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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

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 2025, together with the comparative figures for the corresponding period in 2024 as below.

HIGHLIGHTS OF INTERIM RESULTS

	For the six months ended 30 September		Change	Change%
	2025	2024		
	(Unaudited)	(Unaudited)		
	RMB million			
Revenue	30,502	34,708	(4,206)	(12.1)%
Gross Profit	7,719	8,526	(807)	(9.5)%
Profit from Operations	271	621	(350)	(56.4)%
(Loss)/Profit for the Period	(127)	186	(313)	NA
(Loss)/Profit Attributable to Equity shareholders of the Company	(123)	206	(329)	NA
(Loss)/Earnings Per Share – Basic and diluted ⁽¹⁾	RMB (0.01)	RMB0.02		
	At	At		
	30 September	31 March		
	2025	2025		
	(Unaudited)	(Audited)	Change	Change%
	RMB million			
Total Assets	53,635	55,973	(2,338)	(4.2)%
Total Liabilities	35,402	35,545	(143)	(0.4)%
Net Assets	18,233	20,428	(2,195)	(10.7)%
Net Cash Position ⁽²⁾	11,958	12,529	(571)	(4.6)%

Notes:

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

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

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

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, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 and by the Company's audit committee (the "**Audit Committee**"). KPMG's unmodified review report will be included in the interim report (the "**Interim Report**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		At 30 September 2025	At 31 March 2025
	Notes	RMB million (Unaudited)	RMB million (Audited)
Non-current assets			
Investment properties	9	5,603	5,068
Other property, plant and equipment	9	18,044	19,270
Intangible assets		54	57
Trade and other receivables	10	29	22
Restricted deposits	11	–	100
Time deposits	11	800	800
Deferred tax assets		1,029	1,113
Total non-current assets		25,559	26,430
Current assets			
Inventories		7,799	7,467
Trade and other receivables	10	1,719	2,268
Restricted deposits	11	6,061	6,472
Time deposits	11	2,976	2,580
Financial assets measured at fair value through profit or loss (“ FVPL ”)	12	1,579	3,839
Cash and cash equivalents	13	7,844	6,798
Assets of disposal groups classified as held for sale		98	119
Total current assets		28,076	29,543
Total assets		53,635	55,973

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2025

		At 30 September 2025	At 31 March 2025
	Notes	RMB million (Unaudited)	RMB million (Audited)
Current liabilities			
Trade and other payables	14	15,709	15,401
Contract liabilities	15	11,126	11,691
Bank loans	16	1,246	1,491
Lease liabilities	17	1,535	1,648
Current taxation		100	16
Liabilities directly associated with assets of disposal groups classified as held for sale		474	477
Total current liabilities		30,190	30,724
Net current liabilities		(2,114)	(1,181)
Total assets less current liabilities		23,445	25,249
Non-current liabilities			
Trade and other payables	14	343	23
Lease liabilities	17	4,417	4,185
Deferred tax liabilities		452	613
Total non-current liabilities		5,212	4,821
Total liabilities		35,402	35,545
Net assets		18,233	20,428
CAPITAL AND RESERVES			
Share capital		10,022	10,020
Reserves		8,224	10,074
Total equity attributable to the equity shareholders of the Company		18,246	20,094
Non-controlling interests		(13)	334
Total equity		18,233	20,428

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2025

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the six months ended 30 September 2025*

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the six months ended 30 September 2025*

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

* The amount is less than one million.

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.

2. BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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**”). It was authorised for issue on 11 November 2025.

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

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

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

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

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

3. CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Group

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

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

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

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

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

4. REVENUE AND SEGMENT REPORTING

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

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

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

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

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

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

5. OTHER INCOME AND OTHER GAINS, NET

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

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

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

(b) Staff costs

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

(i) Expenses related to Employee Trust Benefit Schemes

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

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

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

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

(ii) Share-based compensation expenses

Share options issued by the Company

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

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

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

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

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

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

The weighted average remaining contractual life of outstanding share options was 8.32 years as at 30 September 2025.

Share-based payments plans of Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, “Alibaba Group”)

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

(c) Other major items

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

7. INCOME TAX

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

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

* The amount is less than one million.

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

Pursuant to the relevant regulations in respect of Announcement on Further Implementing Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2023] No. 12) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, qualified Small and Micro Enterprises meeting the criteria of employee number less than 300, total assets less than RMB50 million and annual taxable income less than RMB3 million are entitled to preferential tax treatment. More specifically, for the portion of annual taxable income which does not exceed RMB3 million (inclusive), income tax shall be calculated at 25.0% of the annual taxable income using the tax rate of 20% from 1 January 2023 to 31 December 2027. Approximately 41% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the 2024 annual tax filing (during the 2023 annual tax filing: approximately 41%).

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

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

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

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

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

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

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

(b) Diluted (loss)/earnings per share

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

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

9. INVESTMENT PROPERTIES, AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

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

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

(b) Acquisitions and disposals of owned assets

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

(c) Impairment provision

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

10. TRADE AND OTHER RECEIVABLES

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

* The amount is less than one million.

