Sun Art Retail Group Ltd.

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

MULTI FORMAT AND OMNI-CHANNEL • DIGITAL TRANSFORMATION • RESTRUCTURING HYPERMARKETS

CONTENTS

DIRECTORS

Executive Director

LIN Xiaohai *(Chief Executive Officer)*

Non-Executive Directors

HUANG Ming-Tuan *(Chairman)*
HAN Liu
LIU Peng

Independent Non-Executive Directors

Karen Yifen CHANG
Dieter YIH
Charles Sheung Wai CHAN

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Charles Sheung Wai CHAN *(Chairman)*
Karen Yifen CHANG
Dieter YIH

REMUNERATION COMMITTEE

Karen Yifen CHANG *(Chairman)*
Dieter YIH
Charles Sheung Wai CHAN
LIU Peng

NOMINATION COMMITTEE

Dieter YIH *(Chairman)*
Karen Yifen CHANG
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STOCK CODE

6808

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 March 2022 *RMB Million*	For the fifteen months ended 31 March 2021 *RMB Million*	Change
Revenue[(1)]	**88,134**	124,612	(29.3)%
Gross Profit	**21,473**	31,365	(31.5)%
Operating Profit	**18**	5,757	(99.7)%
(Loss)/Profit for the Year/Period	**(826)**	3,771	(121.9)%
(Loss)/Profit Attributable to Owners of the Company	**(739)**	3,572	(120.7)%
(Loss)/Earnings Per Share – Basic and diluted [(2)]	**RMB(0.08)**	RMB0.37	

For comparison purpose, major indicators of the financial results for the year ended 31 March 2022 and 31 March 2021 are summarised in the management discussion and analysis section.

	As at 31 March		
	2022 *RMB Million*	2021 *RMB Million*	Change
Total Assets	**65,746**	69,227	(5.0)%
Total Liabilities	**40,680**	41,373	(1.7)%
Net Assets	**25,066**	27,854	(10.0)%
Net Cash Position[(3)]	**18,659**	20,116	(7.2)%
Gearing Ratio[(4)]	**0.74**	0.72	

Notes:

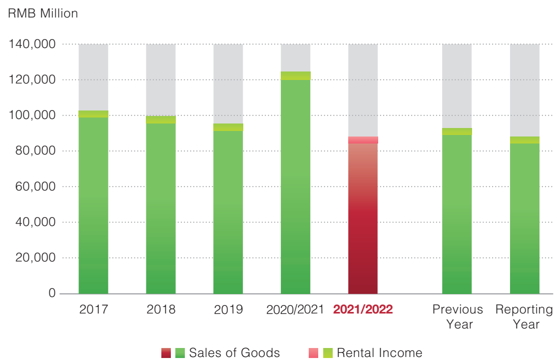
(1) Revenue consists of gross proceeds from product sales including consignment sales, income from the release of aged unutilised balances on prepaid card and rental income, excluding value-added tax. The comparative figure for the fifteen months ended 31 March 2021 has been reclassified to conform to the current year presentation.

(2) The calculation of basic and diluted (loss)/earnings per share for the year ended 31 March 2022 and for the fifteen months ended 31 March 2021 is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the year/period.

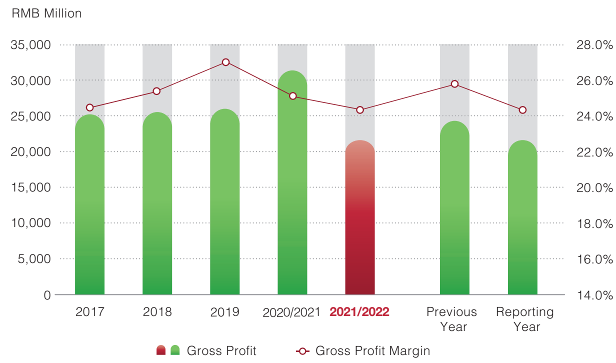
(3) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at fair value through profit or loss and time deposits minus bank loans.

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

Revenue

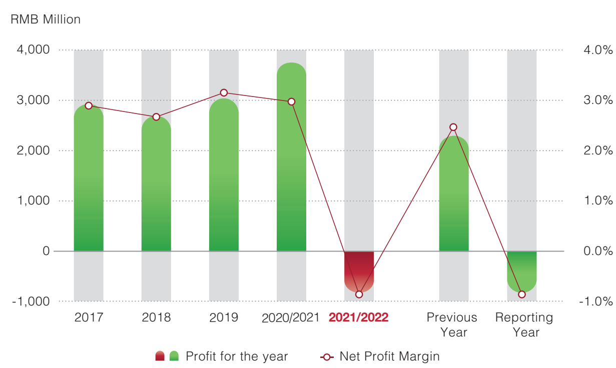


Gross Profit & Margin



Operating Margin

Net Profit and Margin



Note:

1) Having announced to change its financial year end date from 31 December to 31 March on 22 December 2020 the Group is reporting its financial highlights for the year ended 31 March 2022 ("**Reporting Year**") together with the comparative figures for the corresponding year ended 31 March 2021 ("**Previous Year**").

2) The figures in 2017, 2018 and 2019 represent the finanical highlights for the year ended 31 December respectively.

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

   The figures in 2021/2022 represent the financial highlights for the year ended 31 March 2022.

Dear Shareholders,

Thank you for your unwavering trust and support in Sun Art Retail.

The previous fiscal year 2022 was a year full of challenges. The recurrence of the pandemic, the slowdown of consumption growth trend and the competition from community group buying brought unprecedented impacts to the whole retail industry. However, under the leadership of Mr. Lin Xiaohai, our Chief Executive Officer, Sun Art Retail has endeavored to explore reform and innovation.

Over the past year, based on its experiences in hypermarket remodeling, Sun Art launched its hypermarket remodeling version 2.0 which transformed hypermarkets from being a homogeneous shopping scenario to diversified shopping scenarios that satisfy customers in terms of shopping, experience, services and social interaction. The performance after remodeling is better than expected. In the upcoming fiscal year 2023, the Group plans to upgrade the original remodeling version 1.0, continue to expand the remodeling version 2.0 to more stores, and leverage the "Big box" advantage of RT-Mart, so as to make Sun Art stores good helpers and neighbors in community daily life.

In addition to the in-depth development of offline business, Sun Art continues to facilitate and optimize the multi-format and omni-channel business model including online one-hour delivery, half-day delivery, B2B, superstores, RT-Mini, etc. Sun Art has always been a leader in terms of omni-channel business and fulfillment capabilities in the industry.

Although the pandemic has brought about many adversities, it also presented opportunities to us. I believe that with experience in serving customers for more than 20 years, solid fundamentals, and our extensive network of fresh product supply chain warehouse and store warehouses, Sun Art will certainly provide customers with better products and services so as to return to its revenue growth trajectory.

Thank you !

Mr. HUANG Ming-Tuan
Chairman of the Board
24 May 2022

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I would like to express my sincerest gratitude for your support in Sun Art Retail, and to the Chairman of the Board and the Directors for their trust and guidance in the work of Sun Art's management team.

The fiscal year 2022 was not only a year full of challenges presented by the external environment, but also a year of team building and self-strengthening for Sun Art Retail. Thanks to the smooth succession and integration of the new and former management teams, a leadership team with high level of trust and tacit understanding has been shaped. We recruited and trained 1,261 manager trainees to lay solid foundation for future development! We continued to explore new business formats with the expansion of five RT-Marts, three RT-Supers and 73 RT-Minis. The online business maintained a positive double-digit growth, and the supply chain service capabilities of TAOCAICAI ("**TCC**") business has been successfully developed.

The market and external environment for fiscal year 2023 is still full of uncertainties. However, it is certain that, as compared with its competitors, Sun Art has healthy and abundant cash flows. We have sufficient strengths and capabilities in the face of challenges, and will enhance and accelerate the development of fresh product supply chain capabilities! With that, Sun Art Retail is full of confidence in the future development and adheres to the multi-format and omni-channel development strategy:

1. The offline business will focus on families with kids and the getting-old group by redefining customer value of shopping, experience, services and social interaction, so as to become offline experience centers.

2. The online business will focus on the working class by leveraging the near-fields advantages of store warehouses and deepening cooperation with Taoxiaoda, T-mall and TCC business, so as to become online fulfillment centers.

3. Continue to explore the multi-format business model, expand regional coverage and generate scale efficiency and scale economics.

Due to the recurrence of the pandemic, all the 26 RT-Mart stores in Shanghai have suspended their offline business since the end of March 2022. However, in order to ensure supplies, there were 50 to 80 employees in each store staying in their positions and living in the stores for nearly two months. On 8 April 2022, a community group buying business called "Taoxianda Group Buying Together" (淘鮮達一起團) was launched and achieved 150,000 orders on 2 May 2022, which was three times the online order in Shanghai before the pandemic. During the pandemic, RT-Mart covered 1,769 communities in Shanghai and served about 5.3 million residents! This enhances our confidence in the customer value and social value of offline brick-and-mortar retail with online capabilities.

We insist on quality, price, efficiency and service. We keep understanding and meeting customers' needs. We adhere to the multi-format and omni-channel development strategy. We believe that Sun Art Retail will certainly create values for customers who are pursuing a better life, thereby becoming the good helper and neighbor in the community daily life!

Finally, I would like to thank all the Shareholders again for your support in Sun Art Retail. Thank you!

Mr. LIN Xiaohai
Chief Executive Officer
24 May 2022

FINANCIAL REVIEW

For comparison purpose, major indicators of the financial results for the year ended 31 March 2022 and 31 March 2021 are summarised in the tables below:

	For the year ended 31 March	
	2022	2021
	RMB million	*RMB million*
	(Audited)	(Unaudited)
Revenue	**88,134**	93,086
– *Revenue from sales of goods*	**84,595**	89,458
– *Rental income from tenants*	**3,539**	3,628
Cost	**(66,661)**	(68,960)
Gross profit	**21,473**	24,126
Selling and marketing expenses	**(20,353)**	(19,368)
Administrative expenses	**(2,551)**	(2,515)
Other income and other gains, net	**1,449**	1,361
Operating profit	**18**	3,604
Finance costs	**(520)**	(537)
Share of net loss of associates and joint ventures accounted for using the equity method	**(1)**	(4)
(Loss)/profit before income tax	**(503)**	3,063
Income tax expense	**(323)**	(769)
(Loss)/profit for the year	**(826)**	2,294
(Loss)/profit is attributable to:		
Owners of the Company	**(739)**	2,183
Non-controlling interests	**(87)**	111
(Loss)/profit for the year	**(826)**	2,294

Revenue

Revenue is derived from sales of goods 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. Rental income from tenants is derived from renting gallery space in brick-and-mortar stores complexes to operators of businesses that we believe are complementary to the stores.

For the year ended 31 March 2022, revenue from sales of goods was RMB84,595 million, representing a decrease of RMB4,863 million, or 5.4%, from RMB89,458 million for the year ended 31 March 2021.

For the year ended 31 March 2022, the Same Store Sales Growth[(1)] ("**SSSG**") calculated based on sales of goods excluding electronic appliances was -6.7%. The Group's offline sales faced the fierce competition from all channels in the industry and experienced the challenges brought by the repeated pandemic impact in the second half of the fiscal year, while the Group's online Business to Customer (the "**B2C**") business and the sales to Alibaba Group on community group buying (the "**CGB**") achieved significant progress and compensated the short-term impact of the offline sales.

During the year ended 31 March 2022, the Group continued to expand in various areas of China and opened five new hypermarkets, three Superstores and 73 mini stores. The operation of these new stores contributed to additional sales for the year ended 31 March 2022.

For the year ended 31 March 2022, revenue from rental income was RMB3,539 million, representing a decrease of RMB89 million, or 2.5%, from RMB3,628 million for the year ended 31 March 2021. The decrease was mainly due to the suspended operation of certain tenants in the hypermarkets during the pandemic in March 2022. Since the pandemic started in 2020, the Group has been striving to maximize the occupancy rate in the gallery space which achieved the rather swift recovery of the Group's rental income and closed to the horizon before pandemic.

Notes:

(1) Same store sales growth: the growth rate of sales of the stores opened before 31 March 2021. It is calculated by comparing the sales derived from those stores during their operating periods in the year 31 March 2022 with sales during the corresponding year ended 31 March 2021.

Gross Profit

For the year ended 31 March 2022, gross profit was RMB21,473 million, representing a decrease of RMB2,653 million, or 11.0%, from RMB24,126 million for the year ended 31 March 2021. The gross profit margin for the year ended 31 March 2022 was 24.4%, representing a decrease of 1.5 percentage point from 25.9% for the year ended 31 March 2021.

The decrease in gross profit resulted from (i) the decrease in revenue from sales of goods and rental income; (ii) growth in the proportion of online business and changes in channel mix during the year ended 31 March 2022 following the change in consumption habit of customers since the pandemic started.

Other Income and Other Gains, net

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

The following table shows the breakdown of the other income and other gains, net for the year ended 31 March 2022 and 31 March 2021:

	For the year ended 31 March	
	2022	2021
	RMB million	*RMB million*
	(Audited)	(Unaudited)
Miscellaneous income	**571**	408
Interest income on financial assets measured at amortised cost	**375**	270
Government grants	**223**	291
Gain on financial assets measured at FVPL	**220**	265
Disposal of packaging material	**157**	133
Net loss on disposal and reassessment of investment properties and other property, plant and equipment	**(97)**	(6)
	1,449	1,361

For the year ended 31 March 2022, other income was RMB1,449 million, representing an increase of RMB88 million, or 6.5%, from RMB1,361 million for the year ended 31 March 2021.

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, shuttle bus services and cleaning, together with the depreciation of property, plant and equipment.

For the year ended 31 March 2022, selling and marketing expenses were RMB20,353 million, representing an increase of RMB985 million, or 5.1%, from RMB19,368 million for the year ended 31 March 2021.

The increase was primarily attributable to (i) an increase of RMB1,094 million impairment loss accrued for the stores affected by the pandemic; (ii) the cancellation of the preferential policies for reduction and exemption on social insurance, pension scheme contribution and energy costs during the year by the government.

Without taking into account the impact of the impairment loss accrued and the cancellation of the preferential policies, selling and marketing expenses had decreased compared to the year ended 31 March 2021. The decrease was mainly due to the savings from staff costs.

The amount of selling and marketing expenses for the year ended 31 March 2022 as a percentage of total revenue was 23.1%, representing an increase of 2.3 percentage points, from 20.8% for the year ended 31 March 2021.

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 2022, administrative expenses were RMB2,551 million, representing an increase of RMB36 million, or 1.4%, from RMB2,515 million for the year ended 31 March 2021. The increase was mainly attributable to (i) a special loss allowance of RMB233 million was accrued for the trade receivables; (ii) the impact of the above-mentioned cancelled preferential policies in the selling and marketing expenses section. At the same time, the management's effort in cost control partially offset the increase in administrative expenses.

The amount of administrative expenses for the year ended 31 March 2022 as a percentage of total revenue was 2.9 %, representing an increase of 0.2 percentage points, from 2.7% for the year ended 31 March 2021.

Operating profit

For the year ended 31 March 2022, the operating profit was RMB18 million, representing a decrease of RMB3,586 million, or 99.5%, from RMB3,604 million for the year ended 31 March 2021.

The operating margin during the year ended 31 March 2022 was close to breakeven, a decrease of 3.9 percentage points, from 3.9% for the year ended 31 March 2021.

Without taking into account the impact of provision accrued totaling approximately RMB1,875 million, which was mainly related to the impairment loss, provision for litigations and loss allowance for trade receivables, the operating profit was RMB1,893 million for the year ended 31 March 2022 and the operating margin was 2.1%.

Finance Costs

Finance costs primarily consist of the interest expenses on other financial liabilities and lease liabilities. For the year ended 31 March 2022, the finance costs were RMB520 million, representing a decrease of RMB17 million, or 3.2%, from RMB537 million for the year ended 31 March 2021. The decrease was related to the reduced balance of lease liabilities.

Income Tax Expense

For the year ended 31 March 2022, income tax expense was RMB323 million, representing a decrease of RMB446 million, or 58.0%, from RMB769 million for the year ended 31 March 2021.

Although the Group generated a loss before income tax for the year ended 31 March 2022, income tax expenses of RMB323 million still took place, which was mainly attributable to the unrecognized deferred tax on losses generated in several entities since the recoverability of those losses before their expiry was not certain.

(Loss)/Profit for the Year

For the year ended 31 March 2022, loss for the year was RMB826 million, representing a decrease of RMB3,120 million, or 136.0%, from a profit of RMB2,294 million for the year ended 31 March 2021.

The net loss margin for the year ended 31 March 2022 was 0.9%, decreasing by 3.4 percentage point, from a net profit margin of 2.5% for the year ended 31 March 2021. The decrease was primarily attributable to the decrease in operating margin.

The post-tax impact of the provision mentioned above in the operating profit section was RMB1,406 million. Without taking into account the impact of it, the Group generated a profit for the year of RMB580 million and the net profit margin was 0.7% for the year ended 31 March 2022.

(Loss)/Profit Attributable to Owners of the Company

For the year ended 31 March 2022, the loss attributable to owners of the Company was RMB739 million, representing a decrease of RMB2,922 million, or 133.9 %, from a profit of RMB2,183 million for the year ended 31 March 2021.

(Loss)/Profit Attributable to Non-Controlling Interests

For the year ended 31 March 2022, the loss attributable to non-controlling interests was RMB87 million, representing a decrease of RMB198 million, or 178.4%, from a profit of RMB111 million for the year ended 31 March 2021.

The profit attributable to non-controlling interests represented (i) interests in ACI and CIC from the Auchan Scheme and RT-Mart Scheme; (ii) the interest held by independent third parties in two of the subsidiaries, 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 and Financial Resources

For the year ended 31 March 2022, net cash inflow from operating activities was RMB3,577 million.

As at 31 March 2022, the net current liabilities were RMB356 million compared with the net current assets of RMB426 million as at 31 March 2021. This net current liabilities were primarily attributed to the decrease in the current assets of RMB805 million, which was mainly from the payment for acquisition of non-controlling interests in CIC for RT-mart Scheme.

For the year ended 31 March 2022, 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 53 days and 71 days, respectively, compared to 55 days and 74 days for the year ended 31 March 2021.

Investing Activities

For the year ended 31 March 2022, net cash inflow from investing activities was RMB3,301 million.

The net cash inflow from investing activities mainly reflected in (i) the capital expenditure of RMB1,991 million paid in respect of the development of new stores and the remodelling and digitalization of existing stores; (ii) the net proceeds generated from investment in financial instruments measured at FVPL of RMB5,557 million; and (iii) the net proceeds used in investment in time deposits with maturity over three months of RMB682 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 2022, the total fair value of such properties was RMB53,521 million, among which, the fair value of the investment properties was RMB21,460 million.

Financing Activities

For the year ended 31 March 2022, net cash outflow from financing activities was RMB3,680 million.

BUSINESS REVIEW

Operating Environment

In 2021, China's gross domestic product ("**GDP**") exceeded RMB110 trillion, reaching RMB114,367 billion. In terms of quarters, the year-on-year growth rate was 7.9% in the second quarter, 4.9% in the third quarter and 4.0% in the fourth quarter. The growth rate slowed down quarter by quarter. The year-on-year growth rate reached 8.1% and the average growth rate in the past two years was 5.1%. In the first quarter of 2022, GDP grew by 4.8% year-on-year to about RMB27,017.8 billion.

In 2021, the overall consumer price index ("**CPI**") increased by 0.9% compared to last year, of which the food CPI decreased by 1.4%. The pork CPI decreased by 30.3%, resulting in a decrease of meat CPI by 17.2%, of which beef CPI increased by 3.0% and lamb CPI increased by 5.3%. The non-food CPI was up by 1.4%. In the first quarter of 2022, CPI increased by 1.1% year-on-year and food CPI decreased by 3.1%. Pork CPI decreased by 41.8%, resulting in a decrease of meat CPI by 25.5%, of which beef CPI increased by 0.2% and lamb CPI decreased by 3.5%. The non-food CPI was up by 2.1%.

In 2021, China's total retail sales of consumer goods amounted to RMB44,082.3 billion, representing an increase of 12.5% over the past year, and the average growth rate in two years was 3.9%. The national online retail sales reached RMB13,088.4 billion, representing an increase of 14.1% over the past year. Among which online retail sales of physical goods amounted to RMB10,804.2 billion, representing a year-on-year increase of 12.0% and accounting for 24.5% of the total retail sales of consumer goods. In the first quarter of 2022, total retail sales of consumer goods amounted to RMB10,865.9 billion, representing an increase of 3.3% compared to the first quarter of 2021. Moreover, in the first quarter of 2022, the national online retail sales was RMB3,012 billion, representing a year-on-year increase of 6.6%. The online retail sales of physical goods reached RMB2,525.7 billion, representing a year-on-year increase of 8.8% and accounting for 23.2% of the total retail sales of consumer goods. In March 2022, the pandemic recurred and the spillover effect of the pandemic was obvious. In March 2022, the total retail sales of consumer goods decreased by 3.5% compared to the same period in 2021.

Become offline experience centers, the first remodeling version 2.0 store achieved initial success.

