Sun Art Retail Group Ltd.

(Incorporated in Hong Kong with limited liability)
Stock Code: 6808

RETURN TO CUSTOMERS' NEEDS AND THE ESSENCE OF RETAILING
FOCUS ON REVENUE GROWTH AND HEALTHY DEVELOPMENT

TO BE CUSTOMERS' BELOVED RETAILER
AND EMPLOYEES' PROUD WORK PLACE

2024/2025
ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Director

SHEN Hui *(Chief Executive Officer)*

Non-Executive Directors

Julian Juul WOLHARDT *(Chairman)*
(appointed on 6 March 2025)
Guannan WANG *(appointed on 6 March 2025)*
Mengxue MEI *(appointed on 27 March 2025)*
HUANG Ming-Tuan *(resigned on 27 March 2025)*
HAN Liu *(resigned on 27 February 2025)*
QIN Yuehong *(appointed on 21 May 2024*
and resigned on 27 February 2025)

Independent Non-Executive Directors

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

AUDIT COMMITTEE

Charles Sheung Wai CHAN *(Chairman)*
Karen Yifen CHANG
YIH Lai Tak, Dieter
Mengxue MEI *(appointed on 27 March 2025)*

REMUNERATION COMMITTEE

Karen Yifen CHANG *(Chairman)*
YIH Lai Tak, Dieter
Charles Sheung Wai CHAN
Julian Juul WOLHARDT *(appointed on 6 March 2025)*

NOMINATION COMMITTEE

YIH Lai Tak, Dieter *(Chairman)*
Karen Yifen CHANG
Charles Sheung Wai CHAN
Guannan WANG *(appointed on 6 March 2025)*

COMPANY SECRETARY

HO Hang Yu Helen

AUTHORISED REPRESENTATIVES

SHEN Hui
HO Hang Yu Helen

REGISTERED OFFICE IN HONG KONG

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AUDITORS

PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor
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Central
Hong Kong

COMPANY'S WEBSITE

www.sunartretail.com

STOCK CODE

6808

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 March 2025 *RMB Million*	For the year ended 31 March 2024 *RMB Million*	Change	Change%
Revenue	**71,552**	72,567	(1,015)	(1.4)%
Gross Profit	**17,236**	17,958	(722)	(4.0)%
Operating Profit/(Loss)	**1,425**	(1,009)	2,434	NA
Profit/(Loss) for the Year	**386**	(1,668)	2,054	NA
Profit/(Loss) Attributable to Owners of the Company	**405**	(1,605)	2,010	NA
Earnings/(Loss) Per Share				
– Basic[(1)]	**RMB0.04**	RMB(0.17)		
– Diluted[(1)]	**RMB0.04**	RMB(0.17)		

	As at 31 March			
	2025 *RMB Million*	2024 *RMB Million*	Change	Change%
Total Assets	**55,973**	60,715	(4,742)	(7.8)%
Total Liabilities	**35,545**	38,921	(3,376)	(8.7)%
Net Assets	**20,428**	21,794	(1,366)	(6.3)%
Net Cash Position[(2)]	**12,529**	16,504	(3,975)	(24.1)%
Gearing Ratio[(3)]	**0.61**	0.76		

Notes:

(1) The calculation of basic earnings/(loss) per share for the years ended 31 March 2025 and 2024 is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the years.

The calculation of diluted earnings per share for the year ended 31 March 2025 is based on the adjusted weighted average number of 9,540,448,150 ordinary shares during the year, which included the dilutive potential ordinary shares of share options.

As the Group incurred loss for the year ended 31 March 2024, the dilutive potential ordinary shares of share options were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is same as the basic loss per share during the year ended 31 March 2024.

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

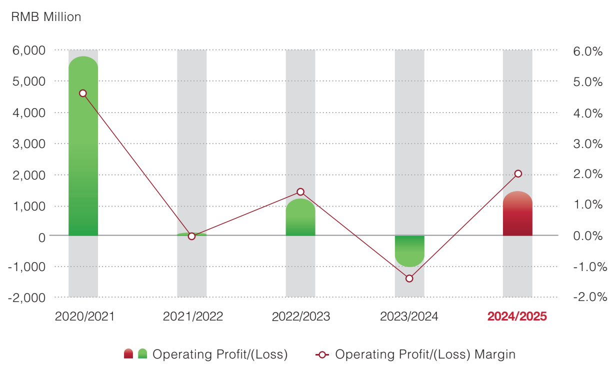
(3) Gearing Ratio = Net Cash Position/Total Equity

FINANCIAL HIGHLIGHTS

Revenue

Gross Profit & Margin

Operating Margin



Net Profit and Margin

Note:

1) The figures in 2020/2021 represent the financial highlights for the fifteen monthes ended 31 March 2021.

The figures in 2021/2022, 2022/2023, 2023/2024 and 2024/2025 represent the financial highlights for the year ended 31 March respectively.

Respected Shareholders, Partners, and Colleagues,

2025 marks a pivotal year for Sun Art Retail's strategic transformation. Amid a landscape of both challenges and opportunities, we are committed to our mission of becoming "every household's top choice for daily groceries and a trusted neighborhood companion". Guided by our four core pillars-product excellence, competitive pricing, immersive experience, and superior service-we are reshaping retail value across all fronts.

The retail sector has now entered an era of value-driven refinement. We recognize that scale advantages must be balanced with operational precision, and that customer traffic must translate into lasting loyalty. To this end, the Group has defined its strategic position as serving all customer segments within a three-kilometer radius, ensuring differentiated competitiveness.

On the product front, we will strengthen our "Daily Essentials Program" by focusing on high-frequency categories like fresh produce and prepared foods, while upholding our dual commitments: regional lowest prices and zero tolerance for safety risks. In store layouts, we are redesigning traffic flows to strengthen customer touchpoints through "peak-end" experience design. Digitally, we will drive end-to-end collaboration across operations, procurement, and sales to further optimize inventory turnover and reduce out-of-stock rates.

To thrive in today's market, we must win two critical battles: price credibility and quality trustworthiness. Our pricing strategy transcends mere affordability-it delivers exceptional value-for-money. Simultaneously, we're building a comprehensive, end-to-end quality control system to reinforce product excellence.

Our employees represent the final mile in service delivery. Through enhanced incentives, skills development, and innovation enablement, we're driving holistic organizational transformation.

Looking ahead, we remain committed to doing the hard but right things. Amidst competition from snack discount stores and instant retail formats, we are pursuing a long-termism development path. For our format strategy: Hypermarkets will reinforce their position as one-stop shopping destinations; Community supermarkets will deepen penetration of daily necessities; Membership stores will focus on "curated selection + experience". This differentiated matrix will solidify our market positioning.

The Essence of Retail, remains about the harmonious synergy of "people, products, and place". Sun Art Retail will continue to put customer needs at the center, with employee growth as the radius, drawing ever-wider circles of community service excellence. We firmly believe that by returning to retail's fundamental purpose-"stocking kitchens right and serving as trusted neighbors"-we will navigate market cycles and achieve enduring success.

In closing, on behalf of the Board, I extend our sincere gratitude to all shareholders and partners for your steadfast support of Sun Art Retail.

Mr. Julian Juul WOLHARDT
Chairman of the Board
May 2025

Respected Shareholders, Partners, and Colleagues,

In this era of transformation and challenges, we stand at a pivotal juncture for the retail industry's evolution. Amid today's dynamic market environment, it has become more crucial than ever to return to the fundamentals of commerce and anchor ourselves in long-term value creation.

We firmly believe that retail's fundamental value lies in creating genuine convenience for customers. Moving forward, we are committed to becoming an indispensable community partner by meeting diverse needs through differentiated formats:

- Hypermarkets will evolve into community lifestyle hubs, transcending traditional brick and mortar stores to offer integrated shopping, experiences and services in a one-stop space.

- Super stores will focus on operational efficiency, serving fast-paced lifestyles with a lean and high-performance model.

- Membership stores will dedicate themselves to enhancing living standards and delivering premium shopping experiences.

Quality is our non-negotiable foundation. Every product we offer – from fresh – food to daily essentials – represents this commitment. Our price competitiveness stems not from mere discounting, but from value creation through optimized supply chains. Ultimately, each service detail reflects our genuine respect for customers.

Our employees are the company's most valuable asset. We will continually refine our talent development framework to ensure every colleague achieves professional growth and fulfillment. Through more scientific incentive mechanisms and well-defined career paths, we enable all employees to realize their potential here. We champion a pragmatic work ethic, streamlining processes to focus team energy on truly value-creating activities.

We envision stores where customers feel warmth and trust, where employees gain fulfillment and belonging, and where partners regard us as their most trusted ally.

Finally, we extend our sincere gratitude to all shareholders for your support and trust. We remain committed to forging a new chapter for Sun Art Retail.

Mr. SHEN Hui
Chief Executive Officer
May 2025

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 gallery spaces in brick-and-mortar store complexes to operators of businesses that we believe are complementary to the stores.

For the year ended 31 March 2025, revenue from sales of goods was RMB68,482 million, representing a decrease of RMB949 million, or 1.4%, from RMB69,431 million for the year ended 31 March 2024. The decrease was mainly driven by (i) the closing down of the long-term loss-making stores; and (ii) the scaling down of the supply chain business, which includes Taocaicai ("**TCC**") and the Tmall Shared Inventory business.

For the year ended 31 March 2025, the Same Store Sales Growth[1] ("**SSSG**") calculated based on sales of goods excluding supply chain business was 0.6%. As our price competitiveness continued to strengthen, we had witnessed a steady increase in average ticket size across the omni-channel sales, which had effectively driven the growth of SSSG. Our revenue from online sales had achieved mid-single-digit growth, primarily attributable to an uplift in average ticket size driven by the increased average purchase pieces per order. Our revenue from offline sales was gradually and moderately recovering, which was mainly contributed by the offline traffic being stabilised and average ticket size maintaining steady.

For the year ended 31 March 2025, revenue from membership fee was RMB36 million, representing an increase of RMB20 million, or 125.0%, from RMB16 million for the year ended 31 March 2024, which was mainly contributed by the expansions of membership stores and growth of M-club members.

For the year ended 31 March 2025, revenue from rental income was RMB3,034 million, representing a decrease of RMB86 million, or 2.8%, from RMB3,120 million for the year ended 31 March 2024, which was mainly due to the reduction of gallery areas caused by the closure of underperforming stores during the fiscal year and the adjustments of tenant mixture.

Note:

(1) Same Store Sales Growth: the growth rate of sales of the stores opened before 31 March 2024. It is calculated by comparing the sales derived from those stores during their operating periods in the year ended 31 March 2025 with sales during the corresponding year ended 31 March 2024.

Gross Profit

For the year ended 31 March 2025, gross profit was RMB17,236 million, representing a decrease of RMB722 million, or 4.0%, from RMB17,958 million for the year ended 31 March 2024.

The gross profit margin for the year ended 31 March 2025 was 24.1%, representing a decrease of 0.6 percentage points from 24.7% for the year ended 31 March 2024.

Despite the gross profit margin declined compared to last year, the Group, by relying on the construction of a refined pricing matrix, focused on the quality-to-price ratio, reshaped the price competitiveness, and enhanced user's mentality. In the future, the Group will continue to adhere to the concept of benefiting consumers and rewarding consumers sustainably through a profit feedback mechanism, and deepen the virtuous ecosystem of value co-creation with consumers by providing higher cost-effective products and services.

Other Income and Other Gains, net

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

For the year ended 31 March 2025, other income and other gains, net was RMB1,130 million, representing a decrease of RMB332 million, or 22.7%, from RMB1,462 million for the year ended 31 March 2024. The decrease was mainly attributable to the reduction of interest income on financial assets measured at amortised cost, government grants and miscellaneous income.

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 expense, together with the depreciation of property, plant and equipment.

For the year ended 31 March 2025, selling and marketing expenses were RMB15,232 million, representing a decrease of RMB2,946 million, or 16.2%, from RMB18,178 million for the year ended 31 March 2024.

The decrease was mainly due to (i) a decrease of RMB981 million in personnel costs which was benefited from the optimisation of the personnel structure and pattern of stores; (ii) a decrease of RMB1,148 million in impairment loss accrued for the stores with negative cash flows; and (iii) the management's 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 year ended 31 March 2025 as a percentage of total revenue was 21.3%, representing a decrease of 3.7 percentage points, from 25.0% for the year ended 31 March 2024.

During the reporting period, the Group's cost reduction and efficiency enhancement measures were promoted in multiple dimensions and at greater depth, effectively mitigating the pressure caused by the decrease of gross profit. The growth of revenue further drove the optimisation of the expense structure, and the expense ratio was significantly improved on a year-on-year basis, further illustrating our enhanced operating efficiency.

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 year ended 31 March 2025, administrative expenses were RMB1,709 million, representing a decrease of RMB542 million, or 24.1%, from RMB2,251 million for the year ended 31 March 2024.

The decrease was mainly due to (i) a decrease of RMB140 million in impairment accrued for the goodwill; and (ii) a decrease of RMB241 million in personnel costs, which was benefited from the management's efforts to streamline the headquarter organisation; and (iii) savings on cost control.

The amount of administrative expenses for the year ended 31 March 2025 as a percentage of total revenue was 2.4%, representing a decrease of 0.7 percentage points, from 3.1% for the year ended 31 March 2024.

Operating Profit/(Loss)

For the year ended 31 March 2025, the operating profit was RMB1,425 million, representing a turnaround increase of RMB2,434 million, from operating loss RMB1,009 million for the year ended 31 March 2024.

The operating profit margin for the year ended 31 March 2025 was 2.0%, representing a turnaround increase of 3.4 percentage points, from the operating loss margin of 1.4% for the year ended 31 March 2024.

Finance Costs

Finance costs primarily consist of the interest expenses on borrowings, other financial liabilities and lease liabilities. For the year ended 31 March 2025, the finance costs were RMB395 million, representing a decrease of RMB30 million, or 7.1%, from RMB425 million for the year ended 31 March 2024. The decrease of amortised interest expenses on lease liabilities offset the increase of interest expenses on borrowings.

Income Tax Expense

For the year ended 31 March 2025, income tax expense was RMB644 million, representing an increase of RMB410 million, or 175.2%, from RMB234 million for the year ended 31 March 2024. The related effective tax rate for the year ended 31 March 2025 was 62.5%.

Without taking into account the impacts of PRC dividend withholding tax of RMB248 million and the tax provision accrued in connection with the matter disclosed in the Company's announcement dated on 27 February 2025, the relevant effective tax rate of the year ended 31 March 2025 would be 35.2%. The adjusted effective tax rate was higher than the PRC income tax rate of 25.0% which was mainly caused by the unrecognised deferred tax on losses generated in several entities since the recoverability of those losses before their expiry was not certain.

Profit/(Loss) for the Year

For the year ended 31 March 2025, profit was RMB386 million, representing a turnaround increase of RMB2,054 million, from a loss of RMB1,668 million for the year ended 31 March 2024.

The net profit margin for the year ended 31 March 2025 was 0.5%, increasing by 2.8 percentage points, from a net loss margin of 2.3% for the year ended 31 March 2024. The increase was primarily attributable to the increase in operating margin.

Without taking into account the abovementioned impacts of PRC dividend withholding tax and the tax provision accrued, the profit for the year ended 31 March 2025 would be RMB692 million and the net profit margin for the year ended 31 March 2025 would be 1.0%.

Profit/(Loss) Attributable to Owners of the Company

For the year ended 31 March 2025, the profit attributable to owners of the Company was RMB405 million, representing a turnaround increase of RMB2,010 million, from a loss of RMB1,605 million for the year ended 31 March 2024.

Loss Attributable to Non-Controlling Interests

For the year ended 31 March 2025, the loss attributable to non-controlling interests was RMB19 million, representing a decrease of RMB44 million, or 69.8%, from RMB63 million for the year ended 31 March 2024.

The loss attributable to non-controlling interests represented (i) interests in ACI and CIC from the Auchan Scheme and RT-Mart Scheme (as defined below); (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 ("**Fields HK**"); 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 year ended 31 March 2025, net cash inflow from operating activities was RMB3,549 million, representing an increase of RMB2,623 million, or 283.3%, from RMB926 million for the year ended 31 March 2024.

The increase in net cash inflow from operating activities was mainly attributable to the variance of restricted deposits of RMB3,144 million. In order to obtain higher financial income, the Group transferred a portion of the restricted deposits, which were related to the unutilised prepaid cards balance stipulated by the PRC authorities, to the restricted time deposits with maturity over three months. The conversion led to a net cash inflow from operating activities and a net cash outflow from investing activities.

Without taking into account the impact of restricted cash variances, the net cash inflow from operating activities was RMB1,967 million for the year ended 31 March 2025, representing a decrease of RMB521 million, from RMB2,488 million for the year ended 31 March 2024, which was mainly due to the decrease in the unutilised prepaid cards balances.

As at 31 March 2025, the net current liabilities decreased to RMB1,181 million from RMB3,140 million as at 31 March 2024. The decrease was primarily due to (i) a decrease in the current assets of RMB817 million, related to the decreased stock level, and the Group's payment for the purchase of time deposits and restricted time deposits with maturity over a year; and (ii) a decrease in the current liabilities of RMB2,776 million, mainly from the decrease in trade and other payables and contract liabilities. The decrease in current assets was less than the decrease in current liabilities, which resulted in a decrease in the net current liabilities.

For the year ended 31 March 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 year, were 50 days and 67 days, respectively, compared to 53 days and 72 days for the year ended 31 March 2024.

As at 31 March 2025, the net cash position of the Group was RMB12,529 million as compared to RMB16,504 million as at 31 March 2024. The gearing ratio, calculated by dividing net cash position by the total equity was 0.61 as at 31 March 2025 as compared to 0.76 as at 31 March 2024.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return 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 year ended 31 March 2025, net cash outflow from investing activities was RMB4,913 million, representing an increase of RMB4,861 million, from RMB52 million for the year ended 31 March 2024. The increase of net cash outflow was mainly attributable to the increase in the net proceeds used in investment in restricted time deposits with maturity over three months mentioned above in the "Liquidity, Financial Resources and Gearing Ratio" section.

The net cash outflow from investing activities was mainly reflected in (i) the net proceeds used in investment in restricted time deposits with maturity over three months of RMB3,459 million; (ii) the capital expenditure of RMB985 million paid in respect of the development of new stores and the remodelling and digitalisation of existing stores; (iii) the net proceeds used in investment in time deposits with maturity over three months of RMB510 million; and (iv) the net proceeds used in investment in financial assets at FVPL of RMB242 million.

An independent professional valuer had been engaged to measure the fair value of the buildings owned by the Group, the associated leasehold land use rights and the right-of-use assets related to the lease properties. As at 31 March 2025, the total fair value of such properties was RMB47,419 million, among which, the fair value of the investment properties was RMB18,737 million.

Financing Activities

For the year ended 31 March 2025, net cash outflow from financing activities was RMB3,750 million, with an increase of RMB2,392 million, or 176.1%, from RMB1,358 million for the year ended 31 March 2024. The increase of net cash outflow was mainly due to (i) the repayments of bank borrowings exceeded the proceeds from new bank borrowings; and (ii) the increase in the dividends paid.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the year ended 31 March 2025.

The Group contemplated to dispose certain non-performing assets in order to reduce losses and the costs of store closures. The associated assets and liabilities are consequently classified as held for sale in the consolidated statement of financial position as at 31 March 2025 and 2024.

As of 31 March 2025, the Group has completed the disposal of one of the stores mentioned above and the disposal of the remaining stores is still in progress due to certain events which are beyond the Group's control.

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 that the Group's exposure to foreign exchange risk is not significant.

As of the date of this report, 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 31 March 2025, the Group did not pledge any assets for bank loans or banking facilities.

BUSINESS REVIEW

Operating Environment

In 2024, China's gross domestic product ("**GDP**") grew by 5.0% year-on-year to about RMB134,908.4 billion. In terms of the growth rate per calendar quarter, the year-on-year growth rate was 4.7% in the second quarter, 4.6% in the third quarter and 5.4% in the fourth quarter. In the first quarter of 2025, GDP grew by 5.4% year-on-year to about RMB31,875.8 billion.

In 2024, the overall consumer price index ("**CPI**") increased by 0.2% compared to last year, of which the food CPI decreased by 0.6%. The pork CPI increased by 7.7%. The non-food CPI was up by 0.4%. In the first quarter of 2025, the CPI decreased by 0.1% year-on-year, of which the food CPI decreased by 1.5% and the pork CPI increased by 8.1%. The non-food CPI was up by 0.2%.

In 2024, China's total retail sales of consumer goods amounted to RMB48,789.5 billion, representing a year-on-year increase of 3.5%. Divided by consumption types, the retail sales of commodities reached RMB43,217.7 billion, a year-on-year increase of 3.2%, and catering revenue reached RMB5,571.8 billion, a year-on-year increase of 5.3%. The online retail sales of physical goods amounted to RMB13,081.6 billion, representing a year-on-year increase of 6.5% and accounting for 26.8% of the total retail sales of consumer goods. In the first quarter of 2025, total retail sales of consumer goods amounted to RMB12,467.1 billion, representing a year-on-year increase of 4.6% compared to the first quarter of 2024. The online retail sales of physical goods reached RMB2,994.8 billion, representing a year-on-year increase of 5.7% and accounting for 24.0% of the total retail sales of consumer goods.

Business Performance and Strategies

Products and Pricing: Gaining Market Leadership through Quality and Value

Low price and high quality strategy stands as one of the Group's key competitive advantages derived from the scale. In this fiscal year, the Group reshaped pricing perception by leveraging both characteristics of business districts and the flexible and timely market-based pricing mechanism, so as to deliver more competitive prices and ensure tangible cost benefits for customers. With the further implementation of the end-to-end quality control management, quality and pricing strategies, these would serve as the cornerstones for stabilizing the Group's hypermarket revenue in this fiscal year.

While reinforcing pricing perception, the Group has positioned fresh produce as its spearhead and focused on developing the standardization of fresh produce, achieving notable success in advancing trending categories and hero products (大單品). The Group proactively expanded and optimized category mix by eliminating homogeneous and underperforming products, accelerating the development of private label products, especially the "Super Saver" series, and highlighting quality-to-price ratio as well as quality, to lay the foundation for future growth driven by commodity power. Complemented by optimizing product displays and scenario-based shopping experiences, the Group is progressively building a customer-centric product evaluation framework to improve merchandise efficiency. All of these initiatives enable a better integration of price competitiveness, quality and the Group's cultural values.

Efficiency and Operations: Holistic Enhancements to Optimize Shopping Experience

The Group achieved synergistic efficiency improvements in three key domains: operations, promotions and supply chain management. The Group proactively advanced standardization of fresh produce, particularly evidenced by a substantial increase in the standardization rate for fruits and vegetables. Digitalization initiatives have further enhanced supply chain optimization and improved store labor efficiency and structure, resulting in the full-chain efficiency upgrading in operations, marketing and sales. During the implementation process, the Group adhered to quality control management and quality metrics to enhance both product quality consistency and customer satisfaction.

The Group endeavored to achieve organic growth in omni-channel customer footfall through comprehensive improvement of products, quality, pricing and services. With the focus on store profitability improvement and sustainable multi-format development, the Group rolled out in-depth renovations of its community life center stores and optimized tenant mix in galleries to create and improve an overall one-stop experience for customers.

Store Strategy and Talent Cultivation: Future-Focused Competitive Advantage Building

Talent serves as the foundation of the Group's development. The Group highly values talent cultivation and motivation by creating an efficient talent system through various approaches such as core talent evaluations, management trainee development and employee training programs. By enhancing employee satisfaction and corporate cultural construction, the Group has strengthened employees' loyalty and fostered a profound sense of belonging.

Expansion Status

During the year ended 31 March 2025, the Group opened one hypermarket, four superstores and four membership stores, M-Club. Among the new hypermarket and superstores, one is located in Eastern China, one is located in Southern China, one is located in Western China and two are located in Central China. Newly opened membership stores, M-Club are all located in Eastern China. During the reporting period, the Group closed eight hypermarkets and one superstore, of which one closed hypermarket located in Eastern China was converted and opened as membership store. Among the other eight closed hypermarkets, one was located in Northern China, one was located in Western China, one was located in Northeastern China, two were located in Southern China, and three were located in Central China.

As of 31 March 2025, the Group had a total of 465 hypermarkets, 33 superstores, and seven membership stores, M-Club. The total gross floor area ("**GFA**") of hypermarkets, superstores and membership stores was approximately 13.49 million square meters, of which about 65% of the GFA was in leased properties, and 35% of the GFA was in self-owned properties. Please refer to note 1 below for definitions of regional zones.

As of 31 March 2025, approximately 6.4% 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, 19.4% in fourth-tier cities and 7.3% in fifth-tier cities. Please refer to note 2 below for definitions of city tiers.

As of 31 March 2025, through the execution of lease contracts or acquisition of land plots, the Group identified and secured three sites to open hypermarkets, all of which are under construction.

	Number of Brick-and-Mortar Stores (As of 31 March 2025)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 31 March 2025)				
Region	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**
Eastern China	179	11	7	197	39%	5,223,693	87,351	251,828	5,562,872	41%
Northern China	49	4	0	53	11%	1,307,482	31,123	0	1,338,605	10%
Northeastern China	49	7	0	56	11%	1,616,124	54,849	0	1,670,973	12%
Southern China	97	5	0	102	20%	2,428,432	24,109	0	2,452,541	18%
Central China	68	5	0	73	14%	1,795,732	27,179	0	1,822,911	14%
Western China	23	1	0	24	5%	636,584	9,150	0	645,734	5%
Total	**465**	**33**	**7**	**505**	**100%**	**13,008,047**	**233,761**	**251,828**	**13,493,636**	**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
Northern China:	Beijing City, Tianjin City, Shandong Province, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region (West)
Northeastern China:	Jilin Province, Liaoning Province, Heilongjiang Province, Inner Mongolia Autonomous Region (North)
Southern China:	Guangdong Province, Guangxi Zhuang Autonomous Region, Fujian Province, Hainan Province, Yunnan Province, Guizhou Province
Central China:	Anhui Province, Hunan Province, Hubei Province, Henan Province, Jiangxi Province
Western China:	Sichuan Province, Gansu Province, Shaanxi Province, Chongqing City, Ningxia Hui 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 31 March 2025, the Group had 83,957 employees (86,226 as of 31 March 2024). The total employee benefit expense was RMB8,306 million (RMB9,558 million as of 31 March 2024).