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

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

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

11. TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) Time deposits

	At 30 September 2025 <i>RMB million</i> (Unaudited)	At 31 March 2025 <i>RMB million</i> (Audited)
Included in non-current assets		
RMB time deposits	<u>800</u>	<u>800</u>
Included in current assets		
RMB time deposits	2,955	2,580
USD time deposits	<u>21</u>	<u>—</u>
	<u>2,976</u>	<u>2,580</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 30 September 2025 and 31 March 2025, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values.

(b) Restricted deposits

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

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.

12. FINANCIAL ASSETS MEASURED AT FVPL

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

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

13. CASH AND CASH EQUIVALENTS

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

14. TRADE AND OTHER PAYABLES

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

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

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

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

15. CONTRACT LIABILITIES

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

16. BANK LOANS

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

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

17. LEASE LIABILITIES

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

	At 30 September 2025		At 31 March 2025	
	Present value of the minimum lease payments <i>RMB million</i> (Unaudited)	Total minimum lease payments <i>RMB million</i> (Unaudited)	Present value of the minimum lease payments <i>RMB million</i> (Audited)	Total minimum lease payments <i>RMB million</i> (Audited)
Within 1 year	1,535	1,797	1,648	1,919
1-2 years	887	1,097	892	1,106
2-5 years	1,857	2,259	1,682	2,097
Over 5 years	1,673	2,046	1,611	1,990
	4,417	5,402	4,185	5,193
Total	5,952	7,199	5,833	7,112
Less: Total future interest expenses		(1,247)		(1,279)
Present value of lease liabilities		5,952		5,833

18. DIVIDENDS

On 11 November 2025, an interim dividend of HK\$0.085 (equivalent to approximately RMB0.077) per ordinary share was approved by the Board in respect of the six months ended 30 September 2025 for an approximate amount of HK\$811 million (equivalent to approximately RMB735 million). For purpose of illustration only, the amount of RMB was calculated using the exchange rate quoted by The Hong Kong Association of Banks at 11 November 2025. An interim dividend of HK\$0.170 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.

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

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

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

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

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

Note:

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

Gross Profit

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

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

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

Other Income and Other Gains, net

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

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

Selling and Marketing Expenses

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

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

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

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

Administrative Expenses

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

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

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

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

Profit from Operations

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

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

Finance Costs

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

Income Tax

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

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

(Loss)/Profit for the Period

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

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

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

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

Loss Attributable to Non-Controlling Interests

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

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

Liquidity, Financial Resources and Gearing Ratio

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

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

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

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

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

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

Investing Activities

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

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

Financing Activities

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

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

Material Acquisitions and Disposals

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

Foreign Exchange Risks

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

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

Pledged Assets

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

BUSINESS REVIEW

Operating Environment

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

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

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

Three-Year Strategy & Business Performance

▪ Three-Year Strategic Roadmap Overview

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

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

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

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

▪ Business Progress and Highlights

National Sourcing Cuts Costs, Pork Leads Breakthrough

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

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

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

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

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

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

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

End-to-End Logistics Optimization Enhances Supply Chain Resilience

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

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

Development at Its Core

Advancing store transformations

During the reporting period, the Group completed full-store remodels at 3 East China stores, achieving double-digit foot traffic growth, and department-level upgrades in fresh & prepared food (“3R”)^{Note1} sections at 3 South China stores, driving over 20% category sales growth. The Group will accelerate this program with plans to remodel over 30 stores this fiscal year, targeting 200+ store transformations by the next fiscal year.

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

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

Accelerating new store openings

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

Deploying front warehouse network

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

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

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

Expansion Status

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

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

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

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

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

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

Notes:

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

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

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

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

Human Resources and Remuneration Policies

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

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

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

Continuous trainings are provided to the employees.

Outlook

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

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

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

The Company has devised its own Corporate Governance and Compliance Manual which incorporates all the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules.

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

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

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

Audit Committee

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

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 six months ended 30 September 2025.

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

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

As at 30 September 2025, the Company did not hold any treasury shares.

Dividends

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

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

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

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

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

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

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

Closure of Register of Members and Record Date

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

Publication of Interim Results and Interim Report for the six months ended 30 September 2025 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 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 Board declared the distribution of an interim dividend for the six months ended 30 September 2025. Details of the interim dividend are set out in the section “Dividends” in this announcement.

On 29 September 2025, the Company announced that since the respective management committee of the Auchan Scheme and the RT-Mart Scheme had resolved not to grant further Trust Units in the respective scheme, the Board proposed to make certain amendments to the Auchan Scheme and the RT-Mart Scheme to regulate the arrangements for the redemption of the Trust Units, and also to further optimize the scheme rules for the remaining term of the Auchan Scheme and the RT-Mart Scheme. The proposed amendments to the Auchan Scheme and the RT-Mart Scheme shall not take effect until the approval of the shareholders of the Company in the extraordinary general meeting. For details, please refer to the Company’s announcement dated 29 September 2025.

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 30 September 2025 and up to the date of this announcement.

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

Hong Kong, 11 November 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