It took five months for the first remodeling version 2.0 store to re-open in December 2021. This store, from the perspective of customers, focuses on the needs of the getting-old group and families with kids. At the same time, it focuses on product classification and upgrading, and creating large scenes and related displays. In addition, the Group continues to optimize the tenant structure of galleries and provide more diversified services so as to create a community neighborhood center. After the remodeling, the SSSG of the store stopped decreasing and rebounded in the second half of the fiscal year, achieving a double-digit growth.

The Group plans to facilitate the maneuverable and modular remodeling to other stores at a lower cost going forward. In fiscal year 2023, the Group intends to launch the store remodeling version 2.0 in more than 50 stores.

Become online fulfillment centers, the online business improves steadily.

B2C business covers several online channels and provides home-delivery services to achieve the growth of B2C orders.

During the reporting period, the average daily order per store ("**DOPS**") of B2C business exceeded 1,250, representing a double-digit growth over the same period in fiscal year 2021. The rapid growth of self-owned APP businesses also lays a good foundation for the digital operation of customers in the future. In the second half of the fiscal year ended 31 March 2022, the Group further optimized the marketing and online operation capabilities, recording the average ticket size of more than RMB70 per order, representing an increase of 6.5% over the same period in fiscal year 2021. The profit improved significantly compared with the first half of the fiscal year 2022.

At present, more than 80% of the Group's hypermarket have installed the conveyor-belt system, and more than 200 stores have shared quick-picking warehouses covering various online channels. In this fiscal year, the Group also successfully undertook the main supply of Alibaba's community group buying.

By leveraging the "Big box" advantage of stores, the Group has realized and enhanced the store automation and digitalized fulfillment capabilities to support the business development covering various online channels. Over the years, the average daily order per store has always maintained a double-digit growth, and the ticket size has continued to increase, driving the Group to become the industry leader in terms of the online fulfillment capability.

Facilitate the multi-format and omni-channel development. Superstore model is basically practicable and the mini store continues to be improved with different patterns.

As a low-cost extension of RT-Mart, RT-Super focuses more on core categories, product upgrading, optimization of product efficiency, and reduction of operation and investment costs.

During the reporting period, the Group had nine superstores, including six existing superstores with basically practicable model. There are three new openings in the fiscal year. The Group will also continue to identify suitable sites to employ this RT-Super model quickly for further development. The Group will continue to explore the low-cost operation and investment model of superstores, and gradually reduce losses and then achieve profitability.

The Group had 103 mini stores, with a new opening of 73 stores during the reporting period. The mini stores are mainly located in Nantong, Huai'an, Ma'anshan and surrounding cities. Through the experience gained in the past year, RT-Mini now focuses on differentiating into different patterns of stores. The complementary system of supply chain and product structure have also been further improved to support business development of RT-Mini. The gross profit of RT-Mini continues to improve and the loss of comparable stores has narrowed significantly. In fiscal year 2023, the Group expects to densify the footprints of mini stores in existing city clusters, and further develop community economy and online business of stores.

Strengthen fresh product supply chain capabilities to support the multi-format and omni-channel development strategy.

In this fiscal year, the Group strengthened the infrastructure layout of warehouse network and established buyer teams, which lays a good foundation for fiscal year 2023.

In the future, the Group will accelerate the construction of diversified supply networks, such as near-fields, far-fields and wholesale markets. Combining the layout of fresh product supply chain warehouse networks in core regions nationwide and multi-temperature transport capabilities, so as to achieve systematic and digitalized infrastructure, enhance the integration of supply networks, warehouse networks and buyer organizations, and provide support for the multi-format and omni-channel development.

Expansion Status

For the twelve months ended 31 March 2022, the Group opened five hypermarkets and three superstores. Among the new hypermarkets and superstores, three are located in Southern China, two are located in Central China and three are located in Northeastern China. During the reporting period, the Group closed five hypermarkets, of which two were located in Eastern China, two were located in Central China and the remaining one was located in Northern China.

As of 31 March 2022, the Group had a total of 490 hypermarkets, nine superstores, 103 mini stores. Through self construction and third-party cooperation, the Group had a total of 16 fresh product processing centers across the country. Among them, there are five in Eastern China, five in Northern China, two in Northeastern China, one in Central China and three in Southern China. The total gross floor area ("**GFA**") of hypermarkets and superstores is approximately 13.64 million square meters, of which about 67.4% of the GFA was in leased properties, and 32.6% of the GFA was in self-owned properties. The GFA of mini stores is approximately 23,593 square meters, all of which was in leased properties. Please refer to note 1 below for definitions of regional zones.

As of 31 March 2022, approximately 7.2% of the Group's hypermarkets and superstores were located in first-tier cities, 16.5% in second-tier cities, 46.9% in third-tier cities, 21.4% in fourth-tier cities and 8.0% in fifth-tier cities. Please refer to note 2 below for definitions of city tiers. Mini stores are mainly located in Jiangsu Province and Anhui Province, with 75 stores located in Jiangsu Province and 28 stores located in Anhui Province respectively.

As of 31 March 2022, through the execution of lease contracts or acquisition of land plots, the Group had identified and secured 22 sites to open hypermarkets, of which 17 are under construction. At the same time, there were 19 superstores with which the Group has signed contracts.

	Number of Brick-and-Mortar Stores (As of 31 March 2022)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 31 March 2022)				
Region	**Hypermarket**	**Superstore**	**Mini Store**	**Total**	**Percentage**	**Hypermarket**	**Superstore**	**Mini Store**	**Total**	**Percentage**
Eastern China	185	4	75	264	44%	5,437,220	51,895	16,657	5,505,772	40%
Northern China	51	1	0	52	9%	1,327,103	10,283	0	1,337,386	10%
Northeastern China	54	2	0	56	10%	1,700,658	15,810	0	1,716,468	13%
Southern China	98	1	0	99	16%	2,428,494	13,547	0	2,442,041	18%
Central China	76	1	28	105	17%	1,958,931	6,425	6,936	1,972,292	14%
Western China	26	0	0	26	4%	691,724	0	0	691,724	5%
Total	**490**	**9**	**103**	**602**	**100%**	**13,544,130**	**97,960**	**23,593**	**13,665,683**	**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

As of 31 March 2022, the Group had 122,010 employees.

Outlook

The fiscal year 2022 was a year full of challenges. The pandemic accelerated the transformation of the industry. Facing the uncertainties of the external environment, Sun Art Retail adheres to the multi-format and omni-channel development strategy, and maintains a healthy and abundant cash flow so as to make adequate capital reserves for the Group's future development.

In the upcoming fiscal year, the Group will continuously insist on quality, price, efficiency and service, keep understanding and meeting customers' needs, and adhere to the multi-format and omni-channel development strategy. The Group believes it has the ability to provide shopping, experience, services and social interaction to offline families with kids and the getting-old group. The Group also has the strengths to provide better products and service experience for online otaku who are busy and enjoy the convenience of online shopping. The Group has great determination to build the fresh product supply chain capabilities as the competitive edge of RT-Mart, and also believes that Sun Art Retail will certainly create values for customers who are pursuing a better life, thereby becoming customers' good helper and neighbor in community daily life!

Executive Director

Mr. LIN Xiaohai (林小海), aged 51, is an Executive Director of the Company since 22 December 2020 and has been appointed as the chief executive officer of the Company since 10 May 2021. Mr. Lin 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. He has served as the vice-president of Alibaba Group Holding Limited ("**Alibaba Group**", a company with its American depositary shares listed on the New York Stock Exchange under the stock code BABA, and its ordinary shares listed on the Stock Exchange under the stock code 09988) and the general manager of Alibaba LST (a shopping platform operated by Alibaba Group) since July 2016. He also has served as the general manager, legal representative and director of Hangzhou Yuanmao E-Commerce Co., Ltd (杭州源貓電子商務有限公司) (a member of the Alibaba Group) since September 2017.

Before joining the Alibaba Group, Mr. Lin served as the head of market strategy for Greater China from September 2013 to September 2014 and vice-president of sales for Greater China from September 2014 to June 2016 at P&G (China) Marketing Co., Ltd (寶潔(中國)營銷有限公司).

Mr. Lin received a bachelor's degree in chemistry (paper manufacturing) from South China University of Technology in 1994.

Non-Executive Director

Mr. HUANG Ming-Tuan (黃明端), aged 67, is the chairman of the Board and currently a Non-Executive Director with effect from 10 May 2021. Mr. Huang also serves as a director in certain subsidiaries of the Company. He is responsible for leading and overseeing the performance of duties of the Board, ensuring the effective operation of the Board and the establishment of good corporate governance practices and procedures. Mr. Huang was a Director of the Company during the period from 28 April 2011 to 30 January 2018 and the Chief Executive Officer of the Company during the period from 17 May 2019 to 10 May 2021, and has been appointed as chairman of the Board since 17 October 2020. Mr. Huang has involved in the business and operational strategies of the Company.

Mr. Huang has been a non-independent director and the chairman of the Board of Suning.com Co., Ltd. (蘇寧易購集團股份公司) (a company listed on the Shenzhen Stock Exchange under stock code 002024) since July 2021.

Prior to joining the Group in 2001, Mr. Huang was the general manager of Ruentex Industries Limited from 1991 to 1997, where he was responsible for devising and implementing its overall strategies and the supervision of its business operations. From 1997 to 2000, Mr. Huang was the general manager of RT-Mart International Ltd.

Mr. Huang received a Master of Business Administration from the College of Management, National Taiwan University in 1984.

Mr. HAN Liu (韓鎏), aged 34, has been a Non-Executive Director of the Company since 1 November 2021. Since January 2019, Mr. Han has been the general manager of the shared retail business unit (共享零售事業部), hyperlocal logistics business unit (同城物流事業部) and supermarket ecological business unit (超市生態事業部) of Alibaba Group. He also has served as the general manager of the supermarket business division of Alibaba Group's local consumer services business segment since August 2021, the general manager of the instant logistics business center (即時物流業務中心) of Shanghai Rajax Information Technology Co., Ltd. (上海拉扎斯信息科技有限公司) since February 2022 and a non-executive director of Hangzhou SF Intra-City Industrial Co., Ltd. (a company listed on the Stock Exchange; stock code: 09699) since June 2022, respectively.

Mr. Han has over 10 years of experience in logistics and supply chain management. Mr. Han started his career as a senior manager of the warehouse and logistics division of Jingdong E-commerce at JD.com, Inc. (a company both listed on NASDAQ under the stock code JD, and on the Stock Exchange under the stock code 09618) in 2011, and subsequently became a senior manager of the management supervision division in 2014. From 2015 to 2018, Mr. Han joined the JD Logistics Group and served as the general manager of the international supply chain division.

In July 2011, Mr. Han obtained a bachelor's degree in Logistics Engineering and Supply Chain Management from the Tianjin University in the People's Republic of China.

Mr. LIU Peng (劉鵬), aged 46, is a Non-Executive Director of the Company since 3 March 2022. He has over 23 years of extensive management experience in China's retail and online industry. He joined Alibaba Group in May 2015 and has served as a president at the B2C retail department since then. He has also acted as a director in certain companies within the Alibaba Group. Mr. Liu has been a non-independent director of Suning.com since July 2021.

Prior to joining Alibaba Group, Mr. Liu served as general manager of each of Kunming office and Fuzhou office of Haier Smart Home Co., Ltd (a company whose shares are listed on the Stock Exchange under the stock code 6690 and the Shanghai Stock Exchange under the stock code 600690) from 1998 to 2007; and served as general manager of the procurement department of Suning.com Group Co., Ltd. ("**Suning.com**", a company whose shares are listed on the Shenzhen Stock Exchange under the stock code 002024) from 2007 to 2011, being responsible for the refrigerator & washing machine business department, TV business department cum key customer department. From 2012 to 2013, he served as vice president of the procurement department of Media Markt (China) under METRO Group. He also worked as vice president of Goodbaby China Commercial Co., Ltd. from 2013 to 2015.

Mr. Liu obtained a bachelor's degree majoring in industrial and foreign trade (工業外貿) from the School of Economics and Management of Nanjing University of Science and Technology in July 1998 in the People's Republic of China and an Executive Master of Business Administration (EMBA) from the University of International Business and Economics in January 2010 in the People's Republic of China.

Independent Non-Executive Director

Ms. Karen Yifen CHANG (張挹芬), aged 58, 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 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. Dieter YIH (葉禮德) alias YIH Lai Tak, Dieter, aged 59, 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 Financial Dispute Resolution Centre, a member of the University Grants Committee in Hong Kong, a member of the Education Commission, a member of the Steering Committee of the Quality Education Fund, a member of 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 (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 68, is 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 SRE Group Limited (a company listed on the Stock Exchange, stock code: 1207), Maoyan Entertainment (a company listed on the Stock Exchange, stock code: 1896), Hansoh Pharmaceutical Group Company Limited (a company listed on the Stock Exchange, stock code: 3692) and Shanghai Bio-heart Biological Tech Co Ltd (a company listed on the Stock Exchange under stock code 2185) since July 2012, January 2019, June 2019 and December 2021, respectively, and was an independent director of Changyou.com Ltd (a company listed on NASDAQ under the stock code CYOU) between September 2013 and April 2020 and an independent non-executive director of CITIC Securities Company Limited (a company listed on the Stock Exchange, stock code: 6030) between May 2016 and May 2019.

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 49, 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 Executive Director and Chairman of the Board, namely Mr. LIN Xiaohai and Mr. HUANG Ming-Tuan. Please refer to their biographical details in this section on page 18.

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 2022.

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 143 to 144.

Financial Statements

The results of the Group for the year ended 31 March 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 91.

The financial position of the Group as at 31 March 2022 is set out in the Consolidated Statement of Financial Position of the Group on pages 92 to 93. The financial position of the Company as at 31 March 2022 is set out in note 31 to the consolidated financial statement on pages 186 to 187.

The cash flows of the Group for the year ended 31 March 2022 are set out in the Consolidated statement of cash flows on pages 96 to 97.

Final Dividend

At the Board meeting held on 24 May 2022 (Tuesday), the Directors proposed that a final dividend ("**Final Dividend**") of HKD0.045 (equivalent to RMB0.038) per ordinary share for the year ended 31 March 2022, amounting to approximately HKD429 million (equivalent to RMB364 million) and it is expected to be paid on 30 September 2022 (Friday) to the shareholders of the Company whose names appear on the Company's register of members at the close of business at 4:30 p.m. on 23 August 2022 (Tuesday). The proposed Final Dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on 18 August 2022 (Thursday).

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

Reserves

Details of the movements in the reserves of the Group and the Company during the year ended 31 March 2022 are set out in the Consolidated Statement of Changes in Equity on pages 94 to 95 and note 31(a) to the consolidated financial statements.

As at 31 March 2022, the distributable reserves of the Company amounted to RMB58 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 2022 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 2022, there are 117 and 199 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 2022, the total fair value of such properties was RMB53,521 million, among which, the fair value of investment property was RMB21,460 million.

Details of the fair value of the investment properties as at 31 March 2022 and 2021 and the valuation technique are set out in note 13(a) to the consolidated financial statements.

Donations

Donations made by the Group during the year ended 31 March 2022 amounted to RMB1 million (RMB6 million for the year ended 31 March 2021).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2022 are set out in note 25(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**").

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2022 AGM

The Company's register of members will be closed from 15 August 2022 (Monday) to 18 August 2022 (Thursday), 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 2022 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 12 August 2022 (Friday).

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

The proposed Final Dividend is subject to the approval of the shareholders at the 2022 AGM. For determining the entitlement to the proposed Final Dividend, the record date is fixed on 23 August 2022 (Tuesday). 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 23 August 2022 (Tuesday).

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 during the year ended 31 March 2022.

Directors

As at the date of this annual report, the Directors were as follows:

Executive Director:

LIN Xiaohai *(Chief Executive Officer)* (Appointed as Executive Director on 22 December 2020 and as Chief Executive Officer on 10 May 2021)

Non-Executive Directors:

HUANG Ming-Tuan *(Chairman)* (Appointed as Executive Director on 11 December 2019 and appointed as Chairman of the Board on 17 October 2020; redesignated as Non-Executive Director on 10 May 2021)

HAN Liu (Appointed on 1 November 2021)

LIU Peng (Appointed on 3 March 2022)

Independent Non-Executive Directors:

Karen Yifen CHANG (Appointed on 27 June 2011)

Dieter YIH (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" on pages 18 to 21 of this annual report.

In accordance with the Articles of Association, Mr. LIN Xiaohai will retire as Executive Director, Mr. HAN Liu and Mr. LIU Peng will retire as Non-Executive Directors and Mr. Dieter YIH will retire as Independent Non-Executive Director. Each of the retiring Directors will offer themselves for re-election at the 2022 AGM.

The Company has received annual confirmation of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of 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 2022 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 (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 under review and the material factors underlying its results and financial position are provided in the Chairman's Statement, Chief Executive Officer's Statement, Financial Review, Business Review respectively from pages 5 to 17 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 63 to 67 of this annual report.

Particulars of important events affecting the Company that have occurred since the end of the year ended 31 March 2022, 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 page 33 (paragraph "Employees and Remuneration Policies") and page 61 (paragraph "Major Customers and Suppliers") of this annual report.

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 62 (paragraph "Environmental and Social Responsibilities") in this annual report.

Permitted Indemnity

Pursuant to the Company's 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 Company's 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

Each of the Independent Non-Executive Director of the Company is appointed for a specific term of three years and shall be subject to retirement provisions stipulated in the Company's Articles of Association.

The Company will enter into a service agreement with each of the Executive and Non-Executive Directors with a term within three years from the relevant effective date.

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 2022.

Directors' Interests in Transactions, Arrangements or Contracts

Other than those transactions disclosed in note 30 to the consolidated financial statements and in the section headed "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 twelve months' period.

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 2022, 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 Companies as set out in the Appendix 10 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
HUANG Ming-Tuan	The Company	Interest of spouse[2]	68,334,202 (L)	0.71%
LIN Xiaohai	Alibaba Group[3]	Beneficial owner	362,432 (L)[4]	0.00%
HAN Liu *(Appointed on 1 November 2021)*	Alibaba Group	Beneficial owner	156,616 (L)[5]	0.00%
LIU Peng *(Appointed on 3 March 2022)*	Alibaba Group	Beneficial owner	419,400 (L)[6]	0.00%
Charles Sheung Wai CHAN	Alibaba Group	Beneficial owner	8,000 (L)	0.00%

Notes:

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

(2) Ms. LEE Chih-Lan is the spouse of Mr. HUANG Ming-Tuan. Ms. LEE Chih-Lan holds 66,782,964 shares through Unique Grand Trading Limited and 1,551,238 shares under her name. Accordingly, Mr. HUANG Ming-Tuan is deemed to be interested in all of the shares held by Ms. LEE Chih-Lan.

(3) Alibaba Group is a company incorporated in the Cayman Islands with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares listed on the main board of The Stock Exchange of Hong Kong Limited, stock code 9988. Taobao China is a company incorporated in Hong Kong and a wholly-owned subsidiary of Alibaba Group, therefore Alibaba Group is deemed to be interested in all the shares in which Taobao China is interested in by virtue of Part XV of the SFO.

(4) It represents 255,432 ordinary shares (American Depositary Shares ("**ADS**")) and 107,000 Restricted Share Units ("**RSU**") in the number of ordinary shares of Alibaba Group beneficially held by Mr. LIN Xiaohai.

(5) It represents 99,616 ordinary shares (ADS) and 57,000 RSU in the number of ordinary shares of Alibaba Group beneficially held by Mr. HAN Liu.

(6) It represents 419,400 RSU in the number of ordinary shares of Alibaba Group beneficially held by Mr. LIU Peng.

Save as disclosed above, so far as known to any Directors, as at 31 March 2022, 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 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, 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.

Share Option Scheme

There is no share option scheme operated by the Company.

Employee Trust Benefit Schemes ("ETBS")

The Group has established an ETBS 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.

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.

Calculated based on the paid-in capital, as at 31 March 2022, 1.1031% of ACI and 5.1129% of 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 consolidated financial statements.

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 2022, 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
A-RT[2]	Beneficial owner	4,419,731,966 (L)[7]	46.33%
Taobao China[3]	Interest in a controlled corporations	4,419,731,966 (L)[7]	46.33%
Taobao China[3]	Beneficial owner	2,607,565,384 (L)	27.33%
Taobao Holding Limited[4] ("**Taobao Holding**")	Interest in a controlled corporations	7,027,297,350 (L)	73.66%
New Retail Strategic Opportunities Investments 1 Limited[5] ("**New Retail**")	Beneficial owner	480,369,231 (L)[8]	5.04%
New Retail Strategic Opportunities Fund, L.P.[5]	Interest in a controlled corporations	480,369,231 (L)[8]	5.04%
New Retail Strategic Opportunities Fund GP, L.P. [5]	Interest in a controlled Corporations	480,369,231 (L)[8]	5.04%
New Retail Strategic Opportunities GP Limited[5]	Interest in a controlled corporations	480,369,231 (L)[8]	5.04%
Alibaba Investment Limited[5]	Interest in a controlled corporations	480,369,231 (L)[8]	5.04%
Alibaba Group[6]	Interest in a controlled corporations	7,507,666,581 (L)	78.70%

Notes:

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

(2) A-RT is directly owned by Taobao China as to 100% interest, therefore Taobao China is deemed to be interested in all the shares in which A-RT is interested in by virtue of Part XV of the SFO.