Outlook

In today's increasingly competitive retail landscape, customer footfall serves as both the foundation of the Group's development and the true test of the Group's values. The Group is implementing the 'Everyday Low Price + Community Life Center' model through enhanced product competitiveness, optimized store layouts and elevated customer experiences. At the same time, the Group is implementing lean operations, active customer feedback and employee satisfaction initiatives that are all supported by modern digital tools to achieve the optimal balance between cost, efficiency and service quality.

The Group has been proactively formulating strategies in various aspects such as merchandise, pricing, efficiency, store network planning, talent development and membership operations, laying a solid foundation for the new fiscal year and future development and remaining true to the Group's core philosophy of 'caring for our people, serving our customers and pursuing excellence'. The Group is actively driving transformation initiatives to enhance operational efficiency, while strengthening product and services quality. Moving forward, the Group will continue to create sustainable value for both customers and employees.

Executive Director

Mr. SHEN Hui (沈輝), aged 50, has been an Executive Director and the chief executive officer of the Company since 27 March 2024. Mr. Shen also serves as a director in certain subsidiaries of the Company. He is responsible for the Company's daily management, planning and implementing the overall strategies, financial objectives and direction of the Company, and overseeing its business operations.

Mr. Shen has over 20 years of extensive management experience in China's retail industry. Mr. Shen served as the general manager of hypermarkets operating under the Auchan banner of the Group from February 2016 to May 2017, and was responsible for the strategic direction and overall performance of the hypermarkets under the Auchan banner. Joining the Group as a department manager in 1999, Mr. Shen was involved in the initial stages of establishment of the Auchan banner in China and worked as a store manager and human resource director of Auchan China successively. He also had three years of working experience in Auchan France as a store manager from 2010 to 2013.

From 2017 to 2018, he was the vice president of Fosun Tourism Group (a company listed on the Stock Exchange under stock code 1992) and the managing director of its subsidiary, Meituo (美托). In 2019, he started his own business and acted as an independent consultant, offering coaching services to large corporations.

Mr. Shen received a bachelor's degree in management from the Harbin University of Science and Technology in 1996.

Non-Executive Directors

Mr. Julian Juul WOLHARDT (華裕能), aged 51, has been the Chairman of the Board and a Non-Executive Director of the Company since 6 March 2025. He is the co-founder and chief executive officer of DCP Capital. Mr. Wolhardt is also the independent director in Niu Technologies, a company listed on Nasdaq (Stock code: NIU). Prior to establishing DCP Capital, Mr. Wolhardt was a Partner and the Regional Leader of Greater China Region at KKR Asia Limited. Before joining KKR Asia Limited, Mr. Wolhardt was with Morgan Stanley Private Equity Asia and was responsible for its private equity business in China. Previously, he was with the Mergers and Acquisition Group of Lazard Freres & Co. and the Financial Advisory Service Group of Coopers & Lybrand.

Mr. Wolhardt is currently a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee for the Securities and Futures Commission. He also served as a member of the Listing Committee for Hong Kong Exchanges and Clearing Limited.

He is a certified public accountant and certified management accountant in the United States and received a bachelor's degree in accounting with honors from the University of Illinois, Urbana-Champaign.

Ms. Guannan WANG (王冠男), aged 36, has been an Non-Executive Director of the Company since 6 March 2025. She is an executive director of DCP Capital and is responsible for consumer retail investments. Ms. Wang is also the non-executive director in Sunpower Group Limited, a company listed on the Singapore Exchange (Stock code: 5GD.SI). Prior to joining DCP Capital, Ms. Wang was a senior associate with MBK Partners, and previously an analyst with Hony Capital.

Ms. Wang graduated from the MIT Sloan School of Management with a Master in Finance degree and Peking University with a dual Bachelor's degree in Engineering and Economics.

Ms. Mengxue MEI (梅夢雪), aged 31, has been a Non-Executive Director of the Company since 27 March 2025. She is a vice president of DCP Capital focusing on consumer retail investments. Prior to joining DCP Capital, Ms. Mei was an analyst with Bank of America Merrill Lynch's Investment Banking Division. Ms. Mei has accumulated years of experience in investment, along with in-depth industry knowledge in consumer retail investments.

Ms. Mei graduated from Columbia University with a Master of International Affairs degree and Peking University with a dual Bachelor's degree in Finance and International Relations.

Independent Non-Executive Directors

Ms. Karen Yifen CHANG (張揺芬), aged 61, has been an Independent Non-Executive Director of the Company since 27 June 2011.

As a veteran from retail and consumer industry, Ms. Chang served as the chief executive officer of Jack Wolfskin Trading (Shanghai) Co., Ltd., a leading international outdoor brand, since August 2017 after being the non-executive director for 2 years till March 2022. She was the chief executive officer for Natural Beauty Bio-Technology Limited (a company listed on the Stock Exchange under stock code 157), a leading skincare product company, and the chief financial officer, the chief executive officer, and the executive director of Pou Sheng International (Holdings) Limited (a company listed on the Stock Exchange under stock code 3813), the leading sports retailer in the Greater China from October 2007 to December 2015. In addition, Ms. Chang has many years of management consultancy and investment banking experiences from working with KPMG in Washington DC and Los Angeles in the United States as well as Jardine Fleming, Merrill Lynch and Credit Suisse in Shanghai and Hong Kong from 1992 to 2006.

Ms. Chang has been an independent non-executive director of Uni-President China Holdings Ltd. (a company listed on the Stock Exchange under stock code 220) and independent director of Gogoro Inc., a company listed on Nasdaq (Stock code: GGR), respectively, since May 2025.

Ms. Chang received a bachelor's degree in Arts in English Literature from Fu-Jen Catholic University in Taiwan in 1986 and a Master of Business Administration degree from the George Washington University in Washington D.C. in the United States in 1988.

Mr. YIH Lai Tak, Dieter (葉禮德), aged 62, has been an Independent Non-Executive Director of the Company since 11 December 2019. Mr. Yih received his Bachelor of Laws degree from King's College London and he is a Fellow of King's College London. Mr. Yih is admitted to practice law in Hong Kong, England & Wales, Singapore and Australia. He is a partner of the Hong Kong law firm Kwok Yih & Chan, where his practice focuses on corporate finance, capital markets, securities and regulatory compliance.

Mr. Yih has been an independent non-executive director of China Mengniu Dairy Company Limited (a company listed on the Stock Exchange under stock code 2319) since December 2021.

Mr. Yih was the president of the Law Society of Hong Kong between 2012 and 2013, and holds various public offices and community appointments in Hong Kong. He is currently a Justice of the Peace appointed by the Hong Kong Government, chairman of the Steering Committee of the Quality Education Fund, a member of each of the University Grants Committee in Hong Kong and the Standing Committee on Legal Education and Training, a non-executive director of eMPF Platform Company Limited and a non-executive director of the Securities and Futures Commission. He is also a member of the Guangdong Province of the Chinese People's Political Consultative Conference.

Mr. CHAN Charles Sheung Wai (陳尚偉), aged 71, has been an Independent Non-Executive Director of the Company since 31 January 2021. Mr. Chan has more than 40 years of experience in corporate finance, financial regulations and risk management. Mr. Chan started his career as an auditor at the Canadian office of Arthur Andersen in 1977 and was promoted to partnership in 1988. He subsequently joined the China & Hong Kong office of Arthur Andersen as an audit partner in 1994. From July 2002 to June 2012, Mr. Chan was a partner of the China & Hong Kong office of PricewaterhouseCoopers. Mr. Chan served as a member of the Listing Committee of the Hong Kong Stock Exchange from 1998 to 2001 and also as a member of the Election Committee for the first Legislative Council of Hong Kong in 1998. From 1996 to 1999, Mr. Chan was a council member of the Hong Kong Institute of Certified Public Accountants. He also served as a member of the Accounting Standards Committee, Auditing Standards Committee and the chairman of the China Technical Committee of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan has been an independent non-executive director of Maoyan Entertainment (a company listed on the Stock Exchange, stock code: 1896), Hansoh Pharmaceutical Group Company Limited (a company listed on the Stock Exchange under stock code 3692) and an independent non-executive director of S.F. Holding Co., Ltd. (a company listed on the Stock Exchange under stock code: 6936 and on the Shenzhen Stock Exchange under stock code 002352) since January 2019, June 2019 and December 2022, respectively. Mr. Chan was an independent non-executive director of SRE Group Limited (a company listed on the Stock Exchange under stock code 1207) between July 2012 and October 2022 and Shanghai Bio-heart Biological Technology Co., Ltd. (a company listed on the Stock Exchange under stock code 2185) between December 2021 and June 2024, respectively.

In May 1977, Mr. Chan obtained a Bachelor of Commerce degree from the University of Manitoba, in Canada. He is a member of both the Chartered Accountants of Canada and the Hong Kong Institute of Certified Public Accountants.

Senior Management

Ms. Desory Yiwen WAN (萬伊文), aged 52, is the Chief Financial Officer of the Company. She received a master degree from Oxford Brookes University, and has extensive experience in financial management and strategic development fields.

Ms. Wan worked in Yum! China, Gensler Design Co., Ltd, C&A China, Yiguo E-Commerce Co., Ltd and Starbucks sequentially, holding positions overseeing overall financial management.

Ms. Wan joined Alibaba Group in September 2019. Since March 2020, Ms. Wan worked in RT-Mart China as the Vice General Manager of Finance department. Since January 2021, Ms. Wan was appointed as Chief Financial Officer of the Group and General Manager of Finance department of RT-Mart China.

In addition to Ms. Desory Yiwen WAN, the senior management of the Company is composed of our Executive Director, namely Mr. SHEN Hui. Please refer to his biographical details in this section on page 17.

The board (the "**Board**") of directors (the "**Directors**") of the Company are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2025.

Principal Activities

The principal activities of the Group are the operation of brick-and-mortar stores and online sales channels in the PRC. An analysis of the Group's revenue by category is set out in note 5 to the consolidated financial statements on pages 149 to 150.

Financial Statements

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 93.

The financial position of the Group as at 31 March 2025 is set out in the consolidated statement of financial position of the Group on pages 94 to 95. The financial position of the Company as at 31 March 2025 is set out in note 33 to the consolidated financial statements on pages 198 to 199.

The cash flows of the Group for the year ended 31 March 2025 are set out in the consolidated statement of cash flow on pages 98 to 99.

Dividend

On 10 December 2024, the Board declared an interim dividend of HK$0.17 (equivalent to approximately RMB0.158) per ordinary share for the six months ended 30 September 2024, amounting to approximately HK$1,622 million (equivalent to approximately RMB1,511 million) in cash, which was paid on Friday, 24 January 2025 (2024: Nil).

On 20 May 2025, the Board proposed to declare a final dividend of HK$0.17 (equivalent to approximately RMB0.156) per ordinary share in cash for the year ended 31 March 2025 (the "**FY25 Final Dividend**"), amounting to approximately HK$1,622 million (equivalent to approximately RMB1,491 million). Subject to the approval of the FY25 Final Dividend by the shareholders in the annual general meeting of the Company to be held on 14 August 2025, the total distribution for the year ended 31 March 2025 will be HK$0.34 per ordinary share (2024: HK$0.02).

While the final dividend of HK$0.17 per share will be payable in cash to each shareholder in HK$ 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 the date of the annual general meeting, i.e. Thursday, 14 August 2025 ("**2025 AGM**").

In light of the provision of currency options of receiving the FY25 Final Dividend, the expected payment date of FY25 Final Dividend will be changed from Thursday, 4 September 2025 to Wednesday, 24 September 2025 to facilitate the arrangement of currency election of the FY25 Final Dividend.

If shareholders elect to receive all the final 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 Friday, 29 August 2025 after the record date of Friday, 22 August 2025 to determine shareholders' entitlement to the FY25 Final 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 Monday, 15 September 2025.

Shareholders who are minded to elect to receive their dividends 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 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 Wednesday, 24 September 2025 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 Monday, 15 September 2025, such shareholder will automatically receive the final dividend in HK$. All dividend payments in HK$ will be made in the usual way on Wednesday, 24 September 2025.

If shareholders wish to receive the final 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.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2025 AGM

The record date for determining the entitlement of the shareholders of the Company to attend and vote at the meeting will be the close of business on Thursday, 14 August 2025. For determining the entitlement to attend and vote at the meeting, the Company's register of members will be closed from Monday, 11 August 2025 to Thursday, 14 August 2025, both dates inclusive, during which period no transfer of shares will be registered. To ensure that shareholders are entitled to attend and vote at the 2025 AGM, 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 Friday, 8 August 2025.

(b) For determining the entitlement to the proposed Final Dividend

The proposed Final Dividend is subject to the approval of the shareholders at the 2025 AGM. For determining the entitlement to the proposed Final Dividend, the record date is fixed on Friday, 22 August 2025. 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 Friday, 22 August 2025.

Reserves

Details of the movements in the reserves of the Group and the Company during the year ended 31 March 2025 are set out in the Consolidated Statement of Changes in Equity on pages 96 to 97 and note 33(a) to the consolidated financial statements.

As at 31 March 2025, the distributable reserves of the Company amounted to RMB50 million, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622).

Fixed Assets

Details of the movements in the fixed assets of the Group during the year ended 31 March 2025 are set out in note 13 to the consolidated financial statements.

The Group also manages retail galleries in our hypermarket buildings, in which we lease spaces to third parties. The portion of the properties containing the retail galleries of the Group which are owned or leased are classified as investment properties. The Group has applied the cost model for investment properties.

As at 31 March 2025, there were 122 and 160 retail galleries classified as investment properties respectively in owned and leased hypermarkets. All of the galleries were of similar nature and all located in the PRC. There were a large number of individual properties and none of the properties was material on an individual basis.

An independent professional valuer has been engaged to value the properties owned by the Group or leased by the Group which were recognized as right-of-use assets. As at 31 March 2025, the total fair value of such properties was RMB47,419 million, among which, the fair value of investment property was RMB18,737 million.

Details of the fair value of the investment properties as at 31 March 2025 and 2024 and the valuation technique are set out in notes 13(a) to the consolidated financial statements respectively.

Donations

Donations made by the Group during the year ended 31 March 2025 was less than RMB1 million (during the year ended 31 March 2024: less than RMB1 million).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2025 are set out in note 27(a) to the consolidated financial statements.

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 printing of this annual report, the Company has maintained the amount of public float as approved by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and as permitted under The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Purchase, Sale or Redemption of Shares of the Company's Listed Securities

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) during the year ended 31 March 2025.

As at 31 March 2025, there were no treasury shares held by the Company.

Directors

During the reporting period and as at the date of this annual report, the Directors were as follows:

Executive Director

SHEN Hui *(Chief Executive Officer)* (Appointed as an Executive Director and the Chief Executive Officer on 27 March 2024)

Non-Executive Directors

Julian Juul WOLHARDT *(Chairman)* (Appointed as a Non-Executive Director and Chairman of the Board on 6 March 2025)

Guannan WANG (Appointed on 6 March 2025)

Mengxue MEI (Appointed on 27 March 2025)

HUANG Ming-Tuan (Resigned on 27 March 2025)

HAN Liu (Resigned on 27 February 2025)

QIN Yuehong (Appointed on 21 May 2024 and resigned on 27 February 2025)

Independent Non-Executive Directors

Karen Yifen CHANG (Appointed on 27 June 2011)

YIH Lai Tak, Dieter (Appointed on 11 December 2019)

Charles Sheung Wai CHAN (Appointed on 31 January 2021)

Biographies of the Directors as at the date of this annual report are set forth in the section headed "Profiles of Directors and Senior Management" of this annual report on pages 17 to 20 of this annual report.

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Julian Juul WOLHARDT, Ms. Guannan WANG, Ms. Mengxue MEI will retire as Non-Executive Directors and Mr. YIH Lai Tak, Dieter will retire as Independent Non-Executive Director. Each of the retiring Directors will offer themselves for re-election at the 2025 AGM.

The Company has received annual confirmation of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 and paragraph 12B of Appendix D2 to the Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Directors of Subsidiaries

For the year ended 31 March 2025 and up to the date of this annual report, the names of all directors who have served on the boards of the subsidiaries of the Company are available on the Company's website (https://www.sunartretail.com/en/about/cg/listofdirectorsofsubsidiaries.pdf).

Business Review

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 March 2025 and the material factors underlying its results and financial position are provided in the Chairman's Statement, Chief Executive Officer's Statement, Financial Review and Business Review respectively from pages 5 to 16 of this annual report.

Description of the principal risks and uncertainties facing the Company can be found throughout this annual report, particularly in the Risk Factors section on pages 61 to 65 of this annual report.

Particulars of important events affecting the Company that have occurred since the end of the year ended 31 March 2025, if any, can also be found in the above mentioned sections and the notes to the consolidated financial statements.

The outlook of the Company's business is discussed throughout this annual report including in the Chairman's Statement and Chief Executive Officer's Statement from pages 5 to 6 of this annual report.

An account of the Company's relationships with its key stakeholders including its employees, customers and suppliers is included in the "Report of Directors" section, on pages 31 (paragraph "Employees and Remuneration Policies") and 59 (paragraph "Major Customers and Suppliers") of this annual report, respectively.

In addition, more details regarding the Group's performance by reference to environmental and social related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company, are provided in the "Report of Directors" section, on page 60 (paragraph "Environmental and Social Responsibilities") in this annual report.

Permitted Indemnity

Pursuant to the Articles of Association, subject to the statues, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. Subject to the applicable laws and the Articles of Association, the Company has taken out insurance against the liability and costs associated with legal actions against the Directors arising out of corporate activities.

Directors Service Contracts

All Directors are appointed for a specific term of three years and will be subject to retirement by rotation and re-election and other related provisions stipulated in the Articles of Association and the Listing Rules.

No Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2025.

Directors' Interests in Transactions, Arrangements or Contracts

Other than those transactions disclosed in note 32 to the consolidated financial statements and in the section headed "Continuing Connected Transactions" below, there was no transaction, arrangement or contract of significance to which the Company or any of its holding company or fellow subsidiaries or any member of the Group was a party and in which the Directors possessed direct or indirect material interests, subsisted during or at the end of the year ended 31 March 2025.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and any Associated Corporations

As at 31 March 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 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	7,508,044,581(L)(2)	78.70%
SHEN Hui	The Company	Beneficial owner	25,000,000(L)(3)	0.26%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited are beneficial owners of 7,508,044,581 Shares in aggregate. Each of them is indirectly and wholly owned by DCP Capital Partners II, L.P. 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 7,508,044,581 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 options would be be vested in four equal tranches on 28 March 2025, 28 March 2026, 28 March 2027 and 28 March 2028. As at 31 March 2025, 6,250,000 of the 25,000,000 options were vested.

Save as disclosed above, so far as known to any Directors, as at 31 March 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.

Directors' Rights to Acquire Shares or Debt Securities

At no time during the year ended 31 March 2025 was the Company or any of its holding companies or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interest in Competing Business

During the year ended 31 March 2025, none of the Directors of the Group had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

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 31 March 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	378,000(L)	0.00%
Pearly White Limited[4]	Interest in a controlled Corporation	378,000(L)	0.00%
Citrine Lime Limited[2][3]	Interest in a controlled Corporation	7,507,666,581(L)	78.70%
Peak Prosperity Limited[5]	Interest in a controlled Corporation	7,508,044,581(L)	78.70%
DCP Capital Partners II, L.P.[6]	Interest in a controlled Corporation	7,508,044,581(L)	78.70%
DCP General Partner II, Ltd.[6]	Interest in a controlled corporation	7,508,044,581(L)	78.70%
DCP, Ltd.[6]	Interest in a controlled Corporation	7,508,044,581(L)	78.70%
Classic Fit Limited[7]	Interest in a controlled Corporation	7,508,044,581(L)	78.70%
J.P. Morgan Trust Company (Bahamas) Limited[7]	Trustee	7,508,044,581(L)	78.70%
Liu Haifeng David[7]	Founder of a discretionary trust	7,508,044,581(L)	78.70%
Chen Vivian[8]	Interest of spouse	7,508,044,581(L)	78.70%
Lieu Ketty Chia Roo[9]	Interest of spouse	7,508,044,581(L)	78.70%

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 100% 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, Ltd., Mr. Julian Juul WOLHARDT and Classic Fit Limited is deemed to be interested in 7,508,044,581 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 7,508,044,581 Shares beneficially held by the SPA Purchasers 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 31 March 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.

Highest Paid Individuals and the Remuneration of the Directors and Senior Management

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in notes 7(a) and 10 respectively of the consolidated financial statements.

For the year ended 31 March 2025, the remuneration of the senior management whose profiles are included in the "Profiles of Directors and Senior Management" section of this annual report fell within the following bands:

Remuneration Bands	Number of Individuals
HKD0 – HKD10,000,000	1
HKD10,000,001 – HKD15,000,000	1
HKD15,000,001 – HKD20,000,000	0

Employees and Remuneration Policies

As at 31 March 2025, the Group had 83,957 employees (86,226 as at 31 March 2024). The total employee benefit expense was RMB8,306 million (RMB9,558 million as at 31 March 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 (the "**Shareholders**") on 16 August 2023 and 12 November 2024, respectively, 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 share option scheme and the amended ETBS are set out in the "Share Schemes" section of this report.

Continuous trainings are provided to the employees.

Retirement/Pension Schemes

Details of the retirement benefit schemes of the Group are set out in note 7(a) to the consolidated financial statements.

SHARE SCHEMES

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 the grantees and give them additional incentives 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.

The remaining life of the Share Option Scheme is approximately 8 years.

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 (but effective no 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.

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.

As at the date of this annual report, 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.

During the reporting period, no options have been granted and the details of the options outstanding as at 31 March 2025 under the Share Option Scheme are as below:

						Particulars of the share options granted during the reporting period								
Category and name of grantees	Date of grant/ conditional grant	Vesting period of share options	Exercise Period	Exercise price (HK$)	Number of Shares represented by options outstanding as at 1 April 2024	Granted during the reporting period	Closing price immediately before the dates of grant (HK$)	Fair value of options at the dates of grant	Performance targets	Options exercised during the reporting period	Weighted average price immediately before the dates of exercise (HK$)	Options lapsed during the reporting period	Options cancelled during the reporting period	Number of Shares represented by options outstanding as at 31 March 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	Nil	25,000,000
Sub-total					**25,000,000**	**Nil**						**Nil**	**Nil**	**25,000,000**
Two directors of the subsidiaries of the Company (in aggregate)	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	20,000,000	Nil	2.09	N/A	None	Nil	N/A	(10,000,000)	Nil	10,000,000
Sub-total					**20,000,000**	**Nil**				**Nil**		**Nil**	**Nil**	**10,000,000**
Total					**45,000,000**	**Nil**				**Nil**		**(10,000,000)**	**Nil**	**35,000,000**

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 31 March 2025, 6,250,000 of the 25,000,000 options were vested.

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.

5. The fair value of the options granted during the year ended 31 March 2025, please refer to Note 7(a) to the condensed consolidated financial information for the year ended 31 March 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 0.26%.

(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, is payable to a trust[Note 2]. Should ACI Group or CIC Group do 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).

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.

Details of the ETBS are set out in the note 7(a) to the condensed consolidated financial information.

Notes:

1. The Auchan Scheme and the RT-Mart Scheme are both share award schemes at the subsidiary level.

   The latest amended Auchan Scheme and amended RT-Mart Scheme were approved and adopted at the extraordinary general meeting held on 12 November 2024. More information is available from the Company's announcement dated 18 October 2024, the circular dated 23 October 2024 and the poll results announcement dated 12 November 2024.

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 consist 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 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.

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.

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 annual 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 annual 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.

(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. If ACI and CIC (as the case may be) does not record a net profit after tax, the amount of Employer's Contribution will be subject to the approval of the Board of the Company. 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. Subject to the approval of the Board of the Company, the Retirement Saving Contribution could be made by other funds. 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 Employees, 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 a 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.

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 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.

As at the date of this annual report, the remaining life of each of the Auchan Scheme and the RT-Mart Scheme is approximately 8 years.

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.

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 31 March 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]	Purchase price of the Trust Units (RMB/ Trust Unit)	Performance target	Fair value of the Trust Units[2] (RMB/ Trust Unit)	Unvested Trust Units as at 1 April 2024[1]	Trust Units which are subject to Freeze Period/Lock-Up Period as at 1 April 2024[1]	Number of Trust Units granted during the reporting period[1]	Trust Units Vested during the reporting period[1]	Trust Units which cease to subject to Freeze Period/ Lock-Up Period during the reporting period	Trust Units Cancelled/ Forfeited/ Lapsed during the reporting period	Trusts Units which have been transferred to the settlor and subsequently extinguished	Unvested Trust Units as at 31 March 2025[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 31 March 2025
Employees under Auchan Scheme (including Managerial Employees and General Employees)														
Five highest paid employees under the Auchan Scheme in aggregate	N/A	N/A (See disclosure on freeze period and lock-up period above)	RMB15.72 per Trust Unit	N/A	RMB15.72 per Trust Unit	N/A	141,148.02	0	N/A	0	0	0	N/A	141,148.02
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)	RMB15.72 per Trust Unit	N/A	RMB15.72 per Trust Unit	N/A	2,145,750.24	0	N/A	61,910.79	37,450.82	2,193.13	N/A	2,044,195.50
Total		**N/A**				**N/A**	**2,286,898.26**	**0**	**N/A**	**61,910.79**	**37,450.82**	**2,193.13**	**N/A**	**2,185,343.52**

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 may contribute 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%.

RT-Mart Scheme

Name or category of grantees	Date of grant	Vesting Period	Purchase price of the Trust Units (RMB/ Trust Unit)	Performance target	Fair value of the Trust Units[2] (RMB/ Trust Unit)	Unvested Trust Units as at 1 April 2024[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 1 April 2024[1]	Number of Trust Units granted during the reporting period[1]	Trust Units Vested during the reporting period[1]	Trust Units which cease to subject to Freeze Period/ Lock-Up Period during the reporting period	Trust Units Cancelled/ Forfeited/ Lapsed during the reporting period	Trusts Units which have been transferred to the settlor and subsequently extinguished	Unvested Trust Units as at 31 March 2025[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 31 March 2025
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)	RMB200.32 per Trust Unit	N/A	RMB200.32 per Trust Unit	N/A	52,134.60	0	N/A	51,322.28	356.4	0	N/A	455.92
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)	RMB200.32 per Trust Unit	N/A	RMB200.32 per Trust Unit	N/A	3,634,304.21	0	N/A	586,717.26	253,008.59	22,123.15	N/A	2,772,455.21
Total						**N/A**	**3,686,438.81**	**0**	**N/A**	**638,039.54**	**253,364.99**	**22,123.15**	**N/A**	**2,772,911.13**

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 may contribute to a subsequent capital injection in CIC 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 31 March 2025; the Trustee should settle with cash in total of approximately RMB34.4 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 44.

