pledged Assets

As at 30 September 2025, the Group did not pledge any assets for bank loans or banking facilities.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company recognises that a good corporate culture is essential to support and complement its corporate governance efforts and corporate image, and has developed a corporate culture emphasising on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group. In order to promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established anti-corruption and whistle-blowing policies and trainings, to provide guidance on identifying potential breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please see the environmental, social and governance report of the Company.

The Company has devised its own Corporate Governance and Compliance Manual which incorporates all the principles and practices as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The Company reviews its organisational structure regularly to ensure its operations are in line with the good corporate governance practices as set out in the CG Code and align with the latest developments.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 September 2025 and up to the date of this interim report.

Further information of the corporate governance practices of the Company were set out in the corporate governance report included in the annual report of the Company for the year ended 31 March 2025.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2025 with the external auditors, KPMG, who have reviewed the interim financial information in accordance with Hong Kong Standard on Review Engagements 2410.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding Directors' and relevant employees' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made to all the Directors and the relevant employees of the Company and they have confirmed that they have complied with the Company Code and the Model Code throughout the six months ended 30 September 2025.

CHANGES IN, AND UPDATES TO, INFORMATION RELATING TO THE DIRECTORS

The changes in information of the Directors pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2024/2025 annual report to the date of this interim report are set out below:

Ms. Karen Yifen CHANG was appointed as an independent non-executive director of Uni-President China Holdings Ltd. (HKEX stock code: 220) on 7 May 2025 and an independent director of Gogoro Inc. (Nasdaq stock code: GGR) on 28 May 2025.

Save for disclosed above, there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Subsequent to 30 September 2025, Mr. SHEN Hui has resigned as an executive Director, the chief executive officer as well as an authorised representative of the Company, and Ms. LI Weiping has been appointed as an executive Director, the chief executive officer as well as an authorised representative of the Company, all with effect from 1 December 2025. For details, please refer to the announcement published by the Company dated 30 November 2025.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request. The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are Independent Non-Executive Directors and the list of the chairman and members of each of the Audit Committee, Remuneration Committee and Nomination Committee is set out under "Corporate Information" on page 2.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company has also established an Environmental Social and Governance (“**ESG**”) Management Committee (the “**ESG Committee**”) and has approved its written terms in August 2022 in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange and other applicable rules. The ESG Committee is a three-level governance structure with clearly assigned duties to assist the Board in managing the ESG risks. The Board is the highest body responsible for leading and monitoring the Company’s ESG strategies and risks, approving ESG targets and reports, and regularly reviewing and constantly supervising the progress of ESG targets. The ESG Committee and ESG Working Group are set under the Board. The ESG Committee is responsible for ESG implementation and reporting, as well as overseeing the specific delivery from the ESG Working Group. For details, please refer to the ESG’s terms of reference at the Company’s website (<https://www.sunartretail.com/en/about/cg/esgmanagementcommittee.pdf>).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 September 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at 30 September 2025, there were no treasury shares held by the Company.

DIVIDENDS

On 11 November 2025, the Board declared an interim dividend of HK\$0.085 (equivalent to approximately RMB0.077) per ordinary share for the six months ended 30 September 2025 (the “**Interim Dividend**”) (2024 interim dividend: HKD0.170 per ordinary share, equivalent to approximately RMB0.158 per ordinary share). The Interim Dividend is expected to be paid on Tuesday, 24 March 2026 to the Shareholders of the Company whose names appear on the Company’s register of members at the close of business at 4:30 p.m. on Thursday, 27 November 2025.

While the Interim Dividend will be payable in cash to each Shareholder in HK\$ by default, Shareholders have the rights to elect to receive all in Renminbi (“**RMB**”) or United State Dollars (“**US\$**”), or a combination of HK\$, RMB and US\$. The amount of RMB and US\$ will be calculated using the exchange rates quoted by The Hong Kong Association of Banks at 3 March 2026.

In light of the provision of currency options of receiving the Interim Dividend, compared to the payment date of interim dividends for the six months ended 30 September 2024 in January 2025, the expected payment date of Interim Dividend will be changed to Tuesday, 24 March 2026 to facilitate the arrangement of currency election of the Interim Dividend.

CORPORATE GOVERNANCE AND OTHER INFORMATION

If Shareholders elect to receive all the Interim Dividend in RMB or US\$ or a combination of HK\$, RMB or US\$, Shareholders should complete the Dividend Currency Election Form which is expected to be despatched to Shareholders on Thursday, 4 December 2025 after the record date of Thursday, 27 November 2025 to determine Shareholders' entitlement to the Interim Dividend, and lodge it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, on 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19 December 2025.

Shareholders who are minded to elect to receive the Interim Dividend in RMB or US\$ by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB or US\$ cheques for the Interim Dividend can be presented for payment; and (ii) there is no assurance that RMB or US\$ cheques can be cleared without material handling charges or delay in Hong Kong or that RMB or US\$ cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on Tuesday, 24 March 2026 at the Shareholders' own risk.

If no duly completed Dividend Currency Election Form in respect of the Shareholder is received by the Company's share registrar by 4:30 p.m. on Friday, 19 December 2025, such Shareholder will automatically receive the Interim Dividend in HK\$. All dividend payments in HK\$ will be made in the usual way on Tuesday, 24 March 2026.

If Shareholders wish to receive the Interim Dividend in HK\$ in the usual way, no additional action is required. Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For purposes of determining the entitlement to the proposed Interim Dividend, the record date is fixed on Thursday, 27 November 2025. To ensure that Shareholders are eligible to the Interim Dividend, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 27 November 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the publication of this interim report, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules.

SHARE SCHEMES

(1) Share Option Scheme

At the extraordinary general meeting of the Company held on 16 August 2023 (the “**Adoption Date**”), the Shareholders approved the adoption of the share option scheme (the “**Share Option Scheme**”).

Purposes

The purposes of the Share Option Scheme are (i) to recognise the contribution and potential future contribution of the grantees and to align their interests with those of the Company and the Shareholders as a whole; (ii) to motivate grantees and give them additional incentive to optimise their valuable contributions to the continued growth and success of the Group; and (iii) to attract and retain high-calibre personnel to strive for the long term development of the Group.

Period of the Share Option Scheme

Subject to the terms and conditions of the Share Option Scheme and the Listing Rules, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date. The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme. In such events, no further options will be offered or granted, but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the Share Option Scheme.

As at the date of this interim report, the remaining life of the Share Option Scheme is approximately 7 years 9 months.

Eligibility of participants

The eligible participants under the Share Option Scheme shall include any employees of the Group, Directors or other directors of a subsidiary (excluding participants of the ETBS), and persons who are expected to become employees of the Group, Directors or other directors of a subsidiary (excluding participants of the ETBS) as an inducement to enter into employment or service contracts with the Group (provided that the effective date shall not be earlier than the date on which such individual begins to provide services to the Group).

Vesting period

The vesting period shall not be less than 12 months from the date of grant of the share options, unless a shorter vesting period under specific circumstances as set out in the Share Option Scheme applies.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Exercise period

The exercise period of share options granted under the Share Option Scheme was determined by the Board at its absolute discretion, and is valid for 10 years from the date of grant unless lapsed pursuant to the terms of the Share Option Scheme and may be exercisable during such period provided that the options are vested.

Exercise price

The exercise price for shares under the Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of: (a) the closing price of the shares of the Company (the “Shares”) as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a business day; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

Maximum number of Shares available for subscription

The maximum number of Shares which may be issued in respect of all options to be granted under the Share Option Scheme and any other share scheme(s) will not exceed 953,970,470, being 10% of the total number of Shares in issue of the Company on the Adoption Date.

The total number of Shares issued and to be issued in respect of all options and awards granted to each grantee under the Share Option Scheme and any other share scheme(s) (excluding options and awards that have been lapsed in accordance with the Share Option Scheme and any other share scheme(s)) in any 12-month period up to and including the date of such grant shall not in aggregate exceed 1% of the Shares in issue at the date of grant.

Where any grant of options to any Independent Non-Executive Director or a substantial Shareholder of the Company, or any of their respective associates would result in the aggregated amount of the Shares issued and to be issued in respect of all options and awards granted (excluding options and award Shares that have been lapsed in accordance with the Share Option Scheme or any other share scheme(s)) to such person in the 12-month period up to and including the date of such grant to be over 0.1% of the Shares in issue, such grant of options must be approved by Shareholders in general meeting.

Grant of options

The Board may grant options in respect of which the exercise price is fixed at different prices for different periods during the exercise period. An offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a remittance to the Company of HK\$1.00 as consideration by the grantee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 September 2025, 918,970,470 Shares (representing approximately 9.6% of the issued share capital of the Company) underlying the options are available for future grant under the scheme mandate limit of the Share Option Scheme. The participants of the scheme do not include service providers and therefore there is no service provider sublimit.

