Sun Art Retail Group Ltd.

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

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

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

2025/2026
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Director

Julian Juul WOLHARDT
(Chairman and Chief Executive Officer)
(re-designated from a non-executive Director to an executive Director and appointed as the chief executive officer on 8 March 2026)
SHEN Hui *(resigned on 1 December 2025)*
LI Weiping (*appointed on 1 December 2025 and ceased to act on 8 March 2026*)

Non-Executive Directors

Mengxue MEI
LIU Hao *(appointed on 6 January 2026)*
Guannan WANG *(resigned on 6 January 2026)*

Independent Non-Executive Directors

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

AUDIT COMMITTEE

Charles Sheung Wai CHAN *(Chairman)*
Karen Yifen CHANG
YIH, Dieter Lai Tak
Mengxue MEI

REMUNERATION COMMITTEE

Karen Yifen CHANG *(Chairman)*
YIH, Dieter Lai Tak
Charles Sheung Wai CHAN
Julian Juul WOLHARDT

NOMINATION COMMITTEE

YIH, Dieter Lai Tak *(Chairman)*
Karen Yifen CHANG
Charles Sheung Wai CHAN
LIU Hao *(appointed on 6 January 2026)*
Guannan WANG *(resigned on 6 January 2026)*

COMPANY SECRETARY

WANG Ruoyu *(appointed on 27 October 2025)*
HO Hang Yu Helen *(resigned on 27 October 2025)*

AUTHORISED REPRESENTATIVES

Julian Juul WOLHARDT (*appointed on 8 March 2026)*
WANG Ruoyu *(appointed on 27 October 2025)*
LI Weiping (*appointed on 1 December 2025 and ceased to act on 8 March 2026*)
SHEN Hui *(resigned on 1 December 2025)*
HO Hang Yu Helen *(resigned on 27 October 2025)*

REGISTERED OFFICE IN HONG KONG

Room 1928, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" OR "CHINA")

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Jing'an District, Shanghai, China
200436

LEGAL ADVISOR

Herbert Smith Freehills Kramer
23rd Floor, Gloucester Tower
15 Queen's Road Central, Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

AUDITORS

KPMG *(appointed on 14 August 2025)*
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor,
Prince's Building
No. 10 Chater Road, Central, Hong Kong

PricewaterhouseCoopers
(resigned on 14 August 2025)

COMPANY'S WEBSITE

www.sunartretail.com

STOCK CODE

6808

FINANCIAL HIGHLIGHTS

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 March 2026 *RMB Million*	For the year ended 31 March 2025 *RMB Million*	Change	Change%
Revenue	63,442	71,552	(8,110)	(11.3)%
Gross Profit	15,372	17,236	(1,864)	(10.8)%
Profit from Operations	386	1,425	(1,039)	(72.9)%
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("Adjusted EBITDA")[1] (non-HKFRS measure)	3,157	4,091	(934)	(22.8)%
(Loss)/Profit for the Year	(326)	386	(712)	NA
(Loss)/Profit Attributable to Equity shareholders of the Company	(319)	405	(724)	NA
(Loss)/Earnings Per Share				
— Basic[2]	RMB (0.03)	RMB0.04		
— Diluted[2]	RMB (0.03)	RMB0.04		

	As at 31 March 2026 *RMB Million*	As at 31 March 2025 *RMB Million*	Change	Change%
Total Assets	50,123	55,973	(5,850)	(10.5)%
Total Liabilities	32,799	35,545	(2,746)	(7.7)%
Net Assets	17,324	20,428	(3,104)	(15.2)%
Net Cash Position[3]	10,063	12,529	(2,466)	(19.7)%
Gearing Ratio[4]	0.58	0.61		

Notes:

(1) The Adjusted EBITDA (non-HKFRS measure) is calculated as profit from operations, adding back depreciation cost of investment properties and other property, plant and equipment, amortisation cost of intangible assets, impairment losses on investment properties and other property, plant and equipment and impairment losses on goodwill; and net of interest income on financial assets measured at amortised cost and gain on financial assets measured at fair value through profit or loss.

(2) The calculation of basic (loss)/earnings per share for the year ended 31 March 2026 is based on the weighted average number of 9,540,304,700 ordinary shares (for the year ended 31 March 2025: 9,539,704,700 ordinary shares) in issue during the year.

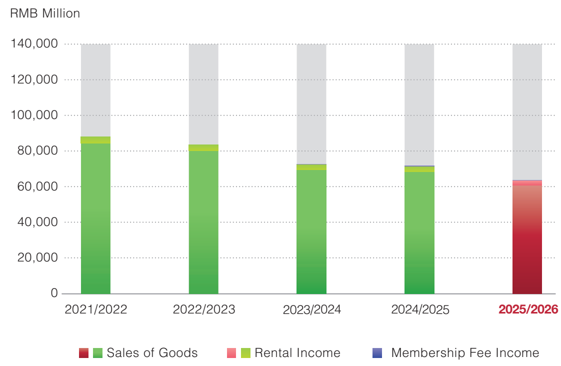
As the Group incurred loss for the year ended 31 March 2026, the dilutive potential ordinary shares of share options were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is same as the basic loss per share during the year ended 31 March 2026.

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

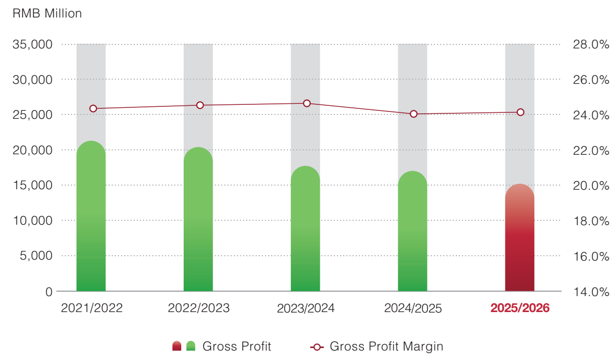
(3) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at fair value through profit or loss, time deposits and the aforementioned portions in assets of disposal groups classified as held for sale, if any, minus maturity amount of bank loans.

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

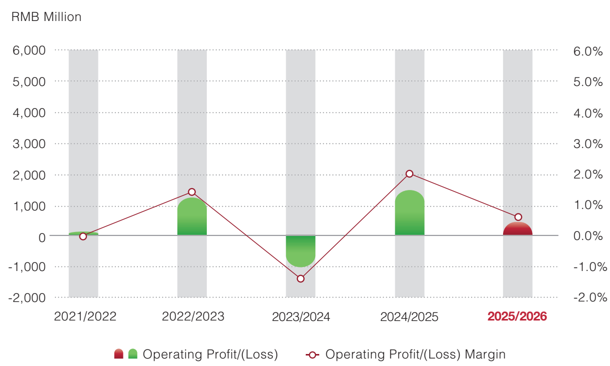
Revenue



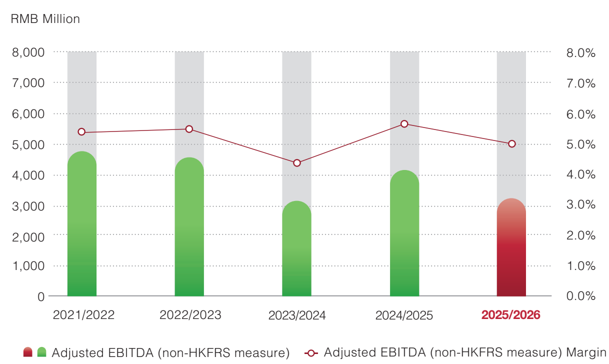
Gross Profit & Margin



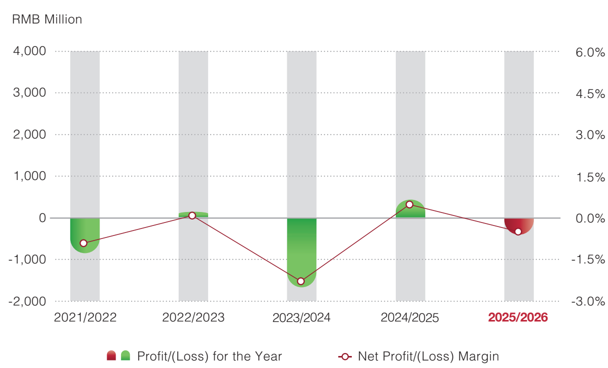
Operating Margin



Adjusted EBITDA (non-HKFRS measure) & Margin



Net Profit & Margin



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders, Partners, and Colleagues,

Against the backdrop of persistently low domestic consumer price index (CPI) levels and profound shifts in the domestic consumer market, we are releasing this year's annual report. Faced with multiple challenges such as revenue compression, intensifying industry competition, and a slow consumption rebound, this report is not only a review of past operations but also a key milestone in the Group's transformation toward high-quality development. The Group has anchored its core strategic foundation around "organic growth and operational efficiency" to rebuild its core competitiveness. We firmly believe that development remains the top priority. The Group will not halt expansion amid short-term operational headwinds, yet we adhere to smart investment and firmly reject extensive, unfocused growth strategies. In terms of format layout, we will deepen the collaborative model among hypermarkets, supermarkets and front warehouses, and consolidate our long-term development foundation through targeted and controllable expansion.

At the product strategy level, we have elevated product and supply chain development to an unprecedented strategic priority. We are systematically restructuring this business segment through three key levers: streamlining long-tail SKUs, building a private brand product matrix, and concentrating resources on creating core products with differentiated competitive advantages. We will fully embrace key account (KA) partners and pursue win-win synergistic partnerships with top-tier key accounts instead of zero-sum competition. Nationwide key accounts satisfy mainstream consumer demand, while our private label lines deliver differentiated offerings. Together, we drive continuous upgrades to our merchandise competitiveness. Meanwhile, the Group will fully advance the in-depth rollout of the national joint procurement mechanism, and pursue diversified cooperation models to seize first-mover market opportunities.

On the store operations front, the Group will comprehensively advance its store remodeling program. Based on deep insights into consumer shopping behaviors, the Group will pilot store zoning restructuring and category optimization. The remodeling will abandon the rigid, mandatory customer circulation routes of the past, add dedicated morning market entrances, and leverage data-backed display logic to connect related consumption scenarios, integrating F&B-led diversified formats in the gallery space and working to build convenient community life service centers. Guided by the peak-end rule, the Group will optimize key consumption touchpoints, enrich the layering of in-store scenes, and improve the shopping experience, achieving a comprehensive and systematic upgrade from spatial layout to end-customer journey.

Against rising online consumption demand, the Group is scaling up the rollout of front warehouses and has anchored a medium-to-long-term target of lifting online sales penetration to 40%-50%. Centering on the refined operation of its online business, the Group has clarified its core objective of pursuing online cost optimization and efficiency gains, continuously optimizing full-order fulfillment pipelines and steadily strengthening the profitability of its online business.

Looking forward, we are fully aware that challenges still lie ahead. We will continue to deepen digital transformation, leveraging big data and artificial intelligence to empower product selection, inventory optimization, marketing execution, and operational decision-making, ensuring every resource input delivers tangible returns.

Retail is a marathon without a finish line. In the face of current headwinds, retreat is not an option; progress is our only direction. We will execute our strategies with greater resolve, and repay customers' trust through superior products and services.

We extend our sincere gratitude to shareholders for their long-term support, and every team member for their hard work and commitment.

Mr. Julian Juul WOLHARDT
Chairman of the Board and Chief Executive Officer
May 2026

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 textiles, general merchandise & appliances, daily fresh products, beverages, tobacco & alcohol, snacks & leisure food, dry groceries, and cleaning & household products, 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 year ended 31 March 2026, revenue from sales of goods was RMB60,611 million, representing a decrease of RMB7,871 million, or 11.5%, from RMB68,482 million for the year ended 31 March 2025. The pressure on revenue was primarily driven by consumer price index ("**CPI**") volatility and weak consumer demand. Additionally, increasing homogeneous competition across the industry continued to divert offline traffic and reduce the average number of purchase items per transaction.

For the year ended 31 March 2026, the Same Store Sales Growth[(1)] ("**SSSG**") calculated based on sales of goods was -11.0%, while total order volumes remained generally flat compared to the last year. In contrast, the order volume of our online Business to Customer (the "**B2C**") business achieved a resilient growth of 5.5% and the decrease in offline traffic was overall manageable.

For the year ended 31 March 2026, revenue from membership fee was RMB29 million, representing a decrease of RMB7 million, or 19.4%, from RMB36 million for the year ended 31 March 2025.

For the year ended 31 March 2026, revenue from rental income was RMB2,802 million, representing a decrease of RMB232 million, or 7.6%, from RMB3,034 million for the year ended 31 March 2025. The revenue from rental income remained under pressure. Moving forward, we will focus on reducing the vacancy rate, optimising the tenant mix, and continuously increasing the proportion of food & beverage offerings in the overall layout.

Note:

(1) Same Store Sales Growth: the growth rate of sales of the stores opened before 31 March 2025. 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 periods ended 31 March 2026.

Gross Profit

For the year ended 31 March 2026, gross profit was RMB15,372 million, representing a decrease of RMB1,864 million, or 10.8%, from RMB17,236 million for the year ended 31 March 2025. The decline in gross profit was primarily attributable to the decline in revenue from sales of goods and rental income.

The gross profit margin for the year ended 31 March 2026 was 24.2%, representing a slight increase of 0.1 percentage points from 24.1% for the year ended 31 March 2025.

The gross profit margin remained stable. Margin improvement in the fresh food category, which was driven by supply chain optimisation, product mix adjustments, and enhanced operational efficiency, coupled with the increased penetration of private brand products, helped to offset the short-term margin pressure in the fast-moving consumer goods ("**FMCG**") category resulting from product and supply chain transitions.

Other Income and Other Gains, net

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

For the year ended 31 March 2026, other income and other gains, net was RMB1,019 million, representing a decrease of RMB111 million, or 9.8%, from RMB1,130 million for the year ended 31 March 2025, which was mainly due to the reductions of interest income and gain on financial assets measured at FVPL, while the increase of one-off net gain on disposal and modification of investment properties and other property, plant and equipment partially offset the aforementioned reductions.

