SUN ART RETAIL GROUP LIMITED
高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 06808)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Sun Art Retail Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 September 2023, together with the comparative figures for the corresponding period in 2022 as below.

HIGHLIGHTS OF INTERIM RESULTS

	For the six months ended 30 September		
	2023	2022	**Change**
	(Unaudited)	(Unaudited)	
	RMB million		
Revenue	**35,768**	40,611	(11.9)%
Gross Profit	**8,889**	10,112	(12.1)%
Profit from Operations	**19**	500	(96.2)%
Loss for the Period	**(378)**	(87)	(334.5)%
Loss Attributable to Owners of the Company	**(359)**	(69)	(420.3)%
Loss Per Share – Basic and diluted[1]	**RMB(0.04)**	RMB(0.01)	

	30 September 2023	31 March 2023	**Change**
	(Unaudited)	(Audited)	
	RMB million		
Total Assets	**65,253**	64,118	1.8%
Total Liabilities	**41,840**	39,921	4.8%
Net Assets	**23,413**	24,197	(3.2)%
Net Cash Position[2]	**20,893**	19,449	7.4%

The financial information set out below in this announcement represents an extract from the interim financial statements, which are unaudited but have been reviewed by the Group's independent auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 and by the Company's audit committee (the "**Audit Committee**"). PricewaterhouseCoopers's unmodified review report is included in the interim report (the "**Interim Report**") to be sent to shareholders.

Notes:

(1) As the exercise price of the share options is higher than the average price of the ordinary shares for the period, the share options are not included in the calculation of diluted loss per share. The calculation of basic and diluted loss per share for the six months ended 30 September 2023 and 2022 is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the periods.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September 2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Revenue	*3*	**35,768**	40,611
Cost		**(26,879)**	(30,499)
Gross profit		**8,889**	10,112
Selling and marketing expenses		**(8,718)**	(9,378)
Administrative expenses		**(898)**	(1,036)
Other income and other gains, net	*4*	**746**	802
Operating profit		**19**	500
Finance costs	*6*	**(213)**	(234)
Share of net loss of associates and joint ventures accounted for using the equity method		**–**	(1)
(Loss)/Profit before income tax		**(194)**	265
Income tax expense	*7*	**(184)**	(352)
Loss for the period		**(378)**	(87)
Other comprehensive income for the period		**–**	–
Total comprehensive loss for the period		**(378)**	(87)
Loss is attributable to:			
Owners of the Company		**(359)**	(69)
Non-controlling interests		**(19)**	(18)
Loss for the period		**(378)**	(87)
Total comprehensive loss attributable to:			
Owners of the Company		**(359)**	(69)
Non-controlling interests		**(19)**	(18)
Total comprehensive loss for the period		**(378)**	(87)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	*8*	**RMB (0.04)**	RMB (0.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	**30 September 2023** ***RMB million*** **(Unaudited)**	31 March 2023 *RMB million* (Audited)
ASSETS			
Non-current assets			
Investment properties	*10*	**5,508**	5,676
Other property, plant and equipment	*10*	**22,124**	22,749
Intangible assets	*11*	**51**	43
Goodwill		**140**	140
Deferred tax assets		**1,382**	1,470
Trade and other receivables	*12*	**26**	9
Time deposits	*15*	**1,250**	950
Total non-current assets		**30,481**	31,037
Current assets			
Inventories		**8,716**	8,474
Trade and other receivables	*12*	**2,304**	3,064
Time deposits	*15*	**1,590**	2,319
Financial assets at fair value through profit or loss (**"Financial assets at FVPL"**)	*13*	**4,424**	4,452
Restricted deposits	*14(b)*	**2,929**	2,364
Cash and cash equivalents	*14(a)*	**14,809**	12,408
Total current assets		**34,772**	33,081
Total assets		**65,253**	64,118
LIABILITIES			
Non-current liabilities			
Trade and other payables	*16*	**28**	28
Lease liabilities	*17*	**5,842**	5,469
Deferred tax liabilities		**437**	443
Total non-current liabilities		**6,307**	5,940
Current liabilities			
Trade and other payables	*16*	**19,625**	18,794
Lease liabilities	*17*	**1,442**	1,570
Contract liabilities	*18*	**13,178**	12,715
Borrowings	*19*	**1,172**	673
Current tax liabilities		**116**	229
Total current liabilities		**35,533**	33,981
Total liabilities		**41,840**	39,921
Net assets		**23,413**	24,197

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	**30 September 2023** ***RMB million*** **(Unaudited)**	31 March 2023 *RMB million* (Audited)
EQUITY			
Share capital		**10,020**	10,020
Reserves		**12,748**	13,498
Capital and reserves attributable to the owners of the Company		**22,768**	23,518
Non-controlling interests		**645**	679
Total equity		**23,413**	24,197

NOTES

*(Expressed in Renminbi ("**RMB**") unless otherwise stated)*

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 interim financial report comprises the Company and its subsidiaries (the "**Group**"). The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The preparation of the interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual report for the year ended 31 March 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below in note 2.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2023 and any public announcements made by the Company during the interim reporting period.