During the reporting period, no options have been granted and the details of the options outstanding as at 30 September 2025 under the Share Option Scheme are as below:

Category or name of grantees	Date of grant	Vesting period of grant/ conditional share options	Exercise Period	Particulars of the share options granted during the reporting period								Number of Shares represented as at 30 September 2025	
				Number of Shares represented by options		Closing price	Fair value of options	Weighted average price		Options exercised immediately before the reporting period	Options lapsed during the reporting period	Options cancelled during the reporting period	
				Granted	immediately	before the reporting period	at the grant date of options	Options exercised	before the reporting period	Options lapsed	Options cancelled	Options outstanding as at 30 September 2025	
Category or name of grantees	Date of grant	Vesting period of grant/ conditional share options	Exercise Period	Exercise price (HK\$)	as at 1 April 2025	Exercise price (HK\$)	Grant date of options	Performance targets	Reporting period	Exercise price (HK\$)	Reporting period	Reporting period	Number of Shares represented as at 30 September 2025
Executive Director													
SHEN Hui	27 March 2024 ^(Note 1)	28 March 2025, 2026, 2027 and 2028 ^(Note 2)	Within ten years from 27 March 2024 ^(Note 2)	1.54	25,000,000	Nil	1.41	N/A	None	Nil	N/A	Nil	25,000,000
Sub-total													25,000,000
One director of the subsidiaries of the Company	18 August 2023 ^(Note 3)	1 April 2025 and 1 April 2027 ^(Note 4)	Within ten years from 18 August 2023 ^(Note 4)	2.18	10,000,000	Nil	2.09	N/A	None	(800,000)	2.67	Nil	9,200,000
Sub-total													9,200,000
Total					35,000,000	Nil			(800,000)		Nil	Nil	34,200,000

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The closing price per Share is HK\$1.41 as stated in the daily quotation sheets issued by the Stock Exchange on 26 March 2024, being the trading day immediately before the date of grant.
2. The options granted shall vest in four equal tranches on 28 March 2025, 28 March 2026, 28 March 2027 and 28 March 2028. Subject to vesting, the options are exercisable within ten years from 27 March 2024. As at 30 September 2025, 6,250,000 of the 25,000,000 options were vested. Following Mr. SHEN Hui's resignation as an executive Director and the chief executive officer of the Company with effect from 1 December 2025, the 25,000,000 options granted to Mr. SHEN Hui had lapsed and ceased to be exercisable.
3. The closing price per Share is HK\$2.09 as stated in the daily quotation sheets issued by the Stock Exchange on 17 August 2023, being the trading day immediately before the date of grant.
4. The options granted shall vest in two equal tranches on 1 April 2025 and 1 April 2027, respectively. Subject to vesting, the options are exercisable within ten years from 18 August 2023. As at 30 September 2025, 5,000,000 of the 10,000,000 options were vested.
5. The fair value of the options granted during the six months ended 30 September 2025, please refer to Note 6(b) to the condensed consolidated financial information for the six months ended 30 September 2025.
6. The number of options and awards available for grant under the scheme mandate of all schemes of the Company at (i) the Adoption Date was 953,970,470 Shares; and (ii) the end of the reporting period was 918,970,470 Shares.
7. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the reporting period divided by the weighted average number of Shares of the relevant class in issue for the reporting period was 0.36%.

(2) Employee Trust benefit Schemes (“ETBS”)^(Note 1)

The subsidiaries of the Company, Concord Investment (China) Limited (“**CIC**”, and together with its subsidiaries, the “**CIC Group**”), has established an employee trust benefit scheme for its employees (the “**RT-Mart Scheme**”) and, Auchan (China) Investment Co., Ltd. (“**ACI**”, and together with its subsidiaries, the “**ACI Group**”), a non wholly-owned subsidiary of Auchan (China) Hong Kong Limited, has established an employee trust benefit scheme for its employees (the “**Auchan Scheme**”).

Under each ETBS, an annual profit sharing contribution from each of CIC and ACI is payable to a trust, which is calculated based on the consolidated results of each of CIC and ACI for the RT-Mart Scheme and the Auchan Scheme respectively, and the number of eligible employees^(Note 2). Should ACI Group or CIC Group does not record a net profit after tax for relevant financial year, at the discretion of the Board of the Company, cash payment to Employer's Contribution and/or Retirement Saving Contribution for Managerial Employees might be made by using other funds and is payable to the trust.

In addition to the annual profit-sharing contributions made by each of CIC and ACI^(Note 3a and 3b), subject to certain conditions, eligible employees are entitled to acquire additional beneficial interests in the relevant ETBS, i.e. Trust Units using their own funds (“**Employee's Contribution**”)^(Note 3c).

Any excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired is credited to capital reserve within equity of the Group^(Note 4).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Calculated based on paid-in capital, as at 31 March 2025, approximately 1.3834% of the equity interests in ACI and approximately 2.015% of the equity interests in CIC, were held by the respective trusts under the Auchan Scheme and the RT-Mart Scheme.

On 20 May 2025, the Group entered into an equity transfer agreement with the Trustee to acquire 2.015% of the equity interest in CIC held by the Trustee for a total consideration not exceeding RMB599 million. Upon completion of the transaction and as at 30 September 2025, the Group holds 100% of the equity interest in CIC and enjoys the corresponding shareholder's rights.

On 20 May 2025, the Group entered into an equity transfer agreement with the Trustee to acquire 1.3834% of the equity interest in ACI held by the Trustee for a total consideration not exceeding RMB34 million. Upon completion of the transaction and as at 30 September 2025, the Group holds 100% of the equity interest in ACI and enjoys the corresponding shareholder's rights.

As at 30 September 2025, the respective trusts under Auchan Scheme and the RT-Mart Scheme held no equity interest in ACI and CIC.

Details of the ETBS are set out in the note 6(b) to the condensed consolidated financial information.

Notes:

1. On 29 September 2025, the Company announced that since the respective management committee of the Auchan Scheme and the RT-Mart Scheme had resolved not to grant further Trust Units in the respective scheme, the Board proposes to make certain amendments to the Auchan Scheme and the RT-Mart Scheme to regulate the arrangements for the redemption of the Trust Units, and also to further optimize the scheme rules for the remaining term of the Auchan Scheme and the RT-Mart Scheme (the "**Proposed Amendments**"). The Proposed Amendments shall not take effect until the approval of the Shareholders in the extraordinary general meeting on 4 December 2025. For details, please refer to the Company's announcement dated 29 September 2025 and the Company's circular dated 14 November 2025.
2. The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement, whereby the trustee holds equity interest in the principal operating subsidiaries of the Company in the PRC, namely ACI under the Auchan Scheme or CIC under the RT-Mart Scheme (as the case may be), on behalf of the respective employees being the beneficiaries of the respective trust. The trustee for the Auchan Scheme and the RT-Mart Scheme is Hwabao Trust Co., Ltd. (the "**Trustee**"), a company incorporated in the PRC and an independent third party of the Group.

Subject to the Listing Rules, the Auchan Scheme and the RT-Mart Scheme shall be subject to the administration of their respective management committees and independently of the Company. The composition of the management committees of both the Auchan Scheme and the RT-Mart Scheme are identical, which each consists of six executive-level employees of the Group and six employees' representatives of each of the ACI Group and the CIC Group (as the case may be) who are elected by the employees, and the Company has no control over the management committees.

The management committees are mandated to exercise the following powers, among others, to (i) supervise how the trust manages its assets and determine the ratio of the Cash Portion (as defined below) to the Share Portion (as defined below) within its portfolio of trust assets; (ii) decide whether to dispose of the equity interest in ACI or CIC invested by the trust; and (iii) determine the timetable for employees to make elections whether to subscribe for and/or dispose of the Trust Units and the date which Trust Units transactions (i.e. subscription for and disposal of Trust Units) take place. Based on the composition of the management committees as outlined above, resolutions of the management committees could only be passed with the support of the majority of the members of the committees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

All units of beneficial rights in trust assets (including the Cash Portion (as defined below) and Share Portion (as defined below)) are held by the Trustee for the benefit of the holders of the Trust Units, who are employees of Group, in accordance with the rules of ETBS. As such, the trust assets are not assets of the Company and the Company is not entitled to use trust assets to offset any of the Company's debts. The Company is also under no obligation to assume any debts of the trusts nor to repurchase Shares held by the Trustee.

3.
 - a. For all employees who are eligible to participate in the ETBS ("Selected Participants" or "General Employees"), ACI Group and CIC Group will each make cash payments on behalf of the Selected Participants for their relevant employer's contribution to the trust (the "Employer's Contribution").
 - b. For managerial employees with a rank of store manager or above ("Managerial Employees"), on top of the Employer's Contribution, ACI Group and CIC Group will make further cash payment to the trust on behalf of Managerial Employees as retirement benefits ("Retirement Saving Contribution") as additional incentive.
 - c. Trust Units are allocated to the employees based on the contributions made by ACI/CIC (for and on behalf of the employees) and the employees (who use their own fund) under the respective terms of the Auchan Scheme and the RT-Mart Scheme.
4. The Trustee manages the trust funds (which includes Employer's Contribution, Employee's Contribution and Retirement Saving Contribution) in the trust by using a portion of the funds to hold cash and invest in cash equivalents (the "Cash Portion"), and using the remaining portion of the funds to purchase equity interests (the "Share Portion") in ACI or CIC, as the case may be, in accordance with the terms of the Auchan Scheme and the RT-Mart Scheme.

A summary of the principal terms of the Auchan Scheme and the RT-Mart Scheme adopted at the extraordinary meeting held on 12 November 2024 is set out below. Subject to obtaining the Shareholders' approval in the extraordinary general meeting on 4 December 2025, please refer to the Company's circular dated 14 November 2025 for a summary of the principal terms of the Auchan Scheme and RT-Mart Scheme after the Proposed Amendments.