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 other property, plant and equipment.

For the year ended 31 March 2026, selling and marketing expenses were RMB14,681 million, representing a decrease of RMB551 million, or 3.6%, from RMB15,232 million for the year ended 31 March 2025.

The decrease was mainly due to (i) a RMB441 million savings on personnel costs resulting from the optimisation of the personnel structure and an increased utilization of part-time employees; and (ii) the management's intensified negotiation efforts for rental cost reduction. The savings in the selling and marketing expenses partially offset the decrease of gross profit.

The amount of selling and marketing expenses for the year ended 31 March 2026 as a percentage of total revenue was 23.1%, representing an increase of 1.8 percentage points, from 21.3% for the year ended 31 March 2025.

Administrative Expenses

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

For the year ended 31 March 2026, administrative expenses were RMB1,324 million, representing a decrease of RMB385 million, or 22.5%, from RMB1,709 million for the year ended 31 March 2025.

The decrease was mainly due to (i) a decrease of RMB345 million in personnel costs, of which RMB198 million was attributable to the one-off reversal of expenses related to Employee Trust Benefit Schemes recognised in prior years (please refer to the financial notes 6(b)(ii) for details); and (ii) the management's effort to centralise headquarters resources to enhance cost efficiency.

The amount of administrative expenses for the year ended 31 March 2026 as a percentage of total revenue was 2.1%, representing a decrease of 0.3 percentage points, from 2.4% for the year ended 31 March 2025.

Profit from Operations

For the year ended 31 March 2026, the profit from operations was RMB386 million, representing a decrease of RMB1,039 million, or 72.9%, from RMB1,425 million for the year ended 31 March 2025. The operating profit margin for the year ended 31 March 2026 was 0.6%, representing a decrease of 1.4 percentage points, from 2.0% for the year ended 31 March 2025.

Adjusted EBITDA (non-HKFRS measure)

For the year ended 31 March 2026, the Adjusted EBITDA (non-HKFRS measure) was RMB3,157 million, representing a decrease of RMB934 million, or 22.8%, from RMB4,091 million for the year ended 31 March 2025. The Adjusted EBITDA (non-HKFRS measure) margin for the year ended 31 March 2026 was 5.0%, representing a decrease of 0.7 percentage points, from 5.7% for the year ended 31 March 2025.

Finance Costs

Finance costs primarily consist of the interest expenses on lease liabilities, bank loans and other financial liabilities. For the year ended 31 March 2026, the finance costs were RMB336 million, representing a decrease of RMB59 million, or 14.9%, from RMB395 million for the year ended 31 March 2025. The decrease was attributable to the reduced interest on lease liabilities and the decline of interest on bank loans.

Income Tax

For the year ended 31 March 2026, income tax was RMB376 million, representing a decrease of RMB268 million, or 41.6%, from RMB644 million for the year ended 31 March 2025.

Without taking into account of the impact of PRC dividend withholding tax of RMB57 million and RMB248 million accrued for the years ended 31 March 2026 and 2025 respectively, income tax was RMB319 million for the year ended 31 March 2026, representing a decrease of RMB77 million, or 19.4%, from RMB396 million for the year ended 31 March 2025.

Without taking into account of the impact of PRC dividend withholding tax of RMB57 million, the relevant effective tax rate for the year ended 31 March 2026 was 638.0%, significantly higher than the income tax rate of 25.0% under the EIT law, which was due to changes in mix of profit-making and loss-making entities, while deferred tax benefits of several loss-making entities are not recognised as the recoverability of those tax losses before their expiry was not certain.

(Loss)/Profit for the Year

For the year ended 31 March 2026, loss for the year was RMB326 million, representing a decrease of RMB712 million, from a profit of RMB386 million for the year ended 31 March 2025.

The net loss margin for the year ended 31 March 2026 was 0.5%, decreasing by 1.0 percentage point, from a net profit margin of 0.5% for the year ended 31 March 2025. The decrease was primarily attributable to the decline in the operating profit margin.

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

For the year ended 31 March 2026, the loss attributable to equity shareholders of the Company was RMB319 million, representing a decrease of RMB724 million from a profit of RMB405 million for the year ended 31 March 2025.

Loss Attributable to Non-Controlling Interests

For the year ended 31 March 2026, the loss attributable to non-controlling interests was RMB7 million, representing a decrease of RMB12 million, or 63.2%, from RMB19 million for the year ended 31 March 2025.

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 below). 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 year ended 31 March 2026, net cash inflow from operating activities was RMB634 million, representing a decrease of RMB2,915 million, or 82.1%, from RMB3,549 million for the year ended 31 March 2025.

Without taking into account the impact of restricted cash variances, the net cash inflow from operating activities was RMB481 million for the year ended 31 March 2026, representing a decrease of RMB1,486 million, from RMB1,967 million for the year ended 31 March 2025, which was mainly due to (i) a decrease in profit before taxation of RMB980 million; and (ii) an increase in working capital usage caused by the calendar shift effect of the Spring Festival leading to the changes in the pattern of product returns.

As at 31 March 2026, the net current liabilities increased to RMB5,082 million from RMB1,181 million as at 31 March 2025. If taking into account the impact of the time deposits and restricted time deposits with maturity over a year, the adjusted net current liabilities was RMB1,602 million, representing an increase of RMB1,321 million from RMB281 million as at 31 March 2025. The increase of the adjusted net current liabilities was primarily due to the Group's declaration and payment of dividend.

For the year ended 31 March 2026, 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 55 days and 69 days, respectively, compared to 50 days and 67 days for the year ended 31 March 2025.

As at 31 March 2026, the net cash position of the Group was RMB10,063 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 0.58 as at 31 March 2026 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 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 2026, net cash inflow from investing activities was RMB2,626 million, representing an increase of RMB7,539 million, from net cash outflow of RMB4,913 million for the year ended 31 March 2025. The increase of net cash inflow was mainly attributable to (i) the savings from capital expenditure; and (ii) the increase in the net proceeds generated from investment in financial assets measured at FVPL, time deposits and restricted time deposits with maturity over three months.

The net cash inflow from investing activities was mainly resulted from (i) the net cash inflow generated from investment in financial assets measured at FVPL of RMB1,898 million; (ii) the net cash inflow generated from investment in time deposits and restricted time deposits with maturity over three months of RMB888 million; and (iii) the capital expenditure of RMB526 million paid in respect of the development of new stores and the remodelling and digitalisation of existing stores.

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 2026, the total fair value of such properties was RMB44,528 million, among which, the fair value of the investment properties was RMB18,430 million.

Financing Activities

For the year ended 31 March 2026, net cash outflow from financing activities was RMB3,567 million, representing a decrease of RMB183 million, or 4.9%, from RMB3,750 million for the year ended 31 March 2025.

The net cash outflow from financing activities was mainly resulted from (i) the payment of dividend to the Company's equity shareholders of RMB2,173 million; (ii) the payment of both principal and interest elements of lease rentals of RMB1,377 million; (iii) the cash payment for acquisition of non-controlling interests of RMB338 million; and (iv) the net proceeds generated from bank loans of RMB341 million.

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 2026.

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 2026, the Group did not pledge any assets for bank loans or banking facilities.

Non-HKFRS measure: Adjusted EBITDA

In order to supplement our consolidated statement of profit or loss and other comprehensive income, which is presented in accordance with HKFRS Accounting Standards, we use Adjusted EBITDA (non-HKFRS measure) as additional financial measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards, to evaluate our operating performance.

We believe that the non-HKFRS measure helps to identify underlying trends in our business and provide useful information for investors and others to understand and evaluate our results of operation. However, the presentation of Adjusted EBITDA (non-HKFRS measure) may not be comparable to similarly titled measure presented by other companies as they do not have a standardised meaning. The application of the non-HKFRS measure has limitations as an analytical tool, and the equity shareholders and investors should not consider it in isolation from, or as substitute for analysis of, the results of operations or financial condition of the Group as reported under HKFRS Accounting Standards.

We define the Adjusted EBITDA (non-HKFRS measure) as profit from operations, adding back depreciation cost of investment properties and other property, plant and equipment, amortisation cost of intangible assets, impairment losses on investment properties and other property, plant and equipment and impairment losses on goodwill; and net of interest income on financial assets measured at amortised cost and gain on financial assets measured at fair value through profit or loss.

Reconciliations of the non-HKFRS financial measure to the most directly comparable HKFRS financial measure are included in the tables below.

	For the year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Profit from Operations – as reported	**386**	1,425
Non-HKFRS adjustments		
Depreciation of investment properties and other property, plant and equipment	**2,856**	3,080
Amortisation of intangible assets	**10**	8
Impairment losses on investment properties and other property, plant and equipment	**230**	60
Impairment losses on goodwill	**–**	–
Interest income on financial assets measured at amortised cost	**(280)**	(359)
Gain on financial assets measured at FVPL	**(45)**	(123)
Adjusted EBITDA (non-HKFRS measure)	**3,157**	4,091

BUSINESS REVIEW

Operating Environment

In 2025, China's gross domestic product ("**GDP**") grew by 5.0% year-on-year to about RMB140,187.9 billion. In terms of the growth rate per calendar quarter, the year-on-year growth rate was 5.2% in the second quarter, 4.8% in the third quarter and 4.5% in the fourth quarter. In the first quarter of 2026, GDP grew by 5.0% year-on-year to about RMB33,419.3 billion.

In 2025, the overall CPI was flat compared to the year of 2024, of which the food CPI decreased by 1.5%. The pork CPI decreased by 6.1%. The non-food CPI was up by 0.4%. In the first quarter of 2026, the CPI increased by 0.9% year-on-year, of which the food CPI increased by 0.4%. The pork CPI decreased by 11.3%. The non-food CPI was up by 0.9%.

In 2025, China's total retail sales of consumer goods amounted to RMB50,120.2 billion, representing a year-on-year increase of 3.7%. Divided by consumption types, the retail sales of commodities reached RMB44,322.0 billion, a year-on-year increase of 3.8%, and catering revenue reached RMB5,798.2 billion, a year-on-year increase of 3.2%. The online retail sales of physical goods amounted to RMB13,092.3 billion, representing a year-on-year increase of 5.2% and accounting for 26.1% of the total retail sales of consumer goods. In the first quarter of 2026, total retail sales of consumer goods amounted to RMB12,769.5 billion, representing a year-on-year increase of 2.4% compared to the first quarter of 2025. The online retail sales of goods reached RMB3,161.4 billion, representing a year-on-year increase of 7.5% and accounting for 24.8% of the total retail sales of consumer goods.

Strategic Advancement & Business Performance

Strategic Progress

The Group has optimized and upgraded the structure of core business segments. The new framework is designed to build an agile and collaborative organization that stays closely aligned with market dynamics and supports the smooth implementation of the Group's strategy.

The Group has systematically revamped core merchandise capabilities, and realigned existing procurement functions into two major nationwide divisions for general merchandise and fresh produce, steering merchandise management toward nationwide integration and a flattened organizational structure. Brand public relations and marketing teams are consolidated and upgraded into the Commercial Operations Department, connecting online and offline omni-channel businesses through annual strategic guidelines and monthly promotional calendars & themed campaigns.

Business Progress & Key Highlights

Fresh food Business Delivers Solid Performance, with Upgraded Supply Chain Strengthening Core Competitiveness

Fresh food business maintained resilient performance throughout the fiscal year, achieving year-on-year growth in both sales and profit. Overall sales volume rose by nearly 3%, units per transaction increased by 1.2%, and gross margin improved by 0.8 percentage points. Meanwhile, fresh food business penetration exceeded 40%, up 1.0 percentage point year-on-year. Vegetables and meat were standout categories, greatly enhancing customer loyalty. Operations are driven by clear category positioning: vegetables serve as traffic drivers, fruits lift ticket size, seafood creates differentiated advantages, and meat solidifies customer retention.

The Group rolled out the national joint procurement program for self-operated pork category in September 2025. From January to March 2026, like for like ("**LFL**") sales volume of self-operated pork across the country increased by more than 20% year-on-year. East China and North China withstood CPI volatility and delivered positive LFL revenue growth. The Group's national joint procurement model has created a true win-win-win. Suppliers focus on core businesses through in-depth strategic partnerships to drive sustained market share growth. The Group secures premium supply chain resources, improved product quality, faster delivery to the market, and stronger promotional support, driving steady growth in both sales and profits. Consumers can purchase premium, high value-for-money products and gain early access to new product launches.

In the new fiscal year, fresh food division will focus on high-efficiency traffic acquisition as its core strategy. It will build a business model characterized by popularity, seasonality and local features, explore consumer needs in depth, continue to lift repeat purchase rate and consolidate long-term competitiveness. The Group will further expand category coverage of national joint procurement. The sales contribution of joint procurement will rise to nearly 30% in fresh food and 60% in FMCG respectively, to further optimize procurement costs and elevate overall product quality.

Deepening Brand Cooperation, Complemented by Private Brand Advancement, to Forge Differentiated Merchandise Edges.

The Group has deepened strategic partnerships with leading brands to enrich merchandise portfolio via customized product development and new product premier launches. Simultaneously, the Group has also steadily advanced private brand development to boost differentiated merchandise advantages via dual strategies.

During the reporting period, the Group's private brand business achieved rapid expansion, with sales surging over 60% year-on-year. In March 2026, private brand sales penetration reached 3.2%, successfully meeting the annual target. The penetration target will be lifted to 5% in the new fiscal year. The Group currently features two core private brand tiers: RT-Mart Select and Super Saver. RT-Mart Select focuses on differentiation and quality-to-value, serving as the core gross profit contributor. Super Saver concentrates on extreme value and price competitiveness to drive order and sales growth. Going forward, the overall gross margin of private brands will post steady improvement through continuous sales mix optimization across both brand tiers.