The financial information relating to the year ended 31 March 2023 that is included in the condensed consolidated interim financial information for the six months ended 30 September 2023 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. CHANGE IN ACCOUNTING POLICIES

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2023:

- HKFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2.
- Definition of Accounting Estimates – Amendments to HKAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12 (Note(i)).
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12.

Note(i): The Group applied Amendments to HKAS 12 from the effective date on 1 April 2023. In accordance with the amendments, the Group recognised deferred tax related to assets and liabilities arising from a single transaction of leases that gave rise to equal taxable and deductible temporary differences on the initial recognition of leases that occurred on or after the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest comparative period presented being 1 April 2022, an adjustment of RMB1,307 million was recognised to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resulting deferred tax assets and deferred tax liabilities were set off and presented on a net basis on the condensed consolidated statement of financial position. Applying the amendments mentioned above, there was nil impact on the opening balance of retained earnings for the reporting periods presented.

The adoption of the other new standard and amendments did not have any significant financial impact on these condensed consolidated financial statements.

Other than the above amendments, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT AND REVENUE INFORMATION

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

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

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

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers – sales of goods – recognised at a point in time	**34,225**	39,084
Revenue from other sources – rental income from tenants	**1,543**	1,527
Total revenue	**35,768**	40,611

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 costs when incurred because the amortisation period would have been 1 year or less.

4. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Interest income on financial assets measured at amortised cost	**246**	204
Miscellaneous income	**236**	259
Government grants	**124**	148
Gain on financial assets measured at FVPL	**63**	94
Disposal of packaging material	**50**	74
Net gain on disposal and reassessment of investment properties and other property, plant and equipment	**27**	23
	746	802

5. DETAIL OF COST OF SALES AND EXPENSES

(a) Employee benefit expense

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	**4,119**	4,518
Contributions to defined contribution retirement plans	**505**	526
Share-based compensation expenses *(i)*	**10**	–
Expenses related to Employee Trust Benefit Schemes *(ii)*	**–**	–
	4,634	5,044

(i) Share-based compensation expenses

a) Share options

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

Share options granted will expire in 10 years from the grant date. The share options shall vest in two equal tranches on 1 April 2025 and 1 April 2027, on condition that employees remain in service without any performance requirements.

For the six months ended 30 September 2023, the Group recognised total expenses of RMB2 million in respect of the share options granted by the Company (for the six months ended 30 September 2022: nil).

*b) Share-based payments plans of Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, "**Alibaba Group**")*

Alibaba Group operates a number of share-based payments plans (including share options and restricted share units) covering certain employees of the Group. For the six months ended 30 September 2023, the Group recognised total expenses of RMB8 million in respect of the share-based payments plans of Alibaba Group (for the six months ended 30 September 2022: nil).

(ii) Expenses related to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Limited ("**CIC**") and its subsidiaries ("**the RT-Mart Scheme**") and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) Hong Kong Limited ("**ACHK**") and its subsidiaries ("**the Auchan Scheme**"). Under each scheme, an annual profit sharing contribution, calculated based on the consolidated results of CIC for the RT-Mart Scheme, and on the consolidated results of ACHK for the Auchan Scheme, and the number of eligible employees, is payable to a trust, the beneficial interests in which are allocated to participating eligible employees in accordance with the relevant Employee Trust Benefit Scheme rules. The trusts are administered by independent trustees and undertake gains and losses to itself. The trusts invest the amounts received in either cash and cash equivalents ("**cash portion**") or equity of CIC in the case of the RT-Mart Scheme, or cash-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.