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 31 March 2025; the Trustee should settle with cash in total of approximately RMB555.47 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 44.

On 20 May 2025, the Group entered into an equity transfer agreement with the Trustee to acquire 2.015% of the issued shares of CIC held by the Trustee for a total consideration not exceeding RMB599 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of CIC and enjoy 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 issued shares of ACI held by the Trustee for a total consideration not exceeding RMB34 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of ACI and enjoy the corresponding shareholder's rights.

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 31 March 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	4.5%*	42.39%*
	2026	21.07%	88.28%
	2027	93.83%	99.06%
	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	1.45%*	14.55%*
	2026	13.26%	32.52%
	2027	23.10%	53.88%
	2028	29.85%	62.80%
	2029	37.58%	76.53%
	2030	43.13%	84.52%
	2031	50.62%	90.17%
	2032	62.54%	93.93%
	2033	74.40%	97.60%
	2034	78.58%	98.20%
	2035	86.23%	98.70%
	2036	88.58%	99.04%
	2037	92.97%	99.17%
	2038	97.12%	99.35%
	2039	97.12%	99.65%
	2040	97.12%	99.65%
	2041	97.12%	99.74%
	2042	98.66%	99.91%
	2043	100.00%	99.91%
	2044	100.00%	99.91%
	2045	100.00%	99.91%
	2046	100.00%	100.00%
	2047	100.00%	100.00%

* Take place in the second half of calendar year 2025

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following continuing connected transactions for the year ended 31 March 2025:

2024 New Master Agreements effective from 1 April 2024

On 25 January 2024 (after trading hours), the Company has entered into the following new master agreements according to the different types/nature of goods and services the Group intends to supply to or purchase from the Alibaba Affiliates:

(i) 2024 Delivery Services Master Purchase Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies (meaning the Company and its subsidiaries)) as the purchaser, and each of Hema (Hong Kong) Limited (盒馬(香港)有限公司) ("**Hema**"), Shanghai Runhe Internet Technology Co., Ltd* (上海潤盒網絡科技有限公司) ("**Shanghai Runhe**"), Shanghai Fengniao Zhisong Information Technology Co., Ltd.* (上海蜂鳥智送信息技術有限公司) ("**Shanghai Fengniao Zhisong**"), Hangzhou Cainiao Chengyun Supply Chain Management Co., Ltd.* (杭州菜鳥橙運供應鏈管理有限公司) ("**Hangzhou Cainiao Chengyun**"), Shanghai Kuaixing Tianxia and Taobao China (for and on behalf of their respective subsidiaries and associates) as the supplier (the "**Alibaba Delivery Services Suppliers**") entered into master agreements pursuant to which the Group Companies agreed to purchase from certain Alibaba Delivery Services Suppliers, and such Alibaba Delivery Services Suppliers agreed to supply to the Group Companies delivery – and warehouse-related services (the "**2024 Delivery Services Master Purchase Agreement(s)**").

Save for the 2024 Delivery Services Master Purchase Agreement entered into with Hangzhou Cainiao Chengyun, each of the 2024 Delivery Services Master Purchase Agreements has a term of three (3) years commencing from 1 April 2024 to 31 March 2027. With respect to the 2024 Delivery Services Master Purchase Agreement entered into with Hangzhou Cainiao Chengyun, it has a term of two (2) years commencing from 1 April 2024 to 31 March 2026.

The price for the delivery – and warehouse-related services shall be determined at the time of the particular purchase of delivery – and warehouse-related services (either by entering into written contract or making order) with due regard (i) in the case of standard services, to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) in the case of customised services where comparable market prices are not available, to the terms of market transactions of a similar size and nature recently entered into by the Group Companies or independent third party(ies), and the latest market information and information provided by such independent third party provider(s).

In light of the continuous business cooperation with the Alibaba Affiliates, the Company believes that it is for the benefit of the Group to conduct the transactions contemplated under the 2024 Delivery Services Master Purchase Agreements. The Directors believe that the arrangements contemplated under the 2024 Delivery Services Master Purchase Agreements will facilitate the Group's ongoing leverage of the Alibaba Affiliates' extensive delivery – and warehouse-related network. This will also allow the Group to develop a new retail business model in addition to traditional brick and mortar stores.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Each of Hema, Shanghai Fengniao Zhisong and Hangzhou Cainiao Chengyun is a subsidiary of Alibaba Holding and is therefore also a connected person of the Company. As Zhejiang Cainiao, which is a subsidiary of Alibaba Holding, holds 40% of the equity interest of Shanghai Kuaixing Tianxia, Shanghai Kuaixing Tianxia was therefore a connected person of the Company. As Shanghai Runhe is owned as to 51% and 49% by RT-Mart China, a non-wholly owned subsidiary of the Company and Hema (China) Limited (盒馬(中國)有限公司) ("Hema China"), a wholly-owned subsidiary of Hema, respectively, Shanghai Runhe was a connected subsidiary of the Company.

For further details of the 2024 Delivery Services Master Purchase Agreements, please refer to the announcement of the Company dated 25 January 2024 and the Company's circular dated 8 March 2024.

Annual caps under the 2024 Delivery Services Master Purchase Agreements

The annual caps for the delivery – and warehouse – related services to be purchased by the Group Companies from the Alibaba for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB2,400 million, RMB2,520 million, and RMB2,645 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB1,269.7 million.

(ii) 2024 Delivery Services Master Supply Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the supplier and each of Hema, Shanghai Runhe, Shanghai Fengniao Biying Information Technology Co., Ltd.* (上海蜂鳥必贏信息技術有限公司) ("**Shanghai Fengniao Biying**") and Guangzhou Kuaixing Tianxia Supply Chain Management Co., Ltd.* (廣州快行天下供應鏈管理有限公司) ("**Guangzhou Kuaixing Tianxia**") (for and on behalf of their respective subsidiaries and associates as the purchaser (the "**Alibaba Delivery Services Purchasers**") entered into master agreements pursuant to which the Group Companies agreed to supply to certain Alibaba Delivery Services Purchasers, and such Alibaba Delivery Services Purchasers agreed to purchase from the Group Companies delivery – and warehouse-related services (the "**2024 Delivery Services Master Supply Agreement(s)**").

Each of the 2024 Delivery Services Master Supply Agreements has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the delivery – and warehouse-related services shall be determined at the time of the particular supply of delivery – and warehouse-related services (either by entering into written contract or making order) with due regard (i) to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) where comparable market prices are not available, to the agreed prices negotiated between the parties with reference to transaction size, nature of cooperation, cost structure, market condition and development strategy. The agreed price shall be based on actual or reasonable estimates of cost and profit. Reasonable profit estimates shall be determined with reference to the nature of services and the estimated profit margin of the Group Companies' retail sale of such services.

In light of the continuous business cooperation with the Alibaba Affiliates, the Company believes that it is for the benefit of the Group to conduct the transactions contemplated under the 2024 Delivery Services Master Supply Agreements. The Company believes that the growing business cooperation between the Group and the Alibaba Affiliates under the 2024 Delivery Services Master Supply Agreements will enable the Group to utilise its existing resources and to better promote its services offerings in exchange for service fees to increase its revenue through the provision of delivery – and warehouse-related services.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Each of Hema and Shanghai Fengniao Biying is a subsidiary of Alibaba Holding and was therefore also a connected person of the Company. As Zhejiang Cainiao, which is a subsidiary of Alibaba Holding, holds 40% of the equity interest of Guangzhou Kuaixing Tianxia, Guangzhou Kuaixing Tianxia was therefore a connected person of the Company. As Shanghai Runhe is owned as to 51% and 49% by RT-Mart China, a non – wholly owned subsidiary of the Company and Hema China, a wholly-owned subsidiary of Hema, respectively, Shanghai Runhe was a connected subsidiary of the Company.

For further details of the 2024 Delivery Services Master Supply Agreements, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Delivery Services Master Supply Agreements

The annual caps for the delivery – and warehouse – related services to be supplied by the Group Companies to the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB60 million, RMB60 million and RMB60 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB54.7 million.

(iii) 2024 Joint Marketing Services Master Supply Agreement

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the supplier and Taobao China (for and on behalf of its subsidiaries and associates) as the purchaser (the "**Alibaba Marketing Services Purchaser**") entered into a master agreement pursuant to which the Group Companies agreed to supply to the Alibaba Marketing Services Purchaser, and the Alibaba Marketing Services Purchaser agreed to purchase from the Group Companies certain marketing-related services (the "**2024 Joint Marketing Services Master Supply Agreement**").

The 2024 Joint Marketing Services Master Supply Agreement is of a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the marketing-related services shall be determined at the time of the particular supply of marketing-related services (by entering into written contract) with due regard (i) to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) where comparable market prices are not available, to the agreed prices negotiated between the parties with reference to transaction size, nature of cooperation, cost structure, market condition and development strategy. The agreed price shall be based on actual or reasonable estimates of cost and profit. Reasonable profit estimates shall be determined with reference to the nature of services and the estimated profit margin of the Group Companies' retail sale of such services.

Due to the regular marketing campaigns being carried out by the Group, it is mutually beneficial for both the Group and also for the Alibaba Affiliates in cooperating in marketing campaigns in driving the respective revenues. In particular, given the large customer base of the Group, the Group can leverage its existing marketing resources to conduct marketing campaigns for the purpose of better marketing the services and product offerings of the Alibaba Affiliates in exchange for service fees from the Alibaba Affiliates.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company.

For further details of the 2024 Joint Marketing Services Master Supply Agreement, please refer to the announcement of the Company dated 25 January 2024 and the Company's circular dated 8 March 2024.

Annual caps under the 2024 Joint Marketing Services Master Supply Agreement

The annual caps for the marketing-related services to be supplied by the Group Companies to the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB595 million, RMB625 million, and RMB655 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB292.9 million.

(iv) 2024 Platform Services Master Purchase Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the purchaser and each of Hema, Taobao China, and Rajax Network Technology (Shanghai) Co., Ltd.* (拉扎斯網絡科技(上海)有限公司) ("**Rajax Network Shanghai**") (for and on behalf of their respective subsidiaries and associates as the supplier (the "**Alibaba Platform Services Suppliers**") entered into master agreements pursuant to which the Group Companies agreed to purchase from the Alibaba Platform Services Suppliers, and the Alibaba Platform Services Suppliers agreed to supply to the Group Companies certain platform-related services (the "**2024 Platform Services Master Purchase Agreement(s)**").

Each of the 2024 Platform Services Master Purchase Agreements has a term of three (3) years from 1 April 2024 to 31 March 2027.

The price for the platform-related services shall be determined at the time of the particular purchase of platform-related services (either by entering into written contract or making order) with due regard (i) in the case of standard services, to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) in the case of customised services where comparable market prices are not available, to the terms of market transaction of a similar size and nature recently entered into by the Group Companies or independent third party(ies), and the latest market information and information provided such independent third party provider(s).

In light of the continuous business cooperation with the Alibaba Affiliates, the Company believes that it is for the benefit of the Group to conduct the transactions contemplated under the 2024 Platform Services Master Purchase Agreements. The Directors consider that the entering into of the 2024 Platform Services Master Purchase Agreements will allow the Group to continue gain access to the established platforms created and maintained by the Alibaba Affiliates thereby enhancing the operational efficiency of the Group and enhancing overall customer experience. The utilisation of these platforms also serves as additional channels to distribute products of the Group and therefore enhance the Group's revenue. The Directors consider that the entering into of the 2024 Platform Services Master Purchase Agreements will also allow the Group to continue to benefit from the Alibaba Affiliates' digital ecosystem, and to promote the expansion of new retail business through the online platforms of "Ele Me" ("餓了麼"), "Tao Xian Da" ("淘鮮達"), "Taobao Marketplace" ("淘寶網"), and "Freshippo" ("盒馬鮮生") for the Group.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Each of Hema and Rajax Network Shanghai is a subsidiary of Alibaba Holding and was therefore also a connected person of the Company.

For further details of the 2024 Platform Services Master Purchase Agreements, please refer to the announcement of the Company dated 25 January 2024 and the Company's circular dated 8 March 2024.

Annual caps under the 2024 Platform Services Master Purchase Agreements

The annual caps for the platform-related services to be purchased by the Group Companies to the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB525 million, RMB550 million, and RMB580 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB246.5 million.

(v) 2024 Goods Master Purchase Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the purchaser and each of Taobao China, Hema, Shanghai Runhe and Theland New Cloud Shanghai Digimart Ltd.* (紐仕蘭新雲(上海)電子商務有限公司) ("**Theland**") (for and on behalf of their respective subsidiaries and associates) as the supplier (the "**Alibaba Goods Suppliers**") entered into master agreements pursuant to which the Group Companies agreed to purchase from the relevant Alibaba Goods Suppliers, and such Alibaba Goods Suppliers agreed to supply to the Group Companies the goods and goods-related services (the "**2024 Goods Master Purchase Agreement(s)**").

Each of the 2024 Goods Master Purchase Agreements has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the goods or goods-related services shall be determined at the time of the particular purchase of goods or services (either by entering into written contract or making order) with due regard (i) in the case of standard goods or services, to the price charged for comparable goods or services offered by independent third party providers at the time of a particular transaction; and (ii) in the case of customised goods or services where comparable market prices are not available, to terms of market transactions of a similar size and nature recently entered into by the Group Companies or independent third party(ies), and the latest market information and information provided by such independent third party provider(s).

The Company believes that the cooperation contemplated under the 2024 Goods Master Purchase Agreements will enable the Group to further diversify and optimise the variety of products offered and to be offered in the Group's brick-and-mortar stores and online sales channels operated by the Group.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Hema is a subsidiary of Alibaba Holding and was therefore also a connected person of the Company. As Theland is owned as to 40% by Alibaba Holding, Theland was therefore an associate of the Company. As Shanghai Runhe is owned as to 51% and 49% by RT-Mart China, a non-wholly owned subsidiary of the Company and Hema China, a wholly-owned subsidiary of Hema, respectively, Shanghai Runhe was a connected subsidiary of the Company.

For further details of the 2024 Goods Master Purchase Agreements, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Goods Master Purchase Agreements

The annual caps for the goods and goods-related services to be purchased by the Group Companies from the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB320 million, RMB320 million, and RMB320 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB73.9 million.

(vi) 2024 Goods Master Supply Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies), as the supplier and each of Taobao China, Hema and Shanghai Runhe (for and on behalf of their respective subsidiaries and associates) as the purchaser (the "**Alibaba Goods Purchasers**") entered into master agreements pursuant to which the Group Companies agreed to supply to the Alibaba Goods Purchasers, and such Alibaba Goods Purchasers agreed to purchase from the Group Companies goods and goods-related services (the "**the 2024 Goods Master Supply Agreement(s)**").

Each of the 2024 Goods Master Supply Agreements has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price of the goods and goods-related services shall be determined at the time of the particular supply of goods or services (either by entering into written contract or making order) with due regard (i) to the price charged for comparable goods or services offered by independent third party providers at the time of a particular transaction; and (ii) where comparable market prices are not available, to the agreed prices negotiated between the parties with reference to transaction size, nature of cooperation, cost structure, market condition and development strategy. The agreed price shall be based on actual or reasonable estimates of cost and profit. Reasonable profit estimates shall be determined with reference to the nature of goods or services, and the estimated profit margin of the Group Companies' retail sale of such goods or services.

The Company believes that the growing business cooperation between the Group and the Alibaba Affiliates under the 2024 Goods Master Supply Agreements will enable the Group to promote and increase sales of its products through various distribution channels, including retail stores which are essential in the growing PRC retail market.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is therefore also a connected person of the Company. Hema is a subsidiary of Alibaba Holding and is therefore also a connected person of the Company. As Shanghai Runhe is owned as to 51% and 49% by RT-Mart China, a non-wholly owned subsidiary of the Company and Hema China, a wholly-owned subsidiary of Hema, respectively, Shanghai Runhe is a connected subsidiary of the Company.

Annual caps under the 2024 Goods Master Supply Agreements

The annual caps for the goods and goods-related services to be supplied by the Group Companies to the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB320 million, RMB320 million, and RMB320 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB72.2 million.

(vii) 2024 Equipment Master Purchase Agreements

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the purchaser and each of Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司) ("**Alibaba Cloud**"), Shanghai Sanhe Costume Logistics Equipment Manufacture Co., Ltd.* (上海三禾服裝物流設備製造有限公司) ("**Shanghai Sanhe**"), Zhejiang Shenxiang Intelligent Technology Co., Ltd.* (浙江深象智能科技有限公司) ("**Zhejiang Shenxiang**"), DingTalk (China) Information Technology Co., Ltd.* (釘釘(中國)信息技術有限公司) ("**DingTalk China**"), Shanghai Xiniao Technology Co., Ltd.* (上海矽鳥科技有限公司) ("**Shanghai Xiniao**"), Beijing Gaode Yuntu Technology Co., Ltd.* (北京高德雲圖科技有限公司) ("**Beijing Gaode**") and Zhejiang Aicheng Technology Development Co., Ltd.* (浙江愛橙技術發展有限公司) Zhejiang Aicheng (for and on behalf of their respective subsidiaries and associates) as the supplier (the "**Alibaba Equipment Suppliers**") entered into master agreements pursuant to which the Group Companies agreed to purchase from the Alibaba Equipment Suppliers, and the Alibaba Equipment Suppliers agreed to supply to the Group Companies certain equipment (including hardware and software) and related services for the operation of the business of the Group (e.g. various cloud intelligence software services, server co-location services, equipment maintenance services, product shelf and ceiling rail system) (the "**2024 Equipment Master Purchase Agreement(s)**").

Each of the 2024 Equipment Master Purchase Agreements has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the equipment (including hardware and software) and related services shall be determined at the time of the particular purchase of such equipment or services (either by entering into written contract or making order) with due regard (i) in the case of standard equipment or services, to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) in the case of customised equipment or services where comparable market prices are not available, to the terms of market transactions of a similar size and nature recently entered into by the Group Companies or independent third party(ies), and the latest market information and information provided such independent third party provider(s).

In light of the continuous business cooperation with the Alibaba Affiliates, the Directors consider that the entering into of the 2024 Equipment Master Purchase Agreements will allow the Group to continue to leverage the technical expertise of the Alibaba Affiliates, and facilitate the Group's efforts to utilise expertise of the Alibaba Affiliates in relation to equipment (including hardware and software) and related services, thereby enhancing the operational efficiency of the Group, supporting the Group's business needs and enhancing overall customer experience.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Each of Alibaba Cloud, Zhejiang Shenxiang, DingTalk China, Shanghai Xiniao, Beijing Gaode and Zhejiang Aicheng is a subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. As Shanghai Sanhe is owned as to 33% by Hema which is a subsidiary of Alibaba Holdings, Shanghai Sanhe was therefore a connected person of the Company.

For further details of the 2024 Equipment Master Purchase Agreements, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Equipment Master Purchase Agreements

The annual caps for the for the equipment (including hardware and software) and related services to be purchased by the Group Companies from the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB80 million, RMB80 million, and RMB80 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB5.1 million.

(viii) 2024 Payment Services Master Purchase Agreement

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the purchaser and Alipay.com Co., Ltd.* (支付寶(中國)網絡技術有限公司) ("**Alipay**") (for and on behalf of its subsidiaries and associates) as the supplier (the "**Alibaba Payment Services Supplier**") entered into a master agreement pursuant to which the Group Companies agreed to purchase from the Alibaba Payment Services Supplier, and the Alibaba Payment Services Supplier agreed to supply to the Group Companies certain payment-related services (the "**2024 Payment Services Master Purchase Agreement**").

The 2024 Payment Services Master Purchase Agreement has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the payment-related services shall be determined at the time of the particular purchase of payment-related services (either by entering into written contract or making order) with due regard (i) in the case of standardised services, to the price charged for comparable services offered by independent third party service provider(s) at the time of a particular transaction; and (ii) in the case of customised services where comparable market prices are not available, to the terms of market transactions of a similar size and nature recently entered into by the Group Companies (or independent third party(ies), and the latest market information and information provided by such independent third party provider(s).

The Directors believe that the arrangements contemplated under the 2024 Payment Services Master Purchase Agreement will facilitate the Group's ongoing efforts to leverage Alibaba Affiliates' expertise in payment service to enhance the overall shopping experience.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is a subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Alipay is a subsidiary of Ant Group and Alibaba Holding owns approximately 33% of the shares in Ant Group. Therefore, Alipay was an associate of Taobao China and a connected person of the Company.

For further details of the 2024 Payment Services Master Purchase Agreement, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Payment Services Master Purchase Agreement

The annual caps for the payment-related services to be purchased by the Group Companies from the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB100 million, RMB100 million, and RMB100 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB48.3 million.

(ix) 2024 Business Travel Services Master Purchase Agreement

On 25 January 2024, the Company (for and on behalf of the Group Companies) as the purchaser and Zhejiang Alitrip Travel Agent Limited* (浙江阿里商旅旅行社有限公司) ("**Alitrip**") (for and on behalf of its subsidiaries and associates) as the supplier (the "**Alibaba Business Travel Services Supplier**") entered into a master agreement pursuant to which the Group Companies agreed to purchase from the Alibaba Business Travel Services Supplier and the Alibaba Business Travel Services Supplier agreed to supply to the Group Companies business travel-related services (the "**2024 Business Travel Services Master Purchase Agreement**").

The 2024 Business Travel Services Master Purchase Agreement has a term of three (3) years commencing from 1 April 2024 to 31 March 2027.

The price for the business travel-related services shall be determined at the time of the particular purchase of business travel-related service (either by entering into written contract or making order) with due regard to (i) in the case of standard services, to the prices charged for comparable services offered by independent third party(ies) service provider(s) at the time of a particular transaction; and (ii) in the case of customised services where comparable market prices are not available, to terms of market transaction of a similar size and nature recently entered into by the Group Companies or independent third party(ies), and the latest market information and information provided by such independent third party provider(s).

The Directors consider that the entering into of the 2024 Business Travel Services Master Purchase Agreement will allow the Group to continue to leverage the expertise of the Alibaba Affiliates, and facilitate the Group to utilise the knowhow in relation to business travel-related services, thereby enhancing the operational efficiency of the Group and supporting the Group's business needs.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is a subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Alitrip is a subsidiary of Alibaba Holding and was therefore also a connected person of the Company.

For further details of the 2024 Business Travel Services Master Purchase Agreement, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Business Travel Services Master Purchase Agreement

The annual caps for the business travel-related services to be purchased by the Group Companies from the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB20 million, RMB20 million, and RMB20 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB13.0 million.

(x) 2024 Human Resources Services Master Supply Agreement

On 25 January 2024, the Company (for and on behalf the Group Companies) as the supplier and Shanghai Runhe (for and on behalf of its subsidiaries and associates) as the purchaser (the "**Alibaba Human Resources Services Purchaser**") entered into a master agreement pursuant to which the Group Companies agreed to supply to the Alibaba Human Resources Services Purchaser and the Alibaba Human Resources Services Purchaser agreed to purchase from the Group Companies human resources-related services to support daily administrative work of the Alibaba Human Resources Services Purchaser (the "**2024 Human Resources Services Master Supply Agreement**").

The 2024 Human Resources Services Master Supply Agreement has a term of three (3) years from 1 April 2024 to 31 March 2027.

The price for the human resources-related services shall be determined at the time of the particular supply of human resources-related services (either by entering into written contract or making order) with due regard (i) to the price charged for comparable services offered by independent third party service providers at the time of a particular transaction; and (ii) where comparable market prices are not available, to the agreed prices negotiated between the parties with reference to transaction size, nature of cooperation, cost structure, market condition and development strategy. The agreed price shall be based on actual or reasonable estimates of cost and profit. Reasonable profit estimates shall be determined with reference to the nature of the services and the estimated profit margin of the Group Companies' retail sale of such services.

The Company believes that the growing business cooperation between the Group and Alibaba Affiliates under the 2024 Human Resources Services Master Supply Agreement will enable the Group to utilise its existing resources and to better promote its services offerings in exchange for service fees to increase its revenue through the provision of human resources-related services. In particular, as Shanghai Runhe is a subsidiary of the Company, the use of the centralised human resources team would assist in optimising the costs structure of the Group.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Taobao China was a substantial shareholder and a connected person of the Company. Taobao China is a subsidiary of Alibaba Holding. Alibaba Holding was therefore also a connected person of the Company. Hema is a subsidiary of Alibaba Holding and was therefore also a connected person of the Company. As Shanghai Runhe is owned as to 51% and 49% by RT-Mart China, a non wholly owned subsidiary of the Company and Hema (China) Limited (盒馬(中國)有限公司), a wholly-owned subsidiary of Hema, respectively, Shanghai Runhe was a connected subsidiary of the Company and was therefore a connected person of the Company.

For further details of the 2024 Human Resources Services Master Supply Agreement, please refer to the announcement of the Company dated 25 January 2024.

Annual caps under the 2024 Human Resources Services Master Supply Agreement

The annual caps for the for human resources-related services to be supplied by the Group Companies to the Alibaba Affiliates for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB20 million, RMB20 million, and RMB20 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB2.2 million.

(xi) 2024 EBC Reimbursement Framework Agreement

On 28 March 2024, the Company and Alibaba Holding entered into a framework agreement for a term commencing from 1 April 2024 and ending on 31 March 2027 pursuant to which Alibaba Holding may allocate to the Company, and the Company may allocate to Alibaba Holding, the equity-based compensation ("**EBC**") costs associated with the relevant unvested awards held by any grantees (whose employment is transferred to the Group or Alibaba Holding, as the case may be) and each party may reimburse the other party the amount in respect of the relevant vested award (the "**2024 EBC Reimbursement Framework Agreement**").

Any Group Entity and Alibaba Holding may, subject to the annual caps, from time to time enter into the definitive agreements to set out the detailed terms (including the amount of reimbursement, payment terms and the settlement method) of the transactions contemplated under the 2024 EBC Reimbursement Framework Agreement. The terms of the definitive agreements will be negotiated on an arm's length basis between the parties. The amount which Alibaba Holding or the Company may allocate and/or settle under the 2024 EBC Reimbursement Framework Agreement (as the case may be) is determined with reference to, among other things: (1) the terms of recent transactions of a similar size and nature acceptable to the Group; (2) current market practice; (3) number of the relevant awards (whether vested or unvested); (4) number of the relevant grantees; (5) the period in which the employment is transferred; and (6) the fair market value of the relevant awards as at the grant date or the transfer date, to be reasonably determined by the parties.