Private brands feature a high-quality customer portfolio and outstanding customer stickiness. Family shoppers aged 30 to 49 contribute more than 60% of total sales. The repeat purchase rate leads all age groups and registers steady growth, validating the precision of our product development strategy. Customer purchase activity has increased significantly, with the overall repeat purchase rate up 4.5 percentage points year-on-year. Drawing on in-depth consumer insights and targeted product positioning, private brands prioritize health, safety and premium sourcing for fresh offerings, launching high-quality and functional product lines. In FMCG, the Group is closely tracking evolving consumer trends, building competitive moats through clean-label formulations, regional authenticity, organic wellness attributes, and craftsmanship innovation, driving repeat purchases and long-term brand equity.

The Group's core strategy focuses on brand revitalization, category restructuring, science-backed pricing, differentiated product development, and scenario-based merchandising. With multidimensional cooperation with premium brands, it leverages brand resources to enrich product offerings and strengthen quality assurance. At the same time, the Group is elevating its private label strategy from price-based competition to quality-based competition, continuously optimizing the gross profit structure and creating a hit product matrix.

Supermarket Format Delivers Proven Model, Driving both Quality and Efficiency Gains

During the reporting period, the supermarket expanded steadily, with 34 stores in operation including 3 new openings during the year. Stores average approximately 2,800 square meters, feature around 8,000 curated SKUs, and boast a streamlined, efficient layout that is closely aligned with customer demand. The category strategy reinforces the Group's strengths in fresh food, with fresh produce accounting for 35% of sales, notably higher than in hypermarkets. Supported by an optimized product mix and enhanced by high-margin categories such as private brands and bakery, the supermarket format delivers a stronger gross margin performance than the hypermarket format.

Supermarket online sales penetration reached 31%, with SSSG of approximately 15% and same-store order growth of around 25% for the reporting period. Online average ticket size remains notably higher than offline, and continued online expansion is steadily driving improved profitability.

Meanwhile, the Group has optimized its workforce structure, with flexible staffing accounting for nearly 40%[Note 1]. This has efficiently managed personnel costs and tightly controlled operating expenses while maintaining service quality. In fiscal year ended 31 March 2026, the supermarket format successfully turned cash flow positive, further strengthening its operational quality, earnings resilience, and long-term foundation.

Accelerated Deployment of Front Warehouses to Build a New Growth Engine for Online Business

During the reporting period, the Group accelerated the deployment of front warehouses. By the end of the reporting period, 9 front warehouses were in operation, with 7 new openings added during the fiscal year. Each front warehouse covers approximately 500 square meters, with a capital expenditure of around RMB400,000, and offers approximately 6,000 SKUs, with an assortment depth comparable to that of the supermarket format.

As an effective extension of the hypermarket format, front warehouses serve trade areas within a 3-5 km radius and beyond surrounding hypermarkets, fulfilling orders across all online channels**.** Compared with the high fulfillment costs of long-distance delivery from hypermarkets, the front warehouse model effectively dilutes overall online operating expenses, significantly improves delivery efficiency, and optimizes the cost structure.

In terms of product mix, fresh food, dairy and chilled & frozen categories generate approximately 50% of sales. This strongly builds consumer perception of high-frequency, daily essentials, one-stop meal shopping, and freshness and reliability. This continuously lifts customer stickiness and repurchase frequency, and will serve as a key growth pillar of the Group's online business.

Expansion Status

The Group restructured six operational regions into four operational regions in May 2025, including the 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 year ended 31 March 2026, the Group opened three hypermarkets and three superstores. One M-Club membership store was converted to and opened as a hypermarket. Among the new hypermarkets, two are located in Eastern China and one is located in Southern China. Among the new superstores, two are located in Eastern China and one is located in Northern China. During the reporting period, the Group closed seven hypermarkets and two superstores. Among the nine closed stores, four were located in Eastern China, two were located in Northern China, one was located in Northeastern China, and two were located in Southern China.

Note 1: Based on the report dated March 31, 2026.

As of 31 March 2026, the Group had a total of 462 hypermarkets, 34 superstores, and six membership stores, M-Club. The total gross floor area ("**GFA**") of hypermarkets, superstores and membership stores was approximately 13.39 million square meters, of which about 64.7% of the GFA was in leased properties, and 35.3% of the GFA was in self-owned properties.

As of 31 March 2026, approximately 6.2% of the Group's hypermarkets, superstores and membership stores were located in first-tier cities, 17.5% in second-tier cities, 49.4% 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.

	Number of Brick-and-Mortar Stores (As of 31 March 2026)					Total GFA of Brick-and-Mortar Stores (sq.m.) (As of 31 March 2026)				
Region	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**	**Hypermarket**	**Superstore**	**Membership Store**	**Total**	**Percentage**
Eastern China	241	17	6	264	53%	6,809,285	116,191	229,408	7,154,884	53%
Northern China	56	6	0	62	12%	1,501,103	45,709	0	1,546,812	12%
Northeastern China	48	6	0	54	11%	1,590,306	49,714	0	1,640,020	12%
Southern China	117	5	0	122	24%	3,022,344	24,109	0	3,046,453	23%
Total	**462**	**34**	**6**	**502**	**100%**	**12,923,038**	**235,723**	**229,408**	**13,388,169**	**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

As of 31 March 2026, the Group had 78,391 employees (83,957 as of 31 March 2025). The total employee benefit expense was RMB7,482 million for the year ended 31 March 2026 (RMB8,306 million for the year ended 31 March 2025).

Outlook

The Group will firmly advance its strategic layout of 'Hypermarkets, Supermarkets and Front Warehouses', enhance the vibrant local lifestyle experience and deliver weekly surprises, striving to create an unparalleled shopping experience for customers.

Products lie at the core of the Group's competitiveness. The Group will fully expand national joint procurement, deepen strategic partnerships with key suppliers, and accelerate the development of private brands, thereby building differentiated product strength and competitive advantages, and solidifying the product and supply chain foundation that underpins the Group's operations.To advance strategic alignment, the Group has upgraded the Market Operations Department and established a new Merchandise Strategy Department to coordinate merchandising, operations and marketing in an integrated manner.

In the current fiscal year, the supermarket format has fully proven its profit model and emerged as the core driver for future store expansion. Front warehouses, as a key engine for online business growth, are undergoing accelerated rollout and pilot optimization. Built on the Group's online and offline foundation, the Group will leverage technology empowerment and consumer experience enhancement to drive seamless omni-channel integration and achieve operational excellence.

Change is the only way forward. Upholding the Group's established strategy, leveraging organizational synergy and fulfilling the Group's customer-first mission, the Group will jointly shape a new future.

Executive Director

Mr. Julian Juul WOLHARDT (華裕能), aged 52, has been the Chairman of the Board, a Non-executive Director since 6 March 2025. With effect from 8 March 2026, he has been appointed as the Chief Executive Officer and the Authorised Representative of the Company, and re-designated from a Non-executive Director to an Executive Director. He is the co-founder and chief executive officer of DCP Capital. Prior to establishing DCP Capital, Mr. Wolhardt was a Partner and the Regional Leader of Greater China Region at KKR Asia Limited. Before joining KKR Asia Limited, Mr. Wolhardt was with Morgan Stanley Private Equity Asia and was responsible for its private equity business in China. Previously, he was with the Mergers and Acquisition Group of Lazard Freres & Co. and the Financial Advisory Service Group of Coopers & Lybrand. From October 2018 to May 2025, Mr. Wolhardt was an independent director in Niu Technologies, a company listed on Nasdaq (Stock code: NIU).

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

Non-Executive Directors

Ms. Mengxue MEI (梅夢雪), aged 32, has been a Non-Executive Director since 27 March 2025. She is a vice president of DCP Capital focusing on consumer retail investments. Prior to joining DCP Capital, Ms. Mei was an analyst with Bank of America Merrill Lynch's Investment Banking Division. Ms. Mei has accumulated years of experience in investment, along with in-depth industry knowledge in consumer retail investments.

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

Mr. LIU HAO (劉昊), aged 38, has been a Non-Executive Director since 6 January 2026. He currently serves as a senior director of DCP Capital, and is responsible for the post-investment management of consumer retail, agriculture and new energy projects. Prior to joining DCP Capital, Mr. LIU worked at McKinsey & Company and Adidas China, and possesses extensive management experience in the consumer retail industry and supply chain.

Mr. LIU graduated from Shanghai Jiao Tong University with a bachelor's degree in engineering.

Independent Non-Executive Directors

Ms. Karen Yifen CHANG (張挹芬), aged 62, has been an Independent Non-Executive Director of the Company since 27 June 2011.

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

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

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

Mr. YIH, Dieter Lai Tak (葉禮德), aged 63, has been an Independent Non-Executive Director of the Company since 11 December 2019. Mr. Yih received his Bachelor of Laws degree from King's College London and he is a Fellow of King's College London. Mr. Yih is admitted to practice law in Hong Kong, England & Wales, Singapore and Australia. He is a partner of the Hong Kong law firm Kwok Yih & Chan, where his practice focuses on corporate finance, capital markets, securities and regulatory compliance.

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

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

Mr. CHAN Charles Sheung Wai (陳尚偉), aged 72, has been an Independent Non-Executive Director of the Company since 31 January 2021. Mr. Chan has more than 40 years of experience in corporate finance, financial regulations and risk management. Mr. Chan started his career as an auditor at the Canadian office of Arthur Andersen in 1977 and was promoted to partnership in 1988. He subsequently joined the China & Hong Kong office of Arthur Andersen as an audit partner in 1994. From July 2002 to June 2012, Mr. Chan was a partner of the China & Hong Kong office of PricewaterhouseCoopers. Mr. Chan served as a member of the Listing Committee of the Hong Kong Stock Exchange from 1998 to 2001 and also as a member of the Election Committee for the first Legislative Council of Hong Kong in 1998. From 1996 to 1999, Mr. Chan was a council member of the Hong Kong Institute of Certified Public Accountants. He also served as a member of the Accounting Standards Committee, Auditing Standards Committee and the chairman of the China Technical Committee of the Hong Kong Institute of Certified Public Accountants.

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

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

Senior Management

Ms. Desory Yiwen WAN (萬伊文), aged 53, is the Chief Financial Officer of the Company. She received a master degree from Oxford Brookes University, and has extensive experience in financial management and strategic development fields.

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

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

The board (the "**Board**") of directors (the "**Directors**") of the Company are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2026.

Principal Activities

The principal activities of the Group are the operation of brick-and-mortar stores and online sales channels in the PRC. An analysis of the Group's revenue by category is set out in note 4 to the consolidated financial statements on pages 115 to 116.

Financial Statements

The results of the Group for the year ended 31 March 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on page 80.

The financial position of the Group as at 31 March 2026 is set out in the consolidated statement of financial position of the Group on pages 81 to 82. The financial position of the Company as at 31 March 2026 is set out in note 30 to the consolidated financial statements on page 175.

The cash flows of the Group for the year ended 31 March 2026 are set out in the consolidated statement of cash flow on pages 85 to 87.

Dividend

On 11 November 2025, the Board declared an interim dividend of HK$0.085 (equivalent to approximately RMB0.077[note 1]) per ordinary share for the six months ended 30 September 2025, which was paid on Tuesday, 24 March 2026 for an amount equivalent to RMB706 million[note 1].

On 18 May 2026, the Directors declared a second interim dividend of HK$0.085 (equivalent to approximately RMB0.073[note 2]) per ordinary share in cash for the year ended 31 March 2026 (the "**Second Interim Dividend**") in lieu of final dividend, amounting to approximately HK$811 million (equivalent to approximately RMB698 million[note 2]), and therefore no final dividend was proposed by the Board.

note 1: The exchange rate of HKD1 = RMB0.9062 has been used 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.

note 2: The exchange rate of HKD1 = RMB0.8610 has been used 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.

The total distribution declared for the year ended 31 March 2026 will be HK$0.17 per ordinary share (2025: HK$0.34).

While the Second Interim Dividend of HK$0.085 per ordinary share will be payable in cash to each shareholder in HK$ by default, shareholders have the rights to elect to receive all in Renminbi ("**RMB**") or United State Dollars ("**US$**"), or a combination of HK$, RMB and US$. The amount of RMB and US$ will be calculated using the exchange rates quoted by The Hong Kong Association of Banks at 10 June 2026.

If shareholders elect to receive all the Second 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 Wednesday, 10 June 2026 after the record date of Wednesday, 3 June 2026 to determine shareholders' entitlement to the Second 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, 26 June 2026.

Shareholders who are minded to elect to receive their dividends in RMB or US$ by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB or US$ cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB or US$ cheques can be cleared without material handling charges or delay in Hong Kong or that RMB or US$ cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Wednesday, 15 July 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, 26 June 2026, such shareholder will automatically receive the Second Interim Dividend in HK$. All dividend payments in HK$ will be made in the usual way on Wednesday, 15 July 2026.

If shareholders wish to receive the Second 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.

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

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the annual general meeting on 14 August 2026 ("2026 AGM")

The record date for determining the entitlement of the shareholders of the Company to attend and vote at the 2026 AGM will be the close of business on Friday, 14 August 2026. For determining the entitlement to attend and vote at the 2026 AGM, the Company's register of members will be closed from Tuesday, 11 August 2026 to Friday, 14 August 2026, 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 2026 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 Monday, 10 August 2026.

(b) For determining the entitlement to the Second Interim Dividend

For determining the entitlement to the Second Interim Dividend, the record date is fixed on Wednesday, 3 June 2026. 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 Wednesday, 3 June 2026.

Reserves

Details of the movements in the reserves of the Group and the Company during the year ended 31 March 2026 are set out in the Consolidated Statement of Changes in Equity on pages 83 to 84 and note 30(b) to the consolidated financial statements.

As at 31 March 2026, the distributable reserves of the Company amounted to RMB859 million, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622).

Fixed Assets

Details of the movements in the fixed assets of the Group during the year ended 31 March 2026 are set out in note 11 to the consolidated financial statements.

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

As at 31 March 2026, there were 123 and 147 retail galleries classified as investment properties respectively in owned and leased hypermarkets. All of the galleries were of similar nature and located in the PRC. There were a large number of individual properties and none of the properties was material on an individual basis.