No expenses related to Employee Trust Benefit Schemes was recognised for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

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

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

(b) Other items

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

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Cost of sales	**26,836**	30,463
Depreciation cost of investment properties and other property, plant and equipment	**1,753**	1,786
Operating lease charges	**427**	497
Impairment losses *(note 10 (c))*	**146**	142
Amortisation cost of intangible assets *(note 11)*	**3**	3
Reversal of allowance related to trade receivables and other debtors	**(62)**	(35)

6. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	**207**	233
Interest expenses on borrowings	**5**	–
Interest expenses on other financial liabilities	**1**	1
	213	234

7. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2023	2022
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Current tax-Hong Kong profits tax		
Current tax on profits for the period *(i)*	**23**	19
Current tax-PRC income tax		
Current tax on profits for the period	**98**	286
Adjustments for current tax of prior periods	**(19)**	43
Total current tax expense	**102**	348
Deferred income tax		
Decrease in deferred tax assets	**88**	25
Decrease in deferred tax liabilities	**(6)**	(21)
Total deferred tax benefit	**82**	4
Income tax expense	**184**	352

(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 six months ended 30 September 2023 (for the six months ended 30 September 2022: 25%) under the Enterprise Income Tax law ("**EIT law**").

Pursuant to the relevant regulations in respect of Announcement on Implementing Preferential Income Tax Policy for Small and Micro Enterprises and Individual Businesses (Cai Shui [2021] No.12, Cai Shui [2023] No.6) and Announcement on Further Implementing Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2022] No.13, Cai Shui [2023] No.12) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, qualified Small and Micro Enterprises meeting the criteria of employee number less than 300, total assets less than RMB50 million and annual taxable income less than RMB3 million are entitled to preferential tax treatment. More specifically, for the portion of annual taxable income which does not exceed RMB1 million, income tax shall be calculated at 12.5% of the annual taxable income using the tax rate of 20% from 1 January 2021 to 31 December 2022 and calculated at 25.0% of the annual taxable income using the tax rate of 20% from 1 January 2023 to 31 December 2027; for the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), income tax shall be calculated at 25% of the annual taxable income using the tax rate of 20% from 1 January 2022 to 31 December 2027. Approximately 35% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the 2022 annual tax filing (during the 2021 annual tax filing: approximately 46%).

A subsidiary of the Group in the Mainland of China was approved as High and New Technology Enterprise and it was subject to a preferential corporate income tax rate of 15% for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

(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.

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

During the six months ended 30 September 2023 and 2022, no deferred tax expenses have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the Mainland China in the foreseeable future.

As at 30 September 2023, no deferred tax liabilities were provided on post-2007 undistributed profits of the Group's PRC subsidiaries amounted to RMB7,852 million for which the Group has no plan to distribute them outside the PRC in the foreseeable future (31 March 2023: RMB8,223 million).

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

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB359 million (six months ended 30 September 2022: loss attributable to owners of the Company of RMB69 million) and the weighted average of 9,539,704,700 ordinary shares (six months ended 30 September 2022: 9,539,704,700 ordinary shares) in issue during the interim period.

During the six months ended 30 September 2023, the share options granted by the Company have potential dilutive effect on the loss per share (six months ended 30 September 2022: nil). As the exercise price of the share options is higher than the average price of the ordinary shares for the period, the share options are not included in the calculation of diluted loss per share. The diluted loss per share is equivalent to basic loss per share during the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

9. DIVIDENDS

No interim dividend has been declared in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

10. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 September 2023, the Group recognised the additions to right-of-use assets of RMB787 million (six months ended 30 September 2022: RMB555 million).

The leases of hypermarket buildings contain variable lease payment terms that are based on sales generated from the hypermarkets and minimum annual lease payment terms that are fixed. At 30 September 2023, it is estimated that an increase/decrease in sales generated from these retail stores by 5% would have increased/decreased the lease payments by RMB17 million (31 March 2023: RMB33 million).

(b) Acquisitions and disposals

During the six months ended 30 September 2023, the Group incurred capital expenditure of RMB440 million (six months ended 30 September 2022: RMB258 million), primarily in respect of new store developments and store remodelling and digitalisation. Items of building and leasehold improvements and equipment with a net book value of RMB57 million were disposed during the six months ended 30 September 2023 (six months ended 30 September 2022: RMB55 million), resulting in a loss on disposal of RMB29 million (six months ended 30 September 2022: RMB25 million).

(c) Impairment provision

For the six months period ended 30 September 2023, impairment losses were made against the carrying amount of building and leasehold improvements, equipment and right-of-use assets in certain stores of the Group. The impairment losses of RMB146 million (six months ended 30 September 2022: RMB142 million) were recognised in "Selling and marketing expenses" (Note 5(b)).