(3) Taobao China is a company incorporated in Hong Kong with limited liability, and is directly wholly-owned by Taobao Holding, which is in turn owned by Alibaba Group. As at 31 March 2022, Taobao Holding held an aggregated long interest of 73.66% in the Company, of which Taobao China directly held 2,607,565,384 shares, constituting 27.33% interest in the Company.

(4) Taobao Holding is a company incorporated in Cayman Islands, which is wholly-owned by Alibaba Group. Taobao China is wholly-owned by Taobao Holding, therefore Taobao Holding is deemed to be interested in all the shares in which Taobao China is interested in by virtue of Part XV of the SFO.

(5) New Retail Strategic Opportunities GP Limited is the general partner of New Retail Strategic Opportunities Fund GP, L.P., which in turn is the general partner of New Retail Strategic Opportunities Fund, L.P. New Retail is an investment vehicle wholly-owned by New Retail Strategic Opportunities Fund, L.P. Therefore, New Retail Strategic Opportunities GP Limited is deemed to be interested in all the shares in which New Retail is interested by virtue of Part XV of the SFO. New Retail Strategic Opportunities GP Limited is directly wholly-owned by Alibaba Investment Limited (which in turn is directly wholly-owned by Alibaba Group). Therefore, Alibaba Investment Limited is deemed to be interested in all the shares in which New Retail is interested by virtue of Part XV of the SFO.

(6) Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares and ordinary shares are listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited, respectively. Each of Taobao Holding and Alibaba Investment Limited is directly wholly-owned by Alibaba Group, therefore Alibaba Group is deemed to be interested in all the shares in which Taobao China and New Retail are interested in by virtue of Part XV of the SFO.

(7) Such 4,419,731,966 shares belong to the same batch of shares.

(8) Such 480,369,231 shares belong to the same batch of shares.

Save as disclosed above, as at 31 March 2022, the Directors of the Company 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 10 and 7(a) respectively of the consolidated financial statements in this annual report.

For the year ended 31 March 2022, 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
HKD1 – HKD10,000,000	2
HKD10,000,001 – HKD15,000,000	0
HKD15,000,001 – HKD20,000,000	0

Employees and Remuneration Policies

As at 31 March 2022, the Group employed a total of 122,010 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance, time commitment, responsibilities and the prevailing salary levels in the market.

Retirement/Pension Schemes

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following connected transactions and continuing connected transactions for the year ended 31 March 2022:

Connected Transaction

Provision of financial assistance to Shanghai Runhe from RT-Mart China

On 9 March 2022, Concord Investment (China) Co., Ltd. (康成投資(中國)有限公司) ("**RT-Mart China**" or "**Lender**") entered into a loan agreement with Shanghai Runhe Internet Technology Co., Ltd (上海潤盒網絡科技有限公司) ("**Shanghai Runhe**"), pursuant to which RT-Mart China agreed to provide Shanghai Runhe with a loan facility of up to RMB100,000,000.

RT-Mart China is a limited liability company incorporated in the PRC and is a subsidiary of the Company.

Taobao China Holding Limited ("**Taobao China**") is a substantial shareholder of the Company. As Taobao China is an indirect wholly owned subsidiary of Alibaba, Alibaba is therefore also a connected person of the Company. Taobao China and other members of the Extended Taobao China Group are associates of Alibaba and therefore are connected persons of the Company. Shanghai Runhe is a limited liability company incorporated in the PRC and jointly held by the RT-Mart China and Hema (China) Company Limited. (盒馬(中國)有限公司) ("**Hema China**"). As Hema China is an indirect wholly owned subsidiary of Alibaba Holding, the Borrower is therefore a connected subsidiary of the Company.

For further details of the provision of financial assistance, please refer to the announcement of the Company dated 9 March 2022.

Non-exempt Continuing Connected Transactions

The following transactions of the Group constituted non-exempt continuing connected transactions of the Group for the year ended 31 March 2022.

In view of the increasing business transactions with Alibaba Group, and for the purpose of better governing the conduct of the continuing connected transactions between the Group and Alibaba Group in the long run, the Company has categorized such transactions and entered into the Master Agreements according to the different types/nature of goods and services. The categories of transactions and agreements entered into thereunder between the parties are as follows:

1. Purchase of goods and services by the Group from Alibaba Group

Master Purchase Agreement

On 11 April 2019, the Company (on behalf of the Group) entered into a master purchase agreement ("**2019 Master Purchase Agreement**") with Taobao China Holding Limited ("**Taobao China**") (on behalf of and together with companies which the majority issued share capital is beneficially owned and controlled by Taobao China (collectively together with Taobao China, the "**Taobao China Group**")), pursuant to which the Group agreed to purchase certain products and services from the Taobao China Group. The relevant products and services include but not are limited to home furnishing, personal care products, travel and accessories, electronics, mothercare products and other household products under the label named "Taobao Xinxuan", imported fast moving consumer goods, household products and computer, communication and consumer electrical appliances, packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruits, groceries, agricultural products, fruit products, meat and aquatic products and any other merchandise customarily sold in hypermarkets operated by the Group and also the transfer of certain employees to the Company or its affiliates (pursuant to which the Company agreed to reimburse for salaries and benefits paid to such transferred employees). Pursuant to the 2019 Master Purchase Agreement, separate underlying agreements will be entered into between relevant parties of the Group and the Taobao China Group setting out the precise terms and conditions of the purchase of the relevant products and services. The 2019 Master Purchase Agreement has an original term from 1 January 2019 to 31 December 2021 and has been subsequent being replaced by the 2021 Master Purchase Agreement (please referred to the below regarding further details of the 2021 Master Purchase Agreement).

On 14 August 2019, the Company and Taobao China entered into a master purchase agreement addendum ("**Purchase Addendum**") as a supplemental agreement to the 2019 Master Purchase Agreement, pursuant to which the parties agreed to extend the definition of Taobao China Group to subsidiaries and affiliates of Alibaba ("**Extended Taobao China Group**").

To continue the business transactions contemplated under the 2019 Master Purchase Agreement and the Purchase Addendum, and for the purpose of aligning the annual caps under the category of "Purchase of goods and services by the Group from Alibaba Group" with the financial year end of the Group, the Company and Taobao China entered into the 2021 Master Purchase Agreement on 7 June 2021 ("**2021 Master Purchase Agreement**"). Pursuant to the 2021 Master Purchase Agreement, separate underlying agreements will be entered into between relevant parties of the Group and the Taobao China Group setting out the precise terms and conditions of the purchase of the relevant products and services. The term of the 2021 Master Purchase Agreement commenced on 7 June 2021 and shall expire on 31 March 2024.

The purchase price for the relevant products and/or relevant services payable by the Group will be determined at the time of the particular purchase based on arm's length negotiations with due regards to (i) the purchase price charged for the same category of products and/or services as the relevant products and/or relevant services offered by independent suppliers at the time of a particular transaction; (ii) the gross profit margin expected by the Group in respect of the relevant products and/or relevant services of the same categories; and (iii) the price of the same relevant products and/or relevant services generally offered on the market by independent third parties.

Pursuant to the 2021 Master Purchase Agreement, with effect from 7 June 2021, the parties agreed that the subsisting underlying purchase agreements that used to be governed by the 2019 Master Purchase Agreement shall instead be governed by and subject to the 2021 Master Purchase Agreement and the annual caps of the subsisting underlying purchase agreements have been incorporated into the annual caps of the 2021 Master Purchase Agreement.

For further details of the 2019 Master Purchase Agreement (as amended by the Purchase Addendum) and the 2021 Master Purchase Agreement, please refer to the announcements of the Company dated 12 April 2019, 14 August 2019 and 7 June 2021.

Taobao China is a substantial shareholder of the Company. As Taobao China is an indirect wholly owned subsidiary of Alibaba, Alibaba is therefore also a connected person of the Company. Taobao China and other members of the Extended Taobao China Group are associates of Alibaba and therefore are connected persons of the Company.

Annual caps under the category of the "Purchase of goods and services by the Group from Alibaba Group"

The annual caps of the category of "Purchase of goods and services by the Group from Alibaba Group" for the year ended 31 March 2022, and for the years ending 31 March 2023 and 2024 are RMB1,500,000,000 and RMB1,800,000,000 and RMB2,100,000,000 respectively, while the actual transaction amount for the year ended 31 March 2022 was approximately RMB324.4 million.

2. *Sale of goods and services by the Group to Alibaba Group*

Master Supply Agreement

On 11 April 2019, the Company (on behalf of the Group) entered into a master supply agreement ("**2019 Master Supply Agreement**") with Taobao China (on behalf of and together members of Taobao China Group) pursuant to which the Group agreed to supply certain products and services to the Taobao China Group. The relevant products and services include but are not limited to fresh food products, pre-packaged food products, grocery products, household products and any other merchandise customarily sold in the relevant retail outlets operated by ACI and CIC. Pursuant to the 2019 Master Supply Agreement, separate underlying agreements will be entered into between relevant parties of the Group and the Taobao China Group setting out the precise terms and conditions of the supply of the relevant products and services. The 2019 Master Supply Agreement commenced has an initial term from 1 January 2019 to 31 December 2021 and has been subsequently replaced by the 2021 Master Supply Agreement (please referred to the below regarding further details of the 2021 Master Supply Agreement).

On 14 August 2019, the Company and Taobao China entered into the master supply agreement addendum ("**Supply Addendum**") as a supplemental agreement to the 2019 Master Supply Agreement, pursuant to which the parties agreed to extend the definition of Taobao China Group to subsidiaries and affiliates of Alibaba ("**Extended Taobao China Group**").

To continue the business transactions contemplated under the 2019 Master Supply Agreement and the Supply Addendum, and for the purpose of aligning the annual caps under the category of "Sale of goods and services by the Group to Alibaba Group" with the financial year end of the Group, the Group and Taobao China (on behalf of and together with Alibaba Group Holding Limited and its subsidiaries and affiliates ("**Alibaba Affiliates**")) have entered into the 2021 Master Supply Agreement on 22 June 2021 ("**2021 Master Supply Agreement**"), pursuant to which the Group will supply the relevant supply products and services to Alibaba Affiliates. Separate underlying agreements will be entered into between relevant parties of the Group and Taobao China. The term of the 2021 Master Supply Agreement shall commence on 24 September 2021 and shall expire on 31 March 2024.

The selling price for the relevant supply products and/or services will be determined at the time of the particular sale based on arm's length negotiations with reference to (i) the selling price charged for the same category of services and/or products offered to independent purchasers at the time of a particular transaction; (ii) the gross profit margin expected by the Group in respect of the relevant supply products and/or services of the same categories; and (iii) the price of products and services of the same categories as the relevant supply products and/or services generally offered on the market by independent third parties.

Pursuant to the 2021 Master Supply Agreement, with effect from the effective date of the 2021 Master Supply Agreement (i.e. 24 September 2021), the parties agreed that the subsisting underlying supply agreements that used to be governed by the 2019 Master Supply Agreement shall instead be governed by and subject to the 2021 Master Supply Agreement and the annual caps of the subsisting underlying supply agreements have been incorporated into the annual caps of the 2021 Master Supply Agreement.

For further details of the Master Supply Agreement (as amended by the Supply Addendum) and the 2021 Master Supply Agreement, please refer to the announcements of the Company dated 12 April 2019, 14 August 2019, 20 August 2019, 22 June 2021 and the circulars dated 10 September 2019 and 7 September 2021.

Taobao China is a substantial shareholder of the Company. As Taobao China is an indirect wholly owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Taobao China and other members of the Extended Taobao China Group are associates of Alibaba and therefore are connected persons of the Company.

Northeast China Hema Supply Agreement

On 31 May 2019, Qingdao Ruentex Enterprises Co., Ltd., branch of Shenyang ("**Qingdao Ruentex**"), a subsidiary of the Company, entered into a supply agreement ("**Northeast China Hema Supply Agreement**") with Shanghai Runhe, pursuant to which Shanghai Runhe agreed to appoint Qingdao Ruentex as supplier to supply certain products to Shanghai Runhe and retail stores operated under the "Hema" or "Hema Fresh" banner. The relevant products include but not limited to food, groceries, confectionaries, beverages, wines, household products, baby care products, pet care products, electrical compliances and clothing. The term of the Northeast China Hema Supply Agreement had commenced on 31 May 2019 and expired on 31 December 2021.

Qingdao Ruentex shall provide quotation of the selling prices for the relevant products and the quoted selling prices were final once they were agreed by Shanghai Runhe. The selling price for the relevant products of the particular sale is based on arm's length negotiations with reference to (i) the selling price charged for the same category of services and/or products offered to independent purchasers at the time of a particular transaction; (ii) the gross profit margin expected by the Group in respect of the relevant products of the same categories; and (iii) the price of products and services of the same categories as the relevant products generally offered on the market by independent third parties.

Pursuant to the 2021 Master Supply Agreement, with effect from the effective date of the 2021 Master Supply Agreement (i.e. 24 September 2021), the parties agreed that the Northeast China Hema Supply Agreement shall be governed by and subject to the 2021 Master Supply Agreement and the annual caps of which have been incorporated into the relevant supply annual caps under the 2021 Master Supply Agreement.

Taobao China is a substantial shareholder of the Company. As Taobao China is an indirect wholly owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Shanghai Runhe is indirectly owned as to 49% by Alibaba and directly owned as to 51% by CIC, respectively, and is therefore a connected subsidiary of the Company.

For further details of the Northeast China Hema Supply Agreement, please refer to the announcements of the Company dated 31 May 2019, 20 August 2019 and the circulars dated 10 September 2019 and 7 September 2021.

Hainan Hema Supply Agreement

On 31 May 2019, Guangdong Ruenhua Commercial Co., Ltd. ("**Guangdong Ruenhua**"), a subsidiary of the Company, entered into a supply agreement ("**Hainan Hema Supply Agreement**") with Hainan Hema, pursuant to which Hainan Hema agreed to appoint Guangdong Ruenhua as supplier to supply the relevant products to Hainan Hema and retail stores operated under the "Hema" or "Hema Fresh" banner. The relevant products include but not limited to food, groceries, confectionaries, beverages, wines, household products, baby care products, pet care products, electrical compliances and clothing. The term of the Hainan Hema Supply Agreement had commenced on 31 May 2019 and expired on 31 December 2021.

Guangdong Ruenhua shall provide quotation of the selling prices for the relevant product and the quoted selling prices were final once they were agreed by Hainan Hema. The selling price for the relevant products of the particular sale is based on arm's length negotiations with reference to (i) the selling price charged for the same category of services and/or products offered to independent purchasers at the time of a particular transaction; (ii) the gross profit margin expected by the Group in respect of the relevant products of the same categories; and (iii) the price of products and services of the same categories as the relevant products generally offered on the market by independent third parties.

Pursuant to the 2021 Master Supply Agreement, with effect from the effective date of the 2021 Master Supply Agreement (i.e. 24 September 2021), the parties agreed that the Hainan Hema Supply Agreement shall be governed by and subject to the 2021 Master Supply Agreement and the annual caps of which have been incorporated into the relevant supply annual caps under the 2021 Master Supply Agreement.

As described above, Alibaba through its ownership in Shanghai Runhe, a connected subsidiary of the company, will control 49% of the equity interest Hainan Hema, and Hainan Hema will therefore become an associate of Taobao China and a connected person of the Company.

For further details of the Hainan Hema Supply Agreement, please refer to the announcements of the Company dated 31 May 2019, 20 August 2019 and the circulars dated 10 September 2019 and 7 September 2021.

Promotional Goods Supply Agreement

On 19 August 2019, CIC, ACI and Alipay (Hangzhou) Information Technology Co., Ltd. ("**Alipay**") entered into a promotional goods supply agreement ("**Promotional Goods Supply Agreement**"), pursuant to which CIC and ACI agreed to supply promotional goods in the form of tissue paper packs to customers upon presentation of e-coupons issued by Alipay. The term of the Promotional Goods Supply Agreement ended on 31 October 2019 after the promotional goods have been fully distributed.

Alipay shall pay to CIC and ACI a fixed price for each e-coupon, which price is determined after arm's length negotiation. Customers of Alipay may exchange each e-coupon for a specified number of tissue paper packs from any of the physical retail stores of the RT Mart and Auchan banners.

With effect from the effective date of the 2021 Master Supply Agreement (i.e. 24 September 2021), the Parties agreed that the Promotional Goods Supply Agreement shall be governed by and subject to the 2021 Master Supply Agreement and the annual caps of which have been incorporated into the relevant supply annual caps under the 2021 Master Supply Agreement.

At the time of entry Promotional Goods Supply Agreement, Alipay was a subsidiary of Ant Financial Small and Micro Financial Services Group Co., Ltd. ("**Ant Financial**"), which, together with its subsidiaries, were deemed as connected persons of the Company by the Stock Exchange in August 2019 under Rule 14A.19 of the Listing Rules.

For further details of the Promotional Goods Supply Agreement, please refer to the announcements of the Company dated 19 August 2019, 20 August 2019 and the circulars dated 10 September 2019 and 7 September 2021.

Annual caps under the category of the "Sale of goods and services by the Group from Alibaba Group"

The annual caps of the category of "Sale of goods and services by the Group to Alibaba Group" for the year ended 31 March 2022 and for the years ending 31 March 2023 and 2024 are RMB18,000,000,000 and RMB25,300,000,000 and RMB35,000,000,000, respectively, while the actual transaction amount for the year ended 31 March 2022 was approximately RMB6,339.5 million.

3. ***Consignment of goods from Alibaba Group to the Group***

Master Zhejiang Tmall Consignment Agreement

On 11 April 2019, the Company and the Zhejiang Tmall Supply Chain Management Co., Ltd. ("**Zhejiang Tmall**") entered into a consignment agreement ("**Master Zhejiang Tmall Consignment Agreement**"), pursuant to which the Company agreed to, and shall procure members of the Group to, permit Zhejiang Tmall and its subsidiaries ("**Zhejiang Tmall Group**") to sell on a consignment basis through members of the Group at designated exhibition shelves at the hypermarkets operated by the Group to customers. The term of the Master Zhejiang Tmall Consignment Agreement had commenced on 1 January 2019 and expired on 31 December 2021.

A commission fee will be paid to the Group by Zhejiang Tmall Group for each sale of consigned products successfully completed at the hypermarkets operated by the Group, such fees are to be calculated based on the price (tax inclusive) of each relevant products successfully sold (with no subsequent return and refund) to customers at the hypermarkets operated by the Group, multiplied by a consignment rate to be agreed between the Group and Zhejiang Tmall Group after arm's length negotiations between the Group and Zhejiang Tmall Group with reference to (i) the consignment rate of products of the same category as such products offered by independent third party consignees after having obtained at least two quotes from independent third parties,(ii) the continuing partnership with the Alibaba Group, and (iii) the commercial benefits of such partnership to the Group.

Taobao China is a substantial shareholder of the Company. Zhejiang Tmall is an indirect wholly-owned subsidiary of Taobao China, Zhejiang Tmall is therefore a connected person of the Company.

For further details of the Master Zhejiang Tmall Consignment Agreement, please refer to the announcement of the Company dated 12 April 2019.

Master Theland Consignment Agreement

On 11 April 2019, the Company and Theland New Cloud Shanghai Digimart Ltd. ("**Theland**") entered into a consignment agreement ("**Master Theland Consignment Agreement**"), pursuant to which the Company agreed to, and shall procure members of the Group to, permit Theland and its subsidiaries ("**Theland Group**") to sell on a consignment basis through members of the Group at designated exhibition shelves at the hypermarkets operated by the Group to customers. The term of the Master Theland Consignment Agreement had commenced on 1 January 2019 and expired on 31 December 2021.

A commission fee will be paid to the Group by Theland Group for each sale of consigned products successfully completed at the hypermarkets operated by the Group, such fees are to be calculated based on the price (tax inclusive) of each relevant products successfully sold (with no subsequent return and refund) to customers at the hypermarkets operated by the Group, multiplied by a consignment rate to be agreed between the Group and Theland Group after arm's length negotiations between the Group and Theland Group with reference to (i) the consignment rate of products of the same category as such products offered by independent third party consignees after having obtained at least two quotes from independent third parties, (ii) the continuing partnership with the Alibaba Group, and (iii) the commercial benefits of such partnership to the Group.

Taobao China is a substantial shareholder of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Alibaba controls 40% equity interest of Theland. Theland is therefore an associate of Taobao China and a connected person of the Company.

For further details of the Master Theland Consignment Agreement, please refer to the announcement of the Company dated 12 April 2019.

Win-Chain Consignment Agreement

On 11 April 2019, the Company and Shanghai Win-Chain Supply Chain Management Co., Ltd. ("**Win-Chain**") entered into a consignment agreement ("**Master Win-Chain Consignment Agreement**"), pursuant to which the Company agreed to, and shall procure members of the Group to, permit Win-Chain and its subsidiaries ("**Win-Chain Group**") to sell on a consignment basis through members of the Group at designated exhibition shelves at the hypermarkets operated by the Group to customers. The term of the Master Win-Chain Consignment Agreement had commenced on 1 January 2019 and expired on 31 December 2021.