An independent professional valuer has been engaged to value the properties owned by the Group or leased by the Group which were recognized as right-of-use assets. As at 31 March 2026, the total fair value of such properties was RMB44,528 million, among which, the fair value of investment properties was RMB18,430 million.

Details of the fair value of the investment properties as at 31 March 2026 and 2025 and the valuation technique are set out in note 11(a) to the consolidated financial statements respectively.

Donations

Donations made by the Group during the year ended 31 March 2026 was less than RMB1 million (during the year ended 31 March 2025: less than RMB1 million).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2026 are set out in note 25(b) to the consolidated financial statements.

Sufficiency of Public Float

Based on the publicly available information and as far as the Directors of the Company are aware, the Company has maintained a public float of more than 19.38% of the Company's issued Shares (excluding treasury Shares) (the "**Initial Prescribed Threshold**") throughout the financial year ended 31 March 2026 in compliance with Rule 13.32B of the Listing Rules and has continued to maintain the Initial Prescribed Threshold as at the date of this annual report. The actual public float percentage as at 31 March 2026 is approximately 20.85%.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the year ended 31 March 2026. As at 31 March 2026, there were no treasury shares held by the Company.

Directors

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

Executive Director

Julian Juul WOLHARDT *(Chairman and Chief Executive Officer)* (appointed as a Non-Executive Director and Chairman of the Board on 6 March 2025, re-designated from a Non-Executive Director to an Executive Director and appointed as the Chief Executive Officer on 8 March 2026)
SHEN Hui (resigned on 1 December 2025)
LI Weiping (appointed on 1 December 2025 and ceased to act on 8 March 2026)

Non-Executive Directors

Mengxue MEI (appointed on 27 March 2025)
LIU Hao (appointed on 6 January 2026)
Guannan WANG (resigned on 6 January 2026)

Independent Non-Executive Directors:

Karen Yifen CHANG (appointed on 27 June 2011)
YIH, Dieter Lai Tak (appointed on 11 December 2019)
Charles Sheung Wai CHAN (appointed on 31 January 2021)

Biographies of the Directors as at the date of this annual report are set forth in the section headed "Profiles of Directors and Senior Management" of this annual report on pages 19 to 21 of this annual report.

In accordance with the articles of association of the Company (the "**Articles of Association**"), LIU Hao will retire as a Non-Executive Director, and Karen Yifen CHANG and Charles Sheung Wai CHAN will retire as Independent Non-Executive Directors. Each of the retiring Directors will offer themselves for re-election at the 2026 AGM.

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

Directors of Subsidiaries

For the year ended 31 March 2026 and up to the date of this annual report, the names of all directors who have served on the boards of the subsidiaries of the Company are available on the Company's website.

Business Review

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 March 2026 and the material factors underlying its results and financial position are provided in the Chairman and Chief Executive Officer's Statement, and Management Discussion and Analysis respectively from pages 6 to 18 of this annual report.

Description of the principal risks and uncertainties facing the Company can be found throughout this annual report, particularly in the Risk Factors section on pages 47 to 51 of this annual report.

Particulars of important events affecting the Company that have occurred since the end of the year ended 31 March 2026, if any, can also be found in the above mentioned sections and the notes to the consolidated financial statements.

The outlook of the Company's business is discussed throughout this annual report including in the Chairman and Chief Executive Officer's Statement and Management Discussion and Analysis from pages 6 to 18 of this annual report.

An account of the Company's relationships with its key stakeholders including its employees, customers and suppliers is included in the "Report of Directors" section, on pages 31 (paragraph "Employees and Remuneration Policies") and 45 (paragraph "Major Customers and Suppliers") of this annual report, respectively.

In addition, more details regarding the Group's performance by reference to environmental and social related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company, are provided in the "Report of Directors" section, on page 46 (paragraph "Environmental and Social Responsibilities") in this annual report.

Permitted Indemnity

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

Directors Service Contracts

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

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

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2026.

Directors' Interests in Transactions, Arrangements or Contracts

Other than those transactions disclosed in note 29 to the consolidated financial statements and in the section headed "Connected Transactions and Continuing Connected Transactions" below, there was no transaction, arrangement or contract of significance to which the Company or any of its holding company or fellow subsidiaries or any member of the Group was a party and in which the Directors possessed direct or indirect material interests, subsisted during or at the end of the year ended 31 March 2026.

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

As at 31 March 2026, the interest or short position of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, are as follows:

Name of director/ chief executive	Name of corporation	Nature of interest	Total number of shares/ underlying shares held[(1)]	Approximate percentage shareholding of the relevant entity
Julian Juul WOLHARDT	The Company	Interest in a controlled corporation	7,551,524,756(L)[(2)]	79.15%

Notes:

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

(2) Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited are beneficial owners of 7,551,524,756 Shares in aggregate. Each of them is indirectly wholly owned by Peak Prosperity Limited. DCP Capital Partners II, L.P directly owned 75.57% of the equity interest of Peak Prosperity Limited. The general partner of DCP Capital Partners II, L.P. is DCP General Partner II, Ltd. DCP General Partner II, Ltd. is directly and wholly owned by DCP Partners Limited, which is in turn directly and wholly owned by DCP, Ltd. DCP, Ltd. is owned as to 50% by Mr. Julian Juul WOLHARDT and 50% by Classic Fit Limited. Accordingly, each of DCP General Partner II, Ltd., DCP, Ltd., Mr. Julian Juul WOLHARDT is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.

Save as disclosed above, so far as known to any Directors, as at 31 March 2026, none of the Directors or chief executives of the Company or any of their associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as defined in Part XV of the SFO, which were required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified by the Directors or chief executives to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debt Securities

At no time during the year ended 31 March 2026 was the Company or any of its holding companies or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interest in Competing Business

During the year ended 31 March 2026, none of the Directors of the Group had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

Substantial Shareholders' Interests and Short Position in Shares and Underlying Shares of the Company

So far as is known to any Director or chief executive of the Company, as at 31 March 2026, the persons or corporations (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number and class of shares[1]	Approximate percentage of shareholding
Paragon Shine Limited[2]	Beneficial owner	4,504,599,949(L)	47.22%
Lavender Haze Limited[3]	Beneficial owner	3,003,066,632(L)	31.48%
King Salmon Limited[4]	Beneficial owner	43,858,175(L)	0.46%
Pearly White Limited[4]	Interest in a controlled Corporation	43,858,175(L)	0.46%
Citrine Lime Limited[2][3]	Interest in a controlled Corporation	7,507,666,581(L)	78.69%
Peak Prosperity Limited[5]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%
DCP Capital Partners II, L.P.[6]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%
DCP General Partner II, Ltd.[6]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%
DCP Partners Limited[6]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%
DCP, Ltd.[6]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%
Classic Fit Limited[7]	Interest in a controlled Corporation	7,551,524,756(L)	79.15%

Name of substantial shareholder	Nature of interest	Number and class of shares[1]	Approximate percentage of shareholding
J.P. Morgan Trust Company (Bahamas) Limited[7]	Trustee	7,551,524,756(L)	79.15%
Liu Haifeng David[7]	Founder of a discretionary trust	7,551,524,756(L)	79.15%
Chen Vivian[8]	Interest of spouse	7,551,524,756(L)	79.15%
Lieu Ketty Chia Roo[9]	Interest of spouse	7,551,524,756(L)	79.15%

Notes:

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

(2) Paragon Shine Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Citrine Lime Limited, therefore Citrine Lime Limited is deemed to be interested in all the shares in which Paragon Shine Limited is interested in by virtue of Part XV of the SFO.

(3) Lavender Haze Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Citrine Lime Limited, therefore Citrine Lime Limited is deemed to be interested in all the shares in which Lavender Haze Limited is interested in by virtue of Part XV of the SFO.

(4) King Salmon Limited is a company incorporated in the Cayman Islands and is 100% directly owned by Pearly White Limited, therefore Pearly White Limited is deemed to be interested in all the shares in which King Salmon Limited is interested in by virtue of Part XV of the SFO.

(5) Each of Citrine Lime Limited and Pearly White Limited is 100% directly owned by Peak Prosperity Limited, which is in turn 75.57% directly owned by DCP Capital Partners II, L.P.

(6) The general partner of DCP Capital Partners II, L.P. is DCP General Partner II, Ltd. DCP General Partner II, Ltd. is directly and wholly owned by DCP Partners Limited, which is in turn directly and wholly owned by DCP, Ltd. DCP, Ltd. is owned as to 50% by Mr. Julian Juul WOLHARDT and 50% by Classic Fit Limited. Accordingly, each of DCP General Partner II, Ltd., DCP, Ltd., Mr. Julian Juul WOLHARDT and Classic Fit Limited is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.

(7) Classic Fit Limited is indirectly and wholly owned by J.P. Morgan Trust Company (Bahamas) Limited, being the trustee of a discretionary trust under which Mr. LIU Haifeng David is the founder of the discretionary trust who can influence how the trustee exercises its discretion. As such, Mr. LIU Haifeng David is deemed to be interested in 7,551,524,756 Shares beneficially held by Paragon Shine Limited, Lavender Haze Limited and King Salmon Limited by virtue of Part XV of the SFO.

(8) Ms. CHEN Vivian is the spouse of Mr. LIU Haifeng David. Therefore, Ms. CHEN Vivian is deemed, or taken to be, interested in all the Shares in which Mr. LIU Haifeng David is interested in by virtue of Part XV of the SFO.

(9) Ms. LIEU Ketty Chia Roo is the spouse of Mr. Julian Juul WOLHARDT. Therefore, Ms. LIEU Ketty Chia Roo is deemed, or taken to be, interested in all the Shares in which Mr. Julian Juul WOLHARDT is interested in by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2026, the Directors of the Company are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

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

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in notes 8 and 9 respectively of the consolidated financial statements.

For the year ended 31 March 2026, the remuneration of the senior management whose profiles are included in the "Profiles of Directors and Senior Management" section of this annual report fell within the following bands:

Remuneration Bands	Number of Individuals
HKD1 – HKD10,000,000	1
HKD10,000,001 – HKD15,000,000	0
HKD15,000,001 – HKD20,000,000	0

Employees and Remuneration Policies

As at 31 March 2026, the Group had 78,391 employees (83,957 as at 31 March 2025). The total employee benefit expense was RMB7,482 million (RMB8,306 million as at 31 March 2025).

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

In addition to salary, the Group also makes contributions to defined contribution retirement plans, share option scheme and Employee Trust Benefit Schemes ("**ETBS**"), respectively. The Group has adopted a share option scheme and the amended ETBS as approved by the shareholders of the Company (the "**Shareholders**") on 16 August 2023 and 4 December 2025, respectively, for the purpose of, among other things, recognising employees' contribution to the Group's continuous growth and success; and attracting and retaining high-calibre personnel to strive for the long term development of the Group. Further details in relation to the share option scheme and the amended ETBS are set out in the "Share Schemes" section of this annual report.

Continuous trainings are provided to the employees.

Retirement/Pension Schemes

Details of the retirement benefit schemes of the Group are set out in note 6(b) to the consolidated financial statements.

SHARE SCHEMES

(1) Share Option Scheme

At the extraordinary general meeting of the Company held on 16 August 2023 (the "**Adoption Date**"), the Shareholders approved the adoption of the share option scheme (the "**Share Option Scheme**").

Purposes

The purposes of the Share Option Scheme are (i) to recognise the contribution and potential future contribution of the grantees and to align their interests with those of the Company and the Shareholders as a whole; (ii) to motivate the grantees and give them additional incentives to optimise their valuable contributions to the continued growth and success of the Group; and (iii) to attract and retain high-calibre personnel to strive for the long term development of the Group.

Period of the Share Option Scheme

Subject to the terms and conditions of the Share Option Scheme and the Listing Rules, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date. The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme. In such events, no further options will be offered or granted, but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the Share Option Scheme.

As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 7 years.

Eligibility of participants

The eligible participants under the Share Option Scheme shall include any employees of the Group, Directors or other directors of a subsidiary (excluding participants of the ETBS), and persons who are expected to become employees of the Group, Directors or other directors of a subsidiary (excluding participants of the ETBS) as an inducement to enter into employment or service contracts with the Group (but effective no earlier than the date on which such individual begins to provide services to the Group).

Vesting period

The vesting period shall not be less than 12 months from the date of grant of the share options, unless a shorter vesting period under specific circumstances as set out in the Share Option Scheme applies.

Exercise period

The exercise period of share options granted under the Share Option Scheme was determined by the Board at its absolute discretion, and is valid for 10 years from the date of grant unless lapsed pursuant to the terms of the Share Option Scheme and may be exercisable during such period provided that the options are vested.

Exercise Price

The exercise price for shares under the Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of: (a) the closing price of the shares of the Company (the "**Shares**") as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a business day; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

Maximum number of Shares available for subscription

The maximum number of Shares which may be issued in respect of all options to be granted under the Share Option Scheme and any other share scheme(s) will not exceed 953,970,470, being 10% of the total number of Shares in issue of the Company on the Adoption Date.

The total number of Shares issued and to be issued in respect of all options and awards granted to each grantee under the Share Option Scheme and any other share scheme(s) (excluding options and awards that have been lapsed in accordance with the Share Option Scheme and any other share scheme(s)) in any 12-month period up to and including the date of such grant shall not in aggregate exceed 1% of the Shares in issue at the date of grant.

Where any grant of options to any Independent Non-Executive Director or a substantial Shareholder of the Company, or any of their respective associates would result in the aggregated amount of the Shares issued and to be issued in respect of all options and awards granted (excluding options and award Shares that have been lapsed in accordance with the Share Option Scheme or any other share scheme(s)) to such person in the 12-month period up to and including the date of such grant to be over 0.1% of the Shares in issue, such grant of options must be approved by Shareholders in general meeting.

Grant of options

The Board may grant options in respect of which the exercise price is fixed at different prices for different periods during the exercise period. An offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a remittance to the Company of HK$1.00 as consideration by the grantee.

As at the date of this annual report, 943,970,470 Shares (representing approximately 9.89% of the issued share capital of the Company) underlying the options are available for future grant under the scheme mandate limit of the Share Option Scheme.

