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SUN ART

Retail Group Limited

SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 06808)

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 March			
	2025	2024	Change	Change%
	RMB million			
Revenue	71,552	72,567	(1,015)	(1.4)%
Gross Profit	17,236	17,958	(722)	(4.0)%
Operating Profit/(Loss)	1,425	(1,009)	2,434	NA
Profit/(Loss) for the Year	386	(1,668)	2,054	NA
Profit/(Loss) Attributable to Owners of the Company	405	(1,605)	2,010	NA
Earnings/(Loss) Per Share				
– Basic ⁽¹⁾	RMB 0.04	RMB(0.17)		
– Diluted ⁽¹⁾	RMB 0.04	RMB(0.17)		
	As at 31 March			
	2025	2024	Change	Change%
	RMB million			
Total Assets	55,973	60,715	(4,742)	(7.8)%
Total Liabilities	35,545	38,921	(3,376)	(8.7)%
Net Assets	20,428	21,794	(1,366)	(6.3)%
Net Cash Position ⁽²⁾	12,529	16,504	(3,975)	(24.1)%

Notes:

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

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

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

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

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 audited consolidated results of the Group for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024 which have been prepared in accordance with HKFRS Accounting Standards as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	For the year ended 31 March	
		2025 RMB million	2024 RMB million
Revenue	4	71,552	72,567
Cost		<u>(54,316)</u>	<u>(54,609)</u>
Gross profit		17,236	17,958
Selling and marketing expenses		(15,232)	(18,178)
Administrative expenses		(1,709)	(2,251)
Other income and other gains, net	5	<u>1,130</u>	<u>1,462</u>
Operating profit/(loss)		1,425	(1,009)
Finance costs	7	<u>(395)</u>	<u>(425)</u>
Profit/(loss) before income tax		1,030	(1,434)
Income tax expense	8	<u>(644)</u>	<u>(234)</u>
Profit/(loss) for the year		386	(1,668)
Other comprehensive income for the year		<u>—</u>	<u>—</u>
Total comprehensive income/(loss) for the year		<u><u>386</u></u>	<u><u>(1,668)</u></u>
Profit/(loss) is attributable to:			
Owners of the Company		405	(1,605)
Non-controlling interests		<u>(19)</u>	<u>(63)</u>
Profit/(loss) for the year		<u><u>386</u></u>	<u><u>(1,668)</u></u>
Total comprehensive income/(loss) is attributable to:			
Owners of the Company		405	(1,605)
Non-controlling interests		<u>(19)</u>	<u>(63)</u>
Total comprehensive income/(loss) for the year		<u><u>386</u></u>	<u><u>(1,668)</u></u>
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company:			
Basic earnings/(loss) per share	9	RMB 0.04	RMB(0.17)
Diluted earnings/(loss) per share	9	<u>RMB 0.04</u>	<u>RMB(0.17)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		As at 31 March	
		2025	2024
	Notes	RMB million	RMB million
ASSETS			
Non-current assets			
Investment properties		5,068	5,302
Other property, plant and equipment		19,270	20,969
Intangible assets		57	55
Deferred tax assets		1,113	1,438
Trade and other receivables	12	22	51
Time deposits	13	800	1,830
Restricted deposits	13	100	710
Total non-current assets		26,430	30,355
Current assets			
Inventories	11	7,467	7,691
Trade and other receivables	12	2,268	2,133
Time deposits	13	2,580	1,040
Financial assets at fair value through profit or loss ("Financial assets at FVPL")	14	3,839	3,474
Restricted deposits	13	6,472	3,985
Cash and cash equivalents	15	6,798	11,908
Assets of disposal groups classified as held for sale	16	119	129
Total current assets		29,543	30,360
Total assets		55,973	60,715
LIABILITIES			
Non-current liabilities			
Trade and other payables	17	23	28
Lease liabilities	18	4,185	4,950
Deferred tax liabilities		613	443
Total non-current liabilities		4,821	5,421

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2025*

		As at 31 March	
		2025	2024
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Current liabilities			
Trade and other payables	<i>17</i>	15,401	16,812
Lease liabilities	<i>18</i>	1,648	1,678
Contract liabilities	<i>19</i>	11,691	12,675
Borrowings	<i>20</i>	1,491	1,749
Current tax liabilities		16	79
Liabilities directly associated with assets of disposal groups classified as held for sale	<i>16</i>	477	507
Total current liabilities		30,724	33,500
Total liabilities		35,545	38,921
Net assets		20,428	21,794
EQUITY			
Share capital		10,020	10,020
Reserves		10,074	11,383
Capital and reserves attributable to the owners of the Company		20,094	21,403
Non-controlling interests		334	391
Total equity		20,428	21,794

NOTES:

(Expressed in Renminbi (“RMB”) unless otherwise stated)

1. GENERAL INFORMATION

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

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

The Group’s consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards which collective term includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on Stock Exchange.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The financial information relating to the years ended 31 March 2025 and 2024 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years 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 Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2025 in due course.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2025 comprise the Group and the Group’s interest in associates and joint ventures.