11. INTANGIBLE ASSETS

	Software *RMB million*
At 31 March 2023 (Audited)	
Cost	247
Accumulated amortisation and impairment	(204)
Net book amount	43
Six months ended 30 September 2023	
Opening net book amount	43
Additions	11
Amortisation charge *(Note 5(b))*	(3)
Closing net book amount	51
At 30 September 2023 (Unaudited)	
Cost	258
Accumulated amortisation and impairment	(207)
Net book amount	51

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 *RMB million* (Unaudited)	As at 31 March 2023 *RMB million* (Audited)
Trade receivables		
Amounts due from related parties	**437**	900
Amounts due from third parties	**559**	709
Less: provision for impairment	**(217)**	(304)
Subtotal	**779**	1,305
Other receivables		
Rental prepayments	**459**	675
Value-added tax receivables	**358**	430
Amounts due from related parties	**97**	10
Other debtors	**755**	757
Less: provision for impairment	**(118)**	(104)
Subtotal	**1,551**	1,768
Total trade and other receivables	**2,330**	3,073
Less: non-current portion	**(26)**	(9)
Current portion	**2,304**	3,064

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

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

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

13. FINANCIAL ASSETS AT FVPL

	As at 30 September 2023 *RMB million* (Unaudited)	As at 31 March 2023 *RMB million* (Audited)
Structured deposits	**3,992**	3,514
Certificates of deposit *(i)*	**432**	938
	4,424	4,452

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

14. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

(a) Cash and cash equivalents

	As at 30 September 2023 *RMB million* **(Unaudited)**	As at 31 March 2023 *RMB million* (Audited)
Cash at bank and in hand	**13,776**	11,040
Deposits with banks within three months of maturity	**839**	1,237
Other financial assets and cash equivalents	**194**	131
	14,809	12,408

(b) Restricted deposits

	As at 30 September 2023 *RMB million* **(Unaudited)**	As at 31 March 2023 *RMB million* (Audited)
Restricted deposits in bank	**2,929**	2,364

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.

15. TIME DEPOSITS

	As at 30 September 2023 *RMB million* **(Unaudited)**	As at 31 March 2023 *RMB million* (Audited)
Included in non-current assets:		
RMB time deposits	**1,250**	950
Included in current assets:		
RMB time deposits	**1,590**	2,319
	2,840	3,269

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

Time deposits with initial terms of over three months were neither past due nor impaired. As at 30 September 2023 and 31 March 2023, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values.

16. TRADE AND OTHER PAYABLES

	As at 30 September 2023 *RMB million* (Unaudited)	As at 31 March 2023 *RMB million* (Audited)
Current liabilities		
Trade payables	**12,797**	11,478
Construction costs payable	**759**	835
Amounts due to related parties	**672**	1,173
Dividends payable to non-controlling interests	**11**	11
Accruals and other payables	**5,386**	5,297
	19,625	18,794
Non-current liabilities		
Other financial liabilities	**28**	28

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

	As at 30 September 2023 *RMB million* (Unaudited)	As at 31 March 2023 *RMB million* (Audited)
Within six months	**11,025**	9,740
Over six months	**1,772**	1,738
	12,797	11,478

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

17. LEASE LIABILITIES

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

	As at 30 September 2023		As at 31 March 2023	
	Present value of the minimum lease payments *RMB million* (Unaudited)	Total minimum lease payments *RMB million* (Unaudited)	Present value of the minimum lease payments *RMB million* (Audited)	Total minimum lease payments *RMB million* (Audited)
Within 1 year	**1,442**	**1,811**	1,570	1,950
1-2 years	**1,347**	**1,641**	1,218	1,528
2-5 years	**2,163**	**2,742**	1,962	2,571
Over 5 years	**2,332**	**2,911**	2,289	2,894
	5,842	**7,294**	5,469	6,993
	7,284	**9,105**	7,039	8,943
Less: Total future interest expenses	**–**	**(1,821)**	–	(1,904)
Present value of lease liabilities	**7,284**	**7,284**	7,039	7,039

18. CONTRACT LIABILITIES

	As at 30 September 2023	As at 31 March 2023
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Prepaid cards	**12,712**	12,223
Advance receipts from customers for sales	**250**	348
Customer loyalty program points liability	**216**	144
	13,178	12,715

19. BORROWINGS

	As at 30 September 2023	As at 31 March 2023
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Current liabilities		
Bank borrowings, unsecured – maturity amount	**1,180**	680
Less: unamortised discount	**(8)**	(7)
	1,172	673

(a) The carrying amount of short-term borrowings approximated its fair value and was denominated in RMB.