A commission fee will be paid to the Group by Win-Chain Group for each sale of consigned products successfully completed at the hypermarkets operated by the Group, such fees are to be calculated based on the price (tax inclusive) of each relevant products successfully sold (with no subsequent return and refund) to customers at the hypermarkets operated by the Group, multiplied by a consignment rate to be agreed between the Group and Win-Chain Group after arm's length negotiations between the Group and Win-Chain Group with reference to (i) the consignment rate of products of the same category as such products offered by independent third party consignees after having obtained at least two quotes from independent third parties, (ii) the continuing partnership with the Alibaba Group, and (iii) the commercial benefits of such partnership to the Group.

Taobao China is a substantial shareholder of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Alibaba controls more than 30% equity interest of Win-Chain. Win-Chain is therefore an associate of Taobao China and a connected person of the Company.

For further details of the Master Win-Chain Consignment Agreement, please refer to the announcement of the Company dated 12 April 2019.

Annual caps under the category of the "Consignment of goods from Alibaba Group to the Group"

As the transactions under the above agreements in the category of "Consignment of goods from Alibaba Group to the Group" are similar in nature, they are required to be aggregated pursuant to rule 14A.81 of the Listing Rules. As such, the annual caps of the category of "Consignment of goods from Alibaba Group to the Group" for the years ended 31 December 2020 and 2021 are RMB220,000,000 and RMB280,000,000 respectively, while the actual transaction amount of the years ended 31 March 2021 and 2022 was approximately RMB nil and RMB nil, respectively.

4. *Business Cooperation between the Group and Alibaba Group*

Master Business Cooperation Agreement

In view of the increasing business cooperation transactions with Alibaba Affiliates, and for the purpose of better governing the conduct of the continuing connected transactions in this respect between the Group and Alibaba Affiliates going forward, the Company and Taobao China have entered into the 2021 Master Business Cooperation Agreement on 22 June 2021 ("**2021 Master Business Cooperation Agreement**"), pursuant to which the Group and Alibaba Affiliates will undertake the relevant cooperation. The 2021 Master Business Cooperation Agreement shall commence from 24 September 2021 and shall expire on 31 March 2024.

The consideration for the relevant cooperation with the cooperating partner(s) is determined at the time of the particular cooperation based on arm's length negotiation with due regards to (i) the price charged for the same category of services as the relevant cooperation offered by independent third party service providers at the time of a particular transaction; and (ii) the price of identical or similar relevant cooperation generally offered on the market by independent third parties.

Following the entering into of the 2021 Master Business Cooperation Agreement, with effect from the effective date of the 2021 Mater Business Cooperation Agreement (i.e. 24 September 2021), the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates" will be primarily governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. For the purpose of Rule 14A.81 of the Listing Rules, this category will include the then existing business cooperation agreements, details are which set out below.

Taobao China is a substantial shareholder and a connected person of the Company. Accordingly, each of Taobao Software and Alibaba Zetai, as a subsidiary of Taobao China, is a connected person of the Company.

Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Each of Hangzhou Rajax, and Hangzhou Tao Xian Da is a subsidiary of Alibaba and is therefore an associate of Taobao China and a connected person of the Company.

For further details of the 2021 Master Business Cooperation Agreement, please refer to the announcements of the Company dated 22 June 2021, and the circular of the Company dated 7 September 2021.

Hema Business Cooperation Agreements

On 15 January 2019, Shanghai Runhe entered into the Hainan Hema business cooperation agreement (the "**Hainan Hema Business Cooperation Agreement**") and Northeast China business cooperation agreement (the "**Northeast Hema Business Cooperation Agreement**", together with the Hainan Hema Business Cooperation Agreement are hereafter referred as the "**Hema Business Cooperation Agreements**") with Shanghai Hema Internet Technology Co., Ltd. ("**Shanghai Hema**") in respect of the relevant business cooperation between the parties within Hainan, Heilongjiang, Jilin and Liaoning provinces. Each of the Hainan Hema Business Cooperation Agreement and the Northeast Hema Business Cooperation Agreement has a term commencing from 28 December 2018 for a fixed term of three years and is extendable by further agreement between the parties subject to the Company's compliance with the Listing Rules.

The Hainan Hema Business Cooperation Agreement and the Northeast Hema Business Cooperation Agreement contain identical terms and each covers stores of different provinces. The Hainan Hema Business Cooperation Agreement covers retails stores operated by Shanghai Runhe to be connected to the "Hema Fresh" business model located in Hainan province in the PRC (the "**Hainan Hema Stores**"). The Northeast Hema Business Cooperation Agreement covers retails stores operated by Shanghai Runhe to be connected to the "Hema Fresh" business model located in Heilongjiang, Jilin and Liaoning provinces in the PRC (the "**Northeast Hema Stores**").

Pursuant to the Hema Business Cooperation Agreements, Shanghai Runhe agreed to cooperate with Shanghai Hema to adopt the "Hema Fresh" ("盒馬鮮生") model across the Hainan Hema Stores and Northeast Hema Stores, including, amongst others:

(a) the Hainan Hema Stores and Northeast Hema Stores accessing the "Hema Fresh" ("盒馬鮮生") business model and the Hema APP;

(b) completing the integration of the corresponding software systems in the Hainan Hema Stores and Northeast Hema Stores;

(c) Shanghai Hema supplying to the Hainan Hema Stores and Northeast Hema Stores necessary software maintenance support;

(d) delivery services provided by delivery agent(s) designated by Shanghai Hema to deliver products sold on the Hema mobile application ("**Hema APP**"); and

(e) other areas of cooperation such as assistance in procurement and sourcing, advice with respect to the decoration of the Hainan Hema Stores and Northeast Hema Stores, training for employees of the Hainan Hema Stores and Northeast Hema Stores, participation in marketing and promotional activities and the usage of Alipay.

Pursuant to the Hema Business Cooperation Agreements, Shanghai Runhe agreed to pay to Shanghai Hema a software technical service fee ("**Hainan Technical Service Fee**") for the use of the Hema APP (in the case of online transactions) and the use of software system resources provided by Shanghai Hema in the relevant Hainan Hema Stores and Northeast Hema Stores (in the case of offline transactions). A delivery fee is also payable by Shanghai Runhe for the delivery of each online order made to the Hainan Hema Stores and Northeast Hema Stores. The delivery service will be provided by a delivery agent designated by Shanghai Hema. In addition, Shanghai Runhe also agreed to pay a service fee to Shanghai Hema for each transaction successfully completed by the Hainan Hema Stores and the Northeast Hema Stores through Alipay (the "**Hainan Alipay Transaction Fee**").

Shanghai Runhe and Shanghai Hema have agreed to share the marketing expenses for certain joint marketing campaigns (if any) to be held during the term of the Hema Business Cooperation Agreement, which will be allocated between them on a fair and equitable basis.

As set out above, following the effective date of the 2021 Master Business Cooperation Agreement (i.e. 24 September 2021), the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates" including the Hema Business Cooperation Agreements will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Hema Business Cooperation Agreement are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Accordingly, each of Taobao Software and Shanghai Hema, as an indirect wholly-owned subsidiary of Alibaba and therefore an associate of Taobao China, is a connected person of the Company.

For further details of the Hema Business Cooperation Agreements, please refer to the announcement of the Company dated 15 January 2019.

Ele Me Business Cooperation Agreement

On 27 December 2019, CIC entered into the Ele Me business cooperation renewal agreement (the "**Ele Me Business Cooperation Renewal Agreement**") with Shanghai Rajax Information Technology Co., Ltd. ("**Shanghai Rajax**").The Ele Me Business Cooperation Agreement has a term which commenced from 1 January 2020 and ended on 31 March 2021.

On 31 March 2021, CIC entered into the Ele Me Business Cooperation 2021 Renewal Agreement ("**Ele Me Business Cooperation 2021 Renewal Agreement**" together with the Ele Me Business Cooperation Renewal Agreement, the "**Ele Me Business Cooperation Agreements**") with Shanghai Rajax which renewed the Ele Me Business Cooperation Renewal Agreement with an extended term from 1 April 2021 to 31 March 2022.

Pursuant to the Ele Me Business Cooperation Agreements, CIC agreed to cooperate with Shanghai Rajax to adopt the "Ele Me" ("餓了麼") model across the Stores under the Auchan and RT-Mart banners, including, among others:

(a) the Stores under the Auchan and RT-Mart banners accessing the business model and the online Ele Me Platform, allowing the operation of online stores under the two banners at the Ele Me Platform and providing takeaway meals to customers;

(b) Shanghai Rajax providing online service functions such as online ordering, delivery order management and online payment; and

(c) other areas of cooperation such as participation in marketing and promotional activities.

CIC, through relevant Stores, agreed to pay to Shanghai Rajax a Platform Service Fee for the use of the Platform and software system resources. Shanghai Rajax will from time to time initiate joint marketing campaigns and promotions on the Ele Me Platform and CIC will participate pursuant to the Ele Me Business Cooperation Agreement. The costs for such joint marketing campaigns and promotions shall be borne as agreed by the parties.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Ele Me Business Cooperation Agreements will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Ele Me Business Cooperation Agreements are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Shanghai Rajax is a consolidated entity of Alibaba and therefore an associate of Taobao China under Chapter 14A of the Listing Rules. The Ele Me Business Cooperation Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For further details of the Ele Me Business Cooperation Agreement, please refer to the announcements of the Company dated 27 December 2020 and 31 March 2021.

Dalian Hema Delivery Business Cooperation Agreement

On 11 April 2019, Dalian Runhe Cloud Network Technology Co. Ltd. ("**Dalian Runhe**") entered into the Dalian Hema business cooperation agreement (the "**Dalian Hema Delivery Business Cooperation Agreement**") with Hangzhou Rajax Information Technology Co., Ltd. ("**Hangzhou Rajax**").

The Dalian Hema Delivery Business Cooperation Agreement has a term of one year commencing from 1 March 2019 and ended on 29 February 2020.

On 27 February 2020, Dalian Runhe entered into the Dalian Hema Delivery Business Cooperation Renewal Agreement ("**Dalian Hema Delivery Business Cooperation Renewal Agreement**") with Hangzhou Rajax which renews the Dalian Hema Delivery Business Cooperation Renewal Agreement with an extended term from 1 March 2020 to 28 February 2021. On 16 March 2020, Dalian Runhe and Hangzhou Rajax entered into the Dalian Hema Delivery Business Cooperation Supplementary Agreement with Hangzhou Rajax to introduce a bonus arrangement with respective delivery services during the spring festival in 2020 between 1 January 2020 and 29 February 2020.

On 26 February 2021, Dalian Runhe entered into the Dalian Hema Delivery Business Cooperation Renewal 2021 Agreement ("**Dalian Hema Delivery Business Cooperation 2021 Renewal Agreement**", together with the Dalian Hema Delivery Business Cooperation Renewal Agreement and Dalian Hema Delivery Business Cooperation Agreement, the "**Dalian Hema Delivery Business Cooperation Agreements**") with Hangzhou Rajax which renews the Dalian Hema Delivery Business Cooperation Renewal Agreement with an extended term from 1 March 2021 to 31 March 2022.

Pursuant to the Dalian Hema Delivery Business Cooperation Agreements, Hangzhou Rajax agreed to provide delivery services to the customers of Hema Fresh ("盒馬鮮生") stores operated by Dalian Runhe, who made orders using the Hema APP contemplated under the Hema Business Cooperation Agreements.

A service fee will be charged for each completed delivery order and additional service fee will be charged by Hangzhou Rajax if a second delivery or collection of delivered goods is required due to the default of Dalian Runhe or its customers.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Dalian Hema Delivery Business Cooperation Agreements will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Dalian Hema Delivery Business Cooperation Agreements are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Hangzhou Rajax is a consolidated entity of Alibaba and therefore an associate of Taobao China.

For further details of the Dalian Hema Delivery Business Cooperation Agreement, please refer to the announcements of the Company dated 12 April 2019, 27 February 2020, 16 March 2020 and 26 February 2021.

Shenyang Hema Delivery Business Cooperation Agreement

On 31 May 2019, Shenyang Runhe Internet Technology Co., Ltd. ("**Shenyang Runhe**") entered into the Shenyang Hema delivery business cooperation agreement (the "**Shenyang Hema Delivery Business Cooperation Agreement**") with Hangzhou Rajax.The Shenyang Hema Delivery Cooperation Agreement has a term of nine month commencing from 31 May 2019 and ended on 29 February 2020.

On 27 February 2020, Shenyang Runhe entered into the Shenyang Hema Delivery Business Cooperation Renewal Agreement ("**Shenyang Hema Delivery Business Cooperation Renewal Agreement**") with Hangzhou Rajax which renews the Shenyang Hema Delivery Business Cooperation Renewal Agreement with an extended term from 1 March 2020 to 28 February 2021.

On 26 February 2021, Shenyang Runhe entered into the Shenyang Hema Delivery Business Cooperation Renewal 2021 Agreement ("**Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement**" with Hangzhou Rajax which renews the Shenyang Hema Delivery Business Cooperation Renewal Agreement with an extended term from 1 March 2021 to 31 March 2022.

Pursuant to the Shenyang Hema Delivery Business Cooperation Agreements, Hangzhou Rajax agreed to provide delivery services to the customers of Hema Fresh ("盒馬鮮生") stores operated by Shenyang Runhe, who made orders using the Hema mobile application contemplated under the Hema Business Cooperation Agreements.

A service fee will be charged for each completed delivery order and an additional service fee will be charged by Hangzhou Rajax if a second delivery or collection of delivered goods is required due to the default of Shenyang Runhe or its customers.

On 28 May 2021, Shenyang Runhe entered into a supplementary agreement with Hangzhou Rajax to supplement the details of bonus arrangement in respect of the business cooperation under the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement ("**2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement**"), together with the Shenyang Hema Delivery Business Cooperation Renewal Agreement, Shenyang Hema Delivery Business Cooperation Agreement and the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement ("**Shenyang Hema Delivery Business Cooperation Agreements**").

Pursuant to the terms of the 2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement, the parties will adopt a festival event bonus arrangement ("**Bonus Arrangement**") to be calculated with reference to the volume of delivery services provided during the specified dates in the festival period between 23 January 2021 and 26 February 2021 ("**Specified Period**"). The amount of payment to be made to Hangzhou Rajax under the Bonus Arrangement is approximately RMB0.56 million (exclusive of applicable taxes) based on the total numbers of delivery orders completed and delivery persons worked during the Specified Period.

The amount payable under the Bonus Arrangement has been determined after arm's length negotiations with reference to (i) the bonus requested for the same category of services and/or products offered by independent suppliers; and (ii) the continuing partnership with the Alibaba Group on the "Hema Fresh" business model. In terms of the payment arrangement, pursuant to the 2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement, after the parties confirm the settlement amount of the fees, Hangzhou Rajax shall issue the invoice (inclusive of applicable taxes) to Shenyang Runhe, and Shenyang Runhe shall settle such amount within 10 Business Days after receipt of the invoice.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Shenyang Hema Delivery Business Cooperation Agreements will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Shenyang Hema Delivery Cooperation Agreements are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Hangzhou Rajax is a consolidated entity of Alibaba and therefore an associate of Taobao China and a connected person of the Company.

For further details of the Shenyang Hema Delivery Business Cooperation Agreement, please refer to the announcements of the Company dated 31 May 2019, 27 February 2020, 26 February 2021 and 28 May 2021.

Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)

On 18 October 2019, CIC entered into the Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) (the "**Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)**") with Rajax Network Technology (Shanghai) Co., Ltd. ("**Rajax Network Shanghai**") in respect of the business cooperation between CIC and Rajax Network Shanghai whereby Rajax Network Shanghai provides marketing services to the stores based on the Ele Me online software system.

The Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) has a term which commenced from 18 October 2019 and ended on 31 December 2019.

On 1 April 2020, CIC entered into the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) ("**2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)**") with Rajax Network Shanghai which renews the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) with an extended term from 1 April 2020 to 31 March 2021.

On 31 March 2021, CIC entered into the 2021 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) ("**2021 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)**", together with the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) and the Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service), the "**RT-Mart Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service)**") with Rajax Network Shanghai which renews the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) with an extended term from 1 April 2021 to 31 March 2022.

Pursuant to the Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service), ACI and CIC may conduct marketing activities on the Ele Me platforms and Rajax Network Shanghai agreed to provide the promotion services for marketing activities and promotion of the Group's business via the Ele Me platforms, subject to the terms and conditions set out therein.

A service fee (exclusive of tax) will be charged by Rajax Network Shanghai for each text message sent by Rajax Network Shanghai to potential customers for the promotion of the Group's business.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the RT-Mart Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service) will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service) are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Rajax Network Shanghai is a subsidiary of Alibaba and therefore an associate of Taobao China and a connected person of the Company.

For further details of the The Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service), please refer to the announcements of the Company dated 18 October 2019, 1 April 2020 and 31 March 2021.

Tao Xian Da Business Cooperation Agreement

On 18 March 2021, Concord Investment (China) Co., Ltd ("**RT-Mart China**") entered into the Tao Xian Da Business Cooperation Agreement with Hangzhou Tao Xianda ("**Tao Xian Da Business Cooperation Agreement**"), pursuant to which RT-Mart China agreed to cooperate with Hangzhou Tao Xianda to adopt the Tao Xian Da ("淘鮮達") model across the hypermarkets and supermarkets operated by RT-Mart China and Auchan China designated under the Tao Xian Da Business Cooperation Agreement to be connected to certain designated online platforms operated by Alibaba Group or RT-Mart China ("**Designated Platforms**") and including, among others: (a) the Auchan Stores and the RT-Mart Stores accessing the business model and the Designated Platforms, including, but not limited to, the adoption of joint brand names and transformation of existing and new Auchan Stores and RT-Mart Stores; (b) completing the integration of the corresponding software systems in the Auchan Stores and the RT-Mart Stores; (c) Hangzhou Tao Xianda supplying to the Auchan Stores and the RT-Mart Stores necessary hardware including POS hardware and providing maintenance support; and (d) other areas of cooperation such as assistance in procurement or sourcing, participation in marketing and promotional activities, service standards and the usage of Alipay.

The term of the Tao Xian Da Business Cooperation Agreement commenced on 19 March 2021 and shall expire on 18 March 2024.

RT-Mart China agreed to pay to Hangzhou Tao Xianda a commission fee ("**RT Commission Fee**") for the usage of the Designated Platforms and software system resources, which is calculated based on the net value of each order completed online through the Designated Platforms by the relevant Auchan Stores and RT-Mart Stores after deducting the applicable discounted amount (but including the discount apportionment to be borne by Hangzhou Tao Xianda), multiplied by an agreed commission rate determined after arm's length negotiations between the parties with reference to (i) the commission fees for similar types of transactions that are offered by independent third party service providers, (ii) the continuing partnership with Alibaba Group and (iii) the commercial benefits of such partnership to the Group.

RT-Mart China also agreed to pay a service fee to Hangzhou Tao Xianda for each transaction successfully completed by the Auchan Stores and the RT-Mart Stores through Alipay ("**RT-Alipay Transaction Fee**"). The RT-Alipay Transaction Fee payable to Hangzhou Tao Xianda is calculated based on the transaction value of each order successfully completed through Alipay by the relevant Auchan Stores and RT-Mart Stores, multiplied by an agreed service rate determined after arm's length negotiations between the parties with reference to (i) the service fees for similar types of transactions that are offered by independent online third party payment solution service providers, (ii) the continuing partnership with Alibaba Group, and (iii) the commercial benefits of such partnership to the Group.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Tao Xian Da Business Cooperation Agreement, will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the Tao Xian Da Business Cooperation Agreement are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

For further details of Tao Xian Da Business Cooperation Agreement, please refer to the announcement of the Company dated 18 March 2021.

RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement

On 18 March 2021, RT-Mart China entered into the RT-Mart China Zhejiang Niaochao delivery business cooperation agreement ("**RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement**", as supplemented and revised by the 2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement as detailed below) with Zhejiang Niaochao Supply China Management Co., Ltd. ("**Zhejiang Niaochao**"), pursuant to which Zhejiang Niaochao agreed to provide logistics and delivery services to customers of RT-Mart China for orders placed via the Designated Platforms.The term of the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement commenced on 19 March 2021 and shall expire on 31 March 2022.

On 28 May 2021, RT-Mart China entered into the delivery business cooperation supplementary agreement with Zhejiang Niaochao to revise the monthly reconciliation date under the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement and add Pozida logistics and delivery services ("**2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement**"). In terms of the reconciliation date, both parties agreed to change the date of issuing billing statement for the previous month from by the 2nd of each month to by the 5th of each month.

According to the 2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement, both parties will add Pozida logistics and delivery services on the basis of the existing cooperation, for the purpose of handling the orders of Pozida delivery services generated from the RT-Mart Fresh Application. Delivery fee shall be settled based on a fixed price on each delivery successfully completed, and flexible delivery service will be matched according to the time of the instruction and the distance to the destination.

The fee for the delivery service provided by Zhejiang Niaochao has been determined after arm's length negotiations with reference to (i) the service fee charged for the same category of services offered by independent service providers to the Group; (ii) the continuing partnership with Alibaba Group on the Tao Xian Da ("淘鮮達") business model; and (iii) the price of the same delivery services offered on the market by independent third parties.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement, will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. The annual caps of the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement are aggregated with annual caps of other agreements under the category of "Business Cooperation between the Group and Alibaba Group". Details are set out further below.