The purposes of the Auchan Scheme and the RT-Mart Scheme are (i) to align the interests of the Eligible Participants (as defined below) with those of the Group and share the success and benefits of the growth in the businesses of the ACI Group and the CIC Group through ownership of the registered capital of ACI (the "ACI Registered Capital") and the registered capital of CIC (the "CIC Registered Capital") represented by holding the Trust Units, and/or the increase in value of the Trust Units/CIC Registered Capital or ACI Registered Capital (as the case may be); (ii) to encourage and retain Eligible Participants to make contributions to the long-term growth and profits of the Group; (iii) to recognise and reward the valuable past contribution by the Eligible Participants; and (iv) to retain experienced personnel.

Eligible Participants

All employees of the ACI Group who have been employed by the ACI Group for 6 months or more are eligible to participate in the Auchan Scheme while all employees of the CIC Group who have been employed by the CIC Group for 6 months or more (the "Eligible Participants") are eligible to participate in the RT-Mart Scheme.

Maximum Amount of Capital can be Injected to ACI or CIC and Maximum Entitlement of each Participant

(a) Scheme Mandate Limits

The maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme must not exceed 10% of the ACI Registered Capital as at the date of the Shareholders' approval of the limit. As at the date of this interim report, the maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme under the scheme mandate is US\$37,136,793, representing 10% of the ACI Registered Capital.

The maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme must not exceed 10% of the CIC Registered Capital as at the date of the Shareholders' approval of the limit. As at the date of this interim report, the maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme under the scheme mandate is US\$24,868,640, representing 10% of the CIC Registered Capital.

Each of the ACI scheme mandate limit and CIC scheme mandate limit may be refreshed after three years from 16 August 2023 or the date of approval of their last refreshment (as the case may be), subject to prior approval from the Shareholders. Any refreshment of any of the ACI scheme mandate limit and/or CIC scheme mandate limit within any three-year period must be approved by the independent Shareholders, with all the controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding Independent Non-Executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) Individual Limit

The maximum amount of Trust Units which may be granted to any one Selected Participant under the Auchan Scheme and the RT-Mart Scheme may not exceed 1% of the ACI Registered Capital or the CIC Registered Capital, taking into account of the Shares issued and to be issued in respect of all awards granted to such Selected Participant(s) under all share schemes adopted by the Company in respect of ACI or CIC, as the case may be (excluding any Trust Units lapsed or cancelled in accordance with terms of the ETBS) in the 12-month period up to and including the date of relevant grant (the “**Individual Limit**”), unless such grant is otherwise separately approved by the Shareholders in general meeting, with such Selected Participant(s) and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting.

Where any grant of Trust Unit(s) to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, would result in the aggregated amount of the Shares issued and to be issued in respect of all Trust Units granted to such person under the Auchan Scheme or the RT-Mart Scheme and all other share award schemes (excluding any Trust Units lapsed or cancelled in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant to be over 0.1% of the ACI Registered Capital and the CIC Registered Capital, such grant must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Selected Participant(s), his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(c) Maximum Entitlement of Each Selected Participant

The amount of Employer’s Contributions to each of the Selected Participant is determined in accordance with the requirements under the Auchan Scheme and the RT-Mart Scheme, which takes into account the net profits after tax of ACI and CIC, respectively, and the aggregate amount of Employer’s Contribution per annum shall not exceed 10% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively. Any such amount granted to Selected Participants must be used to purchase the Trust Units under the respective Auchan Scheme and RT-Mart Scheme. The amount of Employee’s Contribution is determined by the Selected Participant subject to a maximum cap of 30% of the relevant Selected Participant’s total income of the relevant year. The aggregate amount of Retirement Saving Contribution per annum shall not exceed 4% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively. The Trustee’s maximum equity interest made in respect of all contributions shall be capped at 15% of the ACI Registered Capital or CIC Registered Capital (as the case may be).

Vesting Period of Trust Units

Trust Units are immediately vested with the Selected Participants on the day of the subscription. However, Trust Units held by the Selected Participants are subject to disposal restrictions as set out below under the paragraphs headed “Freeze Period (Employer’s Contribution)”, “Freeze Period (Employees’ Contribution)” and “Lock-up Period (Retirement Saving Contribution)”.

Freeze Period (Employer's Contribution)

For General Employee, he or she may not dispose of the Trust Units funded by or acquired through the Employer's Contribution for a period of five (5) years from the date of grant (the "**Freeze Period**"), save for certain circumstances as prescribed in the terms of the Auchan Scheme and the RT-Mart Scheme (e.g. death or serious injury of employees). If a General Employee ends his or her employment relationship with the Group and therefore ceases to be an Eligible Participant, the Trust Units:–

- (i) will be disposed of at fair value at the next annual transaction window, if the Freeze Period has expired for the relevant Trust Units;
- (ii) will be disposed of at the original purchase price at the next annual transaction window, if the Freeze Period has not expired and the employee has held the relevant Trust Units for a year or more;
- (iii) will be disposed of at nil consideration at the next annual transaction window, being returned to the Trust which will then make them available for subscription by existing participants of the ETBS, if the Freeze Period has not expired and the employee has held the relevant Trust Units for less than a year.

Freeze Period (Employees' Contribution)

Trust Units are immediately vested on the date of grant. Trust Units acquired through Employee's Contribution is also not subject to any specific freeze period pursuant to the scheme rules. However, a Selected Participant may only dispose of his or her Trust Units held for not less than 12 months and at a time designated by the management committees of the ETBS.

Lock-up Period (Retirement Saving Contribution)

Managerial Employees are restricted from disposing of his or her Trust Units with respect to the portion of the Retirement Saving Contribution for a period of twenty-five (25) years (the "**Lock-up Period**") from the date of grant unless he or she has attained the statutory retirement age and completed all necessary statutory procedures.

For Managerial Employees whose Trust Units are subject to the 25 years Lock-up Period and leave the ACI Group/the CIC Group before the expiry of 25 years Lock-up Period, their Trust Units with respect to the portion of the Retirement Saving Contribution will be forfeited and will form part of the pool of trust assets and shared by other holders of Trust Units. For the avoidance of doubt, once the Employer's Contribution is made to the Auchan Scheme and RT-Mart Scheme, it becomes the trust assets of the ETBS and will not be refunded to any member of the Group under any circumstances.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Basis of Determining the Purchase Price of the Trust Units

The value of the Trust Units is assessed every year to determine the price of which the employees would subscribe for, or dispose of, the Trust Units. The value of the Share Portion of each Trust Unit is determined based on the business growth rate of ACI or CIC (as the case may be) by reference to the annual appraisal reports of ACI or CIC (as the case may be) which are prepared by an independent expert and are reviewed by another independent expert.

Life of the Auchan Scheme and the RT-Mart Scheme

The Auchan Scheme and the RT-Mart Scheme shall be valid and effective for ten (10) years from 16 August 2023, after which period no further Trust Units shall be granted, but the provisions of the Auchan Scheme and the RT-Mart Scheme shall remain in full force and effect in order to give effect to the Trust Units granted and accepted prior to the expiration of the Auchan Scheme and the RT-Mart Scheme.

On 29 September 2025, the Company announced that the respective management committee of the Auchan Scheme and the RT-Mart Scheme had resolved not to grant further Trust Units in the respective schemes.

As at the date of this interim report, the remaining life of each of the Auchan Scheme and the RT-Mart Scheme is approximately 7 years and 9 months.

Grants of Trust Units pursuant to the Auchan Scheme and the RT-Mart Scheme

The tables below show details of the latest grant of Trust Units under each of the Auchan Scheme and the RT-Mart Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of Trust Units granted (including Trust Units acquired through Employee's Contribution, Retirement Saving Contribution and Employer's Contribution) during the reporting period and/or outstanding as at 30 September 2025 under the Auchan Scheme and the RT-Mart Scheme are as below:

Auchan Scheme

Name or category of grantees	Date of grant	Vesting Period ⁽¹⁾	Trust Units												Trust Units which are subject to Freeze as at 30 September 2025
			Purchase price of the Trust Units			Fair value of the Trust Units ⁽²⁾			Trust Units which are subject to Freeze			Trust Units which cease to subject to Freeze			
			Performance target	(RMB/ Trust Unit)	at 1 April 2025 ⁽¹⁾	Performance target	(RMB/ Trust Unit)	at 1 April 2025 ⁽¹⁾	Period/ Units as Units ⁽²⁾	Period as Units as	of Trust Period/ Units	Lock-Up granted Vested	Period Lapsed	Cancelled/ Forfeited/	Unvested
Five highest paid employees under the Auchan Scheme in aggregate	N/A	N/A (See disclosure on freeze period and lock-up period above)	15.72	N/A	15.72	N/A	67,655.80	0	N/A	0	0	0	N/A	67,655.80	Trust Units which are subject to Freeze as at 30 September 2025
Employees under Auchan Scheme (including Managerial Employees and General Employees)															
Other employees under Auchan Scheme (including Managerial Employees and General Employees)	N/A	N/A (See disclosure on freeze period and lock-up period above)	15.72	N/A	15.72	N/A	2,117,687.72	0	N/A	45,593.90	24,943.01	43,230.90	N/A	2,003,919.91	Trust Units which are subject to Freeze as at 30 September 2025
Total	N/A					N/A	2,185,343.52	0	N/A	45,593.90	24,943.01	43,230.90	N/A	2,071,575.71	Trust Units which are subject to Freeze as at 30 September 2025