These consolidated financial statements are presented in Renminbi (“**RMB**”) rounded to the nearest million, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVPL which are carried at fair value and assets held for sale which are measured at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. 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.

3. CHANGE IN ACCOUNTING POLICIES

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

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

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

Other than the above amendments and interpretation, the Group has not applied any new accounting standards, amendments and annual improvements to accounting standards or interpretations that are not yet effective for the current accounting period.

4. 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 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.

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

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

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

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

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

5. OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Interest income on financial assets measured at amortised cost	359	469
Miscellaneous income	340	418
Gain on financial assets at FVPL	123	146
Net gain on disposal and reassessment of investment properties and other property, plant and equipment	116	154
Government grants	100	169
Disposal of packaging material	92	106
	<u>1,130</u>	<u>1,462</u>

6. EMPLOYEE BENEFITS AND OTHER ITEMS OF COST OF SALES AND EXPENSES

(a) Employee benefit expense

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

(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.

(ii) Expenses related to Employee Trust Benefit Schemes

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

For the year ended 31 March 2025, the Group recognised total expenses of RMB99 million related to Employee Trust Benefit Schemes (for the year ended 31 March 2024: nil).

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

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

(iii) Share-based compensation expenses

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.

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

During the year ended 31 March 2025, a total of 10,000,000 share options were forfeited (During the year ended 31 March 2024: 40,000,000 share options).

As at 31 March 2025, the outstanding number of share options granted by the Company was 35,000,000.

As at 31 March 2025, the vested and exercisable number of share options granted by the Company was 6,250,000.

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

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

For the year ended 31 March 2025, the Group recognised total expenses of RMB8 million in respect of the share options granted by the Company (for the year ended 31 March 2024: RMB4 million).

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 year ended 31 March 2025, the Group recognised total expenses of RMB2 million in respect of the share-based payments plans of Alibaba Group (for the year ended 31 March 2024: RMB23 million).

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

(b) Other items

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

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

* The amount is less than a million.

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

7. FINANCE COSTS

	For the year ended 31 March	
	2025	2024
	RMB million	RMB million
Interest expenses on lease liabilities	341	402
Interest expenses on borrowings	51	20
Interest expenses on other financial liabilities	3	3
	395	425

8. INCOME TAX EXPENSE

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

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

* The amount is less than a million.

- (i) Entities incorporated in Hong Kong are subject to Hong Kong profits tax under the two-tiered profits tax regime, which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess. However, for two or more connected entities, only one of them can be nominated to be chargeable at the two-tiered profits tax rates.
- (ii) PRC subsidiaries are subject to income tax at 25% for the year ended 31 March 2025 (for the year ended 31 March 2024: 25%) under the Enterprise Income Tax law (“EIT law”).

Pursuant to the relevant regulations in respect of Announcement on Implementing Preferential Income Tax Policy for Small and Micro Enterprises and Individual Businesses (Cai Shui [2023] No.6) and Announcement on Further Implementing Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2022] No.13, Cai Shui [2023] No.12) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, qualified Small and Micro Enterprises meeting the criteria of employee number less than 300, total assets less than RMB50 million and annual taxable income less than RMB3 million are entitled to preferential tax treatment. More specifically, for the portion of annual taxable income which does not exceed RMB1 million, income tax shall be calculated at 25% of the annual taxable income using the tax rate of 20% from 1 January 2023 to 31 December 2027; for the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), income tax shall be calculated at 25% of the annual taxable income using the tax rate of 20% from 1 January 2022 to 31 December 2027. Approximately 44% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the year ended 31 March 2025 (for the year ended 31 March 2024: approximately 41%).

A subsidiary of the Group in the Chinese Mainland was approved as High and New Technology Enterprise and it was subject to a preferential corporate income tax rate of 15% for the year ended 31 March 2025 (for the year ended 31 March 2024: 15%).