For further details of RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement and the 2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement, please refer to the announcements of the Company dated 18 March 2021 and 28 May 2021.

Ele Me Online Food Ordering Business Cooperation Agreements

On 1 July 2020, RT-Mart China entered into the RT-Mart China Ele Me Online Food Ordering Business Cooperation Agreement and Auchan (China) Investment Co., Ltd. ("**Auchan China**") entered into the Auchan China Ele Me Online Food Ordering Business Cooperation Agreement, with Rajax Network Technology (Shanghai) Co., Ltd. and Shanghai Rajax Information Technology Co., Ltd. (together, the "**Rajax Entities**") in respect of the business cooperation between each of RT-Mart China and Auchan China (as applicable) and the Rajax Entities (together, the "**Ele Me Online Food Ordering Business Cooperation Agreement**").

Pursuant to the Ele Me Online Food Ordering Business Cooperation Agreement, the Rajax Entities agreed to provide to each of RT-Mart China and Auchan China (as applicable) services relating to online food ordering, online promotion, logistics and delivery, as well as other related services to help each of RT-Mart China and Auchan China (as applicable) to meet their needs in operating online food ordering business on the Rajax Entities' platforms (including the Ele Me platform). The Ele Me Online Food Ordering Business Cooperation Agreement has a term of one year which commenced from 1 July 2020 and ended on 30 June 2021.

A service fee will be charged by the Rajax Entities with reference to an agreed percentage of money to be received by RT-Mart China or Auchan China from customers per online food order on the Rajax Entities' platforms (subject to a minimum charge per online food order) depending on the type of delivery services used. Service fees will be deducted from the amount payable by the Rajax Entities to RT-Mart China or Auchan China in respect of money to be received by RT-Mart China or Auchan China (as applicable) from customers for online food orders on the Rajax Entities' platforms.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Ele Me Online Food Ordering Business Cooperation Agreement. will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Each of the Rajax Entities is a subsidiary of Alibaba and is therefore an associate of Taobao China and a connected person of the Company under Chapter 14A of the Listing Rules.

For further details of the Ele Me Online Food Ordering Business Cooperation Agreements, please refer to the announcement of the Company dated 2 July 2020.

Taobao Business Cooperation Agreement

On 18 March 2021, RT-Mart China entered into the Taobao business cooperation agreement ("**Taobao Business Cooperation Agreement**") with Zhejiang Taobao Network Technology Co., Ltd. and Taobao (China) Software Co., Ltd. (the "**Taobao Entities**"). Pursuant to the Taobao Business Cooperation Agreement, the Taobao Entities agreed to provide to RT-Mart China software and information display services to RT-Mart so that users using webpage services of the Taobao Entities can browse webpage of RT-Mart China via Taobao China's applications. The Taobao Business Cooperation Agreement has a term which commenced from 18 March 2021 and ended on 31 March 2022.

A service fee will not be charged until RT-Mart China and the Taobao Entities enter into a supplementary agreement on the collection of service fee. If RT-Mart China and the Taobao Entities fail to agree on the service fee, the Taobao Entities may terminate the services provided under the Taobao Business Cooperation Agreement, wholly or partially, with a written notice to RT-Mart China at least fifteen days prior to the termination.

As set out above, the connected transactions under the category of "Business Cooperation between the Group and Alibaba Affiliates", including the Taobao Business Cooperation Agreement. will be governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates.

Taobao China is a substantial shareholder and a connected person of the Company. Taobao China is an indirect wholly-owned subsidiary of Alibaba. Alibaba is therefore also a connected person of the Company. Each of the Taobao Entities is a subsidiary of Alibaba and is therefore an associate of Taobao China and a connected person of the Company under Chapter 14A of the Listing Rules.

For further details of the Taobao Business Cooperation Agreement, please refer to the announcement of the Company dated 18 March 2021.

Annual caps under the category of the "Business Cooperation between the Group and Alibaba Affiliates"

The annual caps of the category of "Business Cooperation between the Group and Alibaba Affiliates" for the year ended 31 March 2022 and the years ending 31 March 2023 and 2024 are RMB7,800,000,000 and RMB12,400,000,000 and RMB17,000,000,000, respectively, while the actual transaction amount of the year ended 31 March 2022 was approximately RMB1,928.2 million.

5. Master Technical Services Agreement

On 10 June 2020, the Company (on behalf of and together with its subsidiaries) entered into a master technical services agreement ("**2020 Master Technical Services Agreement**") with Taobao China (on behalf of and together with the Alibaba Affiliates) and Alipay (China) Network Technology Co., Ltd ("**Alipay China**"), pursuant to which the Group agreed to purchase certain technical services ("**Relevant Technical Services**") from Taobao China and Alipay China. The Relevant Technical Services include a wide range of services related to the technology, internet, telecommunication and media, including: (i) cooperating online purchase and e-commerce services; (ii) providing payment solution services to facilitate payment between third party and the Group; (iii) opening account on online platform (active flow of news and promotional content); (iv) renting general network facilities and services; (v) renting IT facilities and technology such as data centres and server facilities for the computer processing and cloud storage of the Group, 4G network and automated cashier; and (vi) any other technical services as may be confirmed and agreed by (i) the Group and (ii) Taobao China and the Alibaba Affiliates (the "**Taobao China Group**") and/or Alipay China and its subsidiaries and affiliates (the "**Alipay Group**") (as the case may be) in writing from time to time. The the 2020 Master Technical Services Agreement has an original term from 10 June 2020 to 31 December 2021 and has been subsequent being replaced by the 2021 Master Technical Services Agreement (please referred to the below regarding further details of the 2021 Master Technical Services Agreement).

To continue the business transactions contemplated under the 2020 Master Technical Services Agreement and for the purpose of aligning the annual caps under the category of "Technical services between the Group and Alibaba Group", the Company, Taobao China and Alipay have entered into the 2021 Master Technical Services Agreement under the category of Technical Services on 16 June 2021 ("**2021 Master Technical Services Agreement**"). Pursuant to the 2021 Master Technical Services Agreement, separate underlying agreements will be entered into between relevant parties of the Group and the Taobao China Group and/or the Alipay Group (as the case may be) setting out the precise terms and conditions of the purchase of the relevant products and services. The term of the 2021 Master Technical Services Agreement commenced on 16 June 2021 and shall expire on 31 March 2024.

The purchase price for the relevant technical services purchased from the relevant Alibaba Affiliates and/or the relevant Alipay Affiliates (as the case may be) will be determined at the time of the particular purchase based on arm's length negotiation with due regards to (i) the purchase price charged for the same category of services as the relevant technical services offered by independent suppliers at the time of a particular transaction; and (ii) the price of the identical or similar relevant technical services generally offered on the market by independent third parties. The purchase price for the relevant technical services may be in the form of software service charges, information service fees, delivery charges, rent, deposits, transaction processing charges and any other forms as agreed between (i) the Group and (ii) the Alibaba Affiliate and/or the Alipay Affiliate (as the case may be) in writing from time to time.

Pursuant to the 2021 Master Technical Services Agreement, with effect from 16 June 2021, the parties agreed that the subsisting underlying technical services agreements that used to be governed by the 2019 Master Technical Services Agreement shall instead be governed by and subject to the 2021 Master Technical Services Agreement and the annual caps of the subsisting underlying technical services agreements have been incorporated into the annual caps of the 2021 Master Technical Services Agreement.

For further details of the 2020 and 2021 Master Technical Services Agreements, please refer to the announcement s of the Company dated 10 June 2020 and 16 June 2021.

Annual caps under the category of "Technical services between the Group and Alibaba Group"

The annual caps of "Technical services between the Group and Alibaba Group" for the year ended 31 March 2022, the year ending 31 March 2023 and the year ending 31 March 2024 are RMB320,000,000, RMB380,000,000 and RMB420,000,000 respectively, while the actual transaction amount of the year ended 31 March 2022 was approximately RMB37.5 million.

The Independent Non-Executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions 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.

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 33 to 60 of this annual report in accordance with the Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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 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 disclosed in the announcements made by the Company for the year ended 31 March 2022.

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 2022.

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 2022 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

On 10 May 2021, KPMG informed the Company that KPMG would retire as the auditors of the Company with effect from the conclusion of the annual general meeting of the Company held on 12 August 2021 and would not offer themselves for reappointment as auditors of the Company. On 12 August 2021, PricewaterhouseCoopers ("**PWC**") was appointed as the new auditors of the Company. Save from the above, there have been no other changes of the Company's auditors in the past three years.

The consolidated financial statements for the year ended 31 March 2022 were audited by PwC. A resolution to re-appoint PwC as auditor of the Company will be proposed at the forthcoming 2022 AGM.

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.

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.

Detail information on the ESG practices adopted by the Company is set out in the Environmental, Social and Governance Report which will be presented in a separate report and published on the websites of the Company and the HKEX within five months after the financial year end date of the Company.

Events after the Reporting Period

Details of significant events occurring after the balance sheet date are set out in note 33 to the consolidated financial statements.

By order of the Board

LIN Xiaohai
Executive Director
and
Chief Executive Officer

24 May 2022

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 2022.

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 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 14 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 2022, save for the deviation of code provisions A.2.1 (now re-numbered as C.2.1) and C.3.7(a) (now re-numbered as D.3.7(a)) of the CG Code.

Code provision A.2.1 (now re-numbered as C.2.1) provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

From 1 April 2021 to 9 May 2021, the positions of Chairman and Chief Executive Officer of the Company were held by Mr. HUANG Ming-Tuan. With effect from 10 May 2021, Mr. LIN Xiaohai has been appointed as the Chief Executive Officer of the Company. As the positions of Chief Executive Officer and Chairman have been held by Mr. LIN Xiaohai and Mr. HUANG Ming-Tuan respectively, the Company has then complied with the code provision A.2.1 (now re-numbered as C.2.1) of the CG Code.

Code provision C.3.7(a) (now re-numbered as D.3.7(a)) provides that under the terms of reference of the audit committee (the "**Audit Committee**"), the Audit Committee should review arrangements that can be used by the employees in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Company had not, in writing, formulated a manual for employees to raise concern about possible improprieties in financial reporting, internal control or other matters. In practice, employees have direct access to the internal audit department via either a telephone line or a mailbox. In addition, they have direct access by email to the Executive Director and the senior management. The Directors regularly receive and review monthly financial reports. The Directors, through the Company's Audit Committee, meet quarterly with the Group's internal audit function, whose main responsibilities are to review the internal control system of the Group, including any issue reported by any employee about improprieties in financial reporting, internal control and other issues. On 3 March 2022, the Company has adopted a whistle-blowing policy, which includes the existing practice and other new measures. Therefore, there will be no deviation from code provision C.3.7(a) (now re-numbered as D.3.7(a)) of the CG Code.

In the following corporate governance areas, the Company's practices have exceeded the relevant CG Code/Listing Rules requirements:

Corporate Governance Areas	Details of Exceedance
Notice of Regular Board Meetings	The dates for next regular board meetings are usually fixed three months in advance
Number of Regular Audit Committee Meetings	The Company holds four regular Audit Committee meetings each financial year with the auditor of the Company and head of internal audit function, which exceeds the requirement under the CG Code
Model Code Confirmation	Confirmation of Compliance with the Model Code is obtained from each Director and Model Code Manager half-yearly

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding Directors' and relevant employees' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 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 2022.

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 should regularly review 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

LIN Xiaohai, *Chief Executive Officer*

Non-Executive Directors

HUANG Ming-Tuan, *Chairman*
HAN Liu
LIU Peng

Independent Non-Executive Directors

Karen Yifen CHANG
Dieter YIH
Charles Sheung Wai CHAN

The biographical information of the Directors is set out in the section headed "Profiles of Directors and Senior Management" on pages 18 to 21 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. HUANG Ming-Tuan and Mr. LIN Xiaohai 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 2022, 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 at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise (currently, two Independent Non-Executive Directors met the aforesaid requirements).

The Company has received written annual confirmation from each of the Independent Non-Executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors are independent.

Non-Executive Directors and Re-election of Directors

Code provision A.4.1 (now deleted) of the CG Code stipulates that Non-Executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 (now re-numbered as B.2.2) 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 are appointed for a specific terms of three years and are subject to retirement provisions stipulated in the Articles of Association.

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 and financial 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.

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.

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. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be issued to the Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2022, the Company organized training sessions for all directors. Such training sessions cover a wide range of relevant topics including directors' duties, continuing connected transaction, sharing perspectives from industry practitioners on making inroads into good Corporate Governance and ESG management and updates on Listing Rules. In addition, relevant reading materials including legal and regulatory updates have been provided to the directors for their reference and study.

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 Audit Committee, Remuneration Committee and Nomination Committee are Independent Non-Executive Directors. The list of the chairman and members of each of the Audit Committee, Remuneration Committee and Nomination Committee is set out under "Corporate Information" on page 2.

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 2022, the Audit Committee held five meetings to review the annual and interim financial results and reports for the fifteen months ended 31 March 2021, for the six months ended 30 September 2021 and for the year ended 31 March 2022 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 once 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; 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.

During the year ended 31 March 2022, the Remuneration Committee held three 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 Director and other related matters.

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 14 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 annual general meeting. The appointment of retiring directors shall be subjected to the approval of shareholder at the annual general meeting.

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

Board Diversity Policy

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year ended 31 March 2022, the Nomination Committee held three meetings involving the nomination suggestions of the Directors and senior management, the review of the structure, size and composition of the Board and the independence of the Independent Non-Executive Directors, and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 (now re-numbered as A.2.1) of the CG Code.

During the year ended 31 March 2022, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, the Company Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

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 2022 are set out below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Extraordinary General Meeting
LIN Xiaohai *(Note 2)*	7/7	N/A	N/A	N/A	1/1	1/1
HUANG Ming-Tuan *(Note 1)*	7/7	N/A	N/A	N/A	1/1	1/1
HAN Liu *(Note 3)*	3/3	N/A	N/A	N/A	N/A	N/A
LIU Peng *(Note 4)*	1/1	N/A	N/A	N/A	N/A	N/A
Karen Yifen CHANG	7/7	5/5	3/3	3/3	1/1	1/1
Dieter YIH	7/7	5/5	3/3	3/3	1/1	1/1
Charles Sheung Wai CHAN	7/7	5/5	3/3	3/3	1/1	1/1
LI Yonghe *(Note 5)*	2/2	N/A	N/A	N/A	N/A	N/A
XU Hong *(Note 4)*	4/4	5/5	2/2	2/2	1/1	0/1

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 2022.

Notes:

(1) Mr. HUANG Ming-Tuan was appointed as the Chairman of the Board on 17 October 2020. He ceased to be the Chief Executive Officer on 10 May 2021 and has been redesignated from Executive Director to Non-Executive Director on the same date.

(2) Mr. LIN Xiaohai was appointed as Executive Director on 22 December 2020 and Chief Executive Officer on 10 May 2021.

(3) Mr. HAN Liu was appointed as Non-Executive Director on 1 November 2021.

(4) Mr. LIU Peng was appointed as Non-Executive Director on 3 March 2022 while Mr. XU Hong resigned as Non-Executive Director on the same date.

(5) Mr. LI Yonghe resigned as Non-Executive Director on 10 August 2021.

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 2022.

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 82 to 90.

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 2022 is shown on note 7(b) of the "Notes to the Consolidated Financial Statements" on page 148.

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.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems.

The Board, through the Audit Committee, has reviewed and confirmed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 March 2022, including the adequacy of resources, staff qualification and experience, training programs and budget of the Company's accounting and reporting function.

The management of the Company monitors the assessment of the risk management and internal controls and has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2022.

The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit findings and considered that, for the year ended 31 March 2022, the risk management and internal control systems of the Company are effective and adequate.

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 unauthorized access and use of inside information are strictly prohibited.

Employees are required to keep confidential and are not permitted to the unauthorized 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 standardization of internal operation, the Company has regulations in place that specify the responsibilities and scopes of anti-corruption works and rectified various non-compliance and disciplinary violations to upkeep the image of the Company. Anti-corruption principles have been incorporated in staff manual and employees have been required to strictly abide them. To encourage employees to report the improprieties they found or suspected, the Company has established appropriate whistleblowing procedures pursuant to its whistleblowing policy so as to provide a secure and fully confidential environment for employees to report the improprieties that they genuinely concerned.

DIVIDEND POLICY

The Company has adopted and updated on 10 May 2021 the policy on payment of dividends. 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 Company's 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 in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

COMPANY SECRETARY

Ms. CHO Wing Han ("**Ms. Cho**") has tendered her resignation as the company secretary of the Company and ceased to act as an authorised representative of the Company with effect from 24 May 2022.

Ms. Cho has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation which needs to be brought to the attention of the Stock Exchange and the Shareholders.

Subsequent to the resignation of Ms. Cho, Ms. Ho Hang Yu Helen ("**Ms. Ho**") has been appointed as the company secretary and an authorised representative of the Company with effect from 24 May 2022.

Ms. Ho joined the Company as a legal manager in 2018. She is a chartered secretary, chartered governance professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. She holds a bachelor's degree in business administration (accounting) from City University of Hong Kong and a master's degree in corporate and financial law from the Faculty of Law of The University of Hong Kong, and has experience in company secretarial practice for companies listed on the Stock Exchange.

All Directors have access to the advice and services of the company secretary on corporate governance and Board practices and matters. During the year ended 31 March 2022, Ms. Ho undertook not less than 15 hours of relevant professional trainings.

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:	2/F, No. 19 Jiang Chang Er Road, Jing'an District, 200436, Shanghai, China (For the attention of Ms. GU Xiaobei, Investor Relations Manager)
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.

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 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 annual general meeting 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.

ARTICLES OF ASSOCIATION

In order to enhance the flexibility of the corporate governance structure of the Company, the proposed amendment to Article 115 that the quorum for the transaction of business of the Board shall be two Directors since 24 September 2021, has been approved at the Extraordinary General Meeting in 2021. The approved and adopted Articles of Association (in both English and Chinese) are available on the Company's website and the Stock Exchange's website.

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 91 to 195, comprise:

- the consolidated statement of financial position as at 31 March 2022;
- 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, which include significant accounting policies 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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**") 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 judgment, 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 2.13 and 7(b) to the consolidated financial statements. The Group has agreements with suppliers with a large number of different types of 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 key internal controls relating to the process on the recognition of purchase rebates, discounts and reimbursement of costs incurred and assessing the inherent risk of misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • assessing the reasonableness of key 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.	• 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
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.	• testing, on a sample basis, the recognition of reimbursement of costs incurred, by inspecting underlying documents, such as the supplier reimbursement notes.
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.	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 2.13 and 16 to the consolidated financial statements. As at 31 March 2022, the Group's balance of inventories net off provision made was RMB9,723 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 key internal controls over inventory management, including the review of the valuation of inventories and assessing the inherent risk of 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 key 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 2.12, 7(b) and 13 to the consolidated financial statements. The Group recorded a total impairment provision charge of RMB1,448 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 2022. Management has determined that each individual store is a separate cash generating unit. 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 examples, 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 key internal controls in place within the process relating to impairment 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. For VIU assessment: • 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 stores 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

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 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. 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 of PP&E as a key audit matter because the carrying amounts of PP&E as at 31 March 2022 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.	• 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. 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 HKFRSs 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 judgment 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 Mang, Kwong Fung Frederick.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 May 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**Year ended 31 March 2022 *RMB million***	Fifteen months ended 31 March 2021 *RMB million*
Revenue	*5*	**88,134**	124,612
Cost		**(66,661)**	(93,247)
Gross profit		**21,473**	31,365
Selling and marketing expenses		**(20,353)**	(24,204)
Administrative expenses		**(2,551)**	(3,175)
Other income and other gains, net	*6*	**1,449**	1,771
Operating profit		**18**	5,757
Finance costs	*8*	**(520)**	(680)
Share of net loss of associates and joint ventures accounted for using the equity method		**(1)**	(3)
(Loss)/profit before income tax		**(503)**	5,074
Income tax expense	*9*	**(323)**	(1,303)
(Loss)/profit for the year/period		**(826)**	3,771
Other comprehensive income for the year/period		**–**	–
Total comprehensive (loss)/income for the year/period		**(826)**	3,771
(Loss)/profit is attributable to:			
Owners of the Company		**(739)**	3,572
Non-controlling interests		**(87)**	199
(Loss)/profit for the year/period		**(826)**	3,771
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(739)**	3,572
Non-controlling interests		**(87)**	199
Total comprehensive (loss)/income for the year/period		**(826)**	3,771
(Loss)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss)/earnings per share	*11*	**RMB(0.08)**	RMB0.37

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 2022

	Notes	2022 RMB million	2021 RMB million
		As at 31 March	
ASSETS			
Non-current assets			
Investment properties	*13*	**5,830**	6,239
Other property, plant and equipment	*13*	**24,501**	27,149
Intangible assets	*14*	**31**	29
Goodwill	*15*	**140**	140
Deferred tax assets	*24(b)*	**1,506**	1,126
Investments accounted for using the equity method		**1**	2
Total non-current assets		**32,009**	34,685
Current assets			
Inventories	*16*	**9,723**	9,990
Trade and other receivables	*18*	**4,102**	3,267
Time deposits		**700**	18
Financial assets at fair value through profit or loss ("**Financial assets at FVPL**")	*19(a)*	**6,665**	12,002
Restricted deposits	*19(b)*	**1,253**	1,169
Cash and cash equivalents	*20*	**11,294**	8,096
Total current assets		**33,737**	34,542
Total assets		**65,746**	69,227
LIABILITIES			
Non-current liabilities			
Trade and other payables	*21*	**49**	50
Lease liabilities	*22*	**6,108**	6,882
Deferred tax liabilities	*24(b)*	**430**	325
Total non-current liabilities		**6,587**	7,257

		As at 31 March	
	Notes	**2022** **RMB million**	2021 *RMB million*
Current liabilities			
Trade and other payables	*21*	**20,211**	20,644
Lease liabilities	*22*	**1,271**	1,169
Contract liabilities	*23*	**12,347**	11,984
Current tax liabilities		**264**	319
Total current liabilities		**34,093**	34,116
Total liabilities		**40,680**	41,373
Net assets		**25,066**	27,854
EQUITY			
Share capital	*25(a)*	**10,020**	10,020
Reserves	*25(b)*	**13,938**	16,203
Capital and reserves attributable to the owners of the Company		**23,958**	26,223
Non-controlling interests	*26*	**1,108**	1,631
Total equity		**25,066**	27,854

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

The consolidated financial statements on pages 91 to 195 were approved by the Board of Directors on 24 May 2022 and were signed on its behalf.