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Please refer to the above disclosure in relation to vesting period, freeze period and lock-up period. The Auchan Scheme does not provide a vesting period.
- (2) The fair value of Trust Units is determined by reference to the annual appraisal reports of ACI which is prepared by an independent expert and be reviewed by another independent expert.
- (3) During the reporting period, the Trustee did not make capital injection in ACI in accordance with the terms of the Auchan Scheme. The maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme under the scheme mandate at (i) the beginning of the reporting period was US\$37,136,793; and (ii) the end of the reporting period was US\$37,136,793.
- (4) The portion of both the Employer's Contribution (including Retirement Saving Contribution) and the Employee's Contribution which contributed to a subsequent capital injection in ACI by the Trustee at the end of the reporting period under the Auchan Scheme divided by the weighted average amount of ACI Registered Capital was 0%.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RT-Mart Scheme

Name or category of grantees	Date of grant	Vesting Period ⁽¹⁾	Purchase price of the Trust Units		Fair value of the Trust Units		Unvested Units		Trust Units which are subject to Freeze		Trust Units to subject to Freeze		Trust Units to Freeze		Trust Units which have been transferred		Trust Units which are subject to Freeze	
			(RMB/ Trust Unit)	Performance target	(RMB/ Trust Unit)	at 1 April 2025 ⁽¹⁾	at 1 April 2025 ⁽¹⁾	Period as reporting period ⁽¹⁾	Units as reporting period ⁽¹⁾	of Trust Lock-Up granted	Trust Vested	Period/ Lock-Up Period	Cancelled/ Forfeited	Units	which	have been transferred	Unvested Trust Units	Period/ Lock-Up Period
Employees under RT-Mart Scheme (including Managerial Employees and General Employees)																		
Five highest paid employees under the RT-Mart Scheme in aggregate	N/A	N/A (See disclosure on freeze period and lock-up period above)	200.32	N/A	200.32	N/A	26,343.63	0	N/A	885.86	0	0	N/A	25,457.77				
Other employees under RT-Mart Scheme (including Managerial Employees and General Employees)	N/A	N/A (See disclosure on freeze period and lock-up period above)	200.32	N/A	200.32	N/A	2,746,567.50	0	N/A	658,833.41	63,591.18	41,650.35	N/A	1,982,492.56				
Total	N/A					N/A	2,772,911.13	0	N/A	659,719.27	63,591.18	41,650.35	N/A	2,007,950.33				

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Please refer to the above disclosure in relation to vesting period, freeze period and lock-up period. The RT-Mart Scheme does not provide a vesting period.
- (2) The fair value of Trust Units is determined by reference to the annual appraisal reports of CIC which is prepared by an independent expert and be reviewed by another independent expert.
- (3) During the reporting period, the Trustee did not make capital injection in CIC in accordance with the terms of the RT-Mart Scheme. The maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme under the scheme mandate at (i) the beginning of the reporting period was US\$24,868,640; and (ii) the end of the reporting period was US\$24,868,640.
- (4) The portion of both the Employer's Contribution (including Retirement Saving Contribution) and the Employee's Contribution which contributed to a subsequent capital injection in CIC by the Trustee at the end of the reporting period under the RT-Mart Scheme divided by the weighted average amount of CIC Registered Capital was 0%.

Assuming (1) all the Trust Units under Employees' Contribution and Employer's Contribution (including the Retirement Saving Contribution) are not subject to freeze period/lock-up period and are allowed to be disposed for cash immediately, and (2) all the existing participants of the Auchan Scheme elect to dispose all the Trust Units on 30 September 2025; the Trustee should settle with cash in total of approximately RMB33.3 million. In practice, the actual release schedule of Trust Units under the Auchan Scheme from 2025 to 2047 is denoted in the table "Release Schedule of Trust Units" on page 35.

Assuming (1) all the Trust Units under Employees' Contribution and Employer's Contribution (including the Retirement Saving Contribution) are not subject to freeze period/lock-up period and are allowed to be disposed for cash immediately, and (2) all the existing participants of the RT-Mart Scheme elect to dispose all the Trust Units on 30 September 2025; the Trustee should settle with cash in total of approximately RMB534.4 million. In practice, the actual release schedule of Trust Units under the RT-Mart Scheme from 2025 to 2047 is denoted in the table "Release Schedule of Trust Units" on page 35.

During the reporting period,

- no Trust Units have been granted under the Auchan Scheme or the RT-Mart Scheme;
- no participants have been granted with options and awards in excess of the 1% individual limit, and
- no grant of Trust Unit(s) to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates would result in the aggregated amount of Shares issued and to be issued in respect of all Trust Units granted to such person under the Auchan Scheme or the RT-Mart Scheme and all other share award schemes (excluding any Trust Units lapsed or cancelled in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant represent over 0.1% of the ACI Registered Capital and the CIC Registered Capital.

Release Schedule of Trust Units[#]

As at 30 September 2025, the release schedule of existing Trust Units under the portion of Employees' Contribution, Employer's Contribution and Retirement Saving Contribution of each of the Auchan Scheme and the RT-Mart Scheme that are subject to Freeze Period/Lock-up Period is as follows:

Trust Units	Freeze Period (Calendar year)	Auchan Scheme Unfreezing rate	RT-Mart Scheme Unfreezing rate
Employees' and Employer's Contribution	2025	4.64%*	42.44%*
	2026	21.18%	88.32%
	2027	93.85%	99.07%
	2028	100.00%	100.00%
	2029	100.00%	100.00%

Trust Units	Lock-up Period (Calendar year)	Release rate	Release rate
Retirement Saving Contribution	2025	1.49%*	14.74%*
	2026	12.59%	32.88%
	2027	22.69%	54.43%
	2028	29.60%	61.93%
	2029	37.53%	77.01%
	2030	43.23%	85.13%
	2031	50.90%	91.04%
	2032	63.14%	94.35%
	2033	75.29%	97.79%
	2034	79.59%	98.42%
	2035	85.87%	98.93%
	2036	88.29%	99.37%
	2037	92.79%	99.51%
	2038	97.04%	99.60%
	2039	97.04%	99.82%
	2040	97.04%	99.82%
	2041	97.04%	99.91%
	2042	98.63%	99.91%
	2043	100.00%	99.91%
	2044	100.00%	99.91%
	2045	100.00%	99.91%
	2046	100.00%	100.00%

[#] Will be amended subject to the approval of the shareholders of the Company in the extraordinary general meeting on 4 December 2025.

^{*} Will take place in December 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As at 30 September 2025, the interest or short position of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, are as follows:

Name of director/ chief executive	Name of corporation	Nature of interest	Total number of shares/underlying shares held ⁽¹⁾	Approximate percentage shareholding of the relevant entity
Julian Juul WOLHARDT	The Company	Interest in a controlled corporation	7,551,524,756 (L) ⁽²⁾	79.15%
SHEN Hui	The Company	Beneficial owner	25,000,000 (L) ⁽³⁾	0.26%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter "L" denotes the person's long position.
- (2) Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited are beneficial owners of 7,551,524,756 Shares in aggregate. Each of them is indirectly wholly owned by Peak Prosperity Limited. DCP Capital Partners II, L.P directly owned 75.57% of the equity interest of Peak Prosperity Limited. The general partner of DCP Capital Partners II, L.P. is DCP General Partner II, Ltd. DCP General Partner II, Ltd. is directly and wholly owned by DCP Partners Limited, which is in turn directly and wholly owned by DCP, Ltd. DCP, Ltd. is owned as to 50% by Mr. Julian Juul WOLHARDT and 50% by Classic Fit Limited. Accordingly, Mr. Julian Juul WOLHARDT is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.
- (3) Subject to vesting, Mr. SHEN Hui is interested in 25,000,000 Shares underlying 25,000,000 options granted to him on 27 March 2024 in accordance with the Share Option Scheme. The option will be vested in four equal tranches on 28 March 2025, 28 March 2026, 28 March 2027 and 28 March 2028. As at 30 September 2025, 6,250,000 of the 25,000,000 options were vested. Following Mr. SHEN Hui's resignation as an executive Director and the chief executive officer of the Company with effect from 1 December 2025, the 25,000,000 options granted to Mr. SHEN Hui had lapsed and ceased to be exercisable.