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

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

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

As at 31 March 2025, deferred tax liability of RMB167 million have been recognised in respect of the withholding tax payable on the retained profits of the Group’s PRC subsidiaries generated subsequent to 1 January 2008 (31 March 2024: RMB9 million).

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

	For the year ended 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Profit/(loss) before income tax expense	1,030	(1,434)
Notional tax on profit/(loss) before taxation, calculated at PRC income tax rate of 25%	258	(359)
Statutory tax concession	(10)	(5)
Non-deductible expenses, less non-assessable income	42	11
PRC dividend withholding tax	248	32
Current year losses for which no deferred tax asset was recognised	229	583
Temporary differences for which no deferred tax asset was recognised	3	7
Reversal of previously recognised deferred tax assets	11	44
Utilisation of previously unrecognised tax losses	(99)	(46)
Recognition of previously unrecognised tax losses	(38)	(14)
Over provision in respect of prior years	—*	(19)
Actual tax expenses	644	234

* The amount is less than a million.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of RMB405 million (during the year ended 31 March 2024: loss attributable to owners of the Company of RMB1,605 million) and the weighted average of 9,539,704,700 ordinary shares in issue during the year ended 31 March 2025 and 2024.

	For the year ended 31 March	
	2025	2024
	RMB million	RMB million
Profit/(loss) attributable to owners of the Company	405	(1,605)
Weighted average number of ordinary shares in issue	9,539,704,700	9,539,704,700
Basic earnings/(loss) per share (expressed in RMB per share)	0.04	(0.17)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 March 2025 and 2024, the share options granted by the Company are considered to be potential ordinary shares. The share options are assumed to have been fully vested and released from restrictions with no impact on earnings. For the year ended 31 March 2025, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB405 million and the weighted average of 9,540,448,150 ordinary shares, calculated as follows:

	For the year ended 31 March 2025
	RMB million
Profit attributable to owners of the Company	405
Weighted average number of ordinary shares in issue	9,539,704,700
Adjustments for share based compensation – share options	743,450
Weighted average number of ordinary shares for the calculation of diluted EPS	9,540,448,150
Diluted earnings per share (expressed in RMB per share)	0.04

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

10. DIVIDENDS

- (a) Dividends payable to owners of the Company, not recognised at the end of the reporting period:

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Final dividend proposed after the end of year of HKD0.170 (equivalent to RMB0.156) per ordinary share (for the year ended 31 March 2024: HKD0.020 (equivalent to RMB0.018) per ordinary share)	1,491	174

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

- (b) Dividends payable to owners of the Company, approved during the year:

	For the year ended 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Final dividend paid to owners of the Company	173	401
Interim dividend paid to owners of the Company	1,529	–
	1,702	401

A final dividend of HKD0.020 per ordinary share in respect of the year ended 31 March 2024 was approved on 14 August 2024, and the payment was made on 4 September 2024 for an amount equivalent to RMB173 million.

An interim dividend of HKD0.170 per ordinary share was approved on 10 December 2024 in respect of the six months ended 30 September 2024, and the payment was made on 24 January 2025 for an amount equivalent to RMB1,529 million.

A final dividend of HKD0.045 per ordinary share in respect of the year ended 31 March 2023 was approved on 16 August 2023, and the payment was made on 6 September 2023 for an amount equivalent to RMB401 million.

11. INVENTORIES

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

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Trading merchandise	7,467	7,691

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	For the year ended 31 March	
	2025	2024
	RMB million	RMB million
Carrying amount of inventories sold	54,258	54,531
Reversal of write-down of inventories	(27)	(8)
	54,231	54,523

All inventories are expected to be sold within one year.

12. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2025	2024
	RMB million	RMB million
Trade receivables		
Amounts due from related parties	–	306
Amounts due from third parties	524	541
Less: provision for impairment	(28)	(200)
Subtotal	496	647
Other receivables		
Prepayments of rentals	565	619
Value-added tax receivables	398	325
Amounts due from related parties	204	–
Other debtors	771	726
Less: provision for impairment	(144)	(133)
Subtotal	1,794	1,537
Total trade and other receivables	2,290	2,184
Less: non-current portion	(22)	(51)
Current portion	2,268	2,133

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

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

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

13. TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) Time deposits

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Included in non-current assets:		
RMB time deposits	<u>800</u>	<u>1,830</u>
Included in current assets:		
RMB time deposits	<u>2,580</u>	<u>1,040</u>

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

Time deposits with initial terms of over three months were neither past due nor impaired. As at 31 March 2025 and 2024, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values.