LIN Xiaohai
Executive Director
and
Chief Executive Officer

HUANG Ming-Tuan
Non-Executive Director
and
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2021

		Attributable to owners of the Company							
		Share capital	Capital 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*
Balance at 1 January 2020		10,020	1,831	45	1,468	10,561	23,925	1,433	25,358
Comprehensive income									
Profit for the period		–	–	–	–	3,572	3,572	199	3,771
Total comprehensive income		–	–	–	–	3,572	3,572	199	3,771
Transactions with owners in their capacity as owners									
Dividend declared and paid in respect of previous years	*12(b)*	–	–	–	–	(1,310)	(1,310)	–	(1,310)
Dividends declared and payable to non-controlling shareholders		–	–	–	–	–	–	(86)	(86)
Profit appropriation to statutory reserve	*25(b)*	–	–	–	92	(92)	–	–	–
Acquisition of non-controlling interests	*25(b)*	–	(5)	–	–	–	(5)	(3)	(8)
Cash injection from non-controlling interests		–	–	–	–	–	–	97	97
Cash injection from Employee Trust Benefit Schemes	*25(b)*	–	41	–	–	–	41	24	65
Liquidation of a subsidiary		–	44	–	–	(44)	–	(33)	(33)
Total transactions with owners in their capacity as owners		–	80	–	92	(1,446)	(1,274)	(1)	(1,275)
Balance at 31 March 2021		10,020	1,911	45	1,560	12,687	26,223	1,631	27,854

		Attributable to owners of the Company							
	Notes	Share capital *RMB million*	Capital 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 2021		**10,020**	**1,911**	**45**	**1,560**	**12,687**	**26,223**	**1,631**	**27,854**
Comprehensive loss									
Loss for the year		**–**	**–**	**–**	**–**	**(739)**	**(739)**	**(87)**	**(826)**
Total comprehensive loss		**–**	**–**	**–**	**–**	**(739)**	**(739)**	**(87)**	**(826)**
Transactions with owners in their capacity as owners									
Dividend declared and paid in respect of previous years	*12(b)*	**–**	**–**	**–**	**–**	**(1,031)**	**(1,031)**	**–**	**(1,031)**
Profit appropriation to statutory reserve	*25(b)*	**–**	**–**	**–**	**362**	**(362)**	**–**	**–**	**–**
Acquisition of non-controlling interests	*26*	**–**	**(512)**	**–**	**–**	**–**	**(512)**	**(454)**	**(966)**
Cash injection from Employee Trust Benefit Schemes	*26*	**–**	**17**	**–**	**–**	**–**	**17**	**18**	**35**
Total transactions with owners in their capacity as owners		**–**	**(495)**	**–**	**362**	**(1,393)**	**(1,526)**	**(436)**	**(1,962)**
Balance at 31 March 2022		**10,020**	**1,416**	**45**	**1,922**	**10,555**	**23,958**	**1,108**	**25,066**

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 2022

	Notes	Year ended 31 March 2022 RMB million	Fifteen months ended 31 March 2021 RMB million
Cash flows from operating activities			
Cash generated from operations	*27(a)*	**4,230**	13,471
Income taxes paid		**(653)**	(1,447)
Net cash inflow from operating activities		**3,577**	12,024
Cash flows from investing activities			
Proceeds from sale of investment properties and other property, plant and equipment		**64**	133
Proceeds from redemption of time deposits with maturity over three months		**898**	–
Proceeds from redemption of financial assets at FVPL	*19(a)*	**30,306**	30,678
Interest received		**353**	393
Payment for investment properties and other property, plant and equipment		**(1,979)**	(2,503)
Payment for intangible assets		**(12)**	(23)
Payment for the purchase of time deposits with maturity over three months		**(1,580)**	(2)
Payment for financial assets at FVPL	*19(a)*	**(24,749)**	(42,415)
Net cash outflow for liquidation of a subsidiary		**–**	(49)
Payment for acquisition of subsidiaries, net of cash acquired		**–**	(45)
Net cash inflow/(outflow) from investing activities		**3,301**	(13,833)

	Notes	**Year ended 31 March 2022** ***RMB million***	Fifteen months ended 31 March 2021 *RMB million*
Cash flows from financing activities			
Cash injection from non-controlling interests		**100**	97
Cash collected from repayment of prepaid consideration of acquisition of non-controlling interests		**399**	–
Payment for acquisition of non-controlling interests		**(1,365)**	(8)
Principal element of lease rental paid	*27(c)*	**(1,175)**	(1,257)
Interest element of lease rental paid	*8, 27(c)*	**(510)**	(668)
Repayment of interests	*27(c)*	**(11)**	(12)
Dividends paid to Company's shareholders	*12(b)*	**(1,031)**	(1,310)
Dividends paid to non-controlling interests in subsidiaries	*27(c)*	**(87)**	(188)
Net cash outflow from financing activities		**(3,680)**	(3,346)
Net increase/(decrease) in cash and cash equivalents		**3,198**	(5,155)
Cash and cash equivalents at the beginning of the year/period		**8,096**	13,251
Effects of exchange rate changes on cash and cash equivalents		**–**	–
Cash and cash equivalents at the end of the year/period	*20*	**11,294**	8,096

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 2022, the immediate parent of the Group is A-RT Retail Holdings Limited, which is incorporated in Hong Kong. The ultimate controlling party of the Group is Alibaba Group Holding Limited ("**Alibaba**"), a company incorporated in the Cayman Islands and its American depositary shares and ordinary shares are listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited, respectively.

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 24 May 2022.

2 SUMMARY OF SIGNIFICANT 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 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and requirements of the Hong Kong Companies Ordinance Cap. 622. 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.

The preparation of financial statements in conformity with HKFRSs 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.

On 22 December 2020, the Company announced to change its financial year end date from 31 December to 31 March to enable better operational alignment between the Company and Alibaba, the ultimate holding company, and to facilitate the synergy across all functions within the Alibaba and its subsidiaries, associates, and joint ventures ("**Alibaba Group**"). Accordingly, the comparative financial period covers a fifteen-month period from 1 January 2020 to 31 March 2021. The current financial year covers the twelve-month period from 1 April 2021 to 31 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16.

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

(b) New standards and amendments not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 April 2022
HKFRS Standards 2018-2020	Annual improvements	1 April 2022
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 April 2022
HKFRS 17	Insurance Contracts	1 April 2023
Amendments to HKFRS 17	Insurance Contracts	1 April 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 April 2023
HK Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 April 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 April 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from applying HKFRS 9	1 April 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 April 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) 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 2.3).

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.

(b) 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 (Note 2.2(d)), after initially being recognised at cost.

(c) 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.

Joint ventures

Interests in joint ventures are accounted for using the equity method (Note 2.2(d)), after initially being recognised at cost in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(d) 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 2.12.

(e) 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 HKFRSs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(e) Changes in ownership interests (continued)

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.

2.3 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (continued)

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.

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.

2.4 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.6 Foreign currency translation

(a) 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.

(b) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (continued)

(c) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note 2.9) 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 2.12). The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

2.8 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 2.9) are stated at cost less accumulated depreciation and impairment losses (Note 2.12).

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 2.20). 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Other property, plant and equipment (continued)

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
• Building 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 2.9)	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 2.12).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases

(a) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

(a) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

(a) 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. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

(a) 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.

The Group has early adopted Amendment to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the practical expedient to lease payments that were due on or before 30 June 2022.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions.

(b) 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 2.24(b).

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 2.9(a), then the Group classifies the sub-lease as an operating lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (Note 2.12).

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:

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (other than goodwill) (continued)

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.

2.11 Goodwill

Goodwill is measured as described in Note 2.3. 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.

2.12 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(a) *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).

(b) *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).

(c) *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(d) 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 (Note 2.12).

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.

2.13 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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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 18 for further information about the Group's accounting for trade and other receivables and Note 2.15(d) for a description of the Group's impairment policies.

2.15 Investments and other financial assets

(a) 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.

(b) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Investments and other financial assets (continued)

(c) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Investments and other financial assets (continued)

(c) 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.

(d) 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 and other 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.

(e) 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.

2.16 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

2.19 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 the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 Employee benefits

(a) 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.

(b) 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.

2.22 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

(a) 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.

(b) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Current and deferred income tax (continued)

(b) 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.

2.24 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.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (continued)

(a) Sales of goods

The Group sells its products to end customers via brick-and-mortar stores of the Group or over self-owned or Alibaba Group's online platforms. Revenue is recognised when the end customer takes possession of and accepts the products. As a practical expedient, commission paid to Alibaba Group's 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.

(b) 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.

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

Revenue arising from recognition of unutilised balances on aged prepaid cards is recognised according to the "remote recognition" method. Under this policy, the unutilised balance on the card will be recognised as revenue once it is possible to determine with a sufficiently high degree of probability that the likelihood of future utilisation is remote.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (continued)

(d) Contract assets and contract liabilities

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Contract assets are assessed for ECL in accordance with the policy set out in Note 3.1(b) and are reclassified to receivables when the right to the consideration has become unconditional (Note 2.14).

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 2.14).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.25 Other income

(a) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Other income (continued)

(b) 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.

(c) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (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.

2.26 Earnings per share

(a) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Earnings per share (continued)

(b) 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.

2.27 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.

2.28 Related parties

(a) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Related parties (continued)

(b) 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 2.28(a);
- A person identified in Note 2.28(a) 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.

2.29 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.

2.30 Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

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**"). However, as these Interest Bearing Liabilities are primarily issued at fixed rates, 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 RMB132 million (fifteen months ended 31 March 2021: RMB149 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 end 31 March 2022 and for the fifteen months ended 31 March 2021.

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.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 330 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Risk Management (continued)

- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(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.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Cash and bank deposits

To manage risk arising from cash and bank deposits, the Group only transacts with state-owned or reputable financial institutions in mainland China and Hong Kong. There has been no recent history of default in relation to these financial institutions. 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. The identified credit losses are immaterial.

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

As at 31 March 2022, trade receivables for which the related loss allowance was provided on the individual basis are analysed as follows:

	Expected credit loss rate	Gross carrying amount *RMB million*	Loss allowance *RMB million*
Trade receivables from certain retail customers	**50.98%**	**457**	**233**

As at 31 March 2022, loss allowance of RMB233 million were specifically recognised for trade receivables due from certain retail customers as the Group noted that credit risk of the receivables has increased significantly since initial recognition during the current year.

As at 31 March 2022 and 2021, trade receivables for which the related loss allowance was made on a collective basis are analysed as follows:

31 March 2022	**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	**0.09%**	**0.00%**	**0.00%**	**21.71%**	**1.70%**
Gross carrying amount – trade receivables	**1,100**	**283**	**191**	**129**	**1,703**
Loss allowance	**1**	**–**	**–**	**28**	**29**

31 March 2021	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	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount – trade receivables	978	364	21	5	1,368
Loss allowance	–	–	–	–	–

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 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Opening loss allowance	**–**	–
Increase in loss allowance recognised in profit or loss during the year/period	**262**	–
Written off during the year/period as uncollectible	**–**	–
Closing loss allowance	**262**	–

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

	Other debtors	
	Year ended 31 March 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Opening loss allowance	**30**	70
Increase in loss allowance recognised in profit or loss during the year/period	**70**	102
Written off during the year/period as uncollectible	**(11)**	(142)
Closing loss allowance	**89**	30

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 impairment losses on financial assets recognised in profit or loss

For the year ended 31 March 2022 and fifteen months ended 31 March 2021, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 March 2022 ***RMB million***	Fifteen months ended 31 March 2021 *RMB million*
Impairment losses -		
Impairment losses for trade receivables	**262**	–
Impairment losses for other debtors	**70**	102
Net impairment losses on financial assets (Note 7(b))	**332**	102

(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 2021						
Non-derivatives						
Trade and other payables	17,699	–	–	50	17,749	17,749
Lease liabilities (Note 22)	1,748	1,587	3,340	4,132	10,807	8,051
Total non-derivatives	19,447	1,587	3,340	4,182	28,556	25,800

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 2022						
Non-derivatives						
Trade and other payables	**17,557**	**–**	**–**	**49**	**17,606**	**17,606**
Lease liabilities (Note 22)	**1,740**	**1,554**	**2,956**	**3,357**	**9,607**	**7,379**
Total non-derivatives	**19,297**	**1,554**	**2,956**	**3,406**	**27,213**	**24,985**

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 27(c). As at 31 March 2022, the Group's net debt-to-equity ratio was nil as its cash and cash equivalents exceeded its total borrowings (31 March 2021: 0.4%).

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 2022

	Level 1 ***RMB million***	**Level 2** ***RMB million***	**Level 3** ***RMB million***	**Total** ***RMB million***
Financial assets:				
– Financial assets at FVPL	–	2,010	4,655	6,665

Recurring fair value measurements at 31 March 2021

	Level 1 *RMB million*	Level 2 *RMB million*	Level 3 *RMB million*	Total *RMB million*
Financial assets:				
– Financial assets at FVPL	–	12,002	–	12,002

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. 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.

(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.

(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 2022:

	Financial assets at FVPL
Balance at 1 April 2021	–
Purchase	18,874
Redemption	(14,375)
Gain recognised in profit or loss	156
Balance at 31 March 2022	**4,655**

There were no transfers between the levels of the fair value hierarchy for the year ended 31 March 2022. There were also no changes made to any of the valuation techniques applied as of 31 March 2021.

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 30 March 2022	Valuation technique	Unobservable input	Range/ (weighted average)
Financial assets at FVPL	4,655	Income approach	Discount rate	2.85% – 3.76%/(3.60%)

A change in the discount rate by 100 basis-point would increase/decrease the fair value by RMB5 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:

4.1 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. Management estimates the net realisable value based on the current market situation and historical experience on similar inventories. 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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, intangible assets and goodwill)

As stated in Note 2.12, 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, intangible assets and goodwill 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 recent sales or market rents of comparable assets and the value in use is determined by discounting projected cash flow series associated with the assets using risk-adjusted discount rates. Any change in the assumptions underlying these projections and fair values would increase or decrease the recoverable amount of fixed assets, intangible assets and goodwill.

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

As stated in Note 2.24(c), revenue arising from recognition of unutilised balances on aged prepaid cards is recognised according to the "remote recognition" method. Under this policy, the unutilised balance on the card will be recognised as revenue once it is possible to determine with a sufficiently high degree of probability that the likelihood of future utilisation is remote.

Estimating amounts which are unlikely to be utilised in the future involves the exercise of significant judgement in determining the length of time that needs to elapse before the risk of future utilisation for each group of aged prepaid cards can be considered remote. 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 2.9 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 volume thresholds. Management estimates the rebate rate before periodical settlement with suppliers. 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 revenue from customers and revenue 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 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Revenue from contracts with customers – sales of goods	**84,595**	120,117
Revenue from other sources – rental income from tenants	**3,539**	4,495
Total revenue	**88,134**	124,612

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 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Miscellaneous income	**571**	525
Interest income on financial assets measured at amortised cost	**375**	393
Government grants	**223**	418
Gain on financial assets measured at FVPL (Note 19(a))	**220**	265
Disposal of packaging material	**157**	176
Net loss on disposal and reassessment of investment properties and other property, plant and equipment	**(97)**	(6)
	1,449	1,771

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

(a) Employee benefit expense

	Year ended 31 March 2022 ***RMB million***	Fifteen months ended 31 March 2021 *RMB million*
Salaries, wages and other benefits	**9,318**	11,851
Contributions to defined contribution retirement plans (i)	**1,054**	687
Contributions to Employee Trust Benefit Schemes (ii)	**11**	479
	10,383	13,017

(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) Contributions 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-like assets**") or equity of CIC in the case of the RT-Mart Scheme, or cash-like assets 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.

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.

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

(a) Employee benefit expense (continued)

(iii) Five highest paid individuals

The aggregate of the emoluments in respect of the five highest paid individuals of the Group during the year, one (2021: one) of whom are directors of the Company shown in Note 10, are as follows:

	Year ended 31 March 2022 *RMB thousand*	Fifteen months ended 31 March 2021 *RMB thousand*
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**28,746**	47,449
Contribution to pension scheme	**–**	–
Discretionary bonuses	**–**	–
Inducement fee to join or upon joining the Group	**–**	–
Compensation for loss of office:		
– contractual payments	**–**	–
– other payment	**–**	–
	28,746	47,449

The emoluments of the 5 individuals with the highest emoluments are within the following bands:

	Year ended 31 March 2022 *Number of individuals*	Fifteen months ended 31 March 2021 *Number of individuals*
HK$4,500,001 – HK$5,000,000	**1**	–
HK$5,000,001 – HK$5,500,000	**1**	–
HK$7,000,001 – HK$7,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**–**	1
HK$8,500,001 – HK$9,000,000	**2**	2
HK$15,500,001 – HK$16,000,000	**–**	1
HK$16,000,001 – HK$16,500,000	**–**	1
	5	5

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

(b) Other items

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Cost of sales (Note 16(b))	**66,572**	93,163
Depreciation cost of investment properties and other property, plant and equipment (Note 13)	**3,862**	5,070
Impairment losses (Note 13)	**1,448**	354
Operating lease charges	**1,068**	1,667
Loss allowance related to trade receivables and other debtors (Note 3.1(b))	**332**	102
Amortisation cost of intangible assets (Note 14)	**10**	19
Auditors' remuneration		
– audit services	**17**	24
– non-audit services	**1**	1
Donations	**1**	6

8 FINANCE COSTS

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Interest expenses on lease liabilities (Note 13(c))	**510**	668
Interest expenses on other financial liabilities	**10**	12
	520	680

9 INCOME TAX EXPENSE

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

	Year ended 31 March 2022 ***RMB million***	Fifteen months ended 31 March 2021 *RMB million*
Current tax-Hong Kong profit tax		
Current tax on profits for the year/period (i)	**5**	4
Adjustments for current tax of prior period/year*	**–**	–
Current tax-PRC income tax		
Current tax on profits for the year/period	**546**	1,286
Adjustments for current tax of prior period/year	**47**	17
Total current tax expense	**598**	1,307
Deferred income tax		
Increase in deferred tax assets	**(380)**	(74)
Increase in deferred tax liabilities	**105**	70
Total deferred tax benefit	**(275)**	(4)
Income tax expense	**323**	1,303

* 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 may elect the two-tiered profits tax rates.

(ii) PRC subsidiaries are subject to income tax at 25% for the year ended 31 March 2022 (fifteen months ended 31 March 2021: 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 related regulations in respect of the Notice of Certain Tax Policies for Implementation of Exploration and Development of Western Region (Cai Shui [2011] No.58) jointly issued by the Ministry of Finance, the General Administration of Customers and the State Administration of Taxation, and the Announcement on Continuation of Corporate Income Tax Policies for Exploration and Development of Western Region (Announcement [2020] No.23) jointly issued by Ministry of Finance, the State Administration of Taxation and National Development and Reform Commission, five PRC subsidiaries of the Group are entitled to a preferential income tax rate of 15% for the fifteen months ended 31 March 2021. Pursuant to the Announcement on the Catalogue of Encouraged Industries in the West Region (Announcement [2021] No.10), there is no PRC subsidiary of the Group entitled to a preferential income tax rate of 15% for the year ended 31 March 2022.

Pursuant to the relevant regulations in respect of the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises (Cai Shui [2019] No.13) and Announcement on Implementing Preferential Income Tax Policy for Small and Micro Enterprises and Individual Businesses (Cai Shui [2021] 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 12.5% of the annual taxable income using the tax rate of 20%; for the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), income tax shall be calculated at 50% of the annual taxable income using the tax rate of 20%. Approximately 31% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the year ended 31 March 2022.

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 the PRC from earnings accumulated from 1 January 2008.

Under the Arrangement between the Mainland of China 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 2022, Hong Kong tax resident certificate for the three years ended 31 December 2021 has been expired and the withholding tax was recognised by using the tax rate of 10% (31 March 2021: 5%).