Save as disclosed above, so far as known to any Directors, as at 30 September 2025, none of the Directors or chief executives of the Company or any of their associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as defined in Part XV of the SFO, which were required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified by the Directors or chief executives to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 30 September 2025, the persons or corporations (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number and class of shares ⁽¹⁾	Approximate percentage of shareholding
Paragon Shine Limited ⁽²⁾	Beneficial owner	4,504,599,949 (L)	47.22%
Lavender Haze Limited ⁽³⁾	Beneficial owner	3,003,066,632 (L)	31.48%
King Salmon Limited ⁽⁴⁾	Beneficial owner	43,858,175 (L)	0.46%
Pearly White Limited ⁽⁴⁾	Interest in a controlled corporation	43,858,175 (L)	0.46%
Citrine Lime Limited ⁽²⁾⁽³⁾	Interest in a controlled corporation	7,507,666,581 (L)	78.69%
Peak Prosperity Limited ⁽⁵⁾	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
DCP Capital Partners II, L.P. ⁽⁶⁾	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
DCP General Partner II, Ltd. ⁽⁶⁾	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
DCP Partners Limited	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
DCP, Ltd. ⁽⁶⁾	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
Classic Fit Limited ⁽⁷⁾	Interest in a controlled corporation	7,551,524,756 (L)	79.15%
J.P. Morgan Trust Company (Bahamas) Limited ⁽⁷⁾	Trustee	7,551,524,756 (L)	79.15%
Liu Haifeng David ⁽⁷⁾	Founder of a discretionary trust	7,551,524,756 (L)	79.15%
Chen Vivian ⁽⁸⁾	Interest of spouse	7,551,524,756 (L)	79.15%
Lieu Ketty Chia Roo ⁽⁹⁾	Interest of spouse	7,551,524,756 (L)	79.15%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter "L" denotes long position in the shares.
- (2) Paragon Shine Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Citrine Lime Limited, therefore Citrine Lime Limited is deemed to be interested in all the shares in which Paragon Shine Limited is interested in by virtue of Part XV of the SFO.
- (3) Lavender Haze Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Citrine Lime Limited, therefore Citrine Lime Limited is deemed to be interested in all the shares in which Lavender Haze Limited is interested in by virtue of Part XV of the SFO.
- (4) King Salmon Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Pearly White Limited, therefore Pearly White Limited is deemed to be interested in all the shares in which King Salmon Limited is interested in by virtue of Part XV of the SFO.
- (5) Each of Citrine Lime Limited and Pearly White Limited is 100% directly owned by Peak Prosperity Limited, which is in turn 75.57% directly owned by DCP Capital Partners II, L.P.
- (6) The general partner of DCP Capital Partners II, L.P. is DCP General Partner II, Ltd. DCP General Partner II, Ltd. is directly and wholly owned by DCP Partners Limited, which is in turn directly and wholly owned by DCP, Ltd. DCP, Ltd. is owned as to 50% by Mr. Julian Juul WOLHARDT and 50% by Classic Fit Limited. Accordingly, each of DCP General Partner II, Ltd., DCP Partners Limited, DCP, Ltd., Mr. Julian Juul WOLHARDT and Classic Fit Limited is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.
- (7) Classic Fit Limited is indirectly and wholly owned by J.P. Morgan Trust Company (Bahamas) Limited, being the trustee of a discretionary trust under which Mr. LIU Haifeng David is the founder of the discretionary trust who can influence how the trustee exercises its discretion. As such, Mr. LIU Haifeng David is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.
- (8) Ms. CHEN Vivian is the spouse of Mr. LIU Haifeng David. Therefore, Ms. CHEN Vivian is deemed, or taken to be, interested in all the Shares in which Mr. LIU Haifeng David is interested in by virtue of Part XV of the SFO.
- (9) Ms. LIEU Ketty Chia Roo is the spouse of Mr. Julian Juul WOLHARDT. Therefore, Ms. LIEU Ketty Chia Roo is deemed, or taken to be, interested in all the Shares in which Mr. Julian Juul WOLHARDT is interested in by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 September 2025, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

REVIEW REPORT

To the board of directors of Sun Art Retail Group Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 80 which comprise the condensed consolidated statement of financial position of Sun Art Retail Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 September 2025 and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 September 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 November 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2025 (Expressed in Renminbi)

			Six months ended 30 September
	Note	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)
Revenue	4	30,502	34,708
Cost		(22,783)	(26,182)
Gross profit		7,719	8,526
Other income and other gains, net	5	566	621
Selling and marketing expenses		(7,303)	(7,667)
Administrative expenses		(711)	(859)
Profit from operations		271	621
Finance costs	6(a)	(174)	(211)
Profit before taxation	6	97	410
Income tax	7	(224)	(224)
(Loss)/profit for the period		(127)	186
Other comprehensive income for the period		—	—
Total comprehensive income for the period		(127)	186
(Loss)/profit attributable to:			
Equity shareholders of the Company		(123)	206
Non-controlling interests		(4)	(20)
(Loss)/profit for the period		(127)	186
Total comprehensive income attributable to:			
Equity shareholders of the Company		(123)	206
Non-controlling interests		(4)	(20)
Total comprehensive income for the period		(127)	186
(Loss)/earnings per share			
Basic and diluted	8	RMB(0.01)	RMB0.02

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Details of dividends payable to equity shareholders of the Company are set out in note 18(a).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2025 (Expressed in Renminbi)

	Note	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Non-current assets			
Investment properties	9	5,603	5,068
Other property, plant and equipment	9	18,044	19,270
Intangible assets		54	57
Trade and other receivables	10	29	22
Restricted deposits	11	—	100
Time deposits	11	800	800
Deferred tax assets		1,029	1,113
		25,559	26,430
Current assets			
Inventories		7,799	7,467
Trade and other receivables	10	1,719	2,268
Restricted deposits	11	6,061	6,472
Time deposits	11	2,976	2,580
Financial assets measured at fair value through profit or loss ("FVPL")	12	1,579	3,839
Cash and cash equivalents	13	7,844	6,798
Assets of disposal groups classified as held for sale		98	119
		28,076	29,543
Current liabilities			
Trade and other payables	14	15,709	15,401
Contract liabilities	15	11,126	11,691
Bank loans	16	1,246	1,491
Lease liabilities	17	1,535	1,648
Current taxation		100	16
Liabilities directly associated with assets of disposal groups classified as held for sale		474	477
		30,190	30,724
Net current liabilities		(2,114)	(1,181)
Total assets less current liabilities		23,445	25,249

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2025 (Expressed in Renminbi)

	Note	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Non-current liabilities			
Trade and other payables	14	343	23
Lease liabilities	17	4,417	4,185
Deferred tax liabilities		452	613
		5,212	4,821
NET ASSETS		18,233	20,428
CAPITAL AND RESERVES	18		
Share capital		10,022	10,020
Reserves		8,224	10,074
Total equity attributable to equity shareholders of the Company		18,246	20,094
Non-controlling interests		(13)	334
TOTAL EQUITY		18,233	20,428

The condensed consolidated financial statements were approved by the board of directors on 11 November 2025.

SHEN Hui

Executive Director and Chief Executive Officer

Julian Juul WOLHARDT

Non-Executive Director and Chairman

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2025 (Expressed in Renminbi)

Attributable to equity shareholders of the Company										Non-controlling interests		Total equity	
		Share capital	Capital reserve	Share-based payments	Exchange reserve	Statutory reserve	Retained profits	Total					
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 April 2024		10,020	1,108	27	45	2,471	7,732	21,403	391	21,794			
Changes in equity for the six months ended 30 September 2024:													
Profit/(loss) for the period		–	–	–	–	–	–	206	206	(20)	186		
Other comprehensive income		–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	206	206	(20)	186		
Employee share incentive schemes:													
– Share-based payments related to the options granted by the Group	6(b)	–	–	6	–	–	–	–	6	–	6		
– Share-based payments related to the award granted by Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, “ Alibaba Group ”)		–	–	3	–	–	–	–	3	–	3		
– Settlement of share-based award cost with Alibaba Group		–	–	(14)	–	–	–	–	(14)	–	(14)		
Dividends declared in respect of the previous year	18(a)	–	–	–	–	–	–	(173)	(173)	(4)	(177)		
Balance at 30 September 2024 (unaudited)		10,020	1,108	22	45	2,471	7,765	21,431	367	21,798			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2025 (Expressed in Renminbi)

Attributable to equity shareholders of the Company

	Share capital RMB million	Capital reserve RMB million	Share-based payments RMB million	Exchange reserve RMB million	Statutory reserve RMB million	Retained profits RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
<i>Note</i>									
Balance at 1 April 2025	10,020	1,108	15	45	2,579	6,327	20,094	334	20,428
Changes in equity for the six months ended 30 September 2025									
Loss for the period	–	–	–	–	–	(123)	(123)	(4)	(127)
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	(123)	(123)	(4)	(127)
Employee share incentive schemes:									
– Share-based payments related to the options granted by the Group	6(b)	–	–	2	–	–	–	2	–
– Exercise of option granted by the Group under the share-based payments	18(b)	2	1	(1)	–	–	–	2	–
Acquisition of non-controlling interests of certain subsidiaries	18(c)	–	(262)	–	–	–	(262)	(343)	(605)
Dividends declared in respect of the previous year	18(a)	–	–	–	–	(1,467)	(1,467)	–	(1,467)
Balance at 30 September 2025 (unaudited)	10,022	847	16	45	2,579	4,737	18,246	(13)	18,233

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2025 (Expressed in Renminbi)

	Note	Six months ended 30 September	
		2025 RMB million (Unaudited)	2024 RMB million (Unaudited)
Cash flows from operating activities			
Profit before taxation		97	410
Adjustments for			
Depreciation of investment properties and other property, plant and equipment	6(c)	1,459	1,574
Amortisation of intangible assets	6(c)	5	4
Impairment losses on investment properties and other property, plant and equipment	6(c)	29	5
Finance costs	6(a)	174	211
Interest income on financial assets measured at amortised cost	5	(153)	(207)
Gain on financial assets measured at FVPL	5	(31)	(61)
Net gain on disposal and reassessment of investment properties and other property, plant and equipment	5	(116)	(80)
Provision for the allowance related to trade receivables and other debtors	6(c)	11	2
Provision for impairment of inventories, net		7	2
Share-based compensation expenses	6(b)	2	9
Net foreign exchange loss		22	7
Change in working capital			
Increase in inventories		(339)	(376)
Decrease in trade and other receivables		384	409
Decrease/(increase) in restricted deposits		287	(2,918)
Increase in trade and other payables		271	929
Decrease in contract liabilities		(568)	(467)
Cash generated from/(used in) operations		1,541	(547)
Income tax paid		(218)	(94)
Net cash generated from/(used in) operating activities		1,323	(641)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2025 (Expressed in Renminbi)