(b) Restricted deposits

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Included in non-current assets:		
Restricted time deposits	<u>100</u>	<u>710</u>
Included in current assets:		
Restricted time deposits	<u>4,128</u>	<u>59</u>
Restricted deposits in bank	<u>2,344</u>	<u>3,926</u>
Subtotal	<u><u>6,472</u></u>	<u><u>3,985</u></u>

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

14. FINANCIAL ASSETS AT FVPL

	As at 31 March	
	2025	2024
	RMB million	RMB million
Structured deposits	3,363	3,023
Certificates of deposit (i)	466	451
Money market funds	10	—
	<u>3,839</u>	<u>3,474</u>

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

Amounts recognised in profit or loss

	For the year ended 31 March	
	2025	2024
	RMB million	RMB million
At the beginning of the year	3,474	4,452
Purchase	24,549	6,830
Redemption	(24,307)	(7,954)
Realised and unrealised gains (Note 5)	123	146
	<u>3,839</u>	<u>3,474</u>

15. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2025	2024
	RMB million	RMB million
Cash at bank and in hand	6,497	10,367
Deposits with banks within three months of maturity	223	1,414
Other financial assets and cash equivalents	78	127
	<u>6,798</u>	<u>11,908</u>

16. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

In March 2024, the Board decided to dispose certain brick-and-mortar stores. The associated assets and liabilities were consequently presented as held for sale.

As at 31 March 2025, the Group completed the disposal of one of the stores mentioned above. The disposal of the remaining stores is still in progress due to certain events which are beyond the Group's control. As the Group remains committed to the disposal of the remaining stores, and such transaction remains highly probable to complete within 1 year, the associated assets and liabilities continued to be presented as held for sale.

The following assets and liabilities were reclassified as held for sale as at 31 March 2025 and 2024:

	As at 31 March	
	2025	2024
	RMB million	RMB million
Assets of disposal groups classified as held for sale		
Investment properties	17	18
Other property, plant and equipment	55	61
Trade and other receivables	35	34
Restricted deposits	—*	—*
Cash and cash equivalents	12	16
	<hr/>	<hr/>
Total assets of disposal groups classified as held for sale	119	129
	<hr/> <hr/>	<hr/> <hr/>
Liabilities directly associated with assets of disposal groups classified as held for sale		
Trade and other payables	49	62
Lease liabilities	350	356
Contract liabilities	77	88
Current tax liabilities	1	1
	<hr/>	<hr/>
Total liabilities directly associated with assets of disposal groups classified as held for sale	477	507
	<hr/> <hr/>	<hr/> <hr/>

* The amount is less than a million.

17. TRADE AND OTHER PAYABLES

	As at 31 March	
	2025	2024
	RMB million	RMB million
Current liabilities		
Trade payables	9,832	10,312
Construction costs payable	615	798
Amounts due to related parties	33	691
Dividends payable to non-controlling interests	11	11
Accruals and other payables	4,910	5,000
	<hr/>	<hr/>
	15,401	16,812
	<hr/> <hr/>	<hr/> <hr/>
Non-current liabilities		
Other financial liabilities	23	28
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Within six months	8,632	8,578
Over six months	1,200	1,734
	<u>9,832</u>	<u>10,312</u>

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

18. LEASE LIABILITIES

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

	As at 31 March			
	2025		2024	
	Present value of the minimum lease payments <i>RMB million</i>	Total minimum lease payments <i>RMB million</i>	Present value of the minimum lease payments <i>RMB million</i>	Total minimum lease payments <i>RMB million</i>
Within 1 year	<u>1,648</u>	<u>1,919</u>	<u>1,678</u>	<u>2,003</u>
1-2 years	892	1,106	1,121	1,381
2-5 years	1,682	2,097	1,974	2,464
Over 5 years	<u>1,611</u>	<u>1,990</u>	<u>1,855</u>	<u>2,332</u>
	<u>4,185</u>	<u>5,193</u>	<u>4,950</u>	<u>6,177</u>
	<u>5,833</u>	<u>7,112</u>	<u>6,628</u>	<u>8,180</u>
Less: total future interest expenses	<u>–</u>	<u>(1,279)</u>	<u>–</u>	<u>(1,552)</u>
Present value of lease liabilities	<u>5,833</u>	<u>5,833</u>	<u>6,628</u>	<u>6,628</u>

19. CONTRACT LIABILITIES

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Prepaid cards	11,186	12,195
Advance receipts from customers for sales	399	215
Customer loyalty program points liability	84	244
Membership fee	22	21
	<u>11,691</u>	<u>12,675</u>

20. BORROWINGS

	As at 31 March	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Current liabilities		
Bank borrowings, unsecured-maturity amount	1,500	1,725
Bank borrowings, secured-maturity amount	–	39
Less: unamortised discount	(9)	(15)
	<u>1,491</u>	<u>1,749</u>

The carrying amount of borrowings approximated its fair value and was denominated in RMB.