(b) As at 30 September 2023, the effective interest rates per annum on borrowings was 1.87% (31 March 2023: 1.55%).

(c) As at 30 September 2023 and 31 March 2023, the Group's borrowings were repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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 including 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 the rental of gallery space in brick-and-mortar stores complexes to operators of businesses, which we believe are complementary to the stores.

For the six months ended 30 September 2023, revenue from sales of goods was RMB34,225 million, representing a decrease of RMB4,859 million, or 12.4%, from RMB39,084 million for the corresponding period ended 30 September 2022.

For the six months ended 30 September 2023, the Same Store Sales Growth[(1)] ("**SSSG**") calculated based on sales of goods (excluding the sale of electronic appliances and the sales to Alibaba Group on TAOCAICAI ("**TCC**") and Tmall Shared Inventory) was -5.9%. The comparable sales decrease was mainly driven by (i) the decline in the pork and fresh vegetables consumer price index ("**CPI**") compared to the same period last year; (ii) the shrinking demand of guaranteed supply business; and (iii) the decrease in average pieces purchased per order caused by the fading of customers' stock up mentality, leading to the lower average ticket size. However, the offline traffic and the average daily order per store of online Business to Customer (the "**B2C**") business were recovering and achieved year-on-year growth, and the gap in performance for core businesses in the second quarter of the fiscal year 2023 had narrowed significantly.

For the six months ended 30 September 2023, revenue from rental income was RMB1,543 million, representing an increase of RMB16 million, or 1.0%, from RMB1,527 million for the corresponding period ended 30 September 2022. The rental income had increased and had subsequently stabilised, which was attributable to the management's efforts to continuously adjust and optimise the tenant mix of galleries sequentially. And the gallery vacancy rate declined for the six months ended 30 September 2023.

Note:

(1) Same store sales growth: the growth rate of sales of the stores opened before 30 September 2022. It is calculated by comparing the sales derived from those stores during their operating periods in the six months ended 30 September 2023 with sales during the corresponding periods ended 30 September 2022.

Gross Profit

For the six months ended 30 September 2023, gross profit was RMB8,889 million, representing a decrease of RMB1,223 million, or 12.1%, from RMB10,112 million for the corresponding period ended 30 September 2022. The gross profit margin for the six months ended 30 September 2023 was 24.9%, which kept flat with the gross profit margin for the corresponding period ended 30 September 2022.

The decrease in gross profit was resulted from the scaling down of TCC and Tmall Shared Inventory business and a shrinking of guaranteed supply business, maintaining price competitiveness and destocking in the process of streamlining products and the low base in marketing investments under stock up mentality last year.

Other Income and Other Gains, net

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

For the six months ended 30 September 2023, other income and other gains, net was RMB746 million, representing a decrease of RMB56 million, or 7.0%, from RMB802 million for the corresponding period ended 30 September 2022. The decrease was mainly attributed to the reduction of government grants, disposal of packaging material and miscellaneous income (including, among other things, parking fees, income from usage of playground facilities, temporary rental payments from the usage of brick-and-mortar stores spaces for advertisement and promotion stands).

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 six months ended 30 September 2023, selling and marketing expenses were RMB8,718 million, representing a decrease of RMB660 million, or 7.0%, from RMB9,378 million for the corresponding period ended 30 September 2022.

The decrease was mainly due to (i) a decrease of RMB372 million savings on personal costs, which was benefited from the sustainable optimisation of the store manpower management model driven by the improved digital transformation capabilities; and (ii) the management's effort to increase cost control and efficiency. The savings of the expenses partially offset the decrease of gross profit.

The amount of selling and marketing expenses for the six months ended 30 September 2023 as a percentage of the total revenue was 24.4%, representing an increase of 1.3 percentage points from 23.1% for the corresponding period ended 30 September 2022.

Administrative Expenses

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

For the six months ended 30 September 2023, administrative expenses were RMB898 million, representing a decrease of RMB138 million, or 13.3%, from RMB1,036 million for the corresponding period ended 30 September 2022.

The decrease was mainly related to (i) a decrease of RMB33 million savings on personal costs; and (ii) the reversal of a special loss allowance related to the trade receivables.

The amount of administrative expenses for the six months ended 30 September 2023 as a percentage of total revenue was 2.5%, representing a decrease of 0.1 percentage points, from 2.6% for the corresponding period ended 30 September 2022.