	Six months ended 30 September	
	2025 <i>RMB million</i> <i>(Unaudited)</i>	2024 <i>RMB million</i> <i>(Unaudited)</i>
Cash flows from investing activities		
Proceeds from sale of investment properties and other property, plant and equipment	34	31
Proceeds from redemption of time deposits with maturity over three months	2,429	318
Proceeds from redemption of financial assets measured at FVPL	6,831	8,945
Interest received	92	144
Payment for investment properties and other property, plant and equipment	(264)	(534)
Payment for intangible assets	(1)	(9)
Payment for the purchase of time deposits with maturity over three months	(2,601)	(868)
Payment for financial assets measured at FVPL	(4,540)	(10,151)
Cash outflow from sale of a subsidiary, net of cash disposed	–	(1)
Net cash generated from/(used in) investing activities	1,980	(2,125)
Cash flows from financing activities		
Proceeds from bank loans	1,496	2,415
Principal element of lease rentals paid	(362)	(373)
Interest element of lease rentals paid	(150)	(178)
Cash payment for acquisition of non-controlling interest	(20)	(108)
Repayments of bank loans	(1,750)	(1,200)
Borrowing costs	(3)	(10)
Repayment of interests	(4)	(1)
Dividend paid to Company's shareholders	(1,467)	(173)
Dividends paid to non-controlling interests in subsidiaries	–	(12)
Net cash (used in)/generated from financing activities	(2,260)	360

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2025 (Expressed in Renminbi)

	Note	Six months ended 30 September	
		2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Net increase/(decrease) in cash and cash equivalents		1,043	(2,406)
Cash and cash equivalents at 1 April		6,798	11,908
Effects of exchange rate changes on cash and cash equivalents		—*	—*
Cash and cash equivalents decreased/(increased) in the assets of disposal groups classified as held for sale		3	(2)
Cash and cash equivalents at 30 September	13	7,844	9,500

* The amount is less than one million.

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Sun Art Retail Group Limited (the “**Company**”) is a company incorporated in Hong Kong on 13 December 2000 with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 July 2011. The Company and its subsidiaries (the “**Group**”) is a leading hypermarket operator in China.

2 BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 11 November 2025.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2025, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2026. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2025.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2025. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 40 to 41.

The financial information relating to the financial year ended 31 March 2025 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3 CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Group

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations not yet adopted by the Group

The following new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 September 2025 reporting periods and have not been early adopted by the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is not expected to have a significant impact on the consolidated financial statements, except for the impact of HKFRS 18, which will replace HKAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

The principal activity of the Group is the operation of brick-and-mortar stores and online sales channels in the People's Republic of China ("PRC").

The Group is organised, for management purposes, into business units based on the banner under which the brick-and-mortar stores and online sales channels are operated. As all of the Group's brick-and-mortar stores and online sales channels are operated in the PRC, have similar economic characteristics, and are similar in respect of products and services provided and customer type, the Group has one reportable operating segment which is the operation of brick-and-mortar stores and online sales channels in the PRC.

Revenue mainly represents the sales of goods to customers, membership fee and rental from leasing areas in the hypermarket buildings. Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– recognised at a point in time	29,081	33,186
– recognised over time	18	14
	29,099	33,200
Revenue from other sources		
– rental income from tenants	1,403	1,508
	30,502	34,708

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

5 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Interest income on financial assets measured at amortised cost	153	207
Miscellaneous income	158	162
Net gain on disposal and reassessment of investment properties and other property, plant and equipment	116	80
Government grants	66	68
Gain on financial assets measured at FVPL	31	61
Gain on disposal of packaging material	42	43
	566	621

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Interest on bank loans	12	32
Interest on lease liabilities	150	178
Other interest expense	12	1
	174	211

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Salaries, wages and other benefits	3,392	3,653
Contributions to defined contribution retirement plans	394	415
Expenses related to Employee Trust		
Benefit Schemes ⁽ⁱ⁾	—	29
Share-based compensation expenses ⁽ⁱⁱ⁾	2	9
	3,788	4,106

(i) Expenses related to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Limited (“**CIC**”) and its subsidiaries (“**the RT-Mart Scheme**”) and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Investment Co., Ltd. (“**ACI**”) and its subsidiaries (“**the Auchan Scheme**”). Under each scheme, an annual profit-sharing contribution, calculated based on the consolidated results of CIC for the RT-Mart Scheme, and on the consolidated results of ACI for the Auchan Scheme, and the number of eligible employees, is payable to a trust, the beneficial interests in which are allocated to participating eligible employees in accordance with the relevant Employee Trust Benefit Scheme rules.

The trusts are administered by independent trustees and undertake gains and losses to itself. The trusts invest the amounts received in either cash and cash equivalents (“**cash portion**”) or equity interest in CIC in the case of the RT-Mart Scheme, or cash portion or equity interest in ACI in the case of the Auchan Scheme, respectively. The annual profit-sharing contributions are accrued in the year in which the associated services are rendered by the eligible employees.

For the six months ended 30 September 2025, no expenses related to Employee Trust Benefit Schemes were recognised (for the six months ended 30 September 2024: RMB29 million).

In addition to the annual profit-sharing contributions made by the Group, subject to certain conditions, eligible employees are entitled to acquire additional beneficial interests in the relevant Employee Trust Benefit Schemes using their own funds.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (Continued)

- (ii) Share-based compensation expenses

Share options issued by the Company

On 18 August 2023, the Company granted a total of 60,000,000 share options with an exercise price of HKD2.18 per share to three grantees in accordance with the terms of the Share Option Scheme.

On 27 March 2024, the Company granted a total of 25,000,000 share options with an exercise price of HKD1.54 per share to one grantee in accordance with the terms of the Share Option Scheme.

Share options granted will expire in 10 years from the grant date. The share options have graded vesting terms, and vest in tranches from the grant date over the vesting period, on condition that employees remain in service without any performance requirements.

The share options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for 10 years after the date of grant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (Continued)

(ii) Share-based compensation expenses (Continued)

Share options issued by the Company (Continued)

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options (thousand)	Weighted average exercise price per share option (HKD)
Outstanding as at 1 April 2024 and 30 September 2024 (Unaudited)	45,000	1.82
Vested and exercisable at 30 September 2024 (Unaudited)	–	N/A
Outstanding as at 1 April 2025	35,000	1.72
Exercised during the period	(800)	2.18
Forfeited during the period	–	N/A
Outstanding as at 30 September 2025 (Unaudited)	34,200	1.71
Vested and exercisable at 30 September 2025 (Unaudited)	10,450	1.80

The weighted average remaining contractual life of outstanding share options was 8.32 years as at 30 September 2025. The assessed fair value at grant date of options granted on 18 August 2023 and 27 March 2024 were RMB0.70 and RMB0.51 per option, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (Continued)

(ii) Share-based compensation expenses (Continued)

Share-based payments plans of Alibaba Group

During the six months ended 30 September 2024, certain employees of the Group were also covered by share-based payment plans operated by Alibaba Group (including share options and restricted share units). After the change of the controlling shareholder of the Group from Alibaba Group to DCP Capital Partners II, L.P. on 27 February 2025, such employees were no longer eligible to these share-based payments plans of Alibaba Group. For the six months ended 30 September 2025, no expense was recognised by the Group in respect of the share-based payments plans of Alibaba Group (for the six months ended 30 September 2024: RMB3 million).

(c) Other major items

	Six months ended 30 September	
	2025 <i>RMB million</i> <i>(Unaudited)</i>	2024 <i>RMB million</i> <i>(Unaudited)</i>
Cost of sales	22,744	26,140
Depreciation of investment properties and other property, plant and equipment	1,459	1,574
Operating lease charges	330	383
Impairment losses on investment properties and other property, plant and equipment (note 9(c))	29	5
Amortisation of intangible assets	5	4
Provision for allowance related to trade receivables and other debtors	11	2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX

(a) *Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents:*

	Six months ended 30 September	
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)
Current tax – Hong Kong		
Hong Kong Profits Tax	–	–
Current tax – PRC		
Provision for the period	116	10
Adjustments for current tax in respect of prior years	9	–*
Withholding tax	176	9
	301	19
Deferred taxation		
Origination and reversal of temporary difference	(77)	205
	224	224

* The amount is less than one million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(a) *Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents: (Continued)*

- (i) Entities incorporated in Hong Kong are subject to Hong Kong profits tax under the two-tiered profits tax regime, which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess. However, for two or more connected entities, only one of them may elect the two-tiered profits tax rate.
- (ii) PRC subsidiaries are subject to income tax at 25% for the six months ended 30 September 2025 (for the six months ended 30 September 2024: 25%) under the Enterprise Income Tax Law ("EIT Law").

Pursuant to the relevant regulations in respect of Announcement on Further Implementing Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2023] No.12) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, qualified Small and Micro Enterprises meeting the criteria of employee number less than 300, total assets less than RMB50 million and annual taxable income less than RMB3 million are entitled to preferential tax treatment. More specifically, for the portion of annual taxable income which does not exceed RMB3 million (inclusive), income tax shall be calculated at 25% of the annual taxable income using the tax rate of 20% from 1 January 2023 to 31 December 2027. Approximately 41% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the 2024 annual tax filing (for the 2023 annual tax filing: approximately 41%).