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

During the year ended 31 March 2022, deferred tax expenses and a corresponding deferred tax liability (Note 24(a)) of RMB50 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 which the directors expect to distribute outside the Mainland China in the foreseeable future. During the fifteen months ended 31 March 2021, income tax expenses and a corresponding income tax payable included in accruals and other payables (Note 21) of RMB57 million was recognised in respect of the withholding tax payable as the Group's PRC subsidiaries had declared dividend to distribute outside the Mainland China by 31 March 2021.

9 INCOME TAX EXPENSE (CONTINUED)

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	Year ended 31 March 2022 ***RMB million***	Fifteen months ended 31 March 2021 *RMB million*
(Loss)/profit before income tax expense	**(503)**	5,074
Notional tax on (loss)/profit before taxation, calculated at PRC income tax rate of 25%	**(126)**	1,269
Non-deductible expenses, less non-assessable income	**(11)**	13
PRC dividend withholding tax (Note 9(a))	**50**	57
Current year losses for which no deferred tax asset was recognised	**486**	232
Temporary differences for which no deferred tax asset was recognised	**28**	30
Utilisation of previously unrecognised tax losses	**(69)**	(133)
Utilisation of previously unrecognised temporary differences	**–**	(56)
Recognition of previously unrecognised tax losses	**(85)**	(132)
Recognition of previously unrecognised temporary differences	**(57)**	(6)
Reversal of previously recognised deferred tax assets	**96**	28
Statutory tax concession	**(38)**	(16)
Under-provision in respect of prior years	**47**	17
Other	**2**	–
Actual tax expenses	**323**	1,303

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 2022					
	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 (i)	–	–	–	–	–	–
Non-executive directors						
HUANG Ming-Tuan	–	7,103	–	–	–	7,103
LIU Peng *(appointed on 3 March 2022)*	–	–	–	–	–	–
LI Yonghe *(effective until 10 August 2021)*	–	–	–	–	–	–
XU Hong *(effective until 3 March 2022)*	–	–	–	–	–	–
HAN Liu *(appointed on 1 November 2021)*	–	–	–	–	–	–
Independent non-executive directors						
Charles Sheung Wai CHAN	391	–	–	–	–	391
Karen Yifen CHANG	325	–	–	–	–	325
Dieter YIH	325	–	–	–	–	325
Total	1,041	7,103	–	–	–	8,144

10 DIRECTORS' EMOLUMENTS (CONTINUED)

	Fifteen months ended 31 March 2021					
	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 *(appointed on 22 December 2020)* (i)	–	–	–	–	–	–
HUANG Ming-Tuan *(redesignated as Non-Executive Director on 10 May 2021)*	–	13,360	–	–	–	13,360
Non-executive directors						
ZHANG Yong *(effective until 19 December 2020)*	–	–	–	–	–	–
CHEN Jun *(effective until 19 December 2020)*	–	–	–	–	–	–
LI Yonghe *(appointed on 22 December 2020)*	–	–	–	–	–	–
XU Hong *(appointed on 22 December 2020)*	–	–	–	–	–	–
Benoit, Claude, Francois, Marie, Joseph LECLERCQ *(effective until 19 December 2020)*	–	–	–	–	–	–
Edgard, Michel, Marie, BONTE *(effective until 19 December 2020)*	–	–	–	–	–	–
Xavier, Marie, Alain DELOM de MEZERAC *(effective until 19 December 2020)*	–	–	–	–	–	–
Isabelle Claudine, Françoise BLONDÉ ép. BOUVIER *(effective until 19 December 2020)*	–	–	–	–	–	–
Independent non-executive directors						
Charles Sheung Wai CHAN *(appointed on 31 January 2021)*	66	–	–	–	–	66
Karen Yifen CHANG	413	–	–	–	–	413
HE Yi *(effective until 31 January 2021)* (iii)	340	–	–	–	–	340
Desmond MURRAY *(effective until 31 January 2021)* (iii)	411	–	–	–	–	411
Dieter YIH	408	–	–	–	–	408
Total	1,638	13,360	–	–	–	14,998

10 DIRECTORS' EMOLUMENTS (CONTINUED)

(i) The emoluments of Mr. LIN Xiaohai which were not included in director's emoluments, were paid by Alibaba Group.

(ii) No director of the Company agreed to waive any remuneration during the year ended 31 March 2022.

(iii) RMB181 thousand was paid to two of the directors in total as compensation for early termination of the appointment during the fifteen months period ended 31 March 2021. Except for that 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)(iii) as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 March 2022 and the fifteen months period ended 31 March 2021.

11 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of RMB739 million (fifteen months ended 31 March 2021: profit attributable to owners of the Company of RMB3,572 million) and the weighted average of 9,539,704,700 ordinary shares in issue during the year ended 31 March 2022 (fifteen months ended 31 March 2021: 9,539,704,700 ordinary shares).

There were no dilutive potential ordinary shares during the year ended 31 March 2022 and the fifteen months ended 31 March 2021 and therefore diluted (loss)/earnings per share is equivalent to basic (loss)/earnings per share.

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
(Loss)/profit attributable to owners of the Company	**(739)**	3,572
Weighted average number of ordinary shares in issue	**9,539,704,700**	9,539,704,700
Basic (loss)/earnings per share (expressed in RMB per share)	**(0.08)**	0.37

12 DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year/period:

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Final dividend proposed after the end of year of HKD0.045 (equivalent to RMB0.038) per ordinary share (Fifteen months ended 31 March 2021: HKD0.13 (equivalent to RMB0.11) per ordinary share)	**364**	1,032

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 attributable to the previous financial years, approved during the year:

	Year ended 31 March 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Dividends paid to Company's shareholders	**1,031**	1,310

A final dividend of HKD0.13 (equivalent to RMB0.11) per ordinary share in respect of the fifteen months ended 31 March 2021 was approved on 12 August 2021, and the payment was made on 24 August 2021 for an amount equivalent to RMB1,031 million.

A final dividend of HKD0.15 (equivalent to RMB0.14) per ordinary share in respect of the year ended 31 December 2019 was approved on 12 May 2020, and the payment was made on 15 June 2020 for an amount equivalent to RMB1,310 million.

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings	Building 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 December 2019											
Cost	12,326	4,518	19,497	3,143	304	1,086	5,382	9,546	55,802	10,213	66,015
Accumulated depreciation and impairment	(4,268)	(3,284)	(11,906)	(2,220)	(225)	(45)	(1,220)	(4,062)	(27,230)	(3,514)	(30,744)
Net book amount	8,058	1,234	7,591	923	79	1,041	4,162	5,484	28,572	6,699	35,271
Fifteen months ended 31 March 2021											
Opening net book amount	8,058	1,234	7,591	923	79	1,041	4,162	5,484	28,572	6,699	35,271
Additions and reassessment	90	185	631	322	20	1,257	250	740	3,495	182	3,677
Disposals	(23)	(12)	(12)	(6)	(3)	–	(31)	–	(87)	(49)	(136)
Transfers	777	122	936	12	15	(1,894)	8	–	(24)	24	–
Depreciation charge (Note 7(b))	(578)	(339)	(1,835)	(441)	(33)	–	(200)	(1,042)	(4,468)	(602)	(5,070)
Impairment charge (Note 7(b))	–	(160)	(106)	(6)	–	(41)	–	(26)	(339)	(15)	(354)
Closing net book amount	8,324	1,030	7,205	804	78	363	4,189	5,156	27,149	6,239	33,388
At 31 March 2021											
Cost	13,105	4,648	20,843	3,393	308	404	5,601	10,286	58,588	10,362	68,950
Accumulated depreciation and impairment	(4,781)	(3,618)	(13,638)	(2,589)	(230)	(41)	(1,412)	(5,130)	(31,439)	(4,123)	(35,562)
Net book amount	8,324	1,030	7,205	804	78	363	4,189	5,156	27,149	6,239	33,388

13 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Building 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 2021											
Cost	13,105	4,648	20,843	3,393	308	404	5,601	10,286	58,588	10,362	68,950
Accumulated depreciation and impairment	(4,781)	(3,618)	(13,638)	(2,589)	(230)	(41)	(1,412)	(5,130)	(31,439)	(4,123)	(35,562)
Net book amount	8,324	1,030	7,205	804	78	363	4,189	5,156	27,149	6,239	33,388
Year ended 31 March 2022											
Opening net book amount	**8,324**	**1,030**	**7,205**	**804**	**78**	**363**	**4,189**	**5,156**	**27,149**	**6,239**	**33,388**
Additions and reassessment	**85**	**250**	**392**	**238**	**28**	**866**	**4**	**422**	**2,285**	**201**	**2,486**
Disposals	**(11)**	**(4)**	**(173)**	**(24)**	**(4)**	**–**	**–**	**(11)**	**(227)**	**(6)**	**(233)**
Transfers	**–**	**132**	**503**	**78**	**–**	**(713)**	**–**	**–**	**–**	**–**	**–**
Depreciation charge (Note 7(b))	**(471)**	**(170)**	**(1,343)**	**(364)**	**(29)**	**–**	**(149)**	**(824)**	**(3,350)**	**(512)**	**(3,862)**
Impairment charge (Note 7(b))	**–**	**(99)**	**(627)**	**(26)**	**(2)**	**(148)**	**–**	**(454)**	**(1,356)**	**(92)**	**(1,448)**
Closing net book amount	**7,927**	**1,139**	**5,957**	**706**	**71**	**368**	**4,044**	**4,289**	**24,501**	**5,830**	**30,331**
At 31 March 2022											
Cost	**13,139**	**4,677**	**20,572**	**3,447**	**294**	**493**	**5,606**	**9,668**	**57,896**	**10,130**	**68,026**
Accumulated depreciation and impairment	**(5,212)**	**(3,538)**	**(14,615)**	**(2,741)**	**(223)**	**(125)**	**(1,562)**	**(5,379)**	**(33,395)**	**(4,300)**	**(37,695)**
Net book amount	**7,927**	**1,139**	**5,957**	**706**	**71**	**368**	**4,044**	**4,289**	**24,501**	**5,830**	**30,331**

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 2022, 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 RMB1,816 million (31 March 2021: RMB1,963 million). Notwithstanding this, except for certain buildings associated with the legal claims as disclosed in note 29, the directors are of the opinion that the Group owned the beneficial title to these land use rights and buildings as at 31 March 2022 and 2021.

(a) Investment properties

As set out in Note 2.7, 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 lease properties used for the retail galleries which were classified as investment properties. As at 31 March 2022, the total fair value of the investment properties was RMB21,460 million (31 March 2021: RMB21,285 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 4.75% to 7.00% (fifteen months ended 31 March 2021: 4.75% 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	
	2022	2021
	RMB million	*RMB million*
Within 1 year	**2,535**	3,623
After 1 year but within 5 years	**1,013**	1,154
After 5 years	**227**	350
	3,775	5,127

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 2022, 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 RMB704 million (31 March 2021: RMB244 million). The impairment losses of RMB1,448 million (fifteen months ended 31 March 2021: RMB354 million) were recognised in "selling and marketing expenses" during the year ended 31 March 2022.

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 2022, the pre-tax discount rate used to determine the recoverable amounts is 10.38% to 18.83% (31 March 2021: 10.94% to 18.50%). 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 RMB1,448 million during the year ended 31 March 2022 (for the fifteen months ended 31 March 2021: RMB354 million) (Note 7(b)).

(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	
	2022	2021
	RMB million	*RMB million*
Right-of-use assets		
Included in "Other property, plant and equipment":		
Land use rights	**4,044**	4,189
Other properties leased for own use	**4,289**	5,156
	8,333	9,345
Included in "Investment properties":		
Leasehold investment properties	**2,457**	2,679
	10,790	12,024
Lease liabilities (Note 22)		
Current	**1,271**	1,169
Non-current	**6,108**	6,882
	7,379	8,051

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 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	**149**	200
Other properties leased for own use	**824**	1,042
Leasehold investment properties	**280**	364
	1,253	1,606
Interest on lease liabilities (Note 8)	**510**	668
Expense relating to short-term leases and leases of low value assets	**320**	558
Variable lease payments not included in the measurement of lease liabilities	**748**	1,109
COVID-19 related rent concessions received	**(12)**	(56)

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 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Within operating cash flows	**1,431**	1,842
Within investing cash flows	**4**	300
Within financing cash flows	**1,685**	1,925
	3,120	4,067

These amounts relate to the following:

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Lease rentals paid	**3,116**	3,767
Purchase of leasehold properties	**4**	300
	3,120	4,067

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 Mainland China 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.

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.

(v) Variable lease payments

During the year ended 31 March 2022, 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 Mainland China where the Group operates.

At 31 March 2022, it is estimated that an increase/decrease in sales generated from these retail stores by 5% would have increased/decreased the lease payments by RMB37 million (31 March 2021: RMB55 million).

(vi) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

14 INTANGIBLE ASSETS

	Software *RMB million*
As at 31 December 2019	
Cost	194
Accumulated amortisation and impairment	(169)
Net book amount	25
Fifteen months ended 31 March 2021	
Opening net book amount	25
Additions	23
Amortisation charge (Note 7(b))	(19)
Closing net book amount	29
As at 31 March 2021	
Cost	217
Accumulated amortisation and impairment	(188)
Net book amount	29
Year ended 31 March 2022	
Opening net book amount	29
Addition	12
Amortisation charge (Note 7(b))	(10)
Closing net book amount	31
As at 31 March 2022	
Cost	229
Accumulated amortisation and impairment	(198)
Net book amount	31

The amortisation charge is recognised in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

15 GOODWILL

Goodwill balances were RMB140 million as of 31 March 2022 (31 March 2021: RMB140 million). The goodwill arose from multiple acquisitions of subsidiaries in past years and there is no individual cash-generating unit to which the goodwill allocated is significant to the financial statements. No impairment of goodwill was recognised for the year ended 31 March 2022 and the fifteen months ended 31 March 2021.

16 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Trading merchandise	**9,723**	9,990

(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 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Carrying amount of inventories sold	**66,562**	93,100
Write down of inventories	**10**	63
	66,572	93,163

All inventories are expected to be sold within one year.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at 31 March	
		2022	2021
	Notes	***RMB million***	*RMB million*
Financial assets			
Financial assets at amortised cost			
Trade and other receivables		**2,620**	2,132
Time deposits		**700**	18
Restricted deposits	*19(b)*	**1,253**	1,169
Cash and cash equivalents	*20*	**11,294**	8,096
		15,867	11,415
Financial assets at FVPL			
Structured deposits	*19(a)*	**6,665**	12,002
		22,532	23,417
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables		**17,606**	17,749
Lease liabilities	*22*	**7,379**	8,051
		24,985	25,800

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.

18 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Trade receivables		
Amounts due from related parties (Note 30(d))	**1,723**	894
Amounts due from third parties	**437**	474
Less: provision for impairment	**(262)**	–
Subtotal	**1,898**	1,368
Other receivables		
Prepayments of rentals	**883**	520
Value-added tax receivables	**599**	615
Other debtors	**811**	794
Less: provision for impairment	**(89)**	(30)
Subtotal	**2,204**	1,899
Total trade and other receivables	**4,102**	3,267

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 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.

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).

19 FINANCIAL ASSETS AT FVPL AND RESTRICTED DEPOSITS

(a) Financial assets at FVPL

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Structured deposits	**6,665**	12,002

Amounts recognised in profit or loss

	Year ended 31 March 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
At the beginning of the year/period	**12,002**	–
Purchase	**24,749**	42,415
Redemption	**(30,306)**	(30,678)
Realised and unrealised gains (Note 6)	**220**	265
At the end of year/period	**6,665**	12,002

(b) Restricted deposits

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Restricted deposits in bank	**1,253**	1,169

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

20 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Cash at bank and in hand	**9,950**	7,279
Deposits with banks within three months of maturity	**1,103**	710
Other financial assets and cash equivalents	**241**	107
	11,294	8,096

21 TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Current liabilities		
Trade payables	**12,951**	13,250
Construction costs payable	**1,166**	1,259
Amounts due to related parties (Note 30(d))	**471**	311
Dividends payable to non-controlling interests	**13**	100
Accruals and other payables	**5,610**	5,724
	20,211	20,644
Non-current liabilities		
Other financial liabilities	**49**	50

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

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Within six months	**11,735**	13,025
Over six months	**1,216**	225
	12,951	13,250

22 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			
	2022		2021	
	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	**1,271**	**1,740**	1,169	1,748
1-2 years	**1,079**	**1,554**	1,111	1,587
2-5 years	**2,315**	**2,956**	2,353	3,340
Over 5 years	**2,714**	**3,357**	3,418	4,132
	6,108	**7,867**	6,882	9,059
	7,379	**9,607**	8,051	10,807
Less: Total future interest expenses	**–**	**(2,228)**	–	(2,756)
Present value of lease liabilities	**7,379**	**7,379**	8,051	8,051

23 CONTRACT LIABILITIES

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Prepaid cards (a)	**12,073**	11,716
Advance receipts from customers for sales (b)	**246**	242
Customer loyalty program points liability (c)	**28**	26
	12,347	11,984

(a) Revenue is recognised when customers accept the products so revenue from prepaid cards is recognised when the prepaid cards are redeemed by customers or when the likelihood of future utilisation can be determined to be remote with a sufficiently high degree of probability. Based on recent trends in redemption by customers of the prepaid cards, it is expected that most of the prepaid cards will be redeemed within one year from purchase.

(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 Business to Business(“B2B”) 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 B2B 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.

23 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*	Total *RMB million*
Balance at 1 January 2020	9,944	705	20	10,669
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(4,129)	(705)	(20)	(4,854)
Increase in contract liabilities excluding amounts recognised as revenue during the period	5,901	242	26	6,169
Balance at 31 March 2021	11,716	242	26	11,984

	Prepaid cards ***RMB million***	**Advance receipts from customers for sales** ***RMB million***	**Customer loyalty program points liability** ***RMB million***	**Total** ***RMB million***
Balance at 1 April 2021	**11,716**	**242**	**26**	**11,984**
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	**(5,860)**	**(242)**	**(26)**	**(6,128)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**6,217**	**246**	**28**	**6,491**
Balance at 31 March 2022	**12,073**	**246**	**28**	**12,347**

Except for the disclosures above related to redemptions of prepaid cards, advance receipts from customers and customer loyalty program points, the Group applies the practical expedient in paragraph 121 of IFRS 15 for other sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

24 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	Tax impact of lease accounting under HKFRS 16	Asset impairment and provisions	Other provisions and timing differences	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*
As at 1 January 2020	86	227	588	103	48	(9)	(246)	–	797
Credit/(debited) to profit or loss (Note 9(a))	62	(42)	28	34	(8)	1	(71)	–	4
As at 31 March 2021	148	185	616	137	40	(8)	(317)	–	801
As at 1 April 2021	**148**	**185**	**616**	**137**	**40**	**(8)**	**(317)**	**–**	**801**
Credit/(debited) to profit or loss (Note 9(a))	**(10)**	**(14)**	**92**	**304**	**8**	**–**	**(55)**	**(50)**	**275**
As at 31 March 2022	**138**	**171**	**708**	**441**	**48**	**(8)**	**(372)**	**(50)**	**1,076**

(b) Reconciliation to the consolidated statement of financial position:

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Tax impact of lease accounting under HKFRS16	**708**	616
Asset impairment and provision	**441**	137
Depreciation and amortisation charges in excess of depreciation and amortisation allowances	**171**	185
Tax losses	**138**	148
Other provisions and timing differences	**48**	40
Total deferred tax assets	**1,506**	1,126
Set-off of deferred tax liabilities pursuant to set-off provisions	**–**	–
Net deferred tax assets	**1,506**	1,126

24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Reconciliation to the consolidated statement of financial position (continued):

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Income recognised from aged unutilised prepaid cards	**(372)**	(317)
Withholding tax	**(50)**	–
Fair value adjustment in relation to business combinations	**(8)**	(8)
Total deferred tax liabilities	**(430)**	(325)
Set-off of deferred tax liabilities pursuant to set-off provisions	**–**	–
Net deferred tax liabilities	**(430)**	(325)

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Net deferred tax assets		
– to be recovered after more than 12 months	**774**	728
– to be recovered within 12 months	**732**	398
	1,506	1,126
Net deferred tax liabilities		
– to be recovered after more than 12 months	**(7)**	(8)
– to be recovered within 12 months	**(423)**	(317)
	(430)	(325)

24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2.23, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB4,593 million as at 31 March 2022 (31 March 2021: RMB3,069 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	
	2022	2021
	RMB million	*RMB million*
2021	**–**	332
2022	**448**	513
2023	**589**	560
2024	**826**	736
2025-2027	**2,730**	928
	4,593	3,069

(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 2022, such undistributed profits amounted to RMB8,495 million (31 March 2021: RMB9,711 million).