Each of Alibaba Holding and the Company is committed to providing their employees with a nurturing work environment that supports personal growth and therefore allows internal transfers between the Group and Alibaba Holding. As equity-based awards are vital to attract, incentivise and retain those employees, each of them intends to introduce the arrangement contemplated under the 2024 EBC Reimbursement Framework Agreement allowing the grantees to retain their awards after the internal transfers and allocating their EBC costs to the relevant entity to which such grantee has joined.

Prior to the completion of change of substantial shareholder of the Company on 27 February 2025, Alibaba Holding was the ultimate shareholder of Taobao China, which was a substantial shareholder and a connected person of the Company. Alibaba Holding was therefore also a connected person of the Company.

For further details of the 2024 EBC Reimbursement Framework Agreement, please refer to the announcements of the Company dated 28 March 2024 and 8 April 2024.

Annual caps under the 2024 EBC Reimbursement Framework Agreement

The annual caps for the transaction amount associated with the restricted share units, options or any other equity incentive awards of Alibaba Holding pursuant to its equity incentive plans and/or any other EBC plans under the 2024 EBC Reimbursement Framework Agreement for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB20 million, RMB20 million, and RMB20 million respectively, while the actual transaction amount for the year ended 31 March 2025 was approximately RMB2.4 million.

The annual caps for the transaction amount associated with the awarded shares, options or any other equity incentive awards of the Group pursuant to its share award scheme(s), share option scheme(s) and any other EBC plans under the 2024 EBC Reimbursement Framework Agreement for the years ending 31 March 2025, 31 March 2026, and 31 March 2027 are RMB5 million, RMB5 million, and RMB5 million respectively, while the actual transaction amount for the year ended 31 March 2025 was nil.

The Independent Non-Executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions (save for the 2024 EBC Reimbursement Framework Agreement) have been entered into:

a) in the ordinary and usual course of business of the Group;

b) on normal commercial terms or better; and

c) according to the agreement governing them, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In respect of the 2024 EBC Reimbursement Framework Agreement, although the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the Independent Non-Executive Directors confirmed that they are on normal commercial terms, and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE 3000 "Assurance engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 45 to 58 of this annual report in accordance with the Rule 14A.56 of the Listing Rules.

The auditor has reported to the Directors that (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (iii) nothing has come to their attention that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps.

During the year ended 31 March 2025, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the year ended 31 March 2025 are disclosed in note 32 to the financial statements. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules. Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" of this annual report, the other related party transactions disclosed in note 32 were not regarded as connected transactions or were exempt from reporting, announcement, and shareholder approval requirements under the Listing Rules.

Securities Transactions by Directors

The Company has devised its own code of conduct regarding Directors' dealing in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company Code and the Model Code throughout the year ended 31 March 2025.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

Audit Committee

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and also discussed auditing, internal controls and financial reporting matters, including the review of the consolidated financial statements for the year ended 31 March 2025 with the external auditors, PricewaterhouseCoopers, and with management.

Major Customers and Suppliers

The nature of the Group's activities are such that the percentage of sales or purchases attributable to the Group's five largest customers or suppliers is significantly less than 10% of the total and the Directors do not consider any one customer or supplier to be influential to the Group.

Auditors

The consolidated financial statements for the year ended 31 March 2025 were audited by PricewaterhouseCoopers ("**PwC**").

In view of the business needs of the Company and to maintain good corporate governance practice in rotating the Company's auditors after an appropriate period of time, on 23 May 2025, the Board has resolved (1) not to re-appoint the current auditors of the Company, PwC, and therefore PwC will retire as the auditors of the Company with effect from the conclusion of the forthcoming AGM of the Company to be held on 14 August 2025 and (2) with the recommendation of the Audit Committee to recommend the appointment of KPMG ("**KPMG**") as the new auditors of the Company.

The Board and the Audit Committee have reviewed and considered the fee proposal, qualifications, competence and experience of KPMG when recommending them as the new auditors of the Company, and have assessed and considered that KPMG meet the regulatory requirements in terms of their qualifications, suitability, professional competence and independence to perform their duties as the auditors of the Company.

The Company has received a confirmation letter from PwC confirming that there are no circumstances connected with their retirement that they consider should be brought to the attention of the Shareholders and creditors of the Company. The Board and the Audit Committee have also confirmed that there are no disagreements or outstanding matters between the Company and PwC, and there are no matters in relation to the proposed change of auditors that need to be brought to the attention of holders of securities of the Company.

Accordingly, an ordinary resolution will be proposed at the AGM in relation to the approval of the appointment of KPMG as the auditors of the Group following the retirement of PwC with effect from the conclusion of the AGM and until the conclusion of the next annual general meeting of the Company, as well as the authorization of the Board to fix the remuneration of the new auditors.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

The Company was incorporated in Hong Kong and has listed on the Stock Exchange with its business operation mainly in China. The operation of the Group is governed by the laws of People's Republic of China, Hong Kong, the Listing Rules and the SFO. The Group maintains high awareness of the need to comply with applicable laws, regulations and licence requirements.

The Group follows a proactive approach to monitoring changes in government policies and regulations. The Group has allocated system and human resources to ensure continuous compliance with laws, rules and regulations and maintain effective communication with government authorities. The Group has engaged external advisors, performing regular audit, setting up internal procedures and complying with both internal and external regulatory reporting obligations. Risk mitigation measures are adequately put in place and are subject to review to adapt the applicable laws and regulations.

Environmental and Social Responsibilities

Environmental, Social and Governance ("**ESG**") factors are three key benchmarks to evaluate an enterprise. As a responsible corporate citizen, the Group believes that ESG initiatives are very important to bring success of our business and to create a long-term value for the Group. The ESG practices build a transparent, accountable and trusted enterprise to the society and to our consumers. We also believe that sustainability is fundamental to our future.

The Company has engaged an external consultant for the preparation of ESG information required as set out in Appendix C2 of the Listing Rules. Detail information on the ESG practices adopted by the Company is set out in the ESG Report which will be published separately.

Events after the Reporting Period

Details of significant events occurring after the balance sheet date are set out in note 35 to the consolidated financial statements.

By order of the Board

SHEN Hui
Executive Director
and
Chief Executive Officer

20 May 2025

The Group's businesses, financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results. These factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

RISK ASSOCIATED WITH THE GROUP BUSINESS

Our growth prospects may be limited if we encounter difficulties executing our expansion strategy.

As part of our business strategy, we plan to expand the network of our hypermarkets through organic growth. Our ability to expand depends on, among other things:

- our ability to identify suitable sites for new hypermarkets and successfully negotiate purchase or lease agreements for these sites on terms acceptable to us;
- the availability of financing for our expansion, investments or other strategic transactions;
- our ability to attract, train and retain management talents in sufficient numbers for our expanded operations;
- our ability to obtain all the requisite governmental approvals, licences and permits in a timely manner;
- our ability to adapt and expand our operational and management systems, including our information technology systems, to support an expanded hypermarket network;
- our ability to effectively control and manage our costs in our expanded network, in particular, purchase costs, and expenses related to rent, logistics, human resources and marketing; and
- the timely completion of our new hypermarkets under development.

If we fail to achieve any of the above, we may not be able to achieve our planned expansion objectives. Our ability to manage our future growth will also depend on our ability to continue to successfully implement and improve our operational, financial and management systems in the evolving competitive markets. Our business growth could strain our managerial, operational and financial resources. Failure to effectively execute our expansion strategy may result in limited growth and reduced profitability.

We may not be able to find suitable locations for new hypermarkets on commercially acceptable terms, if at all.

Our performance depends, to a significant extent, on the location of our hypermarkets. When selecting a site for a hypermarket, we take into account various factors, including:

- population density, customer traffic and vehicle traffic;
- customer accessibility;
- potential growth of local population;
- development potential and future development trends;
- estimated spending power of the population and local economy;
- profitability and payback period, estimated on the basis of the expected sales potential;
- marketing or strategic benefits;
- proximity and performance of competitors in the surrounding area; and
- site characteristics and suitability with the specifications of our building plans.

We secure locations either through ownership or through long-term leases, as determined on a case-by-case basis. Going forward, we will need to secure more locations to open more hypermarkets. The supply of locations for new hypermarkets is scarce and, as a result, competition to secure these locations is intense. Our ability to purchase or lease suitable properties on terms acceptable to us is critical to the success of our expansion strategy. In the event that we encounter difficulties in securing suitable locations in regions that we plan to expand into, our growth prospects will be adversely affected.

Our new hypermarkets may not achieve our expected level of profitability within our desired time frame, or at all.

As part of our growth strategy, we plan to further enhance our leading position in China by increasing our market penetration and expanding our retail network. Opening new hypermarkets requires significant capital outlay up front, including the price of acquisition or rental of the premises, the cost of building, renovating and decorating the premises, and the cost of hiring and training employees. However, the new hypermarkets that we open may not achieve our expected level of profitability for a prolonged period of time, or at all. Whether or not the operation of our new hypermarkets will be successful depends on a number of factors, including:

- our ability to properly position our new hypermarkets to successfully establish a foothold in new markets and to execute our business strategy in the local market;
- our ability to successfully integrate the new hypermarkets with our existing operations and achieve related synergies;
- our ability to introduce an optimal mix of merchandise which successfully meets local consumer preferences at attractive prices;
- our ability to negotiate and obtain favourable terms from our suppliers;
- the effectiveness of our marketing campaigns;
- our ability to hire, train and retain skilled personnel;
- the competition that we face from incumbent and new players in the region; and
- any government development plans around our planned sites, such as construction, which could have an impact on the external traffic flow to our hypermarkets and the timely implementation of such changes.

Some of these factors are not entirely within our control. If our new hypermarkets do not break even or achieve our expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, financial condition and profitability may be materially and adversely affected.

We may fail to anticipate and provide the appropriate mix of merchandise to satisfy customer tastes and demands.

We maintain a comprehensive selection of merchandise targeting a broad range of customers. The success of our business depends on our ability to maintain a comprehensive product selection and, at the same time, anticipate and respond in a timely manner to changing customer demands and preferences. Some of the products we offer, such as home electronics and electrical appliances, may be characterised by frequent introductions of new models and technology. Consumer demands and fashion trends in the PRC are changing at a rapid pace and customer acceptance of new products is affected by a number of factors, including prevailing economic conditions, disposable income, global lifestyle trends, price, functionality, technology, appearance and many other factors. The success of our operations depends on our continued ability to select products from suppliers that satisfy customer demand. If we fail to accurately foresee or quickly adjust to general trends in consumer demands and preferences, our business, financial condition and results of operations may be materially and adversely affected.

Real or perceived quality or health issues with the products offered at our hypermarket complexes could have a material and adverse effect on our results of operations.

Concerns regarding the safety of products offered at our hypermarket complexes or the safety and quality of our supply chain could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources, even if the basis for the concern is outside of our control. Adverse publicity about these concerns, whether or not ultimately based on fact, and whether or not involving products sold at our hypermarket complexes, could discourage consumers from buying our products and have a material and adverse effect on our turnover and results of operations.

RISKS RELATING TO THE INDUSTRY IN THE PRC

The outbreak of any severe infectious disease in the PRC may materially and adversely affect our results of operations.

The outbreak of any severe infectious disease in the PRC could have a material adverse effect on the overall business sentiment and environment in the PRC. This in turn may have a material and adverse impact on domestic consumption and, possibly, the overall GDP growth of the PRC. In April 2009, a H1N1 influenza broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. In addition, certain areas of China have been subject to epidemics, such as severe acute respiratory syndrome (SARS) or swine or avian influenza or COVID-19 virus. As all of our turnover is derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC as a result of the outbreak of any severe communicable disease may materially and adversely affect our financial condition, results of operations and future growth. In addition, if the outbreak of any severe communicable disease occurs in the future and any of our employees or our customers in our hypermarkets are suspected of having contracted any severe communicable disease or any of our hypermarkets are identified as a possible source of spreading any severe communicable disease, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees or customers. We may also be required to disinfect our affected hypermarkets and therefore suffer a temporary suspension of our retail operations. Any quarantine or suspension of our retail operations will affect our results of operations. Furthermore, the outbreak of any severe communicable disease may result in food safety concerns, which could have an adverse impact on our turnover. Such an outbreak would likely restrict the level of economic activity in affected areas, which would also materially and adversely affect our business operations.

Consumer spending patterns in China can be influenced by the state of China's economy.

Consumer spending patterns in China are influenced by the state of China's economy, which in turn affects our sales volume, turnover, profitability and our growth. We believe that Chinese consumers tend to increase their expenditures when the Chinese economy is experiencing strong growth and when they have more disposable income available for personal consumption. Conversely, a recession in the Chinese economy, or uncertainties regarding future economic prospects may result in a reduction in consumer spending at our hypermarkets. As a result, the state of the economy in China has had a significant impact on our historical, and will continue to have a significant impact on our future, performance, results of operations and profitability. Although in recent years, the PRC's economy has maintained rapid growth, and increases in GDP and per capita disposable income have strengthened consumers' purchasing power, we cannot assure you that such growth will not slow down or will continue in the future. In addition, the impact on the PRC economy of inflation and the unequal impact of inflation on different categories of products, such as food products, may affect consumer spending patterns and materially and adversely affect our business, financial condition and results of operations. A slowdown or downturn in the economies of the United States, the countries comprising the European Union and certain Asian nations, with which China has important trade relationships, could materially and adversely affect the economic growth of China. Any economic downturn in the PRC and its effect on consumer spending patterns may materially and adversely affect our business, financial condition and results of operations and our future prospects.

Future fluctuations in foreign exchange rates and government control in currency conversion may materially and adversely affect the ability of the Company to remit dividends.

A substantial proportion of our turnover and expenditure are denominated in Renminbi, which is currently not a freely convertible currency. We will require foreign currencies for dividend payment (if any) to our Shareholders. In addition, the price at which we purchase merchandise and products from our suppliers may be affected to the extent our suppliers' merchandise and products are imported or otherwise subject to foreign currency fluctuations. We will therefore be exposed to foreign currency fluctuations. Should there be significant changes in the exchange rates of US dollars or Hong Kong dollars against Renminbi, our Company's ability to make dividend payments in foreign currencies may be materially and adversely affected. In addition, any significant change in the exchange rates of the Renminbi against the US dollar or the Hong Kong dollar could materially and adversely affect the value of our Company's dividends, which would be funded by Renminbi but paid in Hong Kong dollars.

The board (the "Board") of directors (the "Directors") of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 March 2025.

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 training, 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 Listing Rules.

The Company reviews regularly its organizational structure to ensure 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 year ended 31 March 2025 and up to the date of this report.

VISION, PURPOSE, CORPORATE STRATEGY, VALUES AND CULTURE

The principal activities of the Group are the operation of brick-and-mortar stores and online sales channels in the PRC.

In 2025, the Company's vision is to become "every household's top choice for daily groceries and a trusted neighborhood companion."

The Company's purpose is to foster lasting community relationships through exceptional value and service. Targeting a three-kilometer radius, the Company strategically serves diverse customer segments through hypermarkets as one-stop lifestyle hubs, community supermarkets for daily essentials, and membership stores offering living standard enhancement and premium experiences. Its strategy hinges on four pillars: product excellence, competitive pricing, immersive experience, and superior service.

Rooted in quality, trust, and pragmatism, the Company ensures exceptional products, transparent pricing, and efficient operations. Its culture empowers employees – the "final mile" in service delivery – through incentives, skills development, and clear career paths, fostering fulfillment and belonging. This creates stores where customers feel warmth, trust, and connection, and partners view Sun Art Retail as a dependable ally.

Further details are set out on page 5 in the Chairman's Statement, page 6 in Chief Executive Officer's Statement, page 14 Business Review in Management Discussion and Analysis of this annual report.

The Board regularly reviews and refines the corporate strategy, adapting to shifts in the external environment to ensure Sun Art Retail is well-equipped to tackle evolving challenges from the increasing competitive retail landscape. Regular progress reports on corporate strategy's progress, including financial and non-financial drivers, were presented to the Board during financial year.

SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code and the Company Code throughout the year ended 31 March 2025.

DIRECTORS' INSURANCE

As permitted under the Articles of Association, it has been the practice of the Company to arrange Directors' and officers' liability insurance for which members of the Board and officers of the Company do not have to bear any excess.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of one Executive Director, three Non-Executive Directors and three Independent Non-Executive Directors.

As at the date of this Annual Report, the composition of the Board is set out below:

Executive Director

SHEN Hui, *Chief Executive Officer*

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

On 21 May 2024, Ms. QIN Yuehong was appointed as a Non-Executive Director.

On 27 February 2025, each of Ms. QIN Yuehong and Mr. HAN Liu resigned as a Non-Executive Director.

On 6 March 2025, Mr. HUANG Ming-Tuan resigned as the Chairman of the Board. Mr. Julian Juul WOLHARDT was appointed as a Non-Executive Director, the Chairman of the board as well as the member of the Remuneration Committee of the Company. Ms. Guannan WANG has been appointed as a Non-Executive Director and member of Nomination Committee.

On 27 March 2025, Mr. HUANG Ming-Tuan resigned as a Non-Executive Director. Ms. Mengxue MEI was appointed as a Non-Executive Director and member of Audit Committee.

The biographical information of the Directors is set out in the section headed "Profiles of Directors and Senior Management" on pages 17 to 20 of this annual report.

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Julian Juul WOLHARDT and Mr. SHEN Hui respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-Executive Directors

During the year ended 31 March 2025, the Board had at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise (currently, two Independent Non-Executive Directors met the aforesaid requirements).

Board Independence

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board, with the following key features: (i) all Directors have timely access to all relevant information as well as the advice and services of the senior management and company secretary and any Director may request independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board; (ii) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including Independent Non-Executive Directors, for appointment as Directors; and (iii) the Nomination Committee will assess annually the independence of all Independent Non-Executive Directors. During the year ended 31 March 2025, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

Non-Executive Directors and Re-election of Directors

Code provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

All Directors of the Company, including Non-Executive Directors, are appointed for a specific term of three years and are subject to retirement provisions stipulated in the Articles of Association.

Below are the length of tenure and the period of appointment of the Members of the Board:

	Tenure (up to 31 March 2025) (Approximate No. of Year(s))	Date of Appointment	Date of last election/ re-election by the shareholders
Mr. Julian Juul WOLHARDT	0	6 March 2025	N/A
Ms. Guannan WANG	0	6 March 2025	N/A
Ms. Mengxue MEI	0	27 March 2025	N/A
Mr. SHEN Hui	1	27 March 2024	14 August 2024
Ms. Karen Yifen CHANG	13	27 June 2011	14 August 2024
Mr. Charles Sheung Wai CHAN	4	31 January 2021	16 August 2023
Mr. YIH Lai Tak, Dieter	5	11 December 2019	18 August 2022

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational, financial performance and environmental, social and governance performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-Executive Directors and Independent Non-Executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-Executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Non-Executive Directors are responsible for participating in board meeting to bring an independent judgement to bear on strategy, policy, performance, accountability, resources, key appointment and standard of conduct; taking the lead where potential conflicts of interests arised (if any); serving on audit, remuneration, nomination (if invited); and scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction training on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Ms. QIN Yuehong had obtained advice from the Company's legal advisor on 17 May 2024. Mr. Julian Juul WOLHARDT, Ms. Guannan WANG and Ms. Mengxue MEI had obtained advice from legal advisor on 4 March 2025. Each of Ms. QIN Yuehong, Mr. Julian Juul WOLHARDT, Ms. Guannan WANG and Ms. Mengxue MEI confirmed that he or she understood his or her obligations as a director of a listed issuer prior to his or her appointment pursuant to Rule 3.09D of the Listing Rules.

Directors should participate in appropriate continuous professional training to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2025, all Directors namely, Mr. SHEN Hui, Ms. Karen Yifen CHANG, Mr. YIH Lai Tak, Dieter, Mr. Charles Sheung Wai CHAN, Mr. HUANG Ming-Tuan (who resigned on 27 March 2025), Mr. HAN Liu (who resigned on 27 February 2025) and Ms. QIN Yuehong (who resigned on 27 February 2025), have kept update with information in relation to business, industry, legal and regulatory update and ESG management through different means such as seminars, self-study, reading of books and materials, internally-facilitated briefings and store visit, etc. Mr. Julian Juul WOLHARDT (who was appointed as a Director effective from 6 March 2025), Ms. Guannan WANG (who was appointed as a Director effective from 6 March 2025) and Ms. Mengxue MEI (who was appointed as a Director effective from 27 March 2025) had completed their induction training.

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 authority 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 as set out under "Corporate Information" on page 2.

Audit Committee

The roles and functions of the Audit Committee are set out in its terms of reference. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board in overseeing and reviewing (i) the effectiveness of the Company's risk management and internal control systems and regulatory compliance of the Group; (ii) the balance, transparency and integrity of the Company's financial statements and application of financial reporting principles; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and (iv) agree with internal auditors for their annual plan of work and the results of this work.

During the year ended 31 March 2025, the Audit Committee held three meetings to review the annual and interim financial results and reports for the year ended 31 March 2024, for the six months ended 30 September 2024 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works, and connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors at least one time without the presence of the Executive Director.

Remuneration Committee

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Director and senior management, the remuneration policy and structure for all Directors and senior management, any matters in relation to the share scheme as set out in Chapter 17 of the Listing Rules, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The remuneration payable to an executive director and a senior management will be determined having regard to his/her qualifications and experience, and the level of responsibilities to be undertaken by him/her. Discretionary bonus or share-based incentives, if any, shall be determined by the Board based on the recommendation of the Remuneration Committee of the Company from time to time with reference to his/her performance and contributions to the Group.

During the year ended 31 March 2025, the Remuneration Committee held four meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, appointments, service agreements and remuneration packages of the Executive Director, Non-Executive Directors and Independent Non-Executive Directors and senior management, recommended the proposed amendments on Employee Trust Benefit Schemes, and other related matters in relation to share schemes of the Group.

Nomination Committee

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, considering and assessing the possible contribution to be brought by the individual to the diversity of the Board and making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the Independent Non-Executive Directors.

The Company has formulated a policy for nomination of directors with the following procedures:

1. The Nomination Committee shall consider suitability of an individual pursuant to the Listing Rules, the Board Nomination Policy and Board Diversity Policy, and the independence of an individual for the position of Independent Non-Executive Director.

2. The Nomination Committee shall make recommendation to the Board's for consideration.

3. The Board shall consider the individual recommended by the Nomination Committee pursuant to the Listing Rules (including the corporate governance code as Appendix C1 to the Listing Rules), the Board Nomination Policy and Board Diversity Policy.

4. For casual vacancy and addition of new directors, the Board shall confirm the appointment of the individual and the new director shall be subjected to re-election by shareholders of the Company at the next annual general meeting in accordance with the Articles of Association of the Company.

5. For re-appointment of retiring directors, the Board shall, based on the recommendation of Nomination Committee, recommend the retiring directors to stand for re-election at the AGM. The appointment of retiring directors shall be subjected to the approval of shareholder at the AGM.

6. The Board reserves the right to final decision on the matters in relation to the selection and appointment of directors.

During the year ended 31 March 2025, the Nomination Committee held two meetings and has performed the following major tasks:

– Review of the structure, size, composition, gender diversity and skills matrics of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company;

– Recommendation on the re-appointment of those directors standing for re-election at the annual general meeting of the Company held in 2024;

– Assessment of the independence of the Independent Non-Executive Directors;

– Recommendation on the change of composition of Board Committees; and

– Recommendation on the appointment of the proposed Directors.

With the delegation of the Board, the Nomination Committee has reviewed and is satisfied with the implementation and effectiveness of the Company's board diversity policy during the reporting period.

Board Diversity Policy

The Company values gender diversity, and has adopted a diversity policy (the "**Board Diversity Policy**"), which sets out the Company's objectives and approach to achieve diversity and strengthen performance of the Board. In assessing the Board composition, the Nomination Committee would take into account various aspects and factors as set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee discusses and agrees on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

Gender Diversity of the Board

In 2022, Sun Art set a target to maintain at least one female director on the Board. As of the date of this Report, Sun Art has achieved the targeted gender diversity on Board Level:

– the Board has three female members (out of seven Board members);

– three Board Committees of the Company have at least one female member; and

– the Remuneration Committee is chaired by a female member.

Board Skills

The skills set of the Members of the Board cover areas including business related experience, strategic planning, risk management and financial reporting, professional expertise in accounting and legal and regulatory, ESG matters as well as industry related experiences on retail sector to support the Company's development.

An analysis of the current Board composition is set out in the following table:

	Structure and Size		Committees				Qualification		Skills and Expertise						Number of Directorship of Listed Company (including Sun Art)
Name	Age	Gender	Audit	Nomination	Remuneration	Sustainability	Professional Qualification	Highest Education	Business Management	Strategic Planning	Risk Management/ Financial Reporting	Legal/ Regulatory	Sustainability	Related Industry Knowledge/ Expertise	
Executive Director															
SHEN Hui	50+	M				•		Bachelar	•	•			•	•	1
Non-executive Directors															
Julian Juul WOLHARDT	50+	M			•		N1	Bachelar	•	•	•	•			2
Guannan WANG	30+	F		•				Master	•	•	•			•	2
Mengxue MEI	30+	F	•					Master	•	•	•			•	1
Independent Non-executive Directors															
Karen Yifen CHANG	60+	F	•	•	•			Master	•					•	3
Charles Sheung Wai CHAN	60+	M	•	•	•		N2	Bachelar	•		•				4
YIH Lai Tak, Dieter	60+	M	•	•	•		N3	Bachelar	•			•			2

Notes:

N1 Certified public accountant and certified management accountant in the United States

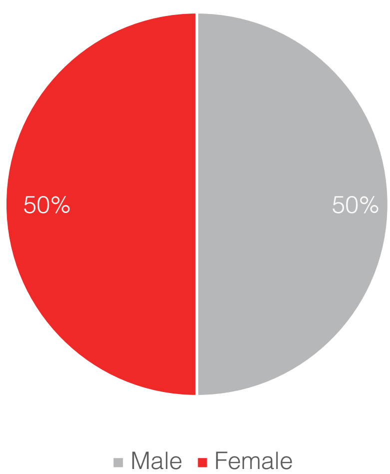
N2 Chartered accountant in Canada and certified public accountant In Hong Kong

N3 Certified lawyer in Hong Kong, England & Wales, Singapore and Australia

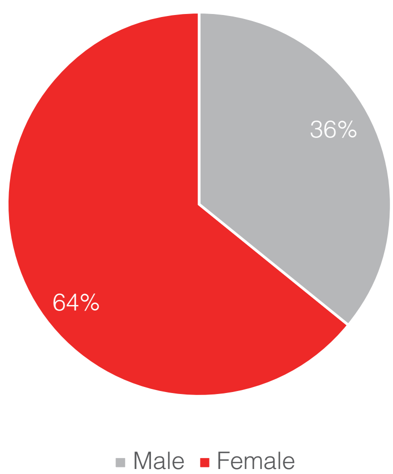
Gender diversity on workforce level

As of 31 March 2025, the Group achieved a gender-balanced workforce in senior management and workforce:

SENIOR MANAGEMENT



WORKFORCE



The Group will continue to observe the implementation of gender diversity in senior management and workforce over time as and when selecting and making recommendations on suitable candidates as senior management and members of the workforce. Further details on the gender diversity of the Group's workforce, together with relevant data can be found in the Environmental, Social and Governance Report of the Company.