A subsidiary of the Group in Chinese Mainland was approved as High and New Technology Enterprise and it was subject to a preferential corporate income tax rate of 15% for the six months ended 30 September 2025 (for the six months ended 30 September 2024: 15%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(a) *Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents: (Continued)*

(iii) The EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of Chinese Mainland from earnings accumulated from 1 January 2008.

Under the Arrangement between Chinese Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received. As at 31 March 2025, Hong Kong tax resident certificate for the three years ended 31 December 2024 has been expired and the withholding tax was recognised by using the tax rate of 10%. As at 30 September 2025, the Group has obtained renewed Hong Kong tax resident certificate for the three years ended 31 December 2027 and the withholding tax was recognised by using the reduced withholding tax rate of 5%.

Since the Group can control the quantum and timing of distribution of profits of the Group’s PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

During the six months ended 30 September 2025 and 2024, no deferred tax expenses have been recognised in respect of the withholding tax payable on the retained profits of the Group’s PRC subsidiaries generated subsequent to 1 January 2008.

As at 30 September 2025, no deferred tax liabilities were provided on post-2007 undistributed profits of the Group’s PRC subsidiaries amounted to RMB2,164 million for which the Group has no plan to distribute them outside the PRC in the foreseeable future (31 March 2025: RMB3,839 million).

(iv) The deferred tax assets/(liabilities) recognised in the condensed consolidated statements of financial position at the end of current and previous reporting period are arising from depreciation charges on investment properties and other property, plant and equipment and right-of-use assets, income recognised from aged unutilised prepaid cards, accruals, accumulated losses carry forward and other timing differences from the respective tax bases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(b) *Pillar Two income tax*

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (“**Pillar Two model rules**”) for a new global minimum tax reform applicable to large multinational enterprises. From 1 January 2025, the Group is liable to Pillar Two income taxes in Hong Kong SAR with the relevant legislation becoming effective. The Group has preliminarily assessed its potential exposure based on the information available regarding the financial performance of the Group in the current period. However, the major jurisdiction in which the Group operates, Chinese Mainland, has not yet enacted Pillar Two legislation. The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

8 (LOSS)/EARNINGS PER SHARE

(a) *Basic (loss)/earnings per share*

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB123 million (six months ended 30 September 2024: profit attributable to equity shareholders of the Company of RMB206 million) and the weighted average of 9,540,104,700 ordinary shares (six months ended 30 September 2024: 9,539,704,700 shares) in issue during the interim period.

(b) *Diluted (loss)/earnings per share*

For the six months ended 30 September 2025, the effect of share options granted by the Company was not included in the calculation of diluted loss per share because the effect would have been anti-dilutive. Therefore, diluted loss per share is equal to basic loss per share for the six months ended 30 September 2025.

For the six months ended 30 September 2024, the share options granted by the Company are considered to be potential ordinary shares. As the exercise price of the share options is higher than the average price of the ordinary shares for the period, the share options are not included in the calculation of diluted earnings per share. The diluted earnings per share is equivalent to basic earnings per share during the six months ended 30 September 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

9 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) *Right-of-use assets*

During the six months ended 30 September 2025, the Group entered into a number of lease agreements for use of warehouses and retail stores, and therefore recognised the additions to right-of-use assets of RMB587 million (six months ended 30 September 2024: RMB275 million).

The leases of hypermarket buildings contain variable lease payment terms that are based on sales generated from the hypermarkets and minimum annual lease payment terms that are fixed. At 30 September 2025, it is estimated that an increase/decrease in sales generated from these retail stores by 5% would have increased/decreased the lease payments by RMB14 million (six months ended 30 September 2024: RMB15 million).

(b) *Acquisitions and disposals of owned assets*

During the six months ended 30 September 2025, the Group incurred capital expenditure of RMB234 million (six months ended 30 September 2024: RMB419 million), primarily in respect of new store development and store remodelling and transformation. Items of building and leasehold improvements and equipment with a net book value of RMB21 million were disposed during the six months ended 30 September 2025 (six months ended 30 September 2024: RMB50 million), resulting in a gain on disposal of RMB14 million (six months ended 30 September 2024: loss on disposal of RMB22 million).

(c) *Impairment losses*

For the six months period ended 30 September 2025, impairment losses were made against the carrying amount of building and leasehold improvements, equipment and right-of-use assets in certain stores of the Group. The impairment losses of RMB29 million (six months ended 30 September 2024: RMB5 million) were recognised in "Selling and marketing expenses" (Note 6(c)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Trade receivables:		
Amounts due from third parties	415	524
Amounts due from related parties	—*	—
Less: provision for impairment	(23)	(28)
Trade receivable, net of loss allowance	392	496
Other receivables		
– Prepayments of rentals	330	565
– Value-added tax receivables	341	398
– Amounts due from related parties	—	204
– Others	843	771
Less: provision for impairment	(158)	(144)
Other receivables, net of loss allowance	1,356	1,794
Total trade and other receivables	1,748	2,290
Less: non-current portion	(29)	(22)
Current portion	1,719	2,268

* The amount is less than one million.

The Group's trade receivables relate to credit card sales and sales through online sales channels, the ageing of which is within one month; and credit sales to corporate customers, the ageing of which is mainly within three months. The ageing of trade receivables is determined based on invoice date. All of the Group's trade receivables were denominated in Renminbi.

Prepayments of rentals mainly represent prepayments for short-term leases that have a lease term of 12 months or less, leases of low-value assets and variable leases that are based on sales generated from the leased brick-and-mortar stores as well as deposits which may be offset against future rentals of aforementioned leases in accordance with the related lease agreements. The lease payments associated with these leases are not capitalised and are recognised as an expense on a systematic basis over the lease term.

Except for interests receivable of non-current time deposits which will be recovered after one year, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

11 TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) *Time deposits*

	At 30 September 2025 RMB million (Unaudited)	At 31 March 2025 RMB million
Included in non-current assets		
RMB time deposits	800	800
Included in current assets		
RMB time deposits	2,955	2,580
USD time deposits	21	–
	2,976	2,580

Non-current time deposits are bank deposits with maturity over twelve months and redeemable on maturity. Current time deposits are bank deposits with maturity over three months, under twelve months and redeemable on maturity.

Time deposits with initial terms of over three months were neither past due nor impaired. As at 30 September 2025 and 31 March 2025, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values.

(b) *Restricted deposits*

	At 30 September 2025 RMB million (Unaudited)	At 31 March 2025 RMB million
Included in non-current assets		
Restricted time deposits	–	100
Included in current assets		
Restricted time deposits	4,004	4,128
Restricted demand deposits	2,057	2,344
	6,061	6,472

Restricted deposits represent deposits based on unutilised prepaid cards balance and stipulated by PRC authorities in certain regions to be held in specified bank accounts with restricted usage.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

12 FINANCIAL ASSETS MEASURED AT FVPL

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Structured deposits ⁽ⁱ⁾	1,106	3,363
Certificates of deposit ⁽ⁱ⁾	473	466
Money market funds	–	10
	1,579	3,839

(i) The balance represents investments in structured deposits and certain large-denomination negotiable certificates of deposits. As the objective of the Group is selling these financial assets, their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are classified as financial assets measured at FVPL.

13 CASH AND CASH EQUIVALENTS

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Cash at bank and in hand	5,996	6,497
Deposits with banks within three months of maturity	1,653	223
Other financial assets and cash equivalents	195	78
	7,844	6,798
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

	At 30 September 2025 RMB million (Unaudited)	At 31 March 2025 RMB million
Current liabilities		
Trade payable	10,230	9,832
Construction costs payable	586	615
Amounts due to related parties	101	33
Dividends payable to non-controlling interests	11	11
Accruals and other payables	4,781	4,910
	15,709	15,401
Non-current liabilities		
Amounts due to related parties	320	—
Other financial liabilities	23	23
	343	23

The ageing analysis of trade payables based on the invoice date is as follows:

	At 30 September 2025 RMB million (Unaudited)	At 31 March 2025 RMB million
Within six months	9,197	8,632
Over six months	1,033	1,200
	10,230	9,832

The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

15 CONTRACT LIABILITIES

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Prepaid cards	10,642	11,186
Advance receipts from customers for sales	432	399
Customer loyalty program points liability	37	84
Membership fee	15	22
	11,126	11,691

16 BANK LOANS

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Current liabilities		
Bank loans, unsecured – maturity amount	1,250	1,500
Less: unamortised discount	(4)	(9)
	1,246	1,491

- (a) The carrying amount of bank loans approximated its fair value and was denominated in Renminbi.
- (b) As at 30 September 2025, the bank loans bear interests at fixed rates ranging from 1.45% to 2.25% (31 March 2025: 1.30% to 1.98%) per annum, which are repayable within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

17 LEASE LIABILITIES

The following table shows the remaining maturities of the Group's reasonably certain lease liabilities at the end of the current and previous reporting periods:

	At 30 September 2025		As at 31 March 2025	
	Present value of the minimum lease payments <i>RMB million</i> (Unaudited)	Total minimum Lease payments <i>RMB million</i> (Unaudited)	Present value of the minimum lease payments <i>RMB million</i> (Unaudited)	Total minimum Lease payments <i>RMB million</i> (Unaudited)
	Within 1 year	1,535	1,797	1,648
1 – 2 years	887	1,097	892	1,106
2 – 5 years	1,857	2,259	1,682	2,097
Over 5 years	1,673	2,046	1,611	1,990
	4,417	5,402	4,185	5,193
Total	5,952	7,199	5,833	7,112
Less: Total future interest expenses		(1,247)		(1,279)
Present value of lease liabilities		5,952		5,833

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS

(a) *Dividends*

(i) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Interim dividend declared or paid after the interim period of HK\$0.085 (equivalent to RMB0.077) per share (30 September 2024: HK\$0.170 (equivalent to RMB0.158) per share)	735	1,529

On 11 November 2025, an interim dividend of HK\$0.085 (equivalent to approximately RMB0.077) per ordinary share was approved by the Board in respect of the six months ended 30 September 2025 for an approximate amount of HK\$811 million (equivalent to approximately RMB735 million). For purpose of illustration only, the amount of RMB was calculated using the exchange rate quoted by The Hong Kong Association of Banks at 11 November 2025.