During the reporting period, no options have been granted and the details of the options outstanding as at 31 March 2026 under the Share Option Scheme are as below:

Category and name of grantees	Date of grant/ conditional grant	Vesting period of share options	Exercise Period	Exercise price (HK$)	Number of Shares represented by options outstanding as at 1 April 2025	Particulars of the share options granted during the reporting period: Granted during the reporting period	Particulars of the share options granted during the reporting period: Closing price immediately before the dates of grant (HK$)	Particulars of the share options granted during the reporting period: Fair value of options at the dates of grant	Particulars of the share options granted during the reporting period: Performance targets	Options exercised during the reporting period	Weighted average price immediately before the dates of exercise (HK$)	Options lapsed during the reporting period	Options cancelled during the reporting period	Number of Shares represented by options outstanding as at 31 March 2026
One director of the subsidiaries of the Company	18 August 2023(Note 1)	1 April 2025 and 1 April 2027(Note 2)	Within ten years from 18 August 2023(Note 2)	2.18	10,000,000	Nil	2.09	N/A	None	(800,000)	2.67	Nil	Nil	9,200,000
Total					**10,000,000**	**Nil**				**(800,000)**		**Nil**	**Nil**	**9,200,000**

Notes:

1. The closing price per Share is HK$2.09 as stated in the daily quotation sheets issued by the Stock Exchange on 17 August 2023, being the trading day immediately before the date of grant.

2. The options granted shall vest in two equal tranches on 1 April 2025 and 1 April 2027, respectively. Subject to the vesting, the options are exercisable within ten years from 18 August 2023. As at 31 March 2026, 5,000,000 of the 10,000,000 options were vested.

3. No option was granted during the year ended 31 March 2026. The fair value of the options outstanding during the year ended 31 March 2026, please refer to note 6(b) to the consolidated financial information for the year ended 31 March 2026.

4. The number of options and awards available for grant under the scheme mandate of all schemes of the Company at (i) the Adoption Date was 953,970,470 Shares; and (ii) the end of the reporting period was 943,970,470 Shares.

5. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the reporting period divided by the weighted average number of Shares of the relevant class in issue for the reporting period was 0.1%.

(2) Employee Trust Benefit Schemes ("ETBS")(Note 1)

The subsidiaries of the Company, Concord Investment (China) Co., Ltd. ("**CIC**", and together with its subsidiaries, the "**CIC Group**"), has established an employee trust benefit scheme for its employees (the "**RT-Mart Scheme**") and, Auchan (China) Investment Co., Ltd. ("**ACI**", and together with its subsidiaries, the "**ACI Group**"), a non wholly-owned subsidiary of Auchan (China) Hong Kong Limited, has established an employee trust benefit scheme for its employees (the "**Auchan Scheme**").

Under each ETBS, an annual profit sharing contribution from each of CIC and ACI is payable to a trust, which is calculated based on the consolidated results of each of CIC and ACI for the RT-Mart Scheme and the Auchan Scheme respectively, and the number of eligible employees (Note 2). Should ACI Group or CIC Group does not record a net profit after tax for relevant financial year, at the discretion of the Board of the Company, cash payment to Employer's Contribution and/or Retirement Saving Contribution for Managerial Employees might be made by using other funds and is payable to the trust.

In addition to the annual profit-sharing contributions made by each of CIC and ACI (Note 3a and 3b), subject to certain conditions, eligible employees are entitled to acquire additional beneficial interests in the relevant ETBS, i.e. Trust Units using their own funds ("**Employee's Contribution**") (Note 3c).

Any excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired is credited to capital reserve within equity of the Group (Note 4).

Calculated based on paid-in capital, as at 31 March 2025, approximately 1.3834% of the equity interests in ACI and approximately 2.015% of the equity interests in CIC, were held by the respective trusts under the Auchan Scheme and the RT-Mart Scheme.

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

As at 31 March 2026, the respective trusts under Auchan Scheme and the RT-Mart Scheme held no equity interest in ACI and CIC.

Details of the ETBS are set out in the note 6(b) to the consolidated financial information.

Notes:

1. 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 proposes 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**"). The Proposed Amendments were approved by the Shareholders in the extraordinary general meeting on 4 December 2025. For details, please refer to the Company's announcements dated 29 September 2025 and 4 December 2025 as well as the Company's circular dated 14 November 2025.

2. The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement, whereby the trustee holds equity interest in the principal operating subsidiaries of the Company in the PRC, namely ACI under the Auchan Scheme or CIC under the RT-Mart Scheme (as the case may be), on behalf of the respective employees being the beneficiaries of the respective trust. The trustee for the Auchan Scheme and the RT-Mart Scheme is Hwabao Trust Co., Ltd. (the "**Trustee**"), a company incorporated in the PRC and an independent third party of the Group.

   Subject to the Listing Rules, the Auchan Scheme and the RT-Mart Scheme shall be subject to the administration of their respective management committees and independently of the Company. The composition of the management committees of both the Auchan Scheme and the RT-Mart Scheme are identical, which each consist of six executive-level employees of the Group and six employees' representatives of each of the ACI Group and the CIC Group (as the case may be) who are elected by the employees, and the Company has no control over the management committees.

   The management committees are mandated to exercise the following powers, among others, to supervise how the trust manages its assets and determine the ratio of the Cash Portion (as defined below) to the Share Portion (as defined below) within its portfolio of trust assets; (ii) decide whether to dispose of the equity interest in ACI or CIC invested by the trust; and (iii) the cessation to grant further Trust Units in the Auchan Scheme and the RT-Mart Scheme. Based on the composition of the management committees as outlined above, resolutions of the management committees could only be passed with the support of the majority of the members of the committees.

All units of beneficial rights in trust assets (including the Cash Portion (as defined below) and Share Portion (as defined below)) are held by the Trustee for the benefit of the holders of the Trust Units, who are employees of Group, in accordance with the rules of ETBS. As such, the trust assets are not assets of the Company and the Company is not entitled to use trust assets to offset any of the Company's debts. The Company is also under no obligation to assume any debts of the trusts nor to repurchase Shares held by the Trustee.

3. a. For all employees who are eligible to participate in the ETBS ("**Selected Participants**" or "**General Employees**"), ACI Group and CIC Group will each make cash payments on behalf of the Selected Participants for their relevant employer's contribution to the trust (the "**Employer's Contribution**").

   b. For managerial employees with a rank of store manager or above ("**Managerial Employees**"), on top of the Employer's Contribution, ACI Group and CIC Group will make further cash payment to the trust on behalf of Managerial Employees as retirement benefits ("**Retirement Saving Contribution**") as additional incentive.

   c. Trust Units are allocated to the employees based on the contributions made by ACI/CIC (for and on behalf of the employees) and the employees (who use their own fund) under the respective terms of the Auchan Scheme and the RT-Mart Scheme.

4. The Trustee manages the trust funds (which includes Employer's Contribution, Employee's Contribution and Retirement Saving Contribution) in the trust by using a portion of the funds to hold cash and invest in cash equivalents (the "**Cash Portion**"), and using the remaining portion of the funds to purchase equity interests (the "**Share Portion**") in ACI or CIC, as the case may be, in accordance with the terms of the Auchan Scheme and the RT-Mart Scheme.

A summary of the principal terms of the Auchan Scheme and the RT-Mart Scheme amended and adopted at the extraordinary meeting held on 4 December 2025 is set out below.

The purposes of the Auchan Scheme and the RT-Mart Scheme are (i) to align the interests of the Eligible Participants (as defined below) with those of the Group and share the success and benefits of the growth in the businesses of the ACI Group and the CIC Group through ownership of the registered capital of ACI (the "**ACI Registered Capital**") and the registered capital of CIC (the "**CIC Registered Capital**") represented by holding the Trust Units, and/or the increase in value of the Trust Units/CIC Registered Capital or ACI Registered Capital (as the case may be); (ii) to encourage and retain Eligible Participants to make contributions to the long-term growth and profits of the Group; (iii) to recognise and reward the valuable past contribution by the Eligible Participants; and (iv) to retain experienced personnel.

Eligible Participants

All employees of the ACI Group who have been employed by the ACI Group for 6 months or more are eligible to participate in the Auchan Scheme while all employees of the CIC Group who have been employed by the CIC Group for 6 months or more (the "**Eligible Participants**") are eligible to participate in the RT-Mart Scheme.

Maximum Amount of Capital can be Injected to ACI or CIC and Maximum Entitlement of each Participant

(a) Scheme Mandate Limits

The maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme must not exceed 10% of the ACI Registered Capital as at the date of the Shareholders' approval of the limit. As at the date of this annual report, the maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme under the scheme mandate is US$37,136,793, representing 10% of the ACI Registered Capital.

The maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme must not exceed 10% of the CIC Registered Capital as at the date of the Shareholders' approval of the limit. As at the date of this annual report, the maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme under the scheme mandate is US$24,868,640, representing 10% of the CIC Registered Capital.

Each of the ACI scheme mandate limit and CIC scheme mandate limit may be refreshed after three years from 16 August 2023 or the date of approval of their last refreshment (as the case may be), subject to prior approval from the Shareholders. Any refreshment of any of the ACI scheme mandate limit and/or CIC scheme mandate limit within any three-year period must be approved by the independent Shareholders, with all the controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding Independent Non-Executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting.

(b) Individual Limit

The maximum amount of Trust Units which may be granted to any one Selected Participant under the Auchan Scheme and the RT-Mart Scheme may not exceed 1% of the ACI Registered Capital or the CIC Registered Capital, taking into account of the Shares issued and to be issued in respect of all awards granted to such Selected Participant(s) under all share schemes adopted by the Company in respect of ACI or CIC, as the case may be (excluding any Trust Units lapsed or cancelled in accordance with terms of the ETBS) in the 12-month period up to and including the date of relevant grant (the "**Individual Limit**"), unless such grant is otherwise separately approved by the Shareholders in general meeting, with such Selected Participant(s) and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting.

Where any grant of Trust Unit(s) to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, would result in the aggregated amount of the Shares issued and to be issued in respect of all Trust Units granted to such person under the Auchan Scheme or the RT-Mart Scheme and all other share award schemes (excluding any Trust Units lapsed or cancelled in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant to be over 0.1% of the ACI Registered Capital and the CIC Registered Capital, such grant must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Selected Participant(s), his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(c) Maximum Entitlement of Each Selected Participant

The amount of Employer's Contributions to each of the Selected Participant is determined in accordance with the requirements under the Auchan Scheme and the RT-Mart Scheme, which takes into account the net profits after tax of ACI and CIC, respectively, and the aggregate amount of Employer's Contribution per annum shall not exceed 10% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively. If ACI and CIC (as the case may be) does not record a net profit after tax, the amount of Employer's Contribution will be subject to the approval of the Board of the Company. Any such amount granted to Selected Participants must be used to purchase the Trust Units under the respective Auchan Scheme and RT-Mart Scheme. The amount of Employee's Contribution is determined by the Selected Participant subject to a maximum cap of 30% of the relevant Selected Participant's total income of the relevant year. The aggregate amount of Retirement Saving Contribution per annum shall not exceed 4% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively. Subject to the approval of the Board of the Company, the Retirement Saving Contribution could be made by other funds. The Trustee's maximum equity interest made in respect of all contributions shall be capped at 15% of the ACI Registered Capital or CIC Registered Capital (as the case may be).

Vesting Period of Trust Units

Trust Units are immediately vested with the Selected Participants on the day of the subscription. However, Trust Units held by the Selected Participants are subject to disposal restrictions as set out below under the paragraphs headed "Freeze Period (Employer's Contribution)", "Freeze Period (Employees' Contribution)" and "Lock-up Period (Retirement Saving Contribution)".

Freeze Period (Employer's Contribution)

For General Employees, he or she may not dispose of the Trust Units funded by or acquired through the Employer's Contribution for a period of five (5) years from the date of grant (the "**Freeze Period**"), save for certain circumstances as prescribed in the terms of the Auchan Scheme and the RT-Mart Scheme (e.g. death or serious injury of employees). If a General Employee ends his or her employment relationship with the Group and therefore ceases to be an Eligible Participant, the Trust Units:–

(i) will be disposed of at fair value at the next annual transaction window, if the Freeze Period has expired for the relevant Trust Units;

(ii) will be disposed of at the original purchase price at the next annual transaction window, if the Freeze Period has not expired and the employee has held the relevant Trust Units for a year or more;

(iii) will be disposed of at nil consideration at the next annual transaction window, being returned to the Trust which will then make them available for subscription by existing participants of the ETBS, if the Freeze Period has not expired and the employee has held the relevant Trust Units for less than a year.

Freeze Period (Employees' Contribution)

Trust Units are immediately vested on the date of grant. Trust Units acquired through Employee's Contribution is also not subject to any specific freeze period pursuant to the scheme rules. However, a Selected Participant may only dispose of his or her Trust Units held for not less than 12 months and a a time designated by the management committees of the ETBS.

Lock-up Period (Retirement Saving Contribution)

Managerial Employees are restricted from disposing of his or her Trust Units with respect to the portion of the Retirement Saving Contribution for a period of twenty-five (25) years (the "**Lock-up Period**") from the date of grant unless he or she has attained the statutory retirement age and completed all necessary statutory procedures.

For Managerial Employees whose Trust Units are subject to the 25 years Lock-up Period and leave the ACI Group/the CIC Group before the expiry of 25 years Lock-up Period, their Trust Units with respect to the portion of the Retirement Saving Contribution will be forfeited and will form part of the pool of trust assets and shared by other holders of Trust Units. For the avoidance of doubt, once the Employer's Contribution is made to the Auchan Scheme and RT-Mart Scheme, it becomes the trust assets of the ETBS and will not be refunded to any member of the Group under any circumstances.

Basis of Determining the Purchase Price of the Trust Units

The value of the Trust Units is assessed every year to determine the price of which the employees would subscribe for, or dispose of, the Trust Units. The value of the Share Portion of each Trust Unit is determined based on the business growth rate of ACI or CIC (as the case may be) by reference to the annual appraisal reports of ACI or CIC (as the case may be) which are prepared by an independent expert and are reviewed by another independent expert.