ESG Committee

The Environmental Social and Governance ("**ESG**") Management Committee (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 the 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 Committee's terms of reference at the Company's website (https://www.sunartretail.com/en/about/cg/esgmanagementcommittee.pdf).

During the year ended 31 March 2025, the Board received one progress report of the Company's ESG-related work including (i) the review of ESG strategies and objectives; (ii) the identification of ESG risks; and (iii) the supervision of the implementation of ESG work.

Board Process

The Board meets regularly for at least four times a year. Notices of regular Board meetings are served to all the Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices are given. The Directors are also given an opportunity to include matters in the agenda for the Board meetings. Papers for Board meetings and committee meetings together with all relevant information are normally sent to all the Directors or committee members at least three days before each meeting, enabling them to make informed decisions with adequate information. In order to have an effective Board, the Directors are provided with information on activities and developments in the Group's business on a regular and timely basis to keep them apprised of the latest developments of the Group. The Directors have full access to information on the Group and are able to seek independent professional advice when they consider it necessary.

All minutes have been recorded in sufficient detail to reflect the matters considered and decision reached, including any concerns raised by Directors or dissenting views express. Draft minutes are circulated to the Directors for comments within reasonable time after each meeting and the final versions thereof, upon formal approval by the Board or the relevant committee, are filed for record purposes. All the Directors have access to the minutes of the Board and its committee meetings.

According to the current Board practice, each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board meetings. The Directors will abstain from voting for resolutions approving transactions in which such Directors or any of their close associates are materially interested.

ATTENDANCE RECORD OF DIRECTORS

The attendance records of each Director at the meetings of the Board and Board Committees and the general meeting of the Company held during the year ended 31 March 2025 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**	**Extra-ordinary General Meeting**
SHEN Hui	8/8	N/A	N/A	N/A	1/1	1/1
HUANG Ming-Tuan(Note 1)	8/8	N/A	2/2	4/4	1/1	1/1
HAN Liu(Note 2)	7/7	N/A	N/A	N/A	1/1	0/1
QIN Yuehong(Note 2)	6/6	0/2	N/A	0/1	0/1	0/1
Julian Juul WOLHARDT(Note 3)	1/1	N/A	N/A	1/1	N/A	N/A
Guannan WANG(Note 3)	1/1	N/A	N/A	N/A	N/A	N/A
Mengxue MEI(Note 4)	N/A	N/A	N/A	N/A	N/A	N/A
Karen Yifen CHANG	8/8	3/3	2/2	4/4	0/1	0/1
YIH Lai Tak, Dieter	8/8	3/3	2/2	4/4	1/1	1/1
Charles Sheung Wai CHAN	8/8	3/3	2/2	4/4	1/1	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-Executive Directors without the presence of other Directors during the year ended 31 March 2025.

Notes:

(1) Mr. HUANG Ming-Tuan resigned as a Non-Executive Director effective from 27 March 2025.

(2) Each of Mr. HAN Liu and Ms. QIN Yuehong resigned as a Non-Executive Director effective from 27 February 2025.

(3) Each of Mr. Julian Juul WOLHARDT and Ms. Guannan WANG were appointed as a Non-Executive Director effective from 6 March 2025.

(4) Ms. Mengxue MEI was appointed as a Non-Executive Director effective from 27 March 2025.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 83 to 92.

AUDITORS' REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services, mainly tax services, for the year ended 31 March 2025 is shown on note 7(b) to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledge its responsibility for the risk management and internal control systems of the Company and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk associated in failing to achieve certain business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

As supported by the Audit Committee and the ESG Committee, the Board has conducted a review of the implemented risk management systems and internal control systems of the Company and is satisfied that they are effective and adequate for the year ended 31 March 2025.

In view of the Company's business and scale of operations, the Company formulated policies and procedures of risk management and internal control and the main features are:

– the establishment of an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;

– the use of technology to identify, assess and mitigate risks related to financial reporting, business and operation;

– the engagement of external consultants to set up policies and procedures of risk management and internal control to comply with the new requirements of laws and regulations or new business needs; and

– the establishment of code of ethics and a whistle blowing channel for all employees to ensure high standards of conduct and ethical values in all business practices.

The Company has internal audit function prior to its listing on the Stock Exchange to oversee the implementation of the risk management and internal control systems of the Company. The internal audit team is delegated to assist the Board and the Audit Committee to monitor the Company's risk management and internal control systems.

The internal audit team identifies key areas of concern and designs an annual audit work plan. The annual work plan includes an assessment on the effectiveness of the risk management and internal control systems adopted by the Company, and compliance with the Listing Rules and other necessary areas. The annual audit work plan is submitted to the Audit Committee for review and approval, and material internal control deficiencies, if any, will be reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

During the reporting period, the internal audit team met the Audit Committee three times during the reporting period to discuss the progress report on the improvement of key areas of concern. The Audit Committee was satisfied that there had been no major deficiency noted in the Group's risk management and internal control systems.

In addition, the ESG Committee, a three-level governance structure with clearly assigned duties, has been set up to assist the Board in managing the ESG risks. The Board is the responsible for leading and monitoring the Company's ESG strategy and risks, approving ESG targets and reports, and regularly reviewing and constantly supervising the progress of ESG targets. ESG Management Committee and ESG Working Group are set under the Board. ESG Management Committee is responsible for ESG implementation and reporting, as well as overseeing the specific delivery from ESG Working Group.

During the reporting period, the Board received one progress report of the implementation of policies and procedures in relation to ESG risks.

INSIDE INFORMATION POLICY

The Company has developed its disclosure policy which provides a general guideline to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Employees are required to keep confidential and are not permitted to the unauthorised use of all information relating to our suppliers, clients, transactions and the use of confidential information for the benefit of themselves and any third party is restricted.

BUSINESS ETHICS

To facilitate the management and standardisation of internal operation, the Company has regulations in place that specify the duties and scopes of anti-corruption work and rectification measures in the event of various non-compliance and disciplinary violations to upkeep the image of the Company. Anti-corruption principles have also been incorporated in staff manual and employees are required to strictly abide them. To encourage employees to report misconduct that has occurred or is suspected to have occurred, the Company has established appropriate whistleblowing procedures pursuant to its whistleblowing policy to enable employees to report genuine suspected misconduct in a safe and fully confidential environment.

DIVIDEND POLICY

The Company has adopted and updated on 10 May 2021 the policy on payment of dividends (the "**Dividend Policy**"). According to the Dividend Policy, while the Company intends to declare and pay dividends in the future, the payment and the amount of any dividend will depend on a number of factors, including but not limited to:

- the Group's actual and expected financial performance;
- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- profits available for distribution, retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's liquidity position;
- the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deems appropriate and relevant.

The payment of dividend is subject to compliance with applicable laws and regulations including the laws of Hong Kong and the Articles of Association. In addition, the declaration and payment of dividends may be limited by legal restrictions or financial instruments that the Company may enter into in the future.

The Company may declare dividends in any currency in a general meeting but no dividends shall exceed the amount recommended by the Board.

COMPANY SECRETARY

Ms. HO Hang Yu Helen has been appointed as the company secretary of the Company since 24 May 2022. She confirms that she has complied with all the required qualifications, experience and training requirements of the Listing Rules for the year ended 31 March 2025.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with the shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings and other general meetings.

The Company has in place a shareholders' communication policy which aims at promoting channels for shareholders to communicate their views on various matters affecting the Company and how the Company solicits and understand the views of shareholders and stakeholders. The Board has conducted its annual review of the implementation and effectiveness of the policy, and was of the view that the Company has established various communication tools as stated below to ensure the shareholders are kept well informed of information of the Company, and policy was effective and adequately implemented during the year ended 31 March 2025.

The Company uses the following methods to communicate with its shareholders:

- publication of announcements, interim reports and annual reports;
- publication of key corporate governance policies on the Company's website;
- holding of annual general meeting and other general meetings of the Company;
- meetings with institutional investors and analysts; and
- Press releases and webcasts archives of the result announcements are available on the Company's website.

The Chairman of the Board, the chairmen of Audit Committee, Remuneration Committee and Nomination Committee, or, in their absence, other members of the respective committees, will make themselves available at the AGM to meet the shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.sunartretail.com, which contains corporate information, updates on the Company's financial information, interim and annual reports, announcements and circulars issued by the Company, corporate governance practices as well as the recent developments of the Company.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening General Meeting

General meetings may be convened by the Directors on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**").

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders; or at least 50 shareholders (as the case may be) who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting.

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for annual general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	4/F, No. 19 Jiang Chang Er Road, Jing'an District, 200436, Shanghai, China (For the attention of Ms. GU Xiaobei, Head of Investor Relations Team)
Email:	investor@sunartretail.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, other than the registered office address in Hong Kong, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

ARTICLES OF ASSOCIATION

On 11 July 2025, the Board proposed to amend the existing articles of association of the Company (the "**Existing Articles of Association**") and to adopt the new articles of association of the Company incorporating the proposed amendments (the "**New Articles**") for the purpose of, among others, (i) bringing the Existing Articles of Association in line with the requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in relation to holding of hybrid meetings and virtual meetings, participation in meetings by electronic facilities, and arrangements regarding treasury shares and communications via website; and (ii) incorporating certain corresponding and housekeeping amendments to the Existing Articles of Association.

The proposed amendments to the Existing Articles of Association are subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "**AGM**") by way of a special resolution. A circular containing, among other things, details of the proposed amendment to the Existing Articles of Association brought about by the adoption of the New Articles together with a notice convening the AGM will be despatched to the shareholders of the Company in due course.

To the Shareholders of Sun Art Retail Group Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sun Art Retail Group Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 93 to 207, comprise:

- the consolidated statement of financial position as at 31 March 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Recognition of purchase rebates, discounts in inventory and reimbursement of costs incurred in cost of sales
- Valuation of non-returnable inventories
- Impairment assessment of investment properties and other property, plant and equipment including right-of-use assets of the Group's stores

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of purchase rebates, discounts in inventory and reimbursement of costs incurred in cost of sales	
Refer to Notes 2.1(h), 4.6 and 7(b) to the consolidated financial statements. The Group has agreements with suppliers with a large number of different types of rebates, discounts and reimbursement arrangements. The arrangements vary in nature and size and typically include volume-based purchase rebates and non-volume-related trade discounts that are earned when the goods are purchased, as well as reimbursement of costs incurred by the Group to sell the goods.	Our audit procedures to assess the recognition of purchase rebates, discounts and reimbursement of costs incurred included the following: • understanding, evaluating and validating management's internal controls relating to the process on the recognition of purchase rebates, discounts and reimbursement of costs incurred and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • assessing the reasonableness of significant assumptions used in the estimation of purchase volume for determining whether volume-based purchase rebate thresholds were met as at period end by comparing the forecast of future purchase amount to the Group's budget and based on our knowledge of the markets and the Group's business plan;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of purchase rebates, discounts in inventory and reimbursement of costs incurred in cost of sales (continued)	
Volume-based purchase rebates are recognised based on management's best estimation on the satisfaction of the associated performance conditions. These performance conditions generally require the Group to meet certain purchase volume thresholds. The estimation of the rebate rate before periodical settlement with suppliers involves management judgements on the estimation in the forecast of future purchase amount. Volume-based purchase rebates are accounted for as a deduction from cost of inventory. Reimbursements from suppliers of costs incurred by the Group are offset against the cost of sales. These costs relate to warehousing, deliveries and marketing campaigns initiated by the suppliers or carried out in collaboration with the suppliers. We focus on the recognition of purchase rebates, discounts and reimbursement of costs incurred due to their significant volume and amounts which involved a large number of different arrangements with suppliers and are material to the consolidated financial statements. Further, the accounting for volume-based purchase rebates entitled by the Group required estimates of future purchase volume and hence involved significant management judgement.	• checking, on a sample basis, the inputs and the calculation of volume-based purchase rebates and non-volume-related trade discounts by comparing the inputs with supporting documents, including purchase volume data and rebate and discount rates in the respective agreements, and performing recalculations on a sample basis of the volume-based rebates and non-volume-related discounts to which the Group is entitled based on the above inputs; and • testing, on a sample basis, the recognition of reimbursement of costs incurred, by inspecting underlying documents, such as the supplier reimbursement notes. Based on the results of the work performed, we found the recognition of purchase rebates, discounts and reimbursement of costs incurred were supported by the evidence that we obtained.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of non-returnable inventories	
Refer to Notes 2.1(h), 4.1 and 15 to the consolidated financial statements. As at 31 March 2025, the Group's balance of inventories net off provision made was RMB7,467 million. The total inventories comprise of inventories returnable according to contract terms with suppliers and other inventories that are non-returnable. Inventories are carried at the lower of cost and net realisable value. For non-returnable inventories, the assessment of net realisable value of inventories involves significant estimates and judgements made by management based on an inventory ageing analysis, future sales projection, estimated future selling price, costs necessary to make the sale and the current inventory conditions at the end of each reporting period. We identified the valuation of non-returnable inventories as a key audit matter because assessment of net realisable value and determining an appropriate provision for slow moving non-returnable inventories involves significant management judgement.	Our audit procedures to assess the valuation of non-returnable inventories included the following: • understanding, evaluating and validating management's internal controls over inventory management, including the review of the valuation of inventories and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • evaluating the outcome of prior period assessment of provision for inventories to assess reliability of management estimates by comparing the actual sales during the year with management's estimations at the end of the prior year; • checking, on a sample basis, whether items in the inventory ageing report prepared by the management were classified within the appropriate ageing bucket by comparing items in the report with the underlying purchase records; and • assessing the reasonableness of significant assumptions related to future sales projection, estimated future selling price and cost necessary to make the sale based on the current market trends, inventory conditions and the planned sales arrangements. Based on the results of the work performed, we found management's judgement in the valuation of non-returnable inventories was supported by the evidence that we obtained.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investment properties and other property, plant and equipment including right-of-use assets of the Group's stores	
Refer to Notes 2.1(g), 4.3, 7(b) and 13 to the consolidated financial statements. The Group recorded a total impairment provision charge of RMB60 million against investment properties and other property, plant and equipment including right-of-use assets ("**PP&E**") to the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2025. Management has assessed impairment of PP&E by cash-generating units in each individual store. Management reviews the performance of individual stores at the end of each reporting period to identify if there is any indication that assets may be impaired, for example, when the respective store experienced a trend of significantly declining business performance. Where indicators of impairment are identified, management performs impairment assessment on the recoverable amount of PP&E which is determined on a store-by-store basis at the greater of the value in use ("**VIU**") and the fair value less costs of disposal ("**FVLCOD**") of these assets.	Our audit procedures to assess impairment of PP&E included the following: • understanding, evaluating and validating management's internal controls in place within the process relating to impairment assessment of PP&E and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • validating the management's processes in identifying the indicators of impairment.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investment properties and other property, plant and equipment including right-of-use assets of the Group's stores (continued)	
VIU	For VIU assessment:
In determining the VIU of individual store, a discounted cash flow forecast is prepared and key inputs, including future revenue growth rates, future margins, future costs of each store and pre-tax discount rates are determined by management with significant management judgements and assumptions.	• comparing the significant assumptions used in the discounted cash flow forecasts prepared in the prior year with the current year's performance of the relevant stores to assess the reliability of management's forecasting process and enquiring of management for any significant variations identified; • evaluating the significant assumptions used in the discounted cash flow forecasts, including future revenue growth rates, future margins and future costs, by considering the historical performance of these stores, budgets approved by management, market information and lease agreements signed; • evaluating sensitivity analysis of the significant assumptions, including future revenue growth rates, future margins, future costs of each store and pre-tax discount rates used in the cash flow forecasts prepared by management and considering the resulting impact on the impairment charge for the year in order to ascertain the extent to which adverse changes, both individually and in aggregate, would indicate that the PP&E were impaired; and • using our internal valuation specialists to assist us in evaluating the methodology and discount rates used by management in the preparation of its discounted cash flow forecasts.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investment properties and other property, plant and equipment including right-of-use assets of the Group’s stores (continued)	
FVLCOD In determining the FVLCOD of PP&E of individual store, management has applied significant judgement in determining the market values by considering available information and valuation reports from an independent professional valuer on the self-owned and leased properties. Such valuations involved assumptions of key inputs such as market rent and yield. We identified impairment assessment of PP&E as a key audit matter because the carrying amount of PP&E as at 31 March 2025 was significant and determining the level of impairment, if any, involves a significant degree of management judgement, particularly in forecasting future cash flows, discount rates and estimating the recoverable amounts of these assets, which are inherently uncertain and could be subject to management bias.	For FVLCOD assessment: • discussing with the independent professional valuers engaged by management for the self-owned and leased properties valuations to evaluate their experience, competence, capabilities and objectivity and to understand the methodologies adopted and key inputs used in the valuation of properties; and • evaluating management’s assumptions on key inputs in the valuations such as market rent and yield and methodology used in the independent professional valuer’s report, with the assistance from our internal valuation specialists. We checked the rental agreements for the Group’s other comparable leased stores and market data to corroborate with management’s information. Based on the results of the work performed, we found management’s judgements and estimates applied in the impairment assessment of PP&E were supported by the evidence that we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Ying Hei (practising certificate number: P08018).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 May 2025

		Year ended 31 March	
		2025	2024
	Notes	***RMB million***	*RMB million*
Revenue	*5*	**71,552**	72,567
Cost		**(54,316)**	(54,609)
Gross profit		**17,236**	17,958
Selling and marketing expenses		**(15,232)**	(18,178)
Administrative expenses		**(1,709)**	(2,251)
Other income and other gains, net	*6*	**1,130**	1,462
Operating profit/(loss)		**1,425**	(1,009)
Finance costs	*8*	**(395)**	(425)
Profit/(loss) before income tax		**1,030**	(1,434)
Income tax expense	*9*	**(644)**	(234)
Profit/(loss) for the year		**386**	(1,668)
Other comprehensive income for the year		**–**	–
Total comprehensive income/(loss) for the year		**386**	(1,668)
Profit/(loss) is attributable to:			
Owners of the Company		**405**	(1,605)
Non-controlling interests		**(19)**	(63)
Profit/(loss) for the year		**386**	(1,668)
Total comprehensive income/(loss) is attributable to:			
Owners of the Company		**405**	(1,605)
Non-controlling interests		**(19)**	(63)
Total comprehensive income/(loss) for the year		**386**	(1,668)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company:			
Basic earnings/(loss) per share	*11*	**RMB0.04**	RMB(0.17)
Diluted earnings/(loss) per share	*11*	**RMB0.04**	RMB(0.17)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	Notes	As at 31 March **2025** ***RMB million***	 2024 *RMB million*
ASSETS			
Non-current assets			
Investment properties	*13*	**5,068**	5,302
Other property, plant and equipment	*13*	**19,270**	20,969
Intangible assets	*14*	**57**	55
Deferred tax assets	*26(b)*	**1,113**	1,438
Restricted deposits	*20(b)*	**100**	710
Time deposits	*20(a)*	**800**	1,830
Trade and other receivables	*17*	**22**	51
Total non-current assets		**26,430**	30,355
Current assets			
Inventories	*15*	**7,467**	7,691
Trade and other receivables	*17*	**2,268**	2,133
Time deposits	*20(a)*	**2,580**	1,040
Financial assets at fair value through profit or loss (“**Financial assets at FVPL**”)	*18*	**3,839**	3,474
Restricted deposits	*20(b)*	**6,472**	3,985
Cash and cash equivalents	*19*	**6,798**	11,908
Assets of disposal groups classified as held for sale	*21*	**119**	129
Total current assets		**29,543**	30,360
Total assets		**55,973**	60,715
LIABILITIES			
Non-current liabilities			
Trade and other payables	*22*	**23**	28
Lease liabilities	*24*	**4,185**	4,950
Deferred tax liabilities	*26(b)*	**613**	443
Total non-current liabilities		**4,821**	5,421

		As at 31 March	
		2025	2024
	Notes	***RMB million***	*RMB million*
Current liabilities			
Trade and other payables	*22*	**15,401**	16,812
Borrowings	*23*	**1,491**	1,749
Lease liabilities	*24*	**1,648**	1,678
Contract liabilities	*25*	**11,691**	12,675
Current tax liabilities		**16**	79
Liabilities directly associated with assets of disposal groups classified as held for sale	*21*	**477**	507
Total current liabilities		**30,724**	33,500
Total liabilities		**35,545**	38,921
Net assets		**20,428**	21,794
EQUITY			
Share capital	*27(a)*	**10,020**	10,020
Reserves	*27(b)*	**10,074**	11,383
Capital and reserves attributable to the owners of the Company		**20,094**	21,403
Non-controlling interests	*28*	**334**	391
Total equity		**20,428**	21,794

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

The consolidated financial statements on pages 93 to 207 were approved by the Board of Directors on 20 May 2025 and were signed on its behalf.

SHEN Hui
Executive Director and Chief Executive Officer

Julian Juul WOLHARDT
Non-Executive Director and Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

		Attributable to owners of the Company								
	Notes	**Share capital** *RMB million*	**Capital reserve** *RMB million*	**Share-based payments reserve** *RMB million*	**Exchange reserve** *RMB million*	**Statutory reserve** *RMB million*	**Retained earnings** *RMB million*	**Total** *RMB million*	**Non-controlling interests** *RMB million*	**Total equity** *RMB million*
Balance at 1 April 2023		10,020	1,244	–	45	2,382	9,827	23,518	679	24,197
Comprehensive income										
Loss for the year		–	–	–	–	–	(1,605)	(1,605)	(63)	(1,668)
Total comprehensive loss		–	–	–	–	–	(1,605)	(1,605)	(63)	(1,668)
Transactions with owners in their capacity as owners										
Employee share incentive schemes:	*7(a)(iii)*									
– Share-based payments related to the options granted by the Company		–	–	4	–	–	–	4	–	4
– Share-based payments related to the award granted by Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, "**Alibaba Group**")		–	–	23	–	–	–	23	–	23
Dividend declared and paid	*12(b)*	–	–	–	–	–	(401)	(401)	–	(401)
Dividends declared and payable to non-controlling shareholders		–	–	–	–	–	–	–	(26)	(26)
Profit appropriation to statutory reserve	*27(b)*	–	–	–	–	89	(89)	–	–	–
Acquisition of non-controlling interests	*28*	–	(136)	–	–	–	–	(136)	(199)	(335)
Total transactions with owners in their capacity as owners		–	(136)	27	–	89	(490)	(510)	(225)	(735)
Balance at 31 March 2024		10,020	1,108	27	45	2,471	7,732	21,403	391	21,794

		Attributable to owners of the Company								
		Share capital	**Capital reserve**	**Share-based payments reserve**	**Exchange reserve**	**Statutory reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	Notes	*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**
Comprehensive income										
Profit/(loss) for the year		–	–	–	–	–	405	405	(19)	386
Total comprehensive loss		–	–	–	–	–	405	405	(19)	386
Transactions with owners in their capacity as owners										
Employee share incentive schemes:	*7(a)(iii)*									
– Share-based payments related to the options granted by the Company		–	–	8	–	–	–	8	–	8
– Share-based payments related to the award granted by Alibaba Group		–	–	2	–	–	–	2	–	2
– Settlement of share-based award cost with Alibaba Group		–	–	(22)	–	–	–	(22)	–	(22)
Dividend declared and paid	*12(b)*	–	–	–	–	–	(1,702)	(1,702)	–	(1,702)
Dividends declared and payable to non-controlling shareholders		–	–	–	–	–	–	–	(38)	(38)
Profit appropriation to statutory reserve	*27(b)*	–	–	–	–	108	(108)	–	–	–
Total transactions with owners in their capacity as owners		–	–	(12)	–	108	(1,810)	(1,714)	(38)	(1,752)
Balance at 31 March 2025		**10,020**	**1,108**	**15**	**45**	**2,579**	**6,327**	**20,094**	**334**	**20,428**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Year ended 31 March 2025 RMB million	2024 RMB million
Cash flows from operating activities			
Cash generated from operations	*29(a)*	**3,762**	1,278
Income taxes paid		**(213)**	(352)
Net cash inflow from operating activities		**3,549**	926
Cash flows from investing activities			
Proceeds from sale of investment properties and other property, plant and equipment		**54**	67
Proceeds from redemption of time deposits with maturity over three months		**1,160**	3,443
Proceeds from redemption of restricted time deposits with maturity over three months		**59**	–
Proceeds from redemption of financial assets at FVPL	*18*	**24,307**	7,954
Interest received		**242**	421
Payment for investment properties and other property, plant and equipment		**(985)**	(1,278)
Payment for intangible assets		**(12)**	(19)
Payment for the purchase of time deposits with maturity over three months		**(1,670)**	(3,041)
Payment for the purchase of restricted time deposits with maturity over three months		**(3,518)**	(769)
Payment for financial assets at FVPL	*18*	**(24,549)**	(6,830)
Cash outflow from sale of a subsidiary, net of cash disposed		**(1)**	–
Net cash outflow from investing activities		**(4,913)**	(52)

	Notes	Year ended 31 March **2025** ***RMB million***	 2024 *RMB million*
Cash flows from financing activities			
Proceeds from borrowings	*29(c)*	**4,405**	2,257
Cash injection from non-controlling interests		**–**	10
Cash prepaid for acquisition of non-controlling interests		**(204)**	–
Payment for acquisition of non-controlling interests		**(4)**	(331)
Principal element of lease rental paid	*29(c)*	**(1,146)**	(1,260)
Interest element of lease rental paid	*8, 29(c)*	**(341)**	(402)
Repayments of bank borrowings	*29(c)*	**(4,692)**	(1,180)
Borrowings costs	*29(c)*	**(25)**	(19)
Repayment of interests	*29(c)*	**(3)**	(3)
Dividends paid to Company's shareholders	*12(b)*	**(1,702)**	(401)
Payments for settlement of share-based award cost with Alibaba Group	*7(a)(iii)*	**(22)**	–
Dividends paid to non-controlling interests in subsidiaries	*29(c)*	**(16)**	(29)
Net cash outflow from financing activities		**(3,750)**	(1,358)
Net decrease in cash and cash equivalents		**(5,114)**	(484)
Cash and cash equivalents at the beginning of the year		**11,908**	12,408
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	*21*	**4**	(16)
Cash and cash equivalents at the end of the year	*19*	**6,798**	11,908

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

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.