25 CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Share capital

	As at 31 March 2022		As at 31 March 2021	
		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/period. A description of the nature and purpose of each reserve is provided in below table:

	Capital reserve	Exchange reserve	Statutory reserve	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 January 2020	1,831	45	1,468	10,561	13,905
Profit for the period	–	–	–	3,572	3,572
Dividend declared and paid in respect of previous years	–	–	–	(1,310)	(1,310)
Profit appropriation to statutory reserve	–	–	92	(92)	–
Acquisition of non-controlling interests	(5)	–	–	–	(5)
Cash injection from Employee Trust Benefit Schemes	41	–	–	–	41
Liquidation of a subsidiary	44	–	–	(44)	–
Balance at 31 March 2021	1,911	45	1,560	12,687	16,203
Balance at 1 April 2021	**1,911**	**45**	**1,560**	**12,687**	**16,203**
Loss for the year	**–**	**–**	**–**	**(739)**	**(739)**
Dividend declared and paid in respect of previous years	**–**	**–**	**–**	**(1,031)**	**(1,031)**
Profit appropriation to statutory reserve	**–**	**–**	**362**	**(362)**	**–**
Acquisition of non-controlling interests	**(512)**	**–**	**–**	**–**	**(512)**
Cash injection from Employee Trust Benefit Schemes	**17**	**–**	**–**	**–**	**17**
Balance at 31 March 2022	**1,416**	**45**	**1,922**	**10,555**	**13,938**

25 CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (CONTINUED)

(b) Reserves (continued)

(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 cash injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired (Note 7(a)(ii));
- acquisition of additional non-controlling interests (Note 26); and
- liquidation of a subsidiary

(ii) 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 2.6.

(iii) 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.

(iv) Distributability of reserves

As at 31 March 2022, 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 RMB58 million (31 March 2021: RMB1,148 million). After the end of the reporting period the directors proposed a final dividend of HKD0.045 (equivalent to RMB0.038) per ordinary share, amounting to RMB364 million (31 March 2021: HKD0.13 (equivalent to RMB0.11) per ordinary share, amounting to RMB1,032 million) (Note 12(a)). This dividend has not been recognised as a liability at the end of the reporting period.

26 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 25 December 2021, the Group acquired an additional 2.19734% of the issued shares of CIC for RMB966 million. Immediately prior to the purchase, the carrying amount of the existing 2.19734% non-controlling interest in CIC was RMB454 million. The Group recognised a decrease in non-controlling interests of RMB454 million and a decrease in capital reserve of RMB512 million.

On 6 January 2022, Hwabao Trust Co., Ltd. ("**Hwabao**") injected RMB35 million to ACI. The Group recognised an increase in non-controlling interests of RMB18 million and an increase in capital reserve of RMB17 million.

27 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
(Loss)/profit before income tax	**(503)**	5,074
Adjustments for		
Depreciation (Note 7(b))	**3,862**	5,070
Amortisation of intangible assets (Note 7(b))	**10**	19
Impairment losses on investment properties and other property, plant and equipment (Note 7(b))	**1,448**	354
Finance costs (Note 8)	**520**	680
Interest income (Note 6)	**(375)**	(393)
Gain on financial assets measured at FVPL (Note 6)	**(220)**	(265)
Net loss on disposal and reassessment of investment properties and other property, plant and equipment (Note 6)	**97**	6
Loss allowance related to trade receivables and other debtors (Note 7(b))	**332**	102
Provision for impairment of inventories, net	**10**	63
Share of results of associates and joint ventures	**1**	3
Net foreign exchange loss	**18**	16
Change in working capital		
Decrease in inventories	**257**	7,679
Increase in trade and other receivables	**(1,244)**	(334)
Increase in restricted deposits	**(84)**	(400)
Decrease in trade and other payables	**(262)**	(5,518)
Increase in contract liabilities	**363**	1,315
Cash generated from operations	**4,230**	13,471

27 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 2022.

(c) Net cash/(debt) reconciliation

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Cash and cash equivalents (Note 20)	**11,294**	8,096
Dividends payable to non-controlling interests (Note 21)	**(13)**	(100)
Other financial liabilities (Note 21)	**(49)**	(50)
Lease liabilities (Note 22)	**(7,379)**	(8,051)
Net cash/(debt)	**3,853**	(105)

	Cash and cash equivalents	Dividends payable to non-controlling interests	Other financial liabilities	Lease liabilities	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance as at 1 January 2020	13,251	(202)	(50)	(8,568)	4,431
Net Cash flows	(5,155)	188	12	1,925	(3,030)
Other non-cash movements	–	(86)	(12)	(1,408)	(1,506)
– Interest expenses	–	–	(12)	(668)	(680)
– Others	–	(86)	–	(740)	(826)
Balance as at 31 March 2021	8,096	(100)	(50)	(8,051)	(105)
Balance as at 1 April 2021	**8,096**	**(100)**	**(50)**	**(8,051)**	**(105)**
Net Cash flows	**3,198**	**87**	**11**	**1,685**	**4,981**
Other non-cash movements	**–**	**–**	**(10)**	**(1,013)**	**(1,023)**
– Interest expenses	**–**	**–**	**(10)**	**(510)**	**(520)**
– Others	**–**	**–**	**–**	**(503)**	**(503)**
Balance as at 31 March 2022	**11,294**	**(13)**	**(49)**	**(7,379)**	**3,853**

28 COMMITMENTS

Capital commitments

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Contracted for	**609**	1,450
Authorised but not contracted for	**1,867**	1,170
	2,476	2,620

29 CONTINGENCIES

Legal claims

As at 31 March 2022, legal actions have commenced against the Group by certain customers and certain suppliers and landlords in respect of disputes on purchase agreements and property lease arrangements. The total amount claimed is RMB445 million (31 March 2021: RMB382 million). As at 31 March 2022, the legal actions were ongoing, with most of the actions not yet set for trial dates. Provision of RMB126 million (31 March 2021: RMB45 million) has been made within trade and other payables as at 31 March 2022, which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

30 RELATED PARTY TRANSACTIONS

Save as disclosed in other notes, the following significant transactions were carried out between the Group and its 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 end 31 March 2022 and the fifteen months ended 31 March 2021, the directors are of the view that the following entities are related parties of the Group:

Name of Party	**Relationship**
Alibaba Group	Ultimate holding company, its subsidiaries, associates and joint ventures
Auchan Holding and its subsidiaries	Former ultimate holding company (before 19 October 2020) and its subsidiaries
Hwabao	Trustee of RT-Mart Scheme and Auchan Scheme trusts

30 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)(iii), is as follows:

	Year ended 31 March 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Short-term employee benefits	**61**	90
Post-employment benefits	**–**	–
Share-based payments	**–**	–
	61	90

(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/period.

	Year ended 31 March 2022	Fifteen months ended 31 March 2021
	RMB million	*RMB million*
Sales of goods (i)	**5,797**	3,247
Commission income (ii)	**405**	196
Providing agency service (iii)	**–**	24
Other miscellaneous income (iv)	**545**	531
Purchase of goods (v)	**253**	341
Other expenses paid for business cooperation (vi)	**1,468**	1,884
Receiving logistic service	**16**	21
Receiving technical service	**32**	17
Trademark fee (vii)	**–**	18
Received capital injection (viii)	**100**	97
Payment for acquisition of non-controlling interests (ix)	**1,365**	8
Received repayment of prepaid consideration of acquisition of non-controlling interests (x)	**399**	–
Purchase of fixed assets (xi)	**23**	6

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions (continued)

The above related party transactions in respect of (i) sales of goods to Alibaba Group, (ii) commission income, (iii) providing agency service, (iv) other miscellaneous income, (v) purchase of goods from Alibaba Group, (vi) business cooperation payable, (vii) trademark fee, (viii) received capital injection, (ix) payment for acquisition of non-controlling interests, (x) received repayment of prepaid consideration of acquisition of non-controlling interests 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. The trademark fees (vii) and factoring service fee receivable are continuing connected transactions but are exempted from these disclosure requirements as they are below the de minimis threshold under Rule 14A.76(1).

	Year ended 31 March 2022 *RMB million*	Fifteen months ended 31 March 2021 *RMB million*
Other related party transactions		
Expenses payable* (xii)	**–**	2
Contributions to Employee Trust Benefit Schemes (Note 7(a)(ii))	**11**	479

* The amount is less than a million for the year ended 31 March 2022.

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions (continued)

(i) Sales of goods represents sales of merchandise to Alibaba Group.

(ii) Commission income represents the income from Alibaba Group.

(iii) Agency fees relates to amounts accrued from international suppliers by a subsidiary of Auchan Holding, net of fees paid to the subsidiary of Auchan Holding.

(iv) Other miscellaneous income represents fees received from Alibaba Group relates to marketing and other services.

(v) Purchase of goods represents purchase of merchandise from Alibaba Group.

(vi) Other expense represents expenses paid to Alibaba Group in respect of the services provided under the respective business cooperation agreements.

(vii) Trademark fees represents the fees charged by a subsidiary of Auchan Holding for the grant of licenses to the Group to use the Auchan trademarks and domain names.

(viii) Receipt of current year capital injection of RMB35 million and collection of capital injection receivable related to prior year injection of RMB65 million from Hwabao. during the year ended 31 March 2022. Receipt of cash injection of RMB97 million from Alibaba Group during the fifteen months period ended 31 March 2021.

(ix) Payment for acquisition of non-controlling interests held by Hwabao.

(x) Received repayment of prepaid consideration of acquisition of non-controlling interests from Hwabao.

(xi) Purchase of fixed assets represents purchase of equipment from subsidiaries and an associate of Alibaba Group.

(xii) Expenses payable primarily relate to personnel and administrative costs paid by Auchan Holding and its subsidiaries on behalf of the Group, which are reimbursed and expensed by the Group.

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Related party balances

	As at 31 March	
	2022	2021
	RMB million	*RMB million*
Amounts due from Alibaba Group	**1,723**	829
Amounts due from Hwabao (i)	**–**	65
Amounts due to Alibaba Group	**(471)**	(311)

(i) As of 31 March 2021, the amount of RMB65 million represents the capital injection receivable from Hwabao. The capital injection receivable was collected in July 2021.

31 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
		2022	2021
	Note	***RMB million***	*RMB million*
ASSETS			
Non-current assets			
Investments in subsidiaries		**16,442**	16,442
Trade and other receivables		**6,537**	6,321
Total non-current assets		**22,979**	22,763
Current assets			
Trade and other receivables		**2**	1,141
Cash and cash equivalents		**58**	223
Total current assets		**60**	1,364
Total assets		**23,039**	24,127
LIABILITIES			
Current liabilities			
Trade and other payables		**68**	66
Net assets		**22,971**	24,061
EQUITY			
Share capital		**10,020**	10,020
Reserves	*(a)*	**12,951**	14,041
Total equity		**22,971**	24,061

The statement of financial position of the Company was approved by the Board of Directors on 24 May 2022 and was signed on its behalf.

LIN Xiaohai
Executive Director
and
Chief Executive Officer

HUANG Ming-Tuan
Non-Executive Director
and
Chairman

31 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 January 2020	13,318	(425)	1,398	14,291
Profit for the period	–	–	1,060	1,060
Dividends paid	–	–	(1,310)	(1,310)
Balance at 31 March 2021	13,318	(425)	1,148	14,041
Balance at 1 April 2021	**13,318**	**(425)**	**1,148**	**14,041**
Loss for the year	**–**	**–**	**(59)**	**(59)**
Dividends paid	**–**	**–**	**(1,031)**	**(1,031)**
Balance at 31 March 2022	**13,318**	**(425)**	**58**	**12,951**

32 INTERESTS IN OTHER ENTITIES

The principal activity of the Company is investment holding.

The Group's principal subsidiaries at 31 March 2022 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
CCIL (ii)	Cayman	**100**	100	**–**	–	Investment holding	2 December 2000	USD112
ACHK (ii)	HK	**100**	100	**–**	–	Investment holding	1 October 2001	USD216
Shanghai Art Management and Service Co., Ltd.	PRC	**100**	100	**–**	–	Consulting Service	16 August 2004	USD0.1
Feiniu E-Commerce Hong Kong Limited (ii)	HK	**100**	100	**–**	–	E-commerce	18 June 2013	RMB1,122
Fields Hong Kong Limited (ii)	HK	**90.02**	90.02	**9.98**	9.98	E-commerce	6 May 2013	HKD125

32 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
RT-MART Holdings Limited (ii)	HK	**100**	100	**–**	–	Investment holding	26 October 2007	USD112
Concord Investment (China) Co., Ltd. (iv)	PRC	**94.89**	92.69	**5.11**	7.31	Investment holding and procurement centre	23 March 2005	USD248
Beijing Ruenfu Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	22 May 2009	USD2
Changshu RT-MART Hypermarket Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	2 December 2005	USD7
Changzhou Guanhe RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	23 February 2011	USD2
Changzhou Changhong RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	20 August 2007	USD2
Dafeng Ruentex Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	3 April 2009	USD16
Foshan Shunde RT-Mart Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	14 April 2003	USD7
Foshanshi Nanhai Ruenliang Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	21 September 2007	USD2
Fuyang RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	4 September 2008	USD2
Guangdong Ruenhua Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Procurement centre	17 September 2018	USD20
Guangzhou Concord Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	11 December 2008	USD2
Guangzhou Ruenping Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	9 October 2008	USD2
Guangzhou Ruenzeng Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	15 September 2011	USD2
Guangzhou Tianmei Ruenfu Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	13 March 2007	USD3
Haikou Guoxing RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	28 October 2013	USD2
Hainan Longkun RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	26 March 2013	USD2

32 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
Hainan RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	20 March 2007	USD2
Hefei Feicui RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	8 February 2010	USD2
Hefei Luyang RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	4 December 2008	USD2
Huaian Ruenhuai Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	9 March 2012	USD10
Ji'nan Lixia RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Procurement centre	4 July 2014	USD0.5
People's RT-MART Limited Jinan (iii)	PRC	**90.83**	88.73	**9.17**	11.27	Retailing	27 March 2000	USD21
Jiaxing Xiuzhou Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	24 February 2000	RMB15
Jianhu RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	2 July 2009	USD10
Jinan Shizhong RT-MART Commercial Co. Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	22 July 2011	RMB5
Jinan Tianqiao RT-MART Commercial Co. Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	19 August 2011	RMB5
Jiangsu Bairuen Logistics Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	8 February 1999	RMB1
Kunshan Qiandeng Ruenping Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	2 February 2010	USD17
Kunshan Ruenhua Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	20 September 2002	RMB165
Liyang RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	1 December 2011	USD2
Lianyungang Ruenliang Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	3 March 2008	USD2
Liuzhou Ruenping Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	26 April 2010	USD2
Nanjing Zhongshang Jinruenfa Longjiang Hypermarket Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	27 November 2002	RMB5

32 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
Nantong Tongzhou Ruentex Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	29 November 2007	USD7
Pinghu RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	28 February 2008	USD12
Wuhu RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	29 December 2008	USD2
Qingdao Ruentex Enterprises Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing and procurement centre	17 November 2000	RMB200
Rugao RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	4 June 2007	USD2
RT-MART Limited Shanghai (iii)	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	23 April 1997	USD30
Shanghai Fengxian RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	19 January 2007	USD3
Shanghai Jiading Anting RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	3 March 2011	USD2
Shanghai Sanlin RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	4 September 2009	USD2
Shanghai Sijing RT-MART Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	8 December 2008	USD2
Shaoguan RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	18 June 2007	USD2
Shenyang RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	6 November 2002	USD7
Shenzhen RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	17 July 2007	USD2
Shuyang Ruentex Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	22 June 2009	RMB15
Suqian Ruenliang Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	14 May 2008	RMB2
Suzhou Xuguan Ruenhua Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	18 August 2009	USD2

32 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
Suzhou Ruende Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	6 May 2009	RMB3
Suzhou Ruenrui Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	24 February 2003	RMB9
Suzhou Ruenru Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	9 April 2021	USD2/0
Taixing Ruentex Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	30 November 2006	USD2
Tongliao Ruentex Commercial and Trading Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	13 July 2009	USD2
Taizhoushi Hailingqu Ruenxuan Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	27 March 2014	USD2
Wuxi Tianruenfa Hypermarket Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	30 October 2000	RMB10
Wuxi Ruentu Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	28 September 2014	USD2
Wujiang Ruenliang Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	23 December 2011	USD2
Wujiang Ruenjiang Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	12 June 2012	USD2
Wuhan RT-MART Jianghan Hypermarket Development Co., Ltd	PRC	**94.89**	92.69	**5.11**	7.31	Retailing and procurement centre	27 July 2001	USD8
Xuzhou Ruenping Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	25 May 2012	USD4/3
Xuzhou Ruenhua Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	26 August 2010	USD2
Yangzhou Ruenliang Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	22 November 2010	USD2
Zhaoqingshi RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	13 June 2008	USD2
Zhengzhou Ruenrui Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	26 September 2010	USD12
Zhenjiang RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	26 September 2013	USD2
Zibo RT-MART Commercial Co., Ltd.	PRC	**94.89**	92.69	**5.11**	7.31	Retailing	7 May 2009	USD2

32 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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
Auchan (China) Investment Co., Ltd. (iv)	PRC	**98.90**	99.84	**1.10**	0.16	Consulting service, investment and wholesale	10 April 2002	USD370
Suzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	09 March 2001	RMB220
Shanghai Auchan Hypermarkets Co., Ltd. (iii)	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	14 April 1997	USD18
Wuxi Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	22 December 2008	USD10/8.5
Nantong Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	12 October 2009	USD14
Shanghai New Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	15 June 2004	RMB128
Chengdu Auchan Hypermarkets Co., Ltd	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	06 August 2003	RMB110
Beijing Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	05 September 2003	RMB146
Anhui Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	12 December 2007	USD12
Nanjing Xinshang Hypermarket Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	31 December 2001	RMB116
Taizhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	29 September 2006	USD10
Hangzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	23 July 2001	USD23
Jiaxing Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	25 December 2007	USD6
Zhenjiang Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	16 April 2008	USD12
Huzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	07 March 2009	USD10
Ningbo Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	21 December 2004	RMB72

32 INTERESTS IN OTHER ENTITIES (CONTINUED)

(c) Held directly or indirectly by ACHK: (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 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021			
		%	%	**%**	%			*(million)*
Changzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	15 June 2006	RMB122
Dongguan Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	06 March 2013	USD7.5
Meizhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	22 January 2013	USD7
Suzhou New Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	20 May 2016	RMB2
Nantong New Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	27 September 2011	USD10
Yangzhou Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	11 December 2006	USD8
Bengbu Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	29 September 2013	USD5
Ningbo Yishang Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	7 March 2002	RMB1,256/1,159
Zhoushan Auchan Hypermarkets Co., Ltd.	PRC	**98.90**	99.84	**1.10**	0.16	Retailing	1 September 2020	RMB5/0

32 INTERESTS IN OTHER ENTITIES (CONTINUED)

(c) Held directly or indirectly by ACHK: (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, and Fields Hong Kong are incorporated in Hong Kong. CCIL is incorporated in the Cayman Islands. All other subsidiaries are established and operated in the PRC.

(iii) These subsidiaries are co-operative joint ventures. With the exception of People's RT-MART Limited Jinan, the joint venture partners are only entitled to fixed returns and do not otherwise participate in the profit or loss of these subsidiaries pursuant to the joint venture agreements.

(iv) CIC and ACI are sino-foreign equity joint ventures.

Except for (iii) and (iv), all other subsidiaries of the Group which are established in the PRC are ultimately wholly foreign owned.

The English translation of the names is for reference only. The official names of these entities are in Chinese.

33 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in Note 12(a).

(b) Since its initial outbreak in early 2020, the Coronavirus Disease ("COVID-19") emerged in occasions in China throughout the past two years and outburst again in an even broader scale in the form of the Omicron variant in the Spring of 2022, which had resulted in more strict control measures such as working from home, citywide static management and blockade given China's dynamic zero COVID-19 strategy.

The spread of the Omicron variant started impacting the Group's market and operating environment in China at the end of the fourth quarter of the year. As a result of cooperating with the government's measures implemented against the spread of the pandemic, certain brick-and-mortar stores of the Group have been required to temporarily suspend their operations, however, the Group's operations have not been substantially impacted by the spread of the pandemic up to the date of this annual report.

The Group assumes that there might be possibilities of strict measures of lockdown in the future with the dynamic zero COVID-19 strategy. If it occurs in the cities where the Group's brick-and-mortar stores or warehouses are located, it may result in potential negative impact on offline sales or delays related to supply chain and warehouse logistics.

The Group is closely paying attention to the development of the COVID-19 pandemic and national prevention and control policies so as to adopt positive countermeasures to overcome any challenges arising and continuously evaluating any potential impact of the pandemic that may have on the financial position and operating results of the Group.

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 2022	For the fifteen months ended 31 March 2021	For the year ended 31 December 2019	2018	2017
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue	**88,134**	124,612	95,549	99,692	102,780
Gross profit	**21,473**	31,365	25,923	25,452	25,134
Operating Profit	**18**	5,757	4,890	4,698	5,003
(Loss)/profit for the Year/Period	**(826)**	3,771	3,045	2,700	2,934
(Loss)/profit attributable to:					
Owners of the Company	**(739)**	3,572	2,834	2,478	2,713
Non-Controlling Interests	**(87)**	199	211	222	221

	As at 31 March 2022	As at 31 March 2021	As at 31 December 2019	2018	2017
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Total assets	**65,746**	69,227	71,186	69,875	68,732
Total liabilities	**40,680**	41,373	45,828	46,226	46,517
Equity attributable to:					
Owners of the Company	**23,958**	26,223	23,925	22,287	21,047
Non-Controlling Interests	**1,108**	1,631	1,433	1,362	1,168

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.

Certain comparative figures have been reclassified to conform to the current year presentation.

SUN ART
Retail Group Ltd.

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