Life of the Auchan Scheme and RT-Mart Scheme

The Auchan Scheme and the RT-Mart Scheme shall be valid and effective for ten (10) years from 16 August 2023, after which period no further Trust Units shall be granted, but the provisions of the Auchan Scheme and the RT-Mart Scheme shall remain in full force and effect in order to give effect to the Trust Units granted and accepted prior to the expiration of the Auchan Scheme and the RT-Mart Scheme.

On 29 September 2025, the Company announced that the respective management committee of the Auchan Scheme and the RT-Mart Scheme had resolved not to grant further Trust Units in the respective schemes. For details, please refer to the section "Cessation to Grant Further Trust Units" as below.

Cessation to Grant Further Trust Units

After the management committees of the ETBS have resolved not to grant further Trust Units in the ETBS (the "**Resolution**"), Eligible Participants and Selected Participants shall not purchase, acquire, or obtain Trust Units by any means, including with the Employee's Contribution, the Employer's Contribution or the Retirement Saving Contribution, save for the transfer of Trust Units to the Settlor in accordance with the subsequent arrangements set out below.

Following the Resolution, Selected Participants shall transfer their acquired Trust Units to the Settlor at the transaction price on the Trust Unit Transaction Date immediately preceding the Resolution in accordance with the timetable to be determined by the respective management committees ("**Transfer Timetable**"). The Transfer Timetable shall be determined by the respective management committees in accordance with the following principles, namely:

(i) Trust Units purchased by Selected Participants with the Employee's Contribution shall be transferred to the Settlor on the first Trust Unit Transaction Date after the Resolution;

(ii) Trust Units acquired by Selected Participants with the Employer's Contribution shall be gradually transferred to the Settlor in instalments within five years after the Resolution, provided that none of the Trust Units shall be transferred to the Settlor within 12 months after the Selected Participants' acquisition of such relevant Trust Units; and

(iii) Trust Units acquired with the Retirement Saving Contribution that are subject to the Lock-up Period shall be gradually transferred to the Settlor in instalments within five years after the Resolution. However, if the Trust Units are no longer subject to the Lock-up Period either due to the expiry of the Lock-up Period or the retirement of the relevant Selected Participant during the abovementioned five-year period (the "**Cessation of Lock-up Period**"), then notwithstanding the above, the relevant Trust Units shall be transferred to the Settlor on the first Trust Unit Transaction Date after the Cessation of Lock-up Period. None of the above arrangements shall allow any Trust Units to be transferred to the Settlor within 12 months of the Selected Participants' acquisition of such relevant Trust Units.

Grants of Trust Units pursuant to the Auchan Scheme and the RT-Mart Scheme

The tables below show details of the latest grant of Trust Units under each of the Auchan Scheme and the RT-Mart Scheme.

Details of Trust Units granted (including Trust Units acquired through Employee's Contribution, Retirement Saving Contribution and Employer's Contribution) during the reporting period and/or outstanding as at 31 March 2026 under the Auchan Scheme and the RT-Mart Scheme are as below:

Auchan Scheme

Name or category of grantees	Date of grant	Vesting Period[1]	Purchase price of the Trust Units (RMB/ Trust Unit)	Performance target	Fair value of the Trust Units on the date of grant[2] (RMB/ Trust Unit)	Unvested Trust Units as at 1 April 2025[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 1 April 2025[1]	Number of Trust Units granted during the reporting period[1]	Trust Units Vested during the reporting period[1]	Trust Units which cease to subject to Freeze Period/Lock-Up Period during the reporting period	Trust Units Cancelled/ Forfeited/ Lapsed during the reporting period	Trusts Units which have been transferred to the settlor and subsequently extinguished	Unvested Trust Units as at 31 March 2026[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 31 March 2026
Employees under Auchan Scheme (including Managerial Employees and General Employees)														
Five highest paid employees under the Auchan Scheme in aggregate	14/11/2023	N/A (See disclosure on freeze period and lock-up period above)	RMB15.72 per Trust Unit	N/A	RMB15.72 per Trust Unit	N/A	67,655.80	0	N/A	13,047.66	0	0	N/A	54,608.14
Other employees under Auchan Scheme (including Managerial Employees and General Employees)	14/11/2023	N/A (See disclosure on freeze period and lock-up period above)	RMB15.72 per Trust Unit	N/A	RMB15.72 per Trust Unit	N/A	2,117,687.72	0	N/A	368,662.05	52,342.37	156,694.02	N/A	1,539,989.28
Total		**N/A**				**N/A**	**2,185,343.52**	**0**	**N/A**	**381,709.71**	**52,342.37**	**156,694.02**	**N/A**	**1,594,597.42**

Notes:

(1) Please refer to the above disclosure in relation to vesting period, freeze period and lock-up period. The Auchan Scheme does not provide a vesting period.

(2) The fair value of Trust Units is determined by reference to the annual appraisal reports of ACI which is prepared by an independent expert and be reviewed by another independent expert.

(3) During the reporting period, the Trustee did not make capital injection in ACI in accordance with the terms of the Auchan Scheme. The maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme under the scheme mandate at (i) the beginning of the reporting period was US$37,136,793; and (ii) the end of the reporting period was US$37,136,793.

(4) The portion of both the Employer's Contribution (including Retirement Saving Contribution) and the Employee's Contribution which may contribute to a subsequent capital injection in ACI by the Trustee at the end of the reporting period under the Auchan Scheme divided by the weighted average amount of ACI Registered Capital was 0%.

RT-Mart Scheme

Name or category of grantees	Date of gran	Vesting Period[1]	Purchase price of the Trust Units (RMB/Trust Unit)	Performance target	Fair value of the Trust Units on the date of grant[2] (RMB/ Trust Unit)	Unvested Trust Units as at 1 April 2025[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 1 April 2025[1]	Number of Trust Units granted during the reporting period[1]	Trust Units Vested during the reporting period[1]	Trust Units which cease to subject to Freeze Period/Lock-Up Period during the reporting period	Trust Units Cancelled/ Forfeited/ Lapsed during the reporting period	Trusts Units which have been transferred to the settlor and subsequently extinguished	Unvested Trust Units as at 31 March 2026[1]	Trust Units which are subject to Freeze Period/ Lock-Up Period as at 31 March 2026
Employees under RT-Mart Scheme (including Managerial Employees and General Employees)														
Five highest paid employees under the RT-Mart Scheme in aggregate	14/11/2023	N/A (See disclosure on freeze period and lock-up period above)	RMB200.32 per Trust Unit	N/A	RMB200.32 per Trust Unit	N/A	26,343.63	0	N/A	19,528.17	341.00	0	N/A	6,474.46
Other employees under RT-Mart Scheme (including Managerial Employees and General Employees)	14/11/2023	N/A (See disclosure on freeze period and lock-up period above)	RMB200.32 per Trust Unit	N/A	RMB200.32 per Trust Unit	N/A	2,746,567.50	0	N/A	974,110.95	112,471.27	78,856.51	N/A	1,581,128.77
Total						**N/A**	**2,772,911.13**	**0**	**N/A**	**993,639.12**	**112,812.27**	**78,856.51**	**N/A**	**1,587,603.23**

Notes:

(1) Please refer to the above disclosure in relation to vesting period, freeze period and lock-up period. The RT-Mart Scheme does not provide a vesting period.

(2) The fair value of Trust Units is determined by reference to the annual appraisal reports of CIC which is prepared by an independent expert and be reviewed by another independent expert.

(3) During the reporting period, the Trustee did not make capital injection in CIC in accordance with the terms of the RT-Mart Scheme. The maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme under the scheme mandate at (i) the beginning of the reporting period was US$24,868,640; and (ii) the end of the reporting period was US$24,868,640.

(4) The portion of both the Employer's Contribution (including Retirement Saving Contribution) and the Employee's Contribution which may contribute to a subsequent capital injection in CIC at the end of the reporting period under the RT-Mart Scheme divided by the weighted average amount of CIC Registered Capital was 0%.

Assuming (1) all the Trust Units under Employees' Contribution and Employer's Contribution (including the Retirement Saving Contribution) are not subject to freeze period/lock-up period and are allowed to be disposed for cash immediately, and (2) all the existing participants of the Auchan Scheme elect to dispose all the Trust Units on 31 March 2026; the Trustee should settle with cash in total of approximately RMB25.1 million. In practice, the actual release schedule of Trust Units under the Auchan Scheme from 2026 to 2029 is denoted in the table "Release Schedule of Trust Units" on page 44.

Assuming (1) all the Trust Units under Employees' Contribution and Employer's Contribution (including the Retirement Saving Contribution) are not subject to freeze period/lock-up period and are allowed to be disposed for cash immediately, and (2) all the existing participants of the RT-Mart Scheme elect to dispose all the Trust Units on 31 March 2026; the Trustee should settle with cash in total of approximately RMB318.0 million. In practice, the actual release schedule of Trust Units under the RT-Mart Scheme from 2026 to 2029 is denoted in the table "Release Schedule of Trust Units" on page 44.

During the reporting period,

– no Trust Units have been granted under the Auchan Scheme and the RT-Mart Scheme;

– no participants have been granted with options and awards in excess of the 1% individual limit, and

– no grant of Trust Unit(s) to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates would result in the aggregated amount of Shares issued and to be issued in respect of all Trust Units granted to such person under the Auchan Scheme or the RT-Mart Scheme and all other share award schemes (excluding any Trust Units lapsed or cancelled in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant represent over 0.1% of the ACI Registered Capital and the CIC Registered Capital.

Release Schedule of Trust Units

As at 31 March 2026, the release schedule of existing Trust Units under the portion of Employer's Contribution and Retirement Saving Contribution of each of the Auchan Scheme and the RT-Mart Scheme that are subject to Freeze Period/Lock-up Period is as follows:

Trust Units	**Freeze Period (Calendar year)**	**Auchan Scheme Unfreezing rate**	**RT-Mart Scheme Unfreezing rate**
Employer's Contribution	2026	17.36%	79.71%
	2027	93.55%	98.37%
	2028	100.00%	100.00%
	2029	100.00%	100.00%

Trust Units	**Lock-up Period (Calendar year)**	**Release rate**	**Release rate**
Retirement Saving Contribution	2026	32.95%	40.40%
	2027	60.93%	72.94%
	2028	82.40%	89.71%
	2029	100%	100%

Connected Transactions and Continuing Connected Transactions

For those related party transactions of the Group during the year ended 31 March 2026 as disclosed in note 29 to the consolidated financial statements, all were connected or continuing connected transactions (as the case may be) which were fully exempted from the disclosure requirements for reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules. The Company confirmed it has complied with the relevant requirements in accordance with Chapter 14A of the Listing Rules.

Securities Transactions by Directors

The Company has devised its own code of conduct regarding Directors' dealing in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company Code and the Model Code throughout the year ended 31 March 2026.

Corporate Governance

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

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

Audit Committee

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and also discussed auditing, internal controls and financial reporting matters, including the review of the consolidated financial statements for the year ended 31 March 2026 with the external auditors, KPMG, and with the management.

Major Customers and Suppliers

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

Auditors

An ordinary resolution was proposed and passed at the annual general meeting held on 14 August 2025 ("**2025 AGM**") in relation to the approval of the appointment of KPMG as the auditors of the Group following the retirement of PricewaterhouseCoopers with effect from the conclusion of the 2025 AGM and until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements for the year ended 31 March 2026 were audited by KPMG. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming 2026 AGM.

Compliance with the Relevant Laws and Regulations

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

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

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

Environmental and Social Responsibilities

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

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

Events after the Reporting Period

Details of significant events occurring after the balance sheet date are set out in note 32 to the consolidated financial statements.

By order of the Board

Julian Juul WOLHARDT
Executive Director
and
Chief Executive Officer

18 May 2026

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

RISK ASSOCIATED WITH THE GROUP BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE INDUSTRY IN THE PRC

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

The outbreak of any severe infectious disease in the PRC could have a material adverse effect on the overall business sentiment and environment in the PRC. This in turn may have a material and adverse impact on domestic consumption and, possibly, the overall GDP growth of the PRC. As all of our turnover is derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC as a result of the outbreak of any severe communicable disease may materially and adversely affect our financial condition, results of operations and future growth. In addition, if the outbreak of any severe communicable disease occurs in the future and any of our employees or our customers in our hypermarkets are suspected of having contracted any severe communicable disease or any of our hypermarkets are identified as a possible source of spreading any severe communicable disease, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees or customers. We may also be required to disinfect our affected hypermarkets and therefore suffer a temporary suspension of our retail operations. Any quarantine or suspension of our retail operations will affect our results of operations. Furthermore, the outbreak of any severe communicable disease may result in food safety concerns, which could have an adverse impact on our turnover. Such an outbreak would likely restrict the level of economic activity in affected areas, which would also materially and adversely affect our business operations.

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

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

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

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

The board (the "Board") of directors (the "Directors") of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 March 2026.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company recognises that a good corporate culture is essential to support and complement its corporate governance efforts and corporate image. The Company 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 an open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established the anti-corruption and whistle-blowing policies and trainings, to provide guidance on identifying potential breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please see the environmental, social and governance report of the Company.

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

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

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 March 2026 and up to the date of this annual report except for the code provision C.2.1 with details as below.

Following the appointment of Mr. Julian Juul WOLHARDT as the Chief Executive Officer with effect from 8 March 2026, he serves as both the Chairman of the Board and the Chief Executive Officer. This appointment deviates from the requirements in the code provision C.2.1 of Part 2 the CG Code, which stipulates that the duties of the Chairman of the Board and the Chief Executive Officer should be separate and should not be performed by the same individual. Given Mr. Julian Juul WOLHARDT's extensive management experience and knowledge of the Group's operation, the Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group and therefore believes such arrangement is in the best interest of the Company and the Shareholders as a whole.