As at 31 March 2025, the immediate parent of the Group is Citrine Lime Limited, an exempted company incorporated in the Cayman Islands with limited liability. The ultimate controlling party of the Group is DCP Capital Partners II, L.P., a fund of DCP Capital incorporated in the Cayman Islands.

These consolidated financial statements are presented in Renminbi ("**RMB**") rounded to the nearest million, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 20 May 2025.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVPL which are carried at fair value and assets held for sale which are measured at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New and amended standards and interpretations adopted by the Group

The Group has applied the following amendments and interpretation for its annual reporting period commencing 1 April 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1.
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised).
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16.
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments and annual improvements to accounting standards and interpretations have been published that are not mandatory for 31 March 2025 reporting periods and have not been early adopted by the Group. These new standards, amendments, improvements and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for HKFRS 18 which will mainly impact the presentation of profit and loss statements. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards	Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HK Interpretation 5	Presentation of Financial Statements –Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.2(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that they are joint ventures.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

(iii) Joint arrangements (continued)

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.1(g).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(c) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note 2.1(e)) to earn rental income and/or for capital appreciation. These include areas within buildings of brick-and-mortar stores leased by the Group which are sublet to earn rental income.

Investment properties are stated at cost less accumulated depreciation and impairment losses (Note 2.1(g)). Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

• Building	10 – 30 years
• Right-of-use assets including land use rights	from the commencement date to the earlier of the end of the useful life or the end of the lease term

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(d) Other property, plant and equipment

Buildings held for own use which are situated on land held under land use rights and other property, plant and equipment including right-of-use assets arising from leases of underlying plant and equipment (Note 2.1(e)) are stated at cost less accumulated depreciation and impairment losses (Note 2.1(g)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (Note 2.2(k)). Construction in progress is transferred to investment properties or the relevant categories of other property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant People's Republic of China ("**PRC**") authorities. No depreciation is provided on construction in progress. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(d) Other property, plant and equipment (continued)

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the differences between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

• Buildings	10 – 30 years
• Decoration and leasehold improvements	5 – 20 years
• Store and other equipment	4 – 10 years
• Office equipment	3 – 5 years
• Motor vehicles	5 – 8 years
• Land use rights and other properties leased for own use (Note 2.1(e))	from the commencement date to the earlier of the end of the useful life or the end of the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.1(g)).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(e) Leases

(i) As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(e) Leases (continued)

(i) As a lessee (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(e) Leases (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily store and office equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(e) Leases (continued)

(i) As a lessee (continued)

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2.1(m)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2.1(e)(i), then the Group classifies the sub-lease as an operating lease.

(f) Goodwill

Goodwill is measured as described in Note 2.2(a). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(g) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position;
- investment properties, including right-of-use assets;
- other property, plant and equipment, including right-of-use assets;
- intangible assets; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e.a cash-generating unit).

(ii) Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(g) Impairment of non-financial assets (continued)

(iii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group also applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises the purchase cost of goods after deducting purchase rebates, discounts and payments from suppliers, except where such payments represent a reimbursement of identifiable expenditure incurred by the Group or relate to services provided by the Group which provide identifiable benefits to the suppliers separate from the Group's purchase of the supplier's goods. Supplier payments include cash or its equivalent in form (e.g. credits applied to future purchases).

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(h) Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as cost in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as cost in the period in which the reversal occurs.

(i) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(i) Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in operating profit using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in operating profit together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the other items of profit or loss (Note 7(b)).

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(i) Investments and other financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECLs**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(j) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans, contributions to the Group's Employee Trust Benefit Schemes, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(iii) Share-based payments

The Group operates share options schemes, under which the Group receives services from employees as consideration for share options of the Group. The fair value of the employee services received in exchange for the grant of share options of the Group is recognised as an expense over the vesting period, i.e. the period over which all of the specified vesting conditions are to be satisfied and credited to equity.

The total amount to be expensed is determined by reference to the fair value of the options granted by using Black-Scholes models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(j) Employee benefits (continued)

(iv) Share-based payments plans of Alibaba Group

Alibaba Group operates a number of share incentive plans, under which Alibaba Group including the Group receives services from employees as consideration for equity instruments (including share options and restricted share units) of Alibaba Group. The fair value of the employee services received in exchange for the grant of equity instruments of Alibaba Group is recognised as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to contribution from shareholder under equity. The payment by the Group to Alibaba Group would be recorded directly in equity for a payment of up to the share-based payment expense recognised.

(v) Modifications

Where the terms of the share-based payments plan are modified, the expense that is not yet recognised for the award is recognised over the remaining vesting period as if the terms had not been modified. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period. If the Group modifies the terms or conditions of its equity instruments granted in a manner that reduces the total fair value of the share-based payments arrangement, or is not otherwise beneficial to the employee, the Group shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(l) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(l) Current and deferred income tax (continued)

(ii) Deferred income tax (continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(m) Revenue

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(m) Revenue (continued)

(i) Sales of goods

The Group sells its products to end customers via brick-and-mortar stores of the Group or over self-owned or other online platforms. Revenue is recognised when the end customer takes possession of and accepts the products. As a practical expedient, commission paid to other online platforms, which are considered as the incremental costs of obtaining a contract, are expensed when incurred because the amortisation period of the asset is less than one year.

If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

For sales of goods to certain customers, the Group operates a customer loyalty program where points can be earned by customers which can be used to reduce the cost of future purchases. The Group allocates a portion of the consideration received to loyalty points based on the estimated relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expired. The deferred revenue is included in contract liabilities.

(ii) Revenue arising from recognition of unutilised balances on aged prepaid cards

The Group considers the guidance on constraining variable consideration to determine whether or not it expects to be entitled to a breakage amount. The Group expects to be entitled to a breakage amount, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The assessment of estimated breakage will be updated at each reporting period. Changes in estimated breakage will be accounted for by adjusting the contract liability to reflect the remaining rights expected to be redeemed.

(iii) Revenue from membership fee

The Group operates membership-only stores that offering members low prices on quality products. Memberships are offered for a twelve-month period and members pay a fixed upfront membership fee. The membership fee is deferred, and is recognised as revenue using the straight-line method over the twelve-month membership period. The deferred revenue is included in contract liabilities.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(m) Revenue (continued)

(iv) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (Note 2.2(f)).

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(n) Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method. Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (Note 3.1(b)).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(n) Other income (continued)

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iii) Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (continued)

(o) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(a) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet
- income and expenses for consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (Note 2.1(g)).

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(e) Intangible assets (other than goodwill) (continued)

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, as follows:

- Software — 2 – 10 years

Both the period and method of amortisation are reviewed annually.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(f) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 3 months and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for trade and other receivables and Note 2.1(i) for a description of the Group's impairment policies.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 3.1(b).

(h) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(m) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(n) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent or ultimate controlling shareholders.

(ii) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in Note 2.2(n)(i);
- A person identified in Note 2.2(n)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (continued)

(o) Rounding of amounts

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risks are mitigated by various measures as disclosed below.

(a) Market risk

(i) Foreign exchange risk

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.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demand and the Group may not be able to pay dividends in foreign currencies to its shareholders.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

Other than cash at bank, time deposits, restricted deposits and financial assets at FVPL (the "**Interest Bearing Assets**"), the Group has no other significant interest bearing assets.

The Group also has certain borrowings and lease liabilities (the "**Interest Bearing Liabilities**"). The Interest Bearing Liabilities are primarily issued at fixed rates, which expose the Group to fair value interest rate risk. The Group's exposure to cash flow and fair value interest rate risk is minimal.

With all other variables held constant, if the interest rate had increased/decreased by 100 basis-point, the corresponding increase/decrease in other income (representing interest income on the Interest Bearing Assets) will result in a net increase/decrease in the Group's post-tax profit by RMB94 million (for the year ended 31 March 2024: RMB114 million).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at each reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 31 March 2025 and 2024.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

(i) Risk Management

Credit risk is managed on Group basis. It mainly arises from cash and cash equivalents, deposits with financial institutions as well as trade and other receivables, etc.

To manage risk arising from cash and cash equivalents and deposits with financial institutions, the Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and Hong Kong. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period and the credit quality of these customers is assessed, which takes into account their financial position, past experiences and other factors.

For other debtors, management makes periodic collective assessments as well as individual assessments on the recoverability of other debtors based on historical settlement records and past experiences.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Risk Management (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal of impairment loss in profit or loss. The Group recognises an impairment loss or reversal of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or past due event;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the ECL model:

- cash and cash equivalent;
- bank deposits;
- trade receivables, including amounts due from related parties; and
- other debtors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Cash and bank deposits

Cash and bank deposits are subject to the impairment requirements of HKFRS 9, while the identified impairment loss was immaterial.

Trade receivables, including amounts due from related parties

The Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

For trade receivables that do not share same risk characteristics with others, management assesses their expected credit losses on an individual basis. For trade receivables that share same risk characteristics with others, management calculates the expected credit losses on a collective basis.

The expected loss rates for groups of trade receivables from certain related parties are based on historical payment profiles, historical credit loss rates by credit rating and data published by external credit rating institution. For other groups, the Group established provision matrices based on historical observed default rates. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables, including amounts due from related parties (continued)

As at 31 March 2024, trade receivables for which the related loss allowance was provided on the individual basis are analysed as follows:

31 March 2024	Expected credit loss rate	Gross carrying amount *RMB million*	Loss allowance *RMB million*
Trade receivables from certain retail customers	86.75%	166	144

For the year ended 31 March 2025, the Group wrote off the gross carrying amount of trade receivables and the corresponding allowance for expected credit losses of RMB147 million due to the business termination with a consignment retailer. As at 31 March 2025, no trade receivables for which the related loss allowance was provided on the individual basis.

As at 31 March 2025 and 2024, trade receivables for which the related loss allowance was made on a collective basis are analysed as follows:

31 March 2025	**0 – 60 days** ***RMB million***	**60 – 90 days** ***RMB million***	**91 – 180 days** ***RMB million***	**above 181 days** ***RMB million***	**Total** ***RMB million***
Expected credit loss rate	**0.59%**	**2.26%**	**5.56%**	**62.86%**	**5.34%**
Gross carrying amount – trade receivables	**338**	**133**	**18**	**35**	**524**
Loss allowance	**2**	**3**	**1**	**22**	**28**

31 March 2024	0 – 60 days *RMB million*	60 – 90 days *RMB million*	91 – 180 days *RMB million*	above 181 days *RMB million*	Total *RMB million*
Expected credit loss rate	2.27%	7.41%	16.00%	35.48%	8.22%
Gross carrying amount – trade receivables	484	54	50	93	681
Loss allowance	11	4	8	33	56

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables, including amounts due from related parties (continued)

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	Trade receivables	
	Year ended 31 March 2025	Year ended 31 March 2024
	RMB million	*RMB million*
Opening loss allowance	**200**	304
Decrease in loss allowance recognised in profit or loss during the year	**(26)**	(93)
Written off during the year as uncollectible	**(147)**	(10)
Decrease/(increase) in loss allowance classified as held for sale	**1**	(1)
Closing loss allowance	**28**	200

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other debtors

The Group measures credit risk considering factors including historical experience, internal/external credit rating, overdue status and nature of relevant other debtors, and also other forward-looking information including macroeconomic factors. ECL model for other debtors, as summarised below:

- Other debtors that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

The closing loss allowances for other debtors as at 31 March reconcile to the opening loss allowances as follows:

	Other debtors	
	Year ended 31 March 2025 *RMB million*	Year ended 31 March 2024 *RMB million*
Opening loss allowance	**133**	104
Increase in loss allowance recognised in profit or loss during the year	**20**	63
Written off during the year as uncollectible	**(9)**	(33)
Increase in loss allowance classified as held for sale	**–**	(1)
Closing loss allowance	**144**	133

Impairment losses on other debtors are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Net reversal of impairment losses on financial assets recognised in profit or loss

For the year ended 31 March 2025 and 2024, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Impairment losses -		
Movement in loss allowance for trade receivables	**(26)**	(93)
Movement in loss allowance for for other debtors	**20**	63
Net reversal of impairment losses on financial assets (Note 7(b))	**(6)**	(30)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of the Group's financial liabilities at each reporting date, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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.

Contractual maturities of financial liabilities	**Within 1 year or on demand** *RMB million*	**Between 1 and 2 years** *RMB million*	**Between 2 and 5 years** *RMB million*	**Over 5 years** *RMB million*	**Total contractual cash flows** *RMB million*	**Carrying amount liabilities** *RMB million*
At 31 March 2025						
Non-derivatives						
Trade and other payables	**12,915**	**–**	**–**	**23**	**12,938**	**12,938**
Borrowings (Note 23)	**1,500**	**–**	**–**	**–**	**1,500**	**1,491**
Lease liabilities* (Note 24)	**1,919**	**1,106**	**2,097**	**1,990**	**7,112**	**5,833**
Total non-derivatives	**16,334**	**1,106**	**2,097**	**2,013**	**21,550**	**20,262**

Contractual maturities of financial liabilities	Within 1 year or on demand *RMB million*	Between 1 and 2 years *RMB million*	Between 2 and 5 years *RMB million*	Over 5 years *RMB million*	Total contractual cash flows *RMB million*	Carrying amount liabilities *RMB million*
At 31 March 2024						
Non-derivatives						
Trade and other payables	14,060	–	–	28	14,088	14,088
Borrowings (Note 23)	1,776	–	–	–	1,776	1,749
Lease liabilities* (Note 24)	2,003	1,381	2,464	2,332	8,180	6,628
Total non-derivatives	17,839	1,381	2,464	2,360	24,044	22,465

* The amounts disclosed for the lease liabilities include cash flows relating to extension options if they have been included in the lease term, and therefore the measurement of the lease liability is disclosed in note 13(c)(vi).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. The Group defines net debt as per Note 29(c). As at 31 March 2025, the Group's net debt-to-equity ratio was 2.90% (31 March 2024: nil, as its cash and cash equivalents exceeded its total borrowings).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3.3 Fair value estimation

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Recurring fair value measurements at 31 March 2025

	Level 1 ***RMB million***	**Level 2** ***RMB million***	**Level 3** ***RMB million***	**Total** ***RMB million***
Financial assets:				
– Financial assets at FVPL	**–**	**2,017**	**1,822**	**3,839**

Recurring fair value measurements at 31 March 2024

	Level 1 *RMB million*	Level 2 *RMB million*	Level 3 *RMB million*	Total *RMB million*
Financial assets:				
– Financial assets at FVPL	–	1,323	2,151	3,474

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Fair value hierarchy (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to environmental, social and governance ("**ESG**") risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for wealth management product with unobservable return and for instruments where ESG risk gives rise to a significant unobservable adjustment.

(b) Fair value measurements using significant observable inputs (level 2)

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 March 2025 and 2024:

	Financial assets at FVPL
Balance at 1 April 2023	2,527
Purchase	4,380
Redemption	(4,846)
Gain recognised in profit or loss*	90
Balance at 31 March 2024	2,151
* includes unrealised gains recognised in profit or loss attributable to balances held at the end of the year	41
Balance at 1 April 2024	**2,151**
Purchase	**13,320**
Redemption	**(13,709)**
Gain recognised in profit or loss*	**60**
Balance at 31 March 2025	**1,822**
* includes unrealised gains recognised in profit or loss attributable to balances held at the end of the year	**42**

There were no transfers between the levels of the fair value hierarchy for the year ended 31 March 2025 and 2024. There were also no changes made to any of the valuation techniques applied as of 31 March 2025 and 2024.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Fair value as at 31 March 2025	**Valuation technique**	**Unobservable input**	**Range/ (weighted average)**	**Relationship of unobservable input to fair value**
Financial assets at FVPL	**1,822**	**Income approach**	**Rate of return**	**1.82%-3.40%/ (2.52%)**	**The higher the rate of return, the higher the fair value**

	Fair value as at 31 March 2024	Valuation technique	Unobservable input	Range/ (weighted average)	Relationship of unobservable input to fair value
Financial assets at FVPL	2,151	Income approach	Rate of return	2.48%-3.60%/ (3.08%)	The higher the rate of return, the higher the fair value

A change in the rate of return by 100 basis-point would increase/decrease the fair value by RMB22 million for the year ended 31 March 2025 (for the year ended 31 March 2024: RMB13 million).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Provision for inventories

The Group reviews the carrying amounts of the inventories at each reporting period end date to determine whether the inventories are carried at the lower of cost and net realisable value. The total inventories comprise of inventories returnable according to contract terms with suppliers and other inventories that are non-returnable. For non-returnable inventories, management estimates the net realisable value based on the current market situation and historical experience on similar inventories, including an inventory ageing analysis, future sales projection, estimated future selling price, costs necessary to make the sale and the current inventory conditions at the end of each reporting period. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's net asset value.

4.2 Income tax

Determining income tax provisions and the recognition of certain deferred tax assets involves judgement regarding the future tax treatment of certain transactions and the recoverability. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4.3 Impairment of other assets (mainly investment properties and other property, plant and equipment including right-of-use assets)

As stated in Note 2.1(g), an impairment loss is recognised in profit and loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. At the end of each reporting period, the Group reviews the recoverable amount of investment properties and other property, plant and equipment including right-of-use assets which involves judgement on the determination of their fair value less costs of disposal and value in use. The fair value less costs of disposal is determined based on market comparison approach by reference to market rent and yield of comparable assets and the value in use is determined by discounted cash flow forecast based on key inputs, including future revenue growth rates, future margins, future costs of each store and pre-tax discount rates. Any change in the assumptions underlying these projections and fair values would increase or decrease the recoverable amount of investment properties and other property, plant and equipment.

4.4 Revenue arising from recognition of unutilised balances on aged prepaid cards

The estimated breakage amounts to be recognised involves the exercise of significant judgement in determining the redemption rate and the activation rate for each group of aged prepaid cards at each reporting period. Any change in these judgements would increase or decrease the amount of revenue recognised and affect the Group's net asset value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.5 Determining the lease term

As explained in Note 2.1(e) the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options or early termination options exercisable by the Group, the Group exercises judgement to evaluate the likelihood of exercising the renewal options or early termination options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken, penalties for early termination and the importance of that underlying asset to the Group's operation. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years. The Group also exercises judgement to determine whether there is a significant event or significant change in circumstance that is within the Group's control that would require the lease term to be reassessed.

4.6 Recognition of volume-based purchase rebates

The Group has agreements with suppliers and earns volume-based purchase rebates when performance conditions are met such as reaching certain purchase volume thresholds. Management estimates the rebate rate before periodical settlement with suppliers based on the forecast of future purchase amount. Volume-based purchase rebates are accounted for as a deduction from cost of inventory. Any change in the forecast of future purchase amount would affect the recognition of volume-based rebate and therefore, the recognition of the cost of inventory.

5 SEGMENT AND REVENUE INFORMATION

The principal activity of the Group is the operation of brick-and-mortar stores and online sales channels in the PRC.

The Group is organised, for management purpose, 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.

5 SEGMENT AND REVENUE INFORMATION (CONTINUED)

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 services is as follows:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Revenue from contracts with customers		
– recognised at a point in time	**68,482**	69,431
– recognised over time	**36**	16
Revenue from other sources – rental income from tenants	**3,034**	3,120
Total revenue	**71,552**	72,567

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 1 year or less.

The Group generally expenses contract acquisition cost when incurred because the amortisation period would have been 1 year or less.

6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Interest income on financial assets measured at amortised cost	**359**	469
Miscellaneous income	**340**	418
Gain on financial assets at FVPL (Note 18)	**123**	146
Net gain on disposal and reassessment of investment properties and other property, plant and equipment	**116**	154
Government grants	**100**	169
Disposal of packaging material	**92**	106
	1,130	1,462

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES

(a) Employee benefit expense

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Salaries, wages and other benefits	**7,363**	8,551
Contributions to defined contribution retirement plans (i)	**834**	980
Expenses related to Employee Trust Benefit Schemes (ii)	**99**	–
Share-based compensation expenses (iii)	**10**	27
	8,306	9,558

(i) Contributions to defined contribution retirement plans

The Group participates in pension schemes organised by the PRC government whereby the Group is required to pay annual contributions based on the statutory percentage of the average salary level in the cities where the Group's employees are employed. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

(ii) Expenses related to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Co., Ltd. ("**CIC**") and its subsidiaries ("**the RT-Mart Scheme**") and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Hong Kong Limited ("**ACHK**") 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 ACHK 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 of CIC in the case of the RT-Mart Scheme, or cash portion or equity of ACHK's subsidiary, Auchan (China) Investment Co., Ltd. ("**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 year ended 31 March 2025, the Group recognised total expenses of RMB99 million related to Employee Trust Benefit Schemes (for the year ended 31 March 2024: nil).

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.

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.

(iii) Share-based compensation expenses

(i) Share options

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.

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

(iii) Share-based compensation expenses (continued)

(i) Share options (continued)

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.

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 2023	–	–
Granted during the period	85,000	1.99
Forfeited during the period	(40,000)	2.18
Outstanding as at 31 March 2024	45,000	1.82
Vested and exercisable at 31 March 2024	–	N/A
Outstanding as at 1 April 2024	**45,000**	**1.82**
Forfeited during the period	**(10,000)**	**2.18**
Outstanding as at 31 March 2025	**35,000**	**1.72**
Vested and exercisable at 31 March 2025	**6,250**	**1.54**

The weighted average remaining contractual life of outstanding share options was 8.82 years as at 31 March 2025.

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

(iii) Share-based compensation expenses (continued)

(i) Share options (continued)

Fair value of share options

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. The Group had used Black-Scholes model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

Exercise price (HKD)	1.54~2.18
Expected volatility	40.65~46.06%
Expected term (years)	5.5~7.0
Risk-free interest rate	3.48~3.89%
Dividend yield	2.38%

(ii) Share-based payments plans of Alibaba Group

Alibaba Group operates a number of share-based payments plans (including share options and restricted share units) covering certain employees of the Group. For the year ended 31 March 2025, the Group recognised total expenses of RMB2 million in respect of the share-based payments plans of Alibaba Group (for the year ended 31 March 2024: RMB23 million).

The Group is obligated to pay a cash consideration to Alibaba Group for such employees' service period at the Group on a pro rata basis when these share-based awards were vested. For the year ended 31 March 2025, a net amount of RMB22 million was reimbursed and cash paid out by the Group to Alibaba Group (for the year ended 31 March 2024: nil).

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

(iii) Share-based compensation expenses (continued)

(iii) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year ended 31 March 2025 and 2024 as part of employee benefit expenses were as follows:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Share options granted by the Company	**8**	4
Share-based payments plans of Alibaba Group	**2**	23
	10	27

(iv) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2024: nil) director whose emolument is reflected in the analysis shown in Note 10. The emoluments payable to the remaining four (2024: five) individuals during the year are as follows:

	Year ended 31 March	
	2025	2024
	RMB thousand	*RMB thousand*
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**10,505**	27,819
Contribution to pension scheme	**–**	–
Discretionary bonuses	**–**	–
Inducement fee to join or upon joining the Group	**–**	–
Compensation for loss of office:		
– contractual payments	**–**	–
– other payment	**–**	–
	10,505	27,819

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

(iv) Five highest paid individuals (continued)

The emoluments of the 4 individuals (2024: 5) with the highest emoluments excluding directors are within the following bands:

	Year ended 31 March	
	2025 **Number of individuals**	2024 *Number of individuals*
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,500,001 – HK$3,000,000	**2**	–
HK$3,500,001 – HK$4,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**–**	1
HK$4,500,001 – HK$5,000,000	**–**	1
HK$8,000,001 – HK$8,500,000	**–**	1
HK$9,500,001 – HK$10,000,000	**–**	1
	4	5

7 EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES (CONTINUED)

(b) Other items

The major items of cost of sales and expenses are listed below.

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Cost of sales (Note 15(b))	**54,231**	54,523
Depreciation cost of investment properties and other property, plant and equipment (Note 13)	**3,080**	3,391
Operating lease charges	**804**	881
Impairment losses on investment properties and other property, plant and equipment (Note 13)	**60**	1,208
Amortisation cost of intangible assets (Note 14)	**8**	7
Impairment losses on goodwill [(i)]	**–**	140
Reversal of allowance related to trade receivables and other debtors (Note 3.1(b))	**(6)**	(30)
Auditors' remuneration		
– audit services	**15**	16
– non-audit services	**3**	2
Donations	**-***	-*

* The amount is less than a million.

(i) The impairment losses of RMB140 million were recognised during the year ended 31 March 2024, and the goodwill balances were nil as of 31 March 2025 and 2024.

8 FINANCE COSTS

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Interest expenses on lease liabilities (Note 13(c))	**341**	402
Interest expenses on borrowings	**51**	20
Interest expenses on other financial liabilities	**3**	3
	395	425

9 INCOME TAX EXPENSE

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Current tax-Hong Kong profits tax		
Current tax on profits for the year(i)	**–**	2
Current tax-PRC income tax		
Withholding tax	**90**	40
Current tax on profits for the year	**59**	179
Adjustments for current tax of prior year	**-***	(19)
Total current tax expense	**149**	202
Deferred income tax		
Decrease in deferred tax assets	**459**	115
Increase/(decrease) in deferred tax liabilities	**36**	(83)
Total deferred tax expense	**495**	32
Income tax expense	**644**	234

* The amount is less than a million.

(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 can be nominated to be chargeable at the two-tiered profits tax rates.

(ii) PRC subsidiaries are subject to income tax at 25% for the year ended 31 March 2025 (for the year ended 31 March 2024: 25%) under the Enterprise Income Tax law ("**EIT law**").

9 INCOME TAX EXPENSE (CONTINUED)

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents: (continued)

Pursuant to the relevant regulations in respect of Announcement on Implementing Preferential Income Tax Policy for Small and Micro Enterprises and Individual Businesses (Cai Shui [2023] No.6) and Announcement on Further Implementing Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2022] No.13, 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 RMB1 million, 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; for the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), income tax shall be calculated at 25% of the annual taxable income using the tax rate of 20% from 1 January 2022 to 31 December 2027. Approximately 44% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the year ended 31 March 2025 (for the year ended 31 March 2024: approximately 41%).