On 10 December 2024, an interim dividend of HK\$0.170 per ordinary share was approved in respect of the six months ended 30 September 2024, and the payment was made on 24 January 2025 for an amount equivalent to RMB1,529 million.

The interim dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.170 (equivalent to RMB0.154) per share (six months ended 30 September 2024: HK\$0.020 (equivalent to RMB0.018) per share)	1,467	173

Pursuant to a resolution passed at the annual general meeting on 14 August 2025, a final dividend of HK\$0.170 (equivalent to RMB0.154) per share totaling HKD1,622 million (equivalent to approximately RMB1,467 million) was approved, which was paid on 24 September 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Registered, issued and fully paid	9,540,504,700	10,022

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>RMB million</i>
Balance at 1 April 2024, 31 March 2025 and 1 April 2025	9,539,704,700	10,020
Share options exercised	800,000	2
Balance at 30 September 2025 (unaudited)	9,540,504,700	10,022

During the six months ended 30 September 2025, 800,000 options were exercised at a subscription price of HKD2.18 per ordinary share for a total consideration of HKD1,744,000 (equivalent to RMB1,594,000), which was recorded in share capital account. Accordingly, the fair value of these share options in an aggregate amount of RMB558,000 previously recognised in the share-based payment reserve was transferred to the capital reserve account upon the exercise of share options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) *Acquisition of non-controlling interests*

On 20 May 2025, pursuant to the share transfer agreements entered between the Group and Hwabao Trust Co., Ltd. (“**Hwabao**”), the Group acquired Hwabao’s 2.015% equity interests in CIC and 1.3834% equity interests in ACI at cash consideration of RMB599 million and RMB34 million, respectively. The total consideration is expected to be settled within five years according to the payment schedule stated in the agreements with the total present value of RMB605 million when the liability was initially recognised. Immediately prior to the acquisition, the carrying amounts of the existing 2.015% and 1.3834% non-controlling interests in CIC and ACI were RMB323 million and RMB20 million, respectively. The differences of RMB262 million between the present value of total cash consideration and the total carrying amount of the non-controlling interests in CIC and ACI was recognised as a deduction of capital reserve for the six months ended 30 September 2025. After the acquisition, CIC and ACI became wholly-owned subsidiaries of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT

(a) Fair value measurement of financial instruments

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 September 2025		Fair value measurements as at 30 September 2025 categorised into		
	RMB million (Unaudited)	RMB million (Unaudited)	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)
Recurring fair value measurement					
Financial assets: – Financial assets measured at FVPL	1,579	–	803	776	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Fair value measurement of financial instruments (Continued)

- (i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 March 2025 <i>RMB million</i>	Fair value measurements as at 31 March 2025 categorised into		
		Level 1 <i>RMB million</i>	Level 2 <i>RMB million</i>	Level 3 <i>RMB million</i>

Recurring fair value measurement

Financial assets:

– Financial assets measured at FVPL	3,839	–	2,017	1,822
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During the six months ended 30 September 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of structured deposits in Level 2 is determined by observable inputs which are derived and evaluated based on the yield rate written in contracts with the commercial banks.

Information about Level 3 fair value measurements

Valuation techniques	Significant unobservable inputs	Range/ (weighted average)	Relationship of unobservable input to fair value
Financial assets measured at FVPL	Income approach	Rate of return 2.00%-3.40%/ (2.56%) (six months ended 30 September 2024: 2.25%- 3.60%/ (3.10%))	The higher the rate of return, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Fair value measurement of financial instruments (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	Six months ended 30 September	
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)
Financial assets measured at FVPL:		
At 1 April	1,822	2,151
Purchase	2,740	5,590
Redemption	(3,806)	(5,989)
Net gain recognised in profit or loss*	20	30
At 30 September	776	1,782
* Included unrealised gains recognised in profit or loss attributable to balances held at the end of reporting period	11	31

(ii) Fair values of financial assets and liabilities carried at other than fair value

All other financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 30 September 2025 and 31 March 2025.

(b) Liquidity risk

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

	At 30 September 2025 (Unaudited)					
	Contractual undiscounted cash outflow					
	More than one year	More than but less than two years	More than but less than five years	More than five years	Total	Carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Non-derivatives						
Trade and other payables	13,463	170	159	23	13,815	13,792
Bank loans (note 16)	1,250	–	–	–	1,250	1,246
Lease liabilities (note 17)	1,797	1,097	2,259	2,046	7,199	5,952
	16,510	1,267	2,418	2,069	22,264	20,990
At 31 March 2025						
	Contractual undiscounted cash outflow					
	More than one year	More than but less than two years	More than but less than five years	More than five years	Total	Carrying amount
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Non-derivatives						
Trade and other payables	12,915	–	–	23	12,938	12,938
Bank loans (note 16)	1,500	–	–	–	1,500	1,491
Lease liabilities (note 17)	1,919	1,106	2,097	1,990	7,112	5,833
	16,334	1,106	2,097	2,013	21,550	20,262

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

20 COMMITMENTS

Commitments outstanding at 30 September 2025 not provided for in the interim financial information.

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Contracted for	120	225
Authorised but not contracted for	575	779
	695	1,004

21 CONTINGENT LIABILITIES

Legal claims

As at 30 September 2025, legal actions have commenced against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and property lease arrangements. The total amount claimed is RMB313 million (31 March 2025: RMB336 million). As at 30 September 2025, those legal actions are still ongoing, with most of the cases not yet set for trial dates. Provision of RMB122 million (31 March 2025: RMB148 million) was made within trade and other payables as at 30 September 2025, which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS

During the period, transactions with the following parties are considered as related party transactions.

(a) **Names and relationships with related parties**

During the six months ended 30 September 2025, the directors are of the view that the following entities are significant related parties of the Group:

Name of party	Relationship
DCP Capital Partners II, L.P. ("DCP") ⁽ⁱ⁾	Ultimate holding company
Alibaba Group and its associates and JVs ⁽ⁱⁱ⁾	Former ultimate holding company, its subsidiaries, associates and joint ventures
Hwabao Trust Co., Ltd.	Trustee of RT-Mart Scheme and Auchan Scheme trusts

- (i) There was no significant transaction between the Group and DCP.
- (ii) Alibaba Group and its associates and JVs ceased to be related parties of the Group since 27 February 2025 upon the change of equity shareholders of the Group.

(b) **Key management personnel remuneration**

	Six months ended 30 September	
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)
Short-term employee benefits	14	12
Post-employment benefits	—*	—*
Share-based compensation expenses	2	8
	16	20

* The amount is less than one million.

Total remuneration is included in "staff costs" (see note 6(b)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) *Significant related party transactions*

Particulars of significant transactions between the Group and the above related parties during the six months ended 30 September 2025 and 2024 are as follows:

	Six months ended 30 September	
	2025 <i>RMB million</i> (Unaudited)	2024 <i>RMB million</i> (Unaudited)
Transactions with Alibaba Group and its associates and JVs:		
Sales of goods	–	6
Commission income	–	31
Other miscellaneous income ⁽ⁱ⁾	–	32
Purchase of goods ⁽ⁱ⁾	–	35
Other expenses paid for business cooperation ⁽ⁱ⁾	–	795
Receiving logistic service ⁽ⁱ⁾	–	79
Receiving technical service ⁽ⁱ⁾	–	26
Purchase of fixed assets ⁽ⁱ⁾	–	1
Interest on lease liabilities ⁽ⁱ⁾	–	1
Other related party transactions		
Expenses related to Employee Trust Benefit Schemes (note 6(b)(i))	–	29
Interest on the consideration payable for acquisition of non-controlling interests	7	–
Payment for acquisition of non-controlling interests held by Hwabao	20	108

(i) The Group continued to have such transactions with Alibaba Group and its associates and JVs occurred during the six months ended 30 September 2025. However, such transactions and relevant outstanding balances are not required to disclose in accordance with HKAS24 as Alibaba Group and its associates and JVs are no longer the related parties of the Group since 27 February 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

for the six months ended 30 September 2025 (Expressed in Renminbi unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) *Balances with related parties*

Balances with related parties at the end of each reporting period are as follows:

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i>
Amounts due from Hwabao	—	204
Amounts due to Hwabao	(421)	(33)

23 SUBSEQUENT EVENTS

Subsequent to the end of reporting period, the Board declared an interim dividend, which is disclosed in note 18(a). There were no other material subsequent events from 30 September 2025 to the approval date of the interim financial information by the Board of Directors on 11 November 2025.

In addition, on 29 September 2025, the Board approved certain proposed amendments to the scheme rules to regulate the arrangements for the redemption of the trust units, and to further optimize the scheme rules for the remaining term of the two schemes. The proposed amendments are subject to the approval of the shareholders at the extraordinary general meeting of the Company.

24 ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.