Operating Profit

For the six months ended 30 September 2023, the profit from operations was RMB19 million, representing a decrease of RMB481 million, or 96.2%, from RMB500 million for the corresponding period ended 30 September 2022.

The operating margin during the six months ended 30 September 2023 was 0.1%, a decrease of 1.1 percentage points, from 1.2% for the corresponding period ended 30 September 2022.

Finance Costs

Finance costs primarily consist of interest expenses on borrowings, other financial liabilities and lease liabilities. For the six months ended 30 September 2023, the finance costs were RMB213 million, representing a decrease of RMB21 million, or 9.0%, from RMB234 million for the corresponding period ended 30 September 2022. The decrease was related to the reduced amortised interest expenses on lease liabilities for the six months ended 30 September 2023.

Income Tax Expense

For the six months ended 30 September 2023, income tax expense was RMB184 million, representing a decrease of RMB168 million, or 47.7%, from RMB352 million for the corresponding period ended 30 September 2022.

Although the Group generated a loss before income tax for the six months ended 30 September 2023, income tax expense of RMB184 million still took place, which was mainly attributable to the unrecognised deferred tax on losses generated in several entities since the recoverability of those losses before their expiry was not certain.

Loss for the Period

For the six months ended 30 September 2023, loss for the period was RMB378 million, representing an increase of RMB291 million, or 334.5%, from a loss of RMB87 million for the corresponding period ended 30 September 2022.

The net loss margin for the six months ended 30 September 2023 was 1.1%, increasing by 0.9 percentage points, from a net loss margin of 0.2% of the corresponding period ended 30 September 2022. The increase was primarily attributable to the reduction in operating profit.

Loss Attributable to Owners of the Company

For the six months ended 30 September 2023, the loss attributable to owners of the Company was RMB359 million, representing an increase of RMB290 million, or 420.3%, from a loss of RMB69 million for the corresponding period ended 30 September 2022.

Loss Attributable to Non-Controlling Interests

For the six months ended 30 September 2023, the loss attributable to non-controlling interests was RMB19 million, representing an increase of RMB1 million, or 5.6%, from a loss of RMB18 million for the corresponding period ended 30 September 2022.

The loss attributable to non-controlling interests represented (i) interests in ACI and CIC from the Auchan Scheme and RT-Mart Scheme (as defined above); (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, Financial Resources and Gearing Ratio

For the six months ended 30 September 2023, net cash inflow from operating activities was RMB2,801 million, representing a decrease of RMB326 million, or 10.4%, from RMB3,127 million for the corresponding period ended 30 September 2022.

As at 30 September 2023, the net current liabilities were RMB761 million as compared to the net current liabilities of RMB900 million as at 31 March 2023. The decrease of the net current liabilities was primarily attributed to (i) an increase in the current assets of RMB1,691 million, which mainly resulted from the increase in the combined balance of cash and cash equivalents, restricted deposits, financial assets at FVPL and time deposits; and (ii) an increase in the current liabilities of RMB1,552 million mainly attributed to the increased balance of trade payables, contract liabilities and borrowings.

For the six months ended 30 September 2023, the inventory turnover days and trade payable turnover days, calculated based on the average balances of inventories and trade payables, together with the cost of inventories during the past six months, were 58 days and 81 days, respectively, compared to 57 days and 80 days for the corresponding period ended 30 September 2022.

As at 30 September 2023, the net cash position of the Group was RMB20,893 million, as compared to RMB19,449 million as at 31 March 2023. The gearing ratio, calculated by dividing net cash position by the total equity, was 0.89 as at 30 September 2023, as compared to 0.80 as at 31 March 2023.

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

Investing Activities

For the six months ended 30 September 2023, net cash inflow from investing activities was RMB263 million, representing a decrease of RMB681 million, or 72.1%, from RMB944 million for the corresponding period ended 30 September 2022. The decrease was mainly attributable to the decrease in the net proceeds generated from investment in financial assets measured at FVPL.

The net cash inflow from investing activities was mainly reflected in (i) the capital expenditure of RMB513 million paid in respect of the development of new stores and the remodelling and digitalisation of existing stores; (ii) the net proceeds generated from investment in financial assets at FVPL of RMB91 million; and (iii) the net proceeds generated from investments in time deposits with maturity over three months of RMB432 million.

Financing Activities

For the six months ended 30 September 2023, net cash outflow from financing activities was RMB663 million, with a decrease of RMB524 million, or 44.1%, from RMB1,187 million for the six months ended 30 September 2022. The decrease was mainly attributable to the new proceeds of RMB494 million from a borrowings received.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the six months ended 30 September 2023.