A subsidiary of the Group in the 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 year ended 31 March 2025 (for the year ended 31 March 2024: 15%).

9 INCOME TAX EXPENSE (CONTINUED)

(a) Income tax in the 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 the 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% (31 March 2024: 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.

As at 31 March 2025, deferred tax liability of RMB167 million 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 (31 March 2024: RMB9 million).

As at 31 March 2025, no deferred tax liabilities were provided on post-2007 undistributed profits of the Group's PRC subsidiaries amounted to RMB3,839 million for which the Group has no plan to distribute them outside the PRC in the foreseeable future (31 March 2024: RMB6,446 million).

9 INCOME TAX EXPENSE (CONTINUED)

(b) Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Profit/(loss) before income tax expense	**1,030**	(1,434)
Notional tax on profit/(loss) before taxation, calculated at PRC income tax rate of 25%	**258**	(359)
Statutory tax concession	**(10)**	(5)
Non-deductible expenses, less non-assessable income	**42**	11
PRC dividend withholding tax	**248**	32
Current year losses for which no deferred tax asset was recognised	**229**	583
Temporary differences for which no deferred tax asset was recognised	**3**	7
Reversal of previously recognised deferred tax assets	**11**	44
Utilisation of previously unrecognised tax losses	**(99)**	(46)
Recognition of previously unrecognised tax losses	**(38)**	(14)
Over provision in respect of prior years	**-***	(19)
Actual tax expenses	**644**	234

* The amount is less than a million.

10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

	Year ended 31 March 2025					
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to retirement schemes	Discretionary bonus	Share-based payments	Total
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*
Executive directors						
SHEN Hui	–	3,872	–	–	6,518	10,390
Non-executive directors						
Julian Juul WOLHARDT (appointed on 6 March 2025)	–	–	–	–	–	–
Guannan WANG (appointed on 6 March 2025)	–	–	–	–	–	–
Mengxue MEI (appointed on 27 March 2025)	–	–	–	–	–	–
HUANG Ming-Tuan (resigned on 27 March 2025)	–	–	–	–	–	–
HAN Liu (resigned on 27 February 2025)	–	–	–	–	–	–
LIU Peng (resigned on 30 April 2024)	–	–	–	–	–	–
QIN Yuehong (appointed on 21 May 2024 and resigned on 27 February 2025)	–	–	–	–	–	–
Independent non-executive directors						
Charles Sheung Wai CHAN	485	–	–	–	–	485
Karen Yifen CHANG	411	–	–	–	–	411
Dieter YIH	411	–	–	–	–	411
Total	1,307	3,872	–	–	6,518	11,697

10 DIRECTORS' EMOLUMENTS (CONTINUED)

	Year ended 31 March 2024					
	Directors' fees *RMB thousand*	Salaries, allowances and benefits in kind *RMB thousand*	Contributions to retirement schemes *RMB thousand*	Discretionary bonus *RMB thousand*	Share-based payments *RMB thousand*	Total *RMB thousand*
Executive directors						
LIN Xiaohai (resigned on 26 March 2024)	–	1,350	–	–	6,031	7,381
SHEN Hui (appointed on 27 March 2024)	–	–	–	–	71	71
Non-executive directors						
HUANG Ming-Tuan	–	–	–	–	–	–
LIU Peng	–	–	–	–	–	–
HAN Liu	–	–	–	–	–	–
Independent non-executive directors						
Charles Sheung Wai CHAN	439	–	–	–	–	439
Karen Yifen CHANG	394	–	–	–	–	394
Dieter YIH	418	–	–	–	–	418
Total	1,251	1,350	–	–	6,102	8,703

(i) No director of the Company agreed to waive any remuneration during the year ended 31 March 2025 and 2024.

(ii) There were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in Note 7(a)(iv) as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 March 2025 and 2024.

(iii) No director of the Company are subject to Employee Trust Benefit Schemes as disclosed in Note 7(a)(ii).

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of RMB405 million (during the year ended 31 March 2024: loss attributable to owners of the Company of RMB1,605 million) and the weighted average of 9,539,704,700 ordinary shares in issue during the year ended 31 March 2025 and 2024.

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Profit/(loss) attributable to owners of the Company	**405**	(1,605)
Weighted average number of ordinary shares in issue	**9,539,704,700**	9,539,704,700
Basic earnings/(loss) per share (expressed in RMB per share)	**0.04**	(0.17)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 March 2025 and 2024, the share options granted by the Company are considered to be potential ordinary shares. The share options are assumed to have been fully vested and released from restrictions with no impact on earnings. For the year ended 31 March 2025, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB405 million and the weighted average of 9,540,448,150 ordinary shares, calculated as follows:

	Year ended 31 March 2025 ***RMB million***
Profit attributable to owners of the Company	**405**
Weighted average number of ordinary shares in issue	**9,539,704,700**
Adjustments for share based compensation – share options	**743,450**
Weighted average number of ordinary shares for the calculation of diluted EPS	**9,540,448,150**
Diluted earnings per share (expressed in RMB per share)	**0.04**

As the Group incurred loss for the year ended 31 March 2024, the dilutive potential ordinary shares of share options were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is same as the basic loss per share during the year ended 31 March 2024.

12 DIVIDENDS

(a) Dividends payable to owners of the Company, not recognised at the end of the reporting period:

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Final dividend proposed after the end of year of HKD0.170 (equivalent to RMB0.156) per ordinary share (for the year ended 31 March 2024: HKD0.020 (equivalent to RMB0.018) per ordinary share)	**1,491**	174

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

(b) Dividends payable to owners of the Company, approved during the year:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Final dividend paid to owners of the Company	**173**	401
Interim dividend paid to owners of the Company	**1,529**	–
	1,702	401

A final dividend of HKD0.020 per ordinary share in respect of the year ended 31 March 2024 was approved on 14 August 2024, and the payment was made on 4 September 2024 for an amount equivalent to RMB173 million.

An interim dividend of HKD0.170 per ordinary share was approved on 10 December 2024 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.

A final dividend of HKD0.045 per ordinary share in respect of the year ended 31 March 2023 was approved on 16 August 2023, and the payment was made on 6 September 2023 for an amount equivalent to RMB401 million.

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings	Decoration and leasehold improvements	Store and other equipment	Office equipment	Motor vehicles	Construction in progress	Land use rights	Other properties leased for own use	Subtotal	Investment properties	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 31 March 2023											
Cost	13,387	4,724	20,438	3,383	279	641	5,597	9,944	58,393	10,338	68,731
Accumulated depreciation and impairment	(5,592)	(3,706)	(15,565)	(2,852)	(227)	(125)	(1,724)	(5,853)	(35,644)	(4,662)	(40,306)
Net book amount	7,795	1,018	4,873	531	52	516	3,873	4,091	22,749	5,676	28,425
Year ended 31 March 2024											
Opening net book amount	7,795	1,018	4,873	531	52	516	3,873	4,091	22,749	5,676	28,425
Additions and reassessment	12	173	188	156	14	706	–	1,361	2,610	260	2,870
Disposals	(9)	(27)	(59)	(19)	(3)	–	–	(190)	(307)	(39)	(346)
Transfers	125	225	346	76	–	(787)	19	–	4	(4)	–
Depreciation capitalised during construction in progress stage	–	–	–	–	–	5	(5)	–	–	–	–
Depreciation charge (Note 7(b))	(408)	(211)	(1,014)	(220)	(25)	–	(148)	(897)	(2,923)	(468)	(3,391)
Impairment charge (Note 7(b))	–	(118)	(407)	(54)	(2)	–	–	(522)	(1,103)	(105)	(1,208)
Assets classified as held for sale (Note 21)	–	–	(8)	–	–	–	–	(53)	(61)	(18)	(79)
Closing net book amount	7,515	1,060	3,919	470	36	440	3,739	3,790	20,969	5,302	26,271
At 31 March 2024											
Cost	13,531	4,631	19,639	3,298	259	565	5,630	9,388	56,941	10,054	66,995
Accumulated depreciation and impairment	(6,016)	(3,571)	(15,720)	(2,828)	(223)	(125)	(1,891)	(5,598)	(35,972)	(4,752)	(40,724)
Net book amount	7,515	1,060	3,919	470	36	440	3,739	3,790	20,969	5,302	26,271

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Decoration and leasehold improvements	Store and other equipment	Office equipment	Motor vehicles	Construction in progress	Land use rights	Other properties leased for own use	Subtotal	Investment properties	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 31 March 2024											
Cost	13,531	4,631	19,639	3,298	259	565	5,630	9,388	56,941	10,054	66,995
Accumulated depreciation and impairment	(6,016)	(3,571)	(15,720)	(2,828)	(223)	(125)	(1,891)	(5,598)	(35,972)	(4,752)	(40,724)
Net book amount	7,515	1,060	3,919	470	36	440	3,739	3,790	20,969	5,302	26,271
Year ended 31 March 2025											
Opening net book amount	**7,515**	**1,060**	**3,919**	**470**	**36**	**440**	**3,739**	**3,790**	**20,969**	**5,302**	**26,271**
Additions and reassessment	**2**	**121**	**109**	**55**	**8**	**481**	**6**	**400**	**1,182**	**156**	**1,338**
Disposals	**–**	**(22)**	**(43)**	**(12)**	**(4)**	**(1)**	**–**	**(49)**	**(131)**	**–**	**(131)**
Transfers	**(72)**	**124**	**147**	**32**	**1**	**(304)**	**1**	**–**	**(71)**	**71**	**–**
Depreciation capitalised during construction in progress stage	**–**	**–**	**–**	**–**	**–**	**5**	**(5)**	**–**	**–**	**–**	**–**
Depreciation charge (Note 7(b))	**(399)**	**(236)**	**(810)**	**(186)**	**(18)**	**–**	**(149)**	**(838)**	**(2,636)**	**(444)**	**(3,080)**
Impairment charge (Note 7(b))	**–**	**10**	**(31)**	**(6)**	**–**	**(11)**	**–**	**(5)**	**(43)**	**(17)**	**(60)**
Closing net book amount	**7,046**	**1,057**	**3,291**	**353**	**23**	**610**	**3,592**	**3,298**	**19,270**	**5,068**	**24,338**
At 31 March 2025											
Cost	**13,424**	**4,645**	**19,400**	**3,195**	**230**	**627**	**5,635**	**9,087**	**56,243**	**10,235**	**66,478**
Accumulated depreciation and impairment	**(6,378)**	**(3,588)**	**(16,109)**	**(2,842)**	**(207)**	**(17)**	**(2,043)**	**(5,789)**	**(36,973)**	**(5,167)**	**(42,140)**
Net book amount	**7,046**	**1,057**	**3,291**	**353**	**23**	**610**	**3,592**	**3,298**	**19,270**	**5,068**	**24,338**

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

All the Group's investment properties, other property, plant and equipment are located in the PRC.

The Group obtains leasehold land use rights for periods ranging from 30 to 70 years where complexes of brick-and-mortar stores are located among which, part of the brick-and-mortar store area and related leasehold land are for own use, and part are sublet to earn rental income, including variable lease payments and fixed lease payments.

As at 31 March 2025, the Group was in the process of obtaining ownership certificates for certain land use rights which were classified as right-of-use assets (Note 13(c)) and buildings with an aggregate carrying amount of RMB920 million (31 March 2024: RMB1,368 million). Notwithstanding this, except for certain buildings associated with the legal claims as disclosed in Note 31, the directors are of the opinion that the Group owned the beneficial title to these land use rights and buildings as at 31 March 2025 and 2024.

As at 31 March 2024, the carrying amount of land use rights pledged as security for borrowings were RMB167 million (Note 23). No land use rights were pledged as security for borrowings as at 31 March 2025.

(a) Investment properties

As set out in Note 2.1(c), the Group has applied the cost model for its investment properties.

An independent professional valuer has been engaged to measure the fair value of the retail galleries located in the buildings of brick-and-mortar stores owned or leased by the Group. The valuation included the fair value of the buildings, the associated leasehold land use rights and the right-of-use assets related to the leased properties used for the retail galleries which were classified as investment properties. As at 31 March 2025, the total fair value of the investment properties was RMB18,737 million (31 March 2024: RMB20,251 million).

The valuation technique and significant unobservable inputs used to estimate the fair value of the investment properties are set forth in the table below. The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used. There have been no changes in valuation technique compared to that used in the prior year.

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Investment properties (continued)

Valuation technique	Significant unobservable inputs
Income approach by capitalising the net rental incomes derived from the existing tenancies with due allowance for any reversionary income potential of the properties.	• Market rent: The market rent is estimated according to the comparable properties in close proximity. The higher the market rent, the higher the fair value of the properties. • Yield: The yield is estimated according to the market evidence, valuer's experience and knowledge of market conditions. The range of adopted yield is from 4.25% to 7.00% (for the year ended 31 March 2024: 4.25% to 7.00%).

The Group leases out investment properties and certain other property, plant and equipment within the buildings of brick-and-mortar stores under operating leases which typically run for an initial period of 1 to 5 years. The Group's total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Within 1 year	**1,183**	1,364
After 1 year but within 5 years	**1,068**	1,176
After 5 years	**285**	206
	2,536	2,746

In addition to the minimum amounts disclosed above, certain lessees have commitments to pay additional rent to the Group if their sales revenue exceeds predetermined levels. Contingent rental receivables are not included in the above.

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment of investment properties and other property, plant and equipment

As at 31 March 2025, the carrying amount of building and leasehold improvements, equipment and right-of-use assets in certain stores of the Group were written down to their estimated recoverable amount of RMB586 million (31 March 2024: RMB521 million). The impairment losses of RMB60 million (during the year ended 31 March 2024: RMB1,208 million) were recognised in "selling and marketing expenses" during the year ended 31 March 2025.

The Group regards each individual store as a separately identifiable CGU and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at store level. As at 31 March 2025, the pre-tax discount rate used to determine the recoverable amounts is 10.36% to 19.93% (31 March 2024: 10.35% to 18.88%). The recoverable amounts of the CGUs are determined based on value in use calculations, which are higher than the fair value less costs of disposal calculations. The value in use calculations covering a period of the remaining lease term were lower than the carrying amounts of the CGUs. Accordingly, the Group recognised an impairment of investment properties and other property, plant and equipment of RMB60 million during the year ended 31 March 2025 (during the year ended 31 March 2024: RMB1,208 million) (Note 7(b)).

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Right-of-use assets		
Included in "Other property, plant and equipment":		
Land use rights	**3,592**	3,739
Other properties leased for own use	**3,298**	3,790
	6,890	7,529
Included in "Investment properties":		
Leasehold investment properties (including land use rights)	**2,127**	2,224
	9,017	9,753
Lease liabilities (Note 24)		
Current	**1,648**	1,678
Non-current	**4,185**	4,950
	5,833	6,628

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets (continued)

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	**149**	148
Other properties leased for own use	**838**	897
Leasehold investment properties	**251**	263
	1,238	1,308
Interest on lease liabilities (Note 8)	**341**	402
Expense relating to short-term leases and leases of low value assets	**168**	252
Variable lease payments not included in the measurement of lease liabilities	**636**	629

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets (continued)

(iii) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Within operating cash flows	**802**	1,005
Within investing cash flows	**8**	–
Within financing cash flows	**1,487**	1,662
	2,297	2,667

These amounts relate to the following:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Lease rentals paid	**2,289**	2,667
Purchase of leasehold properties	**8**	–
	2,297	2,667

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets (continued)

(iv) The Group's leasing activities and how these are accounted for

Land use rights

The Group has obtained land use rights in Chinese Mainland where certain complexes of buildings of brick-and-mortar stores are located. The land use rights are typically granted for 30-70 years, on the expiry of which the land reverts back to the PRC state. The payment for leasing the land is normally made in full at the start of the land use right period.

Other properties leased for own use

The Group has obtained the right to use certain properties to operate its buildings of brick-and-mortar store business or as warehouses and offices through tenancy agreements. The leases typically run for an enforceable period of 5-20 years for buildings of brick-and-mortar store business and 1-20 years for warehouses and offices. Lease payments are increased on an agreement-to-agreement basis to reflect market rentals.

(v) Variable lease payments

During the year ended 31 March 2025, the Group leased a number of buildings for use as buildings of brick-and-mortar stores and for sublease which contain variable lease payment terms that are based on sales generated from the buildings of brick-and-mortar stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in the Chinese Mainland where the Group operates.

At 31 March 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 RMB32 million (31 March 2024: RMB31 million).

(vi) Extension and termination options

Some leases include an option to renew the lease for an additional period after the end of the contract term or early terminate before the contract term. Where practicable, the Group seeks to include such extension options or early termination options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or early termination options. If the Group is not reasonably certain to exercise the extension options or early termination options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

14 INTANGIBLE ASSETS

	Software *RMB million*
As at 31 March 2023	
Cost	247
Accumulated amortisation and impairment	(204)
Net book amount	43
Year ended 31 March 2024	
Opening net book amount	43
Addition	19
Amortisation charge (Note 7(b))	(7)
Closing net book amount	55
As at 31 March 2024	
Cost	266
Accumulated amortisation and impairment	(211)
Net book amount	55
Year ended 31 March 2025	
Opening net book amount	55
Addition	12
Disposal	(2)
Amortisation charge (Note 7(b))	(8)
Closing net book amount	57
As at 31 March 2025	
Cost	278
Accumulated amortisation and impairment	(221)
Net book amount	57

The amortisation charge is recognised in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

15 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Trading merchandise	**7,467**	7,691

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss (Note 7(b)) is as follows:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Carrying amount of inventories sold	**54,258**	54,531
Reversal of write-down of inventories	**(27)**	(8)
	54,231	54,523

All inventories are expected to be sold within one year.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at 31 March	
		2025	2024
	Notes	***RMB million***	*RMB million*
Financial assets			
Financial assets at amortised cost			
Trade and other receivables		**1,327**	1,240
Total of current and non-current time deposits	*20(a)*	**3,380**	2,870
Total of current and non-current restricted deposits	*20(b)*	**6,572**	4,695
Cash and cash equivalents	*19*	**6,798**	11,908
		18,077	20,713
Financial assets at FVPL			
Structured deposits	*18*	**3,363**	3,023
Certificates of deposit	*18*	**466**	451
Money market funds	*18*	**10**	–
		3,839	3,474
		21,916	24,187
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables		**12,938**	14,088
Borrowings	*23*	**1,491**	1,749
Lease liabilities	*24*	**5,833**	6,628
		20,262	22,465

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

17 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Trade receivables		
Amounts due from third parties	**524**	541
Amounts due from related parties (Note 32(d))	**–**	306
Less: provision for impairment	**(28)**	(200)
Subtotal	**496**	647
Other receivables		
Prepayments of rentals	**565**	619
Value-added tax receivables	**398**	325
Amounts due from related parties (Note 32(d))	**204**	–
Other debtors	**771**	726
Less: provision for impairment	**(144)**	(133)
Subtotal	**1,794**	1,537
Total trade and other receivables	**2,290**	2,184
Less: non-current portion	**(22)**	(51)
Current portion	**2,268**	2,133

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 RMB.

Rental prepayments 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 receivables of non-current time deposits and non-current restricted 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. Details of the Group's credit policy are set out in Note 3.1(b).

18 FINANCIAL ASSETS AT FVPL

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Structured deposits	**3,363**	3,023
Certificates of deposit (i)	**466**	451
Money market funds	**10**	–
	3,839	3,474

(i) The balance represents 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 at FVPL.

Amounts recognised in profit or loss

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
At the beginning of the year	**3,474**	4,452
Purchase	**24,549**	6,830
Redemption	**(24,307)**	(7,954)
Realised and unrealised gains (Note 6)	**123**	146
At the end of year	**3,839**	3,474

19 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Cash at bank and in hand	**6,497**	10,367
Deposits with banks within three months of maturity	**223**	1,414
Other financial assets and cash equivalents	**78**	127
	6,798	11,908

20 TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) Time deposits

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Included in non-current assets:		
RMB time deposits	**800**	1,830
Included in current assets:		
RMB time deposits	**2,580**	1,040

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 31 March 2025 and 2024, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values.

(b) Restricted deposits

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Included in non-current assets:		
Restricted time deposits	**100**	710
Included in current assets:		
Restricted time deposits	**4,128**	59
Restricted deposits in bank	**2,344**	3,926
	6,472	3,985

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

21 ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

In March 2024, the Board of Directors decided to dispose certain brick-and-mortar stores. The associated assets and liabilities were consequently presented as held for sale.

As at 31 March 2025, the Group completed the disposal of one of the stores mentioned above. The disposal of the remaining stores is still in progress due to certain events which are beyond the Group's control. As the Group remains committed to the disposal of the remaining stores, and such transaction remains highly probable to complete within 1 year, the associated assets and liabilities continued to be presented as held for sale.

The following assets and liabilities were reclassified as held for sale as at 31 March 2025 and 2024:

	As at 31 March 2025 *RMB million*	As at 31 March 2024 *RMB million*
Assets of disposal groups classified as held for sale		
Investment properties	**17**	18
Other property, plant and equipment	**55**	61
Trade and other receivables	**35**	34
Restricted deposits	**-***	-*
Cash and cash equivalents	**12**	16
Total assets of disposal groups classified as held for sale	**119**	129
Liabilities directly associated with assets of disposal groups classified as held for sale		
Trade and other payables	**49**	62
Lease liabilities	**350**	356
Contract liabilities	**77**	88
Current tax liabilities	**1**	1
Total liabilities directly associated with assets of disposal groups classified as held for sale	**477**	507

* The amount is less than a million.

22 TRADE AND OTHER PAYABLES

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Current liabilities		
Trade payables	**9,832**	10,312
Amounts due to related parties (Note 32(d))	**33**	691
Construction costs payable	**615**	798
Dividends payable to non-controlling interests	**11**	11
Accruals and other payables	**4,910**	5,000
	15,401	16,812
Non-current liabilities		
Other financial liabilities	**23**	28

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

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Within six months	**8,632**	8,578
Over six months	**1,200**	1,734
	9,832	10,312

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

23 BORROWINGS

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Current liabilities		
Bank borrowings, unsecured – maturity amount	**1,500**	1,725
Bank borrowings, secured – maturity amount	**–**	39
Less: unamortised discount	**(9)**	(15)
	1,491	1,749

23 BORROWINGS (CONTINUED)

(a) The carrying amount of borrowings approximated its fair value and was denominated in RMB.

(b) As at 31 March 2025, the effective interest rates per annum on borrowings was 1.542% (31 March 2024: 2.145%).

(c) As at 31 March 2024, the carrying amount of land use rights pledged as security for borrowings were RMB167 million. No land use rights pledged as security for borrowings as at 31 March 2025.

24 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:

	As at 31 March			
	2025		2024	
	Present value of the minimum lease payments	**Total minimum Lease payments**	Present value of the minimum lease payments	Total minimum Lease payments
	RMB million	***RMB million***	*RMB million*	*RMB million*
Within 1 year	**1,648**	**1,919**	1,678	2,003
1-2 years	**892**	**1,106**	1,121	1,381
2-5 years	**1,682**	**2,097**	1,974	2,464
Over 5 years	**1,611**	**1,990**	1,855	2,332
	4,185	**5,193**	4,950	6,177
	5,833	**7,112**	6,628	8,180
Less: Total future interest expenses	**–**	**(1,279)**	–	(1,552)
Present value of lease liabilities	**5,833**	**5,833**	6,628	6,628

25 CONTRACT LIABILITIES

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Prepaid cards (a)	**11,186**	12,195
Advance receipts from customers for sales (b)	**399**	215
Customer loyalty program points liability (c)	**84**	244
Membership fee (d)	**22**	21
	11,691	12,675

(a) Revenue is recognised when customers accept the goods, so revenue from redemption of prepaid cards is recognised when the related goods are accepted by customers with the adjustment of impact of breakage.

(b) The amounts of consideration received in advance as prepayments by merchandise customers are short term as the respective revenue is expected to be recognised within a few days when the goods are delivered to customers.

(c) The Group operates a customer loyalty programme for sales to customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

(d) The Group accounts for membership fee revenue on a deferred basis. The membership fee is recognised as revenue using the straight-line method over the twelve-month membership period.

25 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	Prepaid cards *RMB million*	Advance receipts from customers for sales *RMB million*	Customer loyalty program points liability *RMB million*	Membership fee *RMB million*	Total *RMB million*
Balance at 1 April 2023	12,223	348	144	–	12,715
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(5,577)	(348)	(144)	–	(6,069)
Increase in contract liabilities excluding amounts recognised as revenue during the year	5,634	218	244	21	6,117
Liabilities classified as held for sale	(85)	(3)	–	–	(88)
Balance at 31 March 2024	12,195	215	244	21	12,675

	Prepaid cards ***RMB million***	**Advance receipts from customers for sales** ***RMB million***	**Customer loyalty program points liability** ***RMB million***	**Membership fee** ***RMB million***	**Total** ***RMB million***
Balance at 1 April 2024	**12,195**	**215**	**244**	**21**	**12,675**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(5,661)**	**(215)**	**(223)**	**(21)**	**(6,120)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**4,639**	**401**	**63**	**22**	**5,125**
Decrease/(increase) in liabilities classified as held for sale	**13**	**(2)**	**–**	**–**	**11**
Balance at 31 March 2025	**11,186**	**399**	**84**	**22**	**11,691**

Except for the disclosures above related to redemptions of prepaid cards, advance receipts from customers, customer loyalty program points and membership fee, the Group applies the practical expedient in paragraph 121 of HKFRS 15 for other sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

26 DEFERRED TAX ASSETS AND LIABILITIES

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements are as follows:

Movements	Tax losses	Depreciation and amortisation charges in excess of depreciation and amortisation allowances	Lease liabilities	Asset impairment and provisions	Other provisions and timing differences	Right-of-use assets	Fair value adjustment in relation to business combinations	Income recognised from aged unutilised prepaid cards	Withholding tax	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 April 2023	111	155	1,944	419	100	(1,259)	(7)	(419)	(17)	1,027
Credit/(debited) to profit or loss (Note 9(a))	(48)	(18)	(92)	27	16	83	1	(9)	(32)	(72)
Payment of withholding tax	–	–	–	–	–	–	–	–	40	40
As at 31 March 2024	63	137	1,852	446	116	(1,176)	(6)	(428)	(9)	995
As at 1 April 2024	**63**	**137**	**1,852**	**446**	**116**	**(1,176)**	**(6)**	**(428)**	**(9)**	**995**
Credit/(debited) to profit or loss (Note 9(a))	**(21)**	**(16)**	**(215)**	**(155)**	**(52)**	**134**	**–**	**(12)**	**(248)**	**(585)**
Payment of withholding tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**90**	**90**
As at 31 March 2025	**42**	**121**	**1,637**	**291**	**64**	**(1,042)**	**(6)**	**(440)**	**(167)**	**500**

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Reconciliation to the consolidated statement of financial position:

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Lease liabilities	**1,637**	1,852
Asset impairment and provision	**291**	446
Depreciation and amortisation charges in excess of depreciation and amortisation allowances	**121**	137
Tax losses	**42**	63
Other provisions and timing differences	**64**	116
Total deferred tax assets	**2,155**	2,614
Set-off of deferred tax liabilities pursuant to set-off provisions	**(1,042)**	(1,176)
Net deferred tax assets	**1,113**	1,438

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Right-of-use assets	**(1,042)**	(1,176)
Income recognised from aged unutilised prepaid cards	**(440)**	(428)
Withholding tax	**(167)**	(9)
Fair value adjustment in relation to business combinations	**(6)**	(6)
Total deferred tax liabilities	**(1,655)**	(1,619)
Set-off of deferred tax liabilities pursuant to set-off provisions	**1,042**	1,176
Net deferred tax liabilities	**(613)**	(443)

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Reconciliation to the consolidated statement of financial position: (continued)

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Net deferred tax assets		
– to be recovered after more than 12 months	**621**	759
– to be recovered within 12 months	**492**	679
	1,113	1,438
Net deferred tax liabilities		
– to be recovered after more than 12 months	**(6)**	(6)
– to be recovered within 12 months	**(607)**	(437)
	(613)	(443)

(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2.1(l), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB7,584 million as at 31 March 2025 (31 March 2024: RMB7,493 million), as it is not probable that future taxable profits against which these losses can be utilised will be available in the subsidiaries concerned.