VISION, MISSIONS, CORPORATE STRATEGY, VALUES AND CULTURE

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

In 2026, the Company's vision is "to become a world-class international retailer that is most loved and trusted by customers and one that employees are proud to be a part of".

The Company's missions are to provide customers with a one-stop shop with a high-quality shopping environment that is fresh, affordable, comfortable and convenient; to be a good neighbor in the community; and to become a trusted purchasing representative for consumers and contribute to stabilizing prices in society.

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

Further details are set out on page 6 in the Chairman and Chief Executive Officer's Statement, pages 13 to 18 in Business Review in Management Discussion and Analysis of this annual report.

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding Directors' and relevant employees' dealings in the Company's securities (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 of the Listing Rules.

Specific enquiries have been made with 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 2026.

DIRECTORS' INSURANCE

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

BOARD OF DIRECTORS

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

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

Board Composition

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

As at the date of this annual report, the composition of the Board is set out below:

Executive Director

Julian Juul WOLHARDT *(chairman and chief executive officer)*

Non-Executive Directors

Mengxue MEI
LIU Hao

Independent Non-Executive Directors

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

Effective from 1 December 2025, Mr. SHEN Hui ceased to be an Executive Director and the chief executive officer of the Company. Ms. LI Weiping was appointed as an Executive Director and the Chief Executive Officer. On 8 March 2026, the Board resolved that the office of Ms. LI Weiping as an Executive Director of the Company be vacated and she concurrently ceased to be the Chief Executive Officer and an authorized representative of the Company but she will remain as an employee of the Group. Concurrently, Mr. Julian Juul WOLHARDT was (i) appointed as the Chief Executive Officer of the Company; (ii) re-designated from a Non-Executive Director to an Executive Director; and (iii) appointed as an authorized representative of the Company.

On 6 January 2026, Ms. Guannan WANG resigned as a Non-Executive Director and a member of the Nomination Committee of the Company. Mr. LIU Hao was appointed as a Non-Executive Director and a member of the Nomination Committee of the Company.

The biographical information of the Directors is set out in the section headed "Profiles of Directors and Senior Management" on pages 19 to 21 of this annual report.

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

Chairman and Chief Executive Officer

The positions of Chairman and the Chief Executive Officer (appointed on 8 March 2026) are currently held by Mr. Julian Juul WOLHARDT.

Following the appointment of Mr. Julian Juul Wolhardt as the Chief Executive Officer with effect from 8 March 2026, he serves as both the Chairman of the Board and the Chief Executive Officer. This appointment deviates from the requirements in the code provision C.2.1 of Part 2 the CG Code, which stipulates that the duties of the Chairman of the Board and the Chief Executive Officer should be separate and should not be performed by the same individual. Given Mr. Julian Juul Wolhardt's extensive management experience and knowledge of the Group's operation, the Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group and therefore believes such arrangement is in the best interest of the Company and the Shareholders as a whole.

Please refer to the above section "Board Composition" for the details of the change of Chief Executive Officer during the year ended 31 March 2026.

Independent Non-Executive Directors

During the year ended 31 March 2026, the Board had at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise (currently, two independent non-executive Directors met the aforesaid requirements).

Board Independence

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board, with the following key features: (i) all Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management and any Director may request independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board; (ii) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; and (iii) the Nomination Committee will assess annually the independence of all independent non-executive directors. During the year ended 31 March 2026, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

Non-Executive Directors and Re-election of Directors

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

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

	Tenure (up to 31 March 2026) (Approximate No. of Year(s))	Date of Appointment	Date of last election/ re-election by the shareholders
Mr. Julian Juul WOLHARDT	1	6 March 2025	14 August 2025
Ms. Mengxue MEI	1	27 March 2025	14 August 2025
Mr. LIU Hao	0	6 January 2026	N/A
Ms. Karen Yifen CHANG	14	27 June 2011	14 August 2024
Mr. Charles Sheung Wai CHAN	5	31 January 2021	16 August 2023
Mr. YIH, Dieter Lai Tak	6	11 December 2019	14 August 2025

Responsibilities of the Directors

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

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

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

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

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

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

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

Continuous Professional Development of Directors

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

Every newly appointed Director will receive formal, comprehensive and tailored induction training on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Ms. LI Weiping (who was appointed as a Director on 1 December 2025 and ceased her term of office on 8 March 2026) and Mr. LIU Hao (who was appointed as a Director on 6 January 2026) had obtained advice from the Company's legal advisor on 28 November 2025 and 5 January 2026 respectively and confirmed that they understood their obligations as directors of a listed issuer prior to his or her appointment pursuant to Rule 3.09D of the Listing Rules.

Directors should participate in appropriate continuous professional trainings to develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be issued to the Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2026, all the Directors namely, Mr. Julian Juul WOLHARDT, Ms. Mengxue MEI, Ms. Karen Yifen CHANG, Mr. Charles Sheung Wai CHAN, Mr. YIH, Dieter Lai Tak, Mr. SHEN Hui (who resigned on 1 December 2025) and Ms. Guannan WANG (who resigned on 6 January 2026), have attended seminars, did self-study and read materials to keep update with information in relation to business, industry, legal and regulatory update and ESG management. Ms. LI Weiping (who was appointed as a Director on 1 December 2025 and ceased her term of office on 8 March 2026) and Mr. LIU Hao (who was appointed as a Director on 6 January 2026) had completed their induction trainings.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive directors and the list of the chairman and members of each of the Audit Committee, Remuneration Committee and Nomination Committee is as set out under "Corporate Information" on page 2.

Audit Committee

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

During the year ended 31 March 2026, the Audit Committee held 4 meetings to review the annual and interim financial results and reports for the year ended 31 March 2025, for the six months ended 30 September 2025 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works, and connected transactions.

The Audit Committee also met the external auditors at least twice a year without the presence of the Executive Director.

Remuneration Committee

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

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

During the year ended 31 March 2026, the Remuneration Committee held 5 meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company, appointments, service agreements and remuneration packages of the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors and senior management, the proposed amendments on Employee Trust Benefit Schemes, and other related matters.

Nomination Committee

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

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

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

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

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

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

5. For re-appointment of retiring Directors, the Board shall, based on the recommendation of the Nomination Committee, recommend the retiring Directors to stand for re-election at the annual general meeting. The appointment of retiring Directors shall be subject to the approval of Shareholders at the annual general meeting.

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

During the year ended 31 March 2026, the Nomination Committee held 4 meeting and has performed the following major tasks:

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

– Recommendation on the re-appointment of those Directors standing for re-election at the 2025 annual general meeting of the Company;

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

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

– Recommendation on the appointment of the proposed Directors.

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

Board Diversity Policy

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

Gender Diversity of the Board

As of the date of this annual report, Sun Art has achieved the targeted gender diversity on Board Level:

– the Board has two female members (out of six Board members);

– three Board Committees of the Company (inter alia, the Nomination Committee) have at least one female member; and

– the Remuneration Committee is chaired by a female member.

Board Skills

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

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

	Structure and Size		Committees				Qualification		Skills and Expertise						Number of Directorship of Listed Company (including the Company)
Name	Age	Gender	Audit	Nomination	Remuneration	Sustainability	Professional Qualification	Highest Education	Business Management	Strategic Planning	Risk Management/ Financial Reporting	Legal/ Regulatory	Sustainability	Related Industry Knowledge/ Expertise	
Executive Director															
Julian Juul WOLHARDT	50+	M			●	●	N1	Bachelor	●	●	●	●	●		1
Non-executive Directors															
Mengxue MEI	30+	F	●					Master	●	●	●				1
LIU Hao	30+	M		●				Bachelor	●	●				●	1
Independent Non-executive Directors															
Karen Yifen CHANG	60+	F	●	●	●			Master	●					●	3
Charles Sheung Wai CHAN	70+	M	●	●	●		N2	Bachelor	●		●				4
YIH, Dieter Lai Tak	60+	M	●	●	●		N3	Bachelor	●			●			2

Notes:

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

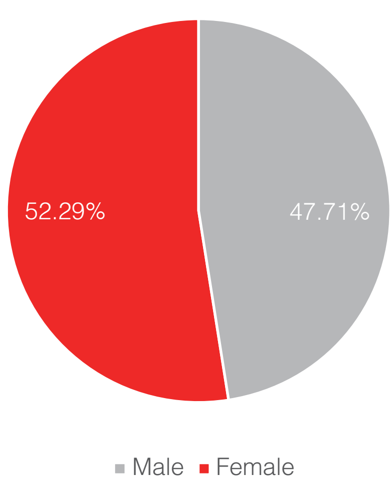
N2 Certified accountant in Canada and certified public accountant in Hong Kong

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

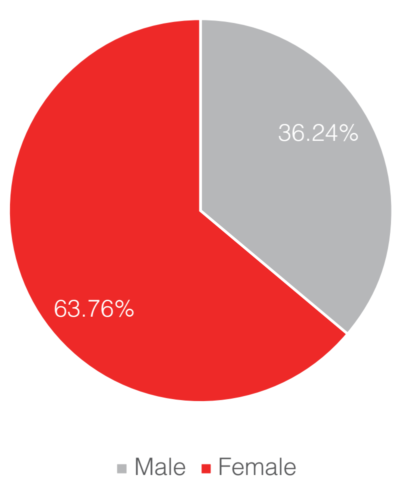
Gender diversity on workforce level

As of 31 March 2026, the Group achieved a gender-balanced workforce in senior management and workforce:

SENIOR MANAGEMENT



WORKFORCE



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

ESG Committee

The Environmental Social and Governance ("**ESG**") Management Committee (the "**ESG Committee**") is a three-level governance structure with clearly assigned duties to assist the Board in managing the ESG risks. The Board is the highest body responsible for leading and monitoring the Company's ESG strategies and risks, approving ESG targets and reports, and regularly reviewing and constantly supervising the progress of ESG targets. The ESG Committee and the ESG Working Group are set under the Board. The ESG Committee is responsible for ESG implementation and reporting, as well as overseeing the specific delivery from the ESG Working Group. For details, please refer to the ESG Committee's terms of reference at the Company's website (https://www.sunartretail.com/en/about/cg/esgmanagementcommittee.pdf).

During the year ended 31 March 2026, the Board received one progress report of the Company's ESG related work including (i) the review of ESG strategies and objectives; (ii) the identification of ESG risks; and (iii) the supervision of the implementation of ESG work.

Board Process

The Board meets regularly for at least 4 times a year. Notices of regular Board meetings are served to all the Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices are given. The Directors are also given an opportunity to include matters in the agenda for the Board meetings. Papers for Board meetings and committee meetings together with all relevant information are normally sent to all the Directors or committee members at least 3 days before each meeting, enabling them to make informed decisions with adequate information. In order to have an effective Board, the Directors are provided with information on activities and developments in the Group's business on a regular and timely basis to keep them apprised of the latest developments of the Group. The Directors have full access to information on the Group and are able to seek independent professional advice when they consider it necessary.

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

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

ATTENDANCE RECORD OF DIRECTORS

The attendance records of each Director at the meetings of the Board and Board Committees and the general meetings of the Company held during the year ended 31 March 2026 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**	**Extra-ordinary General Meeting**
Mr. SHEN Hui(Note 1)	7/7	N/A	N/A	N/A	1/1	N/A
Mr. Julian Juul WOLHARDT	11/11	N/A	N/A	5/5	1/1	1/1
Ms. Mengxue MEI	10/11	4/4	N/A	N/A	1/1	1/1
Ms. Guannan WANG(Note 2)	7/8	N/A	2/3	N/A	1/1	1/1
Ms. LI Weiping(Note 1)	1/3	N/A	N/A	N/A	N/A	1/1
Ms. Karen Yifen CHANG	11/11	4/4	4/4	5/5	1/1	1/1
Mr. YIH, Dieter Lai Tak	11/11	4/4	4/4	5/5	1/1	1/1
Mr. Charles Sheung Wai CHAN	11/11	4/4	4/4	5/5	1/1	1/1
Mr. LIU Hao(Note 2)	3/3	N/A	1/1	N/A	N/A	N/A

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-Executive Directors without the presence of other Directors during the year ended 31 March 2026.

Notes:

(1) Mr. SHEN Hui resigned as an Executive Director, the Chief Executive Office and an authorized representative effective from 1 December 2025. Ms. LI Weiping was appointed as an Executive Director, the Chief Executive Office and an authorized representative of the Company on the same day. On 8 March 2026, Ms. LI Weiping ceased to act in all the aforesaid positions as resolved by the Board.

(2) On 6 January 2026, Ms. Guannan WANG resigned as a Non-Executive Director and a member of the Nomination Committee. Mr. LIU Hao was appointed as a Non-Executive Director and a member of the Nomination Committee on the same date.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2026.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 69 to 79.

AUDITORS' REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, KPMG, in respect of audit services and non-audit services, mainly tax services, for the year ended 31 March 2026 is shown on note 6(c) to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

As supported by the Audit Committee and the ESG Committee, the Board has conducted a review of the implemented risk management systems and internal control systems of the Company and is satisfied that they are effective and adequate for the year ended 31 March 2026.

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

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

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

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

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

The Company has also engaged with an internal audit team prior to its listing on the Stock Exchange to oversee the implementation of the risk management and internal control systems of the Company. Such engagement can assist the Board and the Audit Committee to monitor the Company's risk management and internal control systems.

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

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

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

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

INSIDE INFORMATION POLICY

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

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

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

BUSINESS ETHICS

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

DIVIDEND POLICY

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

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

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

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

COMPANY SECRETARY

Ms. HO Hang Yu Helen has been appointed as the company secretary of the Company from 24 May 2022 to 27 October 2025. Ms. WANG Ruoyu has been appointed as the company secretary of the Company since 27 October 2025. The Company has confirmed that each company secretary has complied with all the required qualifications, experiences and training requirements of the Listing Rules during her tenure for the year ended 31 March 2026.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The Company has in place a shareholders' communication policy **("Shareholders' Communication Policy")** which aims at promoting channels for Shareholders to communicate their views on various matters affecting the Company and how the Company solicits and understands the views of Shareholders and stakeholders. The Board has conducted its annual review of the implementation and effectiveness of the Shareholders' Communication Policy, and was of the view that the Company has established various communication tools as stated below to ensure the Shareholders are kept well informed of information of the Company, and policy was effective and adequately implemented during the year ended 31 March 2026.