Foreign Exchange Risks

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

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

Pledged Assets

As at 30 September 2023, the Group did not pledge any assets for bank loans or banking facilities.

BUSINESS REVIEW

Operating Environment

In the first three calendar quarters of 2023, China's gross domestic product ("**GDP**") grew by 5.2% year-on-year to about RMB91,302.7 billion. In terms of the growth rate per calendar quarter, the year-on-year growth rate was 4.5% in the first quarter, 6.3% in the second quarter and 4.9% in the third quarter.

In the first three calendar quarters of 2023, the overall CPI increased by 0.4% compared to the same period last year, and the food CPI increased by 0.9%, of which the pork CPI decreased by 6.8% year-on-year, showing a trend from high to low. In May 2023, the year-on-year growth of pork CPI turned from positive to negative, with the decline expanding to 26.0% in July and narrowing to 17.9% in August. Pork prices continued to decline to 22.0% in September.

In the first three calendar quarters of 2023, China's total retail sales of consumer goods amounted to RMB34,210.7 billion, representing a year-on-year increase of 6.8%. Since the growth rate of total retail sales of consumer goods hit the bottom in July 2023, its growth rate rebounded in August, reaching 4.6%. This recovery trend has continued to September, with a year-on-year increase of 5.5%. The national online retail sales amounted to RMB10,819.8 billion for the first three calendar quarters of 2023, representing a year-on-year increase of 11.6%. The online retail sales of physical goods reached RMB9,043.5 billion, representing a year-on-year increase of 8.9% and accounting for 26.4% of the total retail sales of social consumer goods.

Business and Strategy Progress

In 2022, the Group restructured the private label ("**PL**") team and redefined the positioning of PL products, that is, adhering to the concept of safety, health, pleasure, and high quality-to-price ratio with the focus on quality upgrading and meeting core customers' needs. The first PL product hit the market in October 2022. At present, PL products mainly cover groceries, snacks and beverages, daily necessities, pet products and 3R (ready-to-cook, ready-to-eat, and ready-to-heat) products. As of 30 September 2023, the Group has developed more than 100 PL products and the sales penetration rate was almost 10% of the overall sales of the sub-categories involved. The Group will vigorously develop PL products and accelerate to improve the proportion of differentiated products.

From target customers' perspectives, the hypermarket remodeling version 2.0 focused on products and services featured with healthy and happy shopping scenes, so as to create value-added services with perception, mindset and word-of-mouth for customers. As of 30 September 2023, the Group has totally completed 8 whole stores remodeling, and more than 50 partial remodeling projects. The Group has actively adjusted the tenant mix of galleries by focusing on catering and services, and the rate of gallery vacancy area has decreased to approximately 4%.

The Group has continued to improve customer satisfaction and on-time fulfillment rates. The fulfillment cost has continued to improve and the online average daily order per store ("**DOPS**") has continued to increase. The Group will extend its service time and expand its scope of service, increase user growth of own APP, deepen cooperation with Taoxianda and Ele.me, and explore new online channels.

The Group opened the first membership store ("**M-Club**") in Yangzhou in April 2023. Converted from an existing store, the membership store covers approximately 45,000 square meters, with an operating area of approximately 12,000 square meters and 800 parking spaces. As of 30 September 2023, the number of paid members of Yangzhou M-Club has exceeded 50,000 and the total number of members was close to 100,000. The number of products in M-Club was about 3,000, with over 10% being PL products. M-Club also provides one-hour delivery service within three-kilometer radius from the store. In the second half of the fiscal year 2024, two property stores located in Nanjing and Changzhou will be converted into membership stores and open for business. In the future, the Group will actively look for appropriate sites and accelerate store expansion.

Expansion Status

During the six months ended 30 September 2023, the Group opened three hypermarkets, seven superstores and one membership store, M-Club. Among the new hypermarkets and superstores, two are located in Northern China, two are located in Northeastern China, three are located in Southern China, one is located in Central China and two are located in Western China. The newly opened membership store, M-Club is located in Eastern China. During the reporting period, the Group closed four hypermarkets, of which two closed hypermarkets located in Eastern China will be converted into membership stores. The other two closed hypermarkets, one was located in Northern China and the other one was located in Western China.