The unused tax losses from PRC entities can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
2024	**–**	766
2025	**556**	689
2026	**1,659**	1,761
2027	**1,702**	1,818
2028-2030	**3,667**	2,459
	7,584	7,493

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(d) Deferred tax liabilities not recognised

For post-2007 undistributed profits of the Group's PRC subsidiaries which the Group has no plan to distribute outside the PRC in the foreseeable future, no deferred tax liabilities were recognised. As at 31 March 2025, such undistributed profits amounted to RMB3,839 million (31 March 2024: RMB6,446 million).

27 CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Share capital

	As at 31 March 2025		As at 31 March 2024	
		RMB million		*RMB million*
Registered, issued and fully paid	**9,539,704,700**	**10,020**	9,539,704,700	10,020

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Reserves

The following table shows a breakdown of the consolidated statement of financial position line item "reserves" and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in below table:

	Capital reserve	**Share-based payments reserve**	**Exchange reserve**	**Statutory reserve**	**Retained earnings**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 April 2023	1,244	–	45	2,382	9,827	13,498
Loss for the year	–	–	–	–	(1,605)	(1,605)
Employee share incentive schemes:						
– Share-based payments related to the options granted by the Company	–	4	–	–	–	4
– Share-based payments related to the award granted by Alibaba Group	–	23	–	–	–	23
Dividend provided for or paid	–	–	–	–	(401)	(401)
Profit appropriation to statutory reserve	–	–	–	89	(89)	–
Acquisition of non-controlling interests (Note 28)	(136)	–	–	–	–	(136)
Balance at 31 March 2024	1,108	27	45	2,471	7,732	11,383

27 CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (CONTINUED)

(b) Reserves (continued)

	Capital reserve *RMB million*	Share-based payments reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
Balance at 1 April 2024	**1,108**	**27**	**45**	**2,471**	**7,732**	**11,383**
Profit for the year	–	–	–	–	405	405
Employee share incentive schemes:						
– Share-based payments related to the options granted by the Company	–	8	–	–	–	8
– Share-based payments related to the award granted by Alibaba Group	–	2	–	–	–	2
– Settlement of share-based award cost with Alibaba Group	–	(22)	–	–	–	(22)
Dividend provided for or paid	–	–	–	–	(1,702)	(1,702)
Profit appropriation to statutory reserve	–	–	–	108	(108)	–
Balance at 31 March 2025	**1,108**	**15**	**45**	**2,579**	**6,327**	**10,074**

(i) Capital reserve

The capital reserve mainly arises from

- the issuance of ordinary shares to acquire the non-controlling interests in ACHK and Concord Champion International Limited ("**CCIL**");
- the excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired (Note 7(a)(ii)); and
- acquisition of additional non-controlling interests (Note 28).

(ii) Share-based payments reserve

The share-based payments reserve mainly arises from the share options schemes of the Group and the Share-based payments plans of Alibaba Group (Note 7(a)(iii)).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.2(d).

27 CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (CONTINUED)

(b) Reserves (continued)

(iv) Statutory reserve

The statutory reserve represents statutory reserves which are appropriated by the Group's PRC subsidiaries ("**PRC Companies**"). According to the relevant laws and regulations for foreign investment enterprises and the articles of association for these PRC Companies, profits of the PRC Companies, as determined in accordance with the accounting rules and regulations in the PRC, are available for distribution in the form of cash dividends to investors after the PRC Companies have (1) satisfied all tax liabilities; (2) offset losses in previous years; and (3) made appropriation to the statutory reserve funds, including general reserve fund and enterprise expansion fund.

(v) Distributability of reserves

As at 31 March 2025, the aggregate amount of reserves available for distribution to owners of the Company, as calculated under the provisions of section Part 6 of the Companies Ordinance was RMB50 million (31 March 2024: RMB59 million). After the end of the reporting period the directors proposed a final dividend of HKD0.170 (equivalent to RMB0.156) per ordinary share, amounting to RMB1,491 million (31 March 2024: HKD0.020 (equivalent to RMB0.018) per ordinary share, amounting to RMB172 million) (Note 12(a)). This dividend has not been recognised as a liability at the end of the reporting period.

28 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 1 December 2023, the Group acquired an additional 1.1167% of the issued shares of CIC for RMB335 million. Immediately prior to the purchase, the carrying amount of the existing 1.1167% non-controlling interest in CIC was RMB199 million. The Group recognised a decrease in non-controlling interests of RMB199 million and a decrease in capital reserve of RMB136 million for the year ended 31 March 2024.

29 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Profit/(loss) before income tax	**1,030**	(1,434)
Adjustments for		
Depreciation of investment properties and other property, plant and equipment (Note 7(b))	**3,080**	3,391
Amortisation of intangible assets (Note 7(b))	**8**	7
Impairment losses on investment properties and other property, plant and equipment (Note 7(b))	**60**	1,208
Impairment losses on goodwill (Note 7(b))	**–**	140
Finance costs (Note 8)	**395**	425
Interest income on financial assets measured at amortised cost (Note 6)	**(359)**	(469)
Gain on financial assets at FVPL (Note 6)	**(123)**	(146)
Net gain on disposal and reassessment of investment properties and other property, plant and equipment (Note 6)	**(116)**	(154)
Reversal of allowance related to trade receivables and other debtors (Note 7(b))	**(6)**	(30)
Reversal of write-down of inventories (Note 15(b))	**(27)**	(8)
Share-based compensation expenses (Note 7(a)(iii))	**10**	27
Net foreign exchange loss/(gain)	**4**	(16)
Change in working capital		
Decrease in inventories	**251**	791
Decrease in trade and other receivables	**99**	935
Decrease/(increase) in restricted deposits	**1,582**	(1,562)
Decrease in trade and other payables	**(1,131)**	(1,875)
(Decrease)/increase in contract liabilities	**(995)**	48
Cash generated from operations	**3,762**	1,278

29 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Other than the acquisition of right-of-use assets described in Note 13, there were no other material non-cash transactions during the year ended 31 March 2025.

(c) Net (debt)/cash reconciliation

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Cash and cash equivalents (Note 19)	**6,798**	11,908
Dividends payable to non-controlling interests	**(44)**	(22)
Other financial liabilities (Note 22)	**(23)**	(28)
Borrowings (Note 23)	**(1,491)**	(1,749)
Lease liabilities (Note 24)	**(5,833)**	(6,628)
Net (debt)/cash	**(593)**	3,481

	Cash and cash equivalents	**Dividends payable to non-controlling interests**	**Other financial liabilities**	**Borrowings**	**Lease liabilities**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance as at 1 April 2023	12,408	(25)	(28)	(673)	(7,039)	4,643
Net Cash flows	(484)	29	3	(1,058)	1,662	152
Other non-cash movements	(16)	(26)	(3)	(18)	(1,251)	(1,314)
– Interest expenses	–	–	(3)	(20)	(402)	(425)
– Classified as held for sale (Note 21)	(16)	–	–	–	356	340
– Others	–	(26)	–	2	(1,205)	(1,229)
Balance as at 31 March 2024	11,908	(22)	(28)	(1,749)	(6,628)	3,481
Balance as at 1 April 2024	**11,908**	**(22)**	**(28)**	**(1,749)**	**(6,628)**	**3,481**
Net Cash flows	**(5,114)**	**16**	**3**	**312**	**1,487**	**(3,296)**
Other non-cash movements	**4**	**(38)**	**2**	**(54)**	**(692)**	**(778)**
– Interest expenses	**–**	**–**	**(3)**	**(51)**	**(341)**	**(395)**
– Decreased in assets/(liabilities) classified as held for sale	**4**	**–**	**–**	**–**	**(6)**	**(2)**
– Others	**–**	**(38)**	**5**	**(3)**	**(345)**	**(381)**
Balance as at 31 March 2025	**6,798**	**(44)**	**(23)**	**(1,491)**	**(5,833)**	**(593)**

30 COMMITMENTS

Capital commitments

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Contracted for	**225**	488
Authorised but not contracted for	**779**	699
	1,004	1,187

31 CONTINGENCIES

Legal claims

As at 31 March 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 RMB336 million (31 March 2024: RMB498 million). As at 31 March 2025, those legal actions are still ongoing, with most of the cases not yet set for trial dates. Provision of RMB148 million was made within trade and other payables as at 31 March 2025 (31 March 2024: RMB192 million), which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

32 RELATED PARTY TRANSACTIONS

Save as disclosed in other notes, the following significant transactions were carried out between the Group and its significant related parties during the year. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

During the year ended 31 March 2025 and 2024, 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.	Ultimate holding company (i)
Alibaba Group and its associates and JVs	Former ultimate holding company, its subsidiaries, associates and joint ventures (ii)
Hwabao	Trustee of RT-Mart Scheme and Auchan Scheme trusts

(i) There was no significant transaction between the Group and DCP Capital Partners II, L.P.

(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.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 10 and certain of the highest paid employees as disclosed in Note 7(a)(iv), is as follows:

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Short-term employee benefits	**21**	43
Post-employment benefits	**–**	–
Share-based payments	**11**	24
	32	67

(c) Related party transactions

In addition to the related party information disclosed elsewhere in the notes to the financial statements, the Group entered into the following material related party transactions during the year.

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Sales of goods (i)	**6**	260
Commission income (ii)	**35**	165
Other miscellaneous income (iii)	**60**	45
Purchase of goods (iv)	**101**	83
Other expenses paid for business cooperation (v)	**1,324**	1,925
Receiving logistic service (vi)	**173**	42
Receiving technical service (vii)	**48**	53
Acquisition of non-controlling interests (ix)	**–**	335
Prepayment for acquisition of non-controlling interests (x)	**204**	–
Purchase of fixed assets (xi)	**1**	32
Addition in right-of-use assets on new leases	**–**	47
Interest on lease liabilities	**2**	1

* The amount is less than a million.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions (continued)

The above related party transactions in respect of (i) sales of goods, (iii) other miscellaneous income, (iv) purchase of goods, (v) business cooperation payable, (vi) receiving logistic service, (vii) receiving technical service and (xi) purchase of fixed assets above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the section "Connected Transactions" in the Report of Directors.

	Year ended 31 March	
	2025	2024
	RMB million	*RMB million*
Other related party transactions		
Expenses related to Employee Trust Benefit Schemes (Note 7(a)(ii))	**99**	–

(i) Sales of goods represents sales of merchandise to Alibaba Group and its associates and JVs.

(ii) Commission income represents the income from Alibaba Group and its associates and JVs.

(iii) Other miscellaneous income represents fees received from Alibaba Group and its associates and JVs relates to marketing and other services.

(iv) Purchase of goods represents purchase of merchandise from Alibaba Group and its associates and JVs.

(v) Other expense represents expenses paid to Alibaba Group and its associates and JVs in respect of the services provided under the respective business cooperation agreements.

(vi) Receiving logistic service represents receiving logistic service from Alibaba Group and its associates and JVs.

(vii) Receiving technical service represents receiving technical service from Alibaba Group and its associates and JVs.

(viii) Capital injection from Hwabao.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions (continued)

(ix) Acquisition of non-controlling interests held by Hwabao.

(x) Prepayment for acquisition of non-controlling interests held by Hwabao.

(xi) Purchase of fixed assets represents purchase of equipment from Alibaba Group and its associates and JVs.

(d) Related party balances

	As at 31 March	
	2025	2024
	RMB million	*RMB million*
Amounts due from Hwabao (i)	**204**	–
Amounts due to Hwabao (ii)	**(33)**	(15)
Amounts due from Alibaba Group and its associates and JVs	**–**	306
Amounts due to Alibaba Group and its associates and JVs	**–**	(676)
Lease liabilities related to Alibaba Group and its associates and JVs	**–**	(43)

(i) As of 31 March 2025, the amount of RMB204 million represents the prepayment for acquisition of non-controlling interests held by Hwabao.

(ii) As of 31 March 2025, the amount of RMB33 million represents the dividends payable to Hwabao. As of 31 March 2024, the amount of RMB15 million represents the payables to Hwabao, including dividends payable of RMB11 million and the payable in relation to the acquisition of non-controlling interests of RMB4 million.

33 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
	Note	**2025** **RMB million**	2024 RMB million
ASSETS			
Non-current assets			
Investments in subsidiaries		**16,503**	16,494
Trade and other receivables		**6,387**	6,447
Total non-current assets		**22,890**	22,941
Current assets			
Trade and other receivables		**2**	2
Cash and cash equivalents		**246**	131
Total current assets		**248**	133
Total assets		**23,138**	23,074
LIABILITIES			
Current liabilities			
Trade and other payables		**160**	75
Net assets		**22,978**	22,999
EQUITY			
Share capital		**10,020**	10,020
Reserves	*(a)*	**12,958**	12,979
Total equity		**22,978**	22,999

The statement of financial position of the Company was approved by the Board of Directors on 20 May 2025 and was signed on its behalf.

SHEN Hui	**Julian Juul WOLHARDT**
Executive Director	*Non-Executive Director*
and	*and*
Chief Executive Officer	*Chairman*

33 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Capital reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Reserves *RMB million*
Balance at 1 April 2023	13,318	(425)	52	12,945
Profit for the year	–	–	408	408
Dividends paid	–	–	(401)	(401)
Employee share incentive schemes:				
– Share-based payments related to the options granted by the Company	4	–	–	4
– Share-based payments related to the award granted by Alibaba Group	23	–	–	23
Balance at 31 March 2024	13,345	(425)	59	12,979
Balance at 1 April 2024	**13,345**	**(425)**	**59**	**12,979**
Profit for the year		**–**	**1,693**	**1,693**
Dividends paid		**–**	**(1,702)**	**(1,702)**
Employee share incentive schemes:				
– Share-based payments related to the options granted by the Company	**8**	**–**	**–**	**8**
– Share-based payments related to the award granted by Alibaba Group	**2**	**–**	**–**	**2**
– Settlement of share-based payments with Alibaba Group	**(22)**	**–**	**–**	**(22)**
Balance at 31 March 2025	**13,333**	**(425)**	**50**	**12,958**

34 INTERESTS IN OTHER ENTITIES

The principal activity of the Company is investment holding.

The Group's principal subsidiaries at 31 March 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Particulars of the Group's principal subsidiaries are as follows:

(a) Held directly by the Company:

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
CCIL (ii)	Cayman	**100**	100	**–**	–	Investment holding	06 December 2000	USD 112
ACHK (ii)	HK	**100**	100	**–**	–	Investment holding	01 October 2001	USD 216
Shanghai Art Management and Service Co., Ltd.	PRC	**100**	100	**–**	–	Consulting Service	16 August 2004	USD 0.1
Feiniu E-Commerce Hong Kong Limited (ii)	HK	**100**	100	**–**	–	E-commerce	02 December 2014	RMB 1,122
Fields Hong Kong Limited (ii)	HK	**90.02**	90.02	**9.98**	9.98	E-commerce	06 May 2013	HKD 125
M.Club Global Limited (ii)	HK	**100**	100	**–**	–	E-commerce	18 September 2023	RMB 28

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Held directly or indirectly by CCIL:

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
RT-MART Holdings Limited (ii)	HK	**100**	100	**–**	–	Investment holding	26 October 2007	USD 112
Concord Investment (China) Co., Ltd. (iii)	PRC	**97.99**	97.99	**2.01**	2.01	Investment holding and procurement centre	23 March 2005	USD 249
Changshu RT-MART Hypermarket Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	02 December 2005	USD 7
Changzhou Changhong RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	20 August 2007	USD 2
Changzhou Guanhe RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	23 February 2011	USD 2
Changzhou Huaide RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	02 December 2008	USD 2
Dafeng Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	03 April 2009	USD 16
Dongtai RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	07 September 2010	USD 2
Foshan Shunde RT-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	14 April 2003	USD 7
Guangdong Ruenhua Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing and procurement centre	17 September 2018	USD 20
Guangzhou Tianmei Ruenfu Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	13 March 2007	USD 3
Haikou Guoxing RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	28 October 2013	USD 2
Hainan Longkun RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	26 March 2013	USD 2
Hainan RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	20 March 2007	USD 2
Haiyan RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	25 September 2008	USD 3
Hangzhou Ruenfu RT-MART Hypermarket Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	21 May 2012	USD 2.5

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
Hefei Feicui RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	08 February 2010	USD 2
Huaian Economic and Technological Development Zone Runbao Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	31 October 2012	USD 3
Huaian Ruenhuai Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	09 March 2012	USD 10
Huaibei RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	29 December 2008	USD 2
Ji'nan Lixia RT-MART Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing and procurement centre	04 July 2014	USD 0.5
Jinan Shizhong Rt-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	22 July 2011	RMB 5
Jianhu Rt-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	02 July 2009	USD 10
Jiangsu Bairuen Logistics Co., Ltd/Jiangsu Bairuen Distribution Center Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	08 February 1999	RMB 1
Jiashan RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	21 July 2010	USD 3
Jiaxing Xiuzhou Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	24 February 2000	RMB 15
Jinan Tianqiao RT-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	19 August 2011	RMB 5
Jinjiang Ruende Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	02 August 2010	USD 8/6
Jurong RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	03 April 2009	USD 2
Kunshan Qiandeng Ruenping Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	02 February 2010	USD 17
Kunshan Ruenhua Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	20 September 2002	RMB 165

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
Lianshui Ruenhua Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	12 May 2010	USD 2
Lianyungang Ruenliang Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	03 March 2008	USD 2
Liuzhou Ruenping Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	26 April 2010	USD 2
Liyang RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	01 December 2011	USD 2
Nanjing Central Emporium Jin-RT-Mart Longjiang Supermarket Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	27 November 2002	RMB 5
Nantong Tongzhou Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	29 November 2007	USD 7
Ningbo Fenghua RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	04 March 2008	USD 2
People's RT-MART Limited Jinan	PRC	**93.79**	93.79	**6.21**	6.21	Retailing	27 March 2000	USD 21
Pinghu RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	28 February 2008	USD 12
Qidong Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	28 April 2014	USD 2
Qingdao jiaozhou Rt-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	12 July 2010	USD 2
Qingdao Ruentex Enterprises Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing and procurement centre	17 November 2000	RMB 200
Qingdao ChunYang Rt-Mart Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	28 December 2006	USD 2
RT-MART Limited Shanghai	PRC	**89.49**	89.49	**10.51**	10.51	Retailing	23 April 1997	USD 30
Rugao RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	04 June 2007	USD 2
Shanghai Fengxian RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	19 January 2007	USD 3

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
Shanghai Jiading Anting RT-MART Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	03 March 2011	USD 2
Shanghai Sijing RT-MART Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	08 December 2008	USD 2
Shanghai Sanlin RT-MART Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	04 September 2009	USD 2
Shaoguan RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	18 June 2007	USD 2
Shenyang RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	06 November 2002	USD 7
Shenzhen RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	17 July 2007	USD 2
Shuyang Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	22 June 2009	RMB 15
Suqian Ruenliang Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	14 May 2008	USD 2
Suzhou Ruende Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	06 May 2009	RMB 3
Suzhou Ruenping Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	30 January 2011	USD 2
Suzhou Ruenru Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	09 April 2021	USD 2/0
Suzhou Ruenrui Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	24 February 2003	RMB 9
Suzhou Ruenwei Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	15 November 2013	USD 2
Suzhou Xuguan Ruenhua Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	18 August 2009	USD 2
Taixing Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	30 November 2006	USD 2
Taizhou Hailingqu Ruenxuan Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	27 March 2014	USD 2
Tongliao Ruentex Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	13 July 2009	USD 2
Tongling RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	14 June 2012	USD 2

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025**	As at 31 March 2024			
		%	%	**%**	%			*(million)*
Tonglu RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	30 April 2008	USD 6
Wuhan RT-MART Jianghan Hypermarket Development Co., Ltd	PRC	**97.99**	97.99	**2.01**	2.01	Retailing and procurement centre	27 July 2001	USD 8
Wuhu RT-MART Commercial and Trading Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	29 December 2008	USD 2
Wujiang Ruenjiang Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	12 June 2012	USD 2
Wujiang Ruenliang Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	23 December 2011	USD 2
Wuxi Tianruenfa Hypermarket Co	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	30 October 2000	RMB 10
Xiangshan RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	22 October 2009	USD 3
Xinghua Ruentex Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	21 January 2009	USD 2
Xuzhou Ruenhua Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	26 August 2010	USD 2
Xuzhou Ruenping Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	25 May 2012	USD 4/3
Yangzhou Guangling RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	06 February 2023	USD 2
Yangzhou Ruenhan Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	18 December 2010	USD 2.5
Yangzhou Ruenliang Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	22 November 2010	USD 2
Yangzhou Ruenxi Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	12 August 2016	USD 2
Yixing RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	13 September 2011	USD 2
Zhenjiang RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	26 September 2013	USD 2
Zibo RT-MART Commercial Co., Ltd.	PRC	**97.99**	97.99	**2.01**	2.01	Retailing	07 May 2009	USD 2

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(c) Held directly or indirectly by ACHK:

Name	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Date of establishment/ acquisition	Registered capital/issued and fully paid up capital
		As at 31 March 2025 %	As at 31 March 2024 %	**As at 31 March 2025 %**	As at 31 March 2024 %			*(million)*
Auchan (China) Investment Co., Ltd. (iii)	PRC	**98.62**	98.62	**1.38**	1.38	Consulting service, investment and wholesale	10 April 2002	USD 371/370
Anhui Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	12 December 2007	USD 12
Beijing Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	05 September 2003	RMB 50
Changzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	15 June 2006	RMB 122
Chengdu Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	06 August 2003	RMB 110
Jiaxing Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	25 December 2007	USD 6
Meizhou Auchan Hypermarket Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	22 January 2013	USD 7
Nanjing Xinshang Hypermarket Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	31 December 2001	RMB 116
Nantong Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	12 October 2009	USD 14
Ningbo Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	21 December 2004	RMB 72
Shanghai Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	14 April 1997	USD 18
Shanghai New Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	15 June 2004	RMB128
Suzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	09 March 2001	RMB 220
Wuxi Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	22 December 2008	USD 10/8.5
Yangzhou Auchan Hypermarket Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	11 December 2006	USD 8
Zhenjiang Auchan Hypermarkets Co., Ltd.	PRC	**98.62**	98.62	**1.38**	1.38	Retailing	16 April 2008	USD 12

34 INTERESTS IN OTHER ENTITIES (CONTINUED)

(i) The above list contains only the particulars of the subsidiaries which materially affect the results or financial position of the Group.

(ii) RT-Mart Holdings Limited, ACHK, Feiniu E-Commerce Hong Kong Limited, Fields Hong Kong Limited, and M.Club Global Limited are incorporated in Hong Kong. CCIL is incorporated in the Cayman Islands. All other subsidiaries are established and operated in the PRC.

(iii) CIC and ACI are sino-foreign equity joint ventures.

The English translation of the names is for reference only. The official names of these entities are in Chinese.

35 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in Note 12(a).

On 20 May 2025, the Group entered into an equity transfer agreement with Hwabao to acquire 2.015% of the issued shares of CIC held by Hwabao for a total consideration not exceeding RMB599 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of CIC and enjoy the corresponding shareholder's rights.

On 20 May 2025, the Group entered into an equity transfer agreement with Hwabao to acquire 1.3834% of the issued shares of ACI held by Hwabao for a total consideration not exceeding RMB34 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of ACI and enjoy the corresponding shareholder's rights.

FINANCIAL SUMMARY

A summary of the published consolidated results and assets, liabilities, equity and non-controlling interests of the Group for the last four financial years is set out below:

	For the year ended 31 March				For the fifteen months ended 31 March
	2025	2024	2023	2022	2021
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue	**71,552**	72,567	83,662	88,134	124,612
Gross profit	**17,236**	17,958	20,581	21,473	31,365
Operating Profit/(Loss)	**1,425**	(1,009)	1,177	18	5,757
Profit/(Loss) for the Year	**386**	(1,668)	78	(826)	3,771
Profit/(Loss) attributable to:					
Equity shareholders of the Company	**405**	(1,605)	109	(739)	3,572
Non-Controlling Interests	**(19)**	(63)	(31)	(87)	199
Total assets	**55,973**	60,715	64,118	65,746	69,227
Total liabilities	**35,545**	38,921	39,921	40,680	41,373
Equity attributable to:					
the owners of the Company	**20,094**	21,403	23,518	23,958	26,223
Non-Controlling Interests	**334**	391	679	1,108	1,631

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs.

The above summary does not form a part of the consolidated financial statements.

SUN ART
Retail Group Ltd.

(Incorporated in Hong Kong with limited liability)
Stock Code: 6808

大润发 RT-Mart

大润发 Super 生活超市

会员商店 CLUB

Official Weibo

Official Video Account

Douyin

Little Red Book

RT Fresh APP