As at 31 March 2025, the effective interest rates per annum on borrowings was 1.542% (31 March 2024: 2.145%).

As at 31 March 2025, no land use rights were pledged as security for borrowings. As at 31 March 2024, the carrying amount of land use rights pledged as security for borrowings were RMB167 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

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

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

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

Note:

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

Gross Profit

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

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

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

Other Income and Other Gains, net

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

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

Selling and Marketing Expenses

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

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

The decrease was mainly due to (i) a decrease of RMB981 million in personnel costs which was benefited from the optimisation of the personnel structure and pattern of stores; (ii) a decrease of RMB1,148 million in impairment loss accrued for the stores with negative cash flows; and (iii) the management's effort to improve cost control and efficiency. The savings of the expenses partially offset the decrease of gross profit.

The amount of selling and marketing expenses for the year ended 31 March 2025 as a percentage of total revenue was 21.3%, representing a decrease of 3.7 percentage points, from 25.0% for the year ended 31 March 2024.

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

Administrative Expenses

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

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

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

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

Operating Profit/(Loss)

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

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

Finance Costs

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

Income Tax Expense

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

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

Profit/(Loss) for the Year

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

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

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

Profit/(Loss) Attributable to Owners of the Company

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

Loss Attributable to Non-Controlling Interests

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

The loss attributable to non-controlling interests represented (i) interests in ACI and CIC from the Auchan Scheme and RT-Mart Scheme (as defined above); (ii) the interest held by independent third parties in three of the subsidiaries, namely, RT-MART Limited Shanghai, People's RT-Mart Limited Jinan and Fields Hong Kong Limited ("**Fields HK**"); and (iii) the interest held by Hema (China) Co., Ltd. in Shanghai Run He Internet Technology Co., Ltd.

Liquidity, Financial Resources and Gearing Ratio

For the year ended 31 March 2025, net cash inflow from operating activities was RMB3,549 million, representing an increase of RMB2,623 million, or 283.3%, from RMB926 million for the year ended 31 March 2024.

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

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

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

For the year ended 31 March 2025, the inventory turnover days and trade payable turnover days, calculated on average balances of inventories and trade payables, together with the cost of inventories during the year, were 50 days and 67 days, respectively, compared to 53 days and 72 days for the year ended 31 March 2024.

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

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

Investing Activities

For the year ended 31 March 2025, net cash outflow from investing activities was RMB4,913 million, representing an increase of RMB4,861 million, from RMB52 million for the year ended 31 March 2024. The increase of net cash outflow was mainly attributable to the increase in the net proceeds used in investment in restricted time deposits with maturity over three months mentioned above in the “Liquidity, Financial Resources and Gearing Ratio” section.

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

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

Financing Activities

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

Material Acquisitions and Disposals

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

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

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

Foreign Exchange Risks

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

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

Pledged Assets

As at 31 March 2025, the Group did not pledge any assets for bank loans or banking facilities.

BUSINESS REVIEW

Operating Environment

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

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

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

Business Performance and Strategies

Products and Pricing: Gaining Market Leadership through Quality and Value

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

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

Efficiency and Operations: Holistic Enhancements to Optimize Shopping Experience

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

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

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

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

Expansion Status

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

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

As of 31 March 2025, approximately 6.4% of the Group's hypermarkets, superstores and membership stores were located in first-tier cities, 18.0% in second-tier cities, 48.9% in third-tier cities, 19.4% in fourth-tier cities and 7.3% in fifth-tier cities. Please refer to note 2 below for definitions of city tiers.