As of 30 September 2023, the Group had a total of 485 hypermarkets, 19 superstores and one membership store, M-Club. The Group had a total of 14 self-constructed fresh produce processing centers ("**FPPCs**") across the country. Among them, there were five in Eastern China, two in each of Northern China, Northeastern China, Southern China and Central China, and one in Western China. The total gross floor area ("**GFA**") of hypermarkets and superstores is approximately 13.74 million square meters, of which about 66.7% was in leased properties, and 33.3% was in self-owned properties. The GFA of our membership store, M-Club, is approximately 45,798 square meters and is in self-owned property. Please refer to note 1 below for definitions of regional zones.

As of 30 September 2023, approximately 6.7% of the Group's hypermarkets and superstores were located in first-tier cities, 18.1% in second-tier cities, 48.4% in third-tier cities, 19.3% in fourth-tier cities and 7.5% in fifth-tier cities. Please refer to note 2 below for definitions of city tiers.

As of 30 September 2023, through the execution of lease contracts or acquisition of land plots, the Group identified and secured three sites to open hypermarkets, of which two are under construction. At the same time, there were 18 superstores which the Group has signed contracts, of which six are under construction.

	Number of Brick-and-Mortar Stores (As of 30 September 2023)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 30 September 2023)				
Region	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**
Eastern China	183	6	1	190	38%	5,404,204	62,521	45,798	5,512,523	40%
Northern China	51	3	0	54	11%	1,350,602	24,486	0	1,375,088	10%
Northeastern China	54	4	0	58	11%	1,767,034	30,878	0	1,797,912	13%
Southern China	99	2	0	101	20%	2,475,235	10,165	0	2,485,400	18%
Central China	75	2	0	77	15%	1,955,185	10,038	0	1,965,223	14%
Western China	23	2	0	25	5%	634,570	14,940	0	649,510	5%
Total	**485**	**19**	**1**	**505**	**100%**	**13,586,830**	**153,028**	**45,798**	**13,785,656**	**100%**

Notes:

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

Eastern China:	Shanghai City, Zhejiang Province, Jiangsu Province
Northern China:	Beijing City, Tianjin City, Shandong Province, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region (West)
Northeastern China:	Jilin Province, Liaoning Province, Heilongjiang Province, Inner Mongolia Autonomous Region (North)
Southern China:	Guangdong Province, Guangxi Zhuang Autonomous Region, Fujian Province, Hainan Province, Yunnan Province, Guizhou Province
Central China:	Anhui Province, Hunan Province, Hubei Province, Henan Province, Jiangxi Province
Western China:	Sichuan Province, Gansu Province, Shaanxi Province, Chongqing City, Ningxia Hui Autonomous Region

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

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

Human Resources and Remuneration Policies

As of 30 September 2023, the Group had 102,101 employees (114,490 as of 30 September 2022). The total employee benefit expense was RMB4,634 million (RMB5,044 million as of 30 September 2022).

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

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

Continuous trainings are provided to the employees.

Outlook

In the first half of the fiscal year of 2024, customers had more choices under the circumstance of omni-channel competition. The Group has continued to facilitate the process of product differentiation, and accelerated store remodeling, scene and layout revamping to enhance offline experiences. Online multi-format business has been steadily developing, and the first membership store has opened successfully. The Group will continue to firmly adhere to the foundation of quality-to-price ratio and the customer value of health and pleasure to meet customers' needs.

OTHER INFORMATION

Corporate Governance

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 its 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 its organisational structure regularly 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 six months ended 30 September 2023.

Audit Committee

The Audit Committee has reviewed and discussed the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 with the external auditors, PricewaterhouseCoopers, who have reviewed the interim financial information in accordance with Hong Kong Standard on Review Engagements 2410.

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 to 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 six months ended 30 September 2023.

Purchase, Sale and Redemption of the Company's Listed Securities

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Dividends

At the board meeting held on 14 November 2023, no dividend for the six months ended 30 September 2023 has been declared (for the six months ended 30 September 2022: Nil).

Publication of Interim Results and Interim Report for the six months ended 30 September 2023 of the Company

The interim results announcement of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunartretail.com). The Interim Report of the Company for the six months ended 30 September 2023 will be dispatched to the shareholders of the Company and made available for review on the aforesaid websites in due course.

Events Occurring After the Reporting Period

Save as disclosed in this announcement, no important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders has taken place since 30 September 2023 and up to the date of this announcement.

By Order of the Board
Sun Art Retail Group Limited
LIN Xiaohai
Executive Director and Chief Executive Officer

Hong Kong, 14 November 2023

As at the date of this announcement, the directors of the Company are:

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
Charles Sheung Wai CHAN
Dieter YIH