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

Region	Number of Brick-and-Mortar Stores (As of 31 March 2025)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 31 March 2025)				
	Hypermarket	Membership		Total	Percentage	Hypermarket	Membership		Total	Percentage
		Superstore	Store				Superstore	Store		
Eastern China	179	11	7	197	39%	5,223,693	87,351	251,828	5,562,872	41%
Northern China	49	4	0	53	11%	1,307,482	31,123	0	1,338,605	10%
Northeastern China	49	7	0	56	11%	1,616,124	54,849	0	1,670,973	12%
Southern China	97	5	0	102	20%	2,428,432	24,109	0	2,452,541	18%
Central China	68	5	0	73	14%	1,795,732	27,179	0	1,822,911	14%
Western China	23	1	0	24	5%	636,584	9,150	0	645,734	5%
Total	465	33	7	505	100%	13,008,047	233,761	251,828	13,493,636	100%

Notes:

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

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

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

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

Human Resources and Remuneration Policies

As of 31 March 2025, the Group had 83,957 employees (86,226 as of 31 March 2024). The total employee benefit expense was RMB8,306 million (RMB9,558 million as of 31 March 2024).

Outlook

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

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

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 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 C1 to the Listing Rules.

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

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 March 2025 and up to the date of this announcement.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report to be included in the annual report of the Company for the year ended 31 March 2025.

Securities Transactions by Directors

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

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

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

During the year ended 31 March 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

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

Audit Committee

The Audit Committee, together with the management and the auditor of the Company, PricewaterhouseCoopers, have reviewed the accounting principles and practices adopted by the Group, and discussed internal control, whistleblowing policy and system and financial reporting matters, including the review of the audited consolidated financial statements for the financial year ended 31 March 2025.

Scope of Work of Company's Auditor

The figures in respect of the Group's consolidated results for the year ended 31 March 2025 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amount set out in the Company's audited consolidated financial statements for the year ended 31 March 2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

Annual General Meeting (“AGM”)

The 2025 AGM will be held on 14 August 2025 (Thursday). A notice convening the AGM will be published and dispatched (if requested) to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

Final Dividend

At the Board meeting held on 20 May 2025 (Tuesday), the Directors proposed to declare a final dividend (“**Final Dividend**”) of HKD0.170 (equivalent to approximately RMB0.156) per ordinary share for the year ended 31 March 2025, amounting to approximately HKD1,622 million (equivalent to approximately RMB1,491 million) that is expected to be paid on 4 September 2025 (Thursday) 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 22 August 2025 (Friday). The proposed Final Dividend is subject to approval by the shareholders of the Company at the forthcoming AGM to be held on 14 August 2025 (Thursday).

Closure of Register of Members and Record Date

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

The Company’s register of members will be closed from 11 August 2025 (Monday) to 14 August 2025 (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 2025 AGM, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 8 August 2025 (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 2025 AGM. For determining the entitlement to the proposed Final Dividend, the record date is fixed on 22 August 2025 (Friday). 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 22 August 2025 (Friday).

Publication of 2024/2025 Final Results and Annual Report of the Company

The final results announcement of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunartretail.com). The Annual Report of the Company for the year ended 31 March 2025 will be dispatched (if requested) to the shareholders of the Company and made available for review on the aforesaid websites in due course.

Events Occurring After the Reporting Period

After the end of the reporting period, the Directors proposed the distribution of a final dividend. Details of the final dividend are set out in the section “Final Dividend” in this announcement.

On 20 May 2025, the Group entered into an equity transfer agreement with Hwabao Trust Co., Ltd. ^(Note 1) (the “**Trustee**”), to acquire 2.015% of the issued shares of CIC held by the Trustee for a total consideration not exceeding RMB599 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of CIC and enjoy the corresponding shareholder’s rights.

On 20 May 2025, the Group entered into an equity transfer agreement with the Trustee to acquire 1.3834% of the issued shares of ACI held by the Trustee for a total consideration not exceeding RMB34 million. Upon completion of the transaction, the Group will hold 100% of the issued shares of ACI and enjoy the corresponding shareholder’s rights.

Save as disclosed above, 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 31 March 2025 and up to the date of this announcement.

Note 1: The Auchan Scheme and the RT-Mart Scheme are both share award schemes at the subsidiary level. The trustee for the Auchan Scheme and the RT-Mart Scheme is Hwabao Trust Co., Ltd.

By order of the Board
Sun Art Retail Group Limited
SHEN Hui
Executive Director and Chief Executive Officer

For purpose of this announcement, the exchange rate of HKD1 = RMB0.9194 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

Hong Kong, 20 May 2025

As at the date of this announcement, the Directors are:

Executive Director:
SHEN Hui (*Chief Executive Officer*)

Non-Executive Directors:
Julian Juul WOLHARDT (*Chairman*)
Guannan WANG
Mengxue MEI

Independent Non-Executive Directors:
Karen Yifen CHANG
Charles Sheung Wai CHAN
YIH Lai Tak, Dieter