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

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

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

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

SHAREHOLDERS' RIGHTS

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

Convening General Meeting

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

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

Putting Forward Proposals at General Meetings

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

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

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	5/F, No. 255, Jiangchang Xi Road, Jing'an District, 200436, Shanghai, China (For the attention of Ms. GU Xiaobei, Investor Relations Manager)
Email:	investor@sunartretail.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisitions, notices or statements, or enquiries (as the case may be) to the above address, other than the registered office address in Hong Kong, and provide their full names, contact details and identifications in order to give effect thereto. Shareholders' information may be disclosed as required by law.

ARTICLES OF ASSOCIATION

On 11 July 2025, the Board proposed to amend the articles of association of the Company then in force (the "**Previous Articles**") and to adopt the new articles of association of the Company incorporating the proposed amendments (the "**New Articles**") for the purpose of, among others, (i) bringing the Previous Articles in line with the requirements of the Listing Rules and the Companies Ordinance in relation to holding of hybrid meetings and virtual meetings, participation in meetings by electronic facilities, and arrangements regarding treasury shares and communications via website; and (ii) incorporating certain corresponding and housekeeping amendments to the Previous Articles. The New Articles were approved by Shareholders at the annual general meeting of the Company held on 14 August 2025 by way of a special resolution.

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

OPINION

We have audited the consolidated financial statements of Sun Art Retail Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 80 and 183, which comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Recognition of purchase rebates and reimbursement of costs incurred from suppliers	
Refer to note 6(c) to the consolidated financial statements and the accounting policies set out in note 2(j).	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group has agreements with suppliers with several different types of rebates and reimbursement arrangements. The arrangements vary in nature and size and typically include volume-based purchase rebates that are earned when the goods are purchased, as well as reimbursement of costs incurred by the Group to sell the goods, such as costs incurred for marketing campaigns, warehousing and deliveries. Volume-based purchase rebates are recognised, as a deduction from cost of inventories, based on management's best estimation on the satisfaction of the associated performance conditions. These performance conditions generally require the Group to meet certain purchase volume thresholds. The estimation of the rebate rate before periodical settlement with suppliers involves management judgement on the estimation in the forecast of future purchase amount.	Our audit procedures to the recognition of purchase rebates and reimbursement of costs incurred from suppliers included the following: • with the assistance of our internal IT audit specific team members, obtaining an understanding of and evaluating the design, implementation and operating effectiveness of management's key internal controls relating to the recognition of purchase rebates and reimbursement of costs incurred from suppliers; • assessing the accounting treatment in respect of the recognition of purchase rebates and reimbursement of cost incurred from suppliers by inspecting, on a sample basis, the terms set out in the standard agreements with the suppliers with reference to the requirement of the prevailing accounting standards; • assessing the reasonableness of significant assumptions used in determining the estimated rebate rate by comparing, on a sample basis, the forecast of future purchase amount to the actual purchase for the current year and the Group's budget with respective suppliers;

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th colspan="2">Recognition of purchase rebates and reimbursement of costs incurred from suppliers</th></tr>
<tr><td colspan="2">Refer to note 6(c) to the consolidated financial statements and the accounting policies set out in note 2(j).</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Reimbursements of costs incurred by the Group are offset against the cost of sales. These costs relate to warehousing, deliveries and marketing campaigns initiated by the suppliers or carried out in collaboration with the suppliers.

We identified the recognition of purchase rebates and reimbursement of costs incurred as a key audit matter because of the significant volume and amounts and because judgement is required for certain arrangements in determining the period over which the reimbursement of costs should be recognised. Furthermore, the accounting for volume-based purchase rebates entitled by the Group required estimates of future purchase volume and hence involved significant management judgement.</td><td>• checking, on a sample basis, the inputs of volume-based purchase rebates by comparing the inputs with supporting documents, including purchase volume data and rebate rates in the respective agreements, and performing recalculations of the volume-based rebates to which the Group is entitled based on the above inputs;

• testing, on a sample basis, the recognition of reimbursement of costs incurred, by inspecting underlying supporting documents, such as the supplier reimbursement notes, and invoices issued; and

• testing, on a sample basis, the reversal of reimbursement of costs subsequent to the financial year end to the underlying supporting documents to assess whether the related reimbursement of costs had been recognised in the appropriate period in accordance with the requirements of the prevailing accounting standards.</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><td colspan="2">Valuation of non-returnable inventories</td></tr>
<tr><td colspan="2">Refer to note 13 to the consolidated financial statements and the accounting policies set out in note 2(j).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 March 2026, the Group's balance of inventories net off provision made was RMB7,148 million. The total inventories comprise inventories returnable according to contract terms with suppliers and other inventories that are non-returnable. Inventories are carried at the lower of cost and net realisable value.

For non-returnable inventories, the assessment of net realisable value of inventories involves significant estimates and judgements made by management based on an inventory ageing analysis, future sales volume projection, estimated future selling price, costs necessary to make the sale and the current inventory conditions at the end of each reporting period.</td><td>Our audit procedures to the valuation of non-returnable inventories included the following:

• obtaining an understanding of and evaluating the design, implementation and operating effectiveness of management's key internal controls over inventory management, including the review of the valuation of inventories;

• assessing the enforceability of inventory return arrangements agreed with suppliers, on a sample basis, by inspecting the terms set out in the respective purchase agreements;

• assessing whether the accounting for provision of inventories at the reporting date was consistent with the Group's inventory provision policy by recalculating the provision of inventories based on the parameters in the Group's inventory provision policy, and the appropriateness of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards;</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

Valuation of non-returnable inventories	
Refer to note 13 to the consolidated financial statements and the accounting policies set out in note 2(j).	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified the valuation of non-returnable inventories as a key audit matter because assessment of net realisable value and determining an appropriate provision for slow moving non-returnable inventories involves significant management judgement.	• checking, on a sample basis, whether items in the inventory ageing report prepared by the management were classified within the appropriate ageing bucket by comparing items in the report with the underlying purchase records; • assessing the reasonableness of significant assumptions related to future sales volume projection, estimated future selling price and cost necessary to make the sale based on the current market trends, inventory conditions and the planned sales arrangements; and • performing a retrospective review to assess reliability of management estimates made in prior period by comparing the actual sales during the year with management's estimations at the end of the prior year.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of investment properties and other property, plant and equipment	
Refer to note 11 to the consolidated financial statements and the accounting policies set out in note 2(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
As at 31 March 2026, the net book value for the Group's investment properties and other property, plant and equipment amounted to RMB22,401 million, representing 44.7% of the Group's total assets. Management has determined each individual retail store as a cash-generating unit ("**CGU**"). Relevant assets allocated to the CGU primarily comprise owned properties, right-of-use assets, leasehold improvements and store equipment of respective store. Management reviews the performance of individual stores at the end of each reporting period to identify if there is any indication that the allocated assets of CGUs may be impaired. Where indicators of impairment are identified, management performs impairment assessment on the recoverable amount of the CGUs, which is the higher of the value in use ("**VIU**") and the fair value less costs of disposal ("**FVLCOD**") of these assets, and then comparing the carrying value of the allocated assets of the CGUs with the recoverable amount of the CGUs.	Our audit procedures to the impairment assessment of investment properties and other property, plant and equipment included the following: • obtaining an understanding of and evaluating the design and implementation of management's key internal controls in place within the process relating to impairment assessment; • evaluating the management's processes in identifying and assessing the indicators of impairment, and the identification of CGUs and the allocation of property, plant and equipment and right-of-use assets to each CGU with reference to the requirements of the prevailing accounting standards; For those identified CGUs with significant carrying value where the recoverable amounts were determined based on VIU: • with the assistance of our internal valuation specialists evaluating, on a sample basis, the methodology and discount rates used by management in the preparation of the discounted cash flow forecasts; • evaluating the reasonableness of significant assumptions used in the discounted cash flow forecasts, including future revenue growth rates, future margins and future costs, by considering the historical performance of these stores, budgets approved by management, market information and lease agreements signed;

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of investment properties and other property, plant and equipment	
Refer to note 11 to the consolidated financial statements and the accounting policies set out in note 2(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
In determining the VIU of individual store, a discounted cash flow forecast is prepared and key inputs, including future revenue growth rates, future margins, future costs of each store are determined by management with significant management judgements and assumptions. In determining the FVLCOD of individual store, management has applied significant judgement in determining the market values by considering available information and valuation reports from an independent professional valuer on the self-owned and leased properties. Such valuations involved assumptions of key inputs such as market rent and yield.	• evaluating a sensitivity analysis of the significant assumptions, including future revenue growth rates, future margins and future costs of each store, used in the discounted cash flow forecasts and considering the resulting impact on the impairment recognised for the year and whether there were any indicators or management bias in the selection of key assumptions; and • performing retrospective reviews to assess the reliability of management's forecasting process by comparing the significant assumptions used in the discounted cash flow forecasts prepared in the prior year with the current year's performance of the relevant stores and enquiring of management for any significant variations identified.

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><td colspan="2">Impairment assessment of investment properties and other property, plant and equipment</td></tr>
<tr><td colspan="2">Refer to note 11 to the consolidated financial statements and the accounting policies set out in note 2(i).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>We identified impairment assessment of investment properties and other property, plant and equipment as a key audit matter because of the significance of the carrying amount of such assets to the consolidated financial statement, and because identifying impairment indicators and determining the level of impairment, if any, involves a significant degree of management judgement, both of which are inherently uncertain and could be subject to management bias.</td><td>For those identified CGUs with significant carrying value where the recoverable amounts were determined based on FVLCOD:

• assessing the experience, competence and objectivity of the management's valuation specialist; and

• with the assistance of our internal valuation specialists, evaluating management's assumptions used in determining the fair value less cost of disposal of the identified CGUs, including market rent and yield and methodology used in the independent professional valuer's report.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tse, Wong Pui (practising certificate number: P05157).

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 May 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

		Year ended 31 March	
		2026	*2025*
	Note	***RMB million***	*RMB million*
Revenue	*4*	**63,442**	71,552
Cost of sales		**(48,070)**	(54,316)
Gross profit		**15,372**	17,236
Other income and other gains, net	*5*	**1,019**	1,130
Selling and marketing expenses		**(14,681)**	(15,232)
Administrative expenses		**(1,324)**	(1,709)
Profit from operation		**386**	1,425
Finance costs	*6(a)*	**(336)**	(395)
Profit before taxation	*6*	**50**	1,030
Income tax	*7*	**(376)**	(644)
(Loss)/profit for the year		**(326)**	386
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**(326)**	386
(Loss)/profit attributable to:			
Equity shareholders of the Company		**(319)**	405
Non-controlling interests		**(7)**	(19)
(Loss)/profit for the year		**(326)**	386
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(319)**	405
Non-controlling interests		**(7)**	(19)
Total comprehensive income for the year		**(326)**	386
(Loss)/earnings per share	*10*		
Basic (RMB)		**(0.03)**	0.04
Diluted (RMB)		**(0.03)**	0.04

The notes on pages 88 to 183 form part of these financial statements.

		As at 31 March	
		2026	*2025*
	Note	***RMB million***	*RMB million*
Non-current assets			
Investment properties	*11*	**5,559**	5,068
Other property, plant and equipment	*11*	**16,842**	19,270
Intangible assets	*12*	**66**	57
Trade and other receivables	*15*	**46**	22
Restricted deposits	*16*	**1,700**	100
Time deposits	*16*	**1,780**	800
Deferred tax assets	*24(b)*	**1,002**	1,113
		26,995	26,430
Current assets			
Inventories	*13*	**7,148**	7,467
Trade and other receivables	*15*	**2,062**	2,268
Restricted deposits	*16*	**3,785**	6,472
Time deposits	*16*	**1,644**	2,580
Financial assets measured at fair value through profit or loss (“**FVPL**”)	*17*	**1,986**	3,839
Cash and cash equivalents	*18*	**6,503**	6,798
Assets of disposal groups classified as held for sale	*19*	**–**	119
		23,128	29,543
Current liabilities			
Trade and other payables	*20*	**13,845**	15,401
Contract liabilities	*21*	**10,673**	11,691
Bank loans	*22*	**1,845**	1,491
Lease liabilities	*23*	**1,730**	1,648
Current taxation	*24(a)*	**117**	16
Liabilities directly associated with assets of disposal groups classified as held for sale	*19*	**–**	477
		28,210	30,724
Net current liabilities		**(5,082)**	(1,181)
Total assets less current liabilities		**21,913**	25,249

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

		As at 31 March	
		2026	*2025*
	Note	***RMB million***	*RMB million*
Non-current liabilities			
Trade and other payables	*20*	**133**	23
Lease liabilities	*23*	**3,952**	4,185
Deferred tax liabilities	*24(b)*	**504**	613
		4,589	4,821
Net assets		**17,324**	20,428
Capital and reserves	*25*		
Share capital		**10,022**	10,020
Reserves		**7,318**	10,074
Total equity attributable to equity shareholders of the Company		**17,340**	20,094
Non-controlling interests		**(16)**	334
Total equity		**17,324**	20,428

Approved and authorised for issue by the board of directors on 18 May 2026.

Julian Juul WOLHARDT
Executive Director and Chief Executive Officer

Mengxue MEI
Non-executive Director

The notes on pages 88 to 183 form part of these financial statements.

	Note	Attributable to equity shareholders of the Company								
		Share capital	**Capital reserve**	**Share-based payments reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Subtotal**	**Non-controlling interests**	**Total equity**
	Note	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 April 2024		10,020	1,108	27	45	2,471	7,732	21,403	391	21,794
Changes in equity for the year ended 31 March 2025:										
Profit for the year		–	–	–	–	–	405	405	(19)	386
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	405	405	(19)	386
Employee share incentive schemes:										
– Share-based payments related to the options granted by the Company	*6(b)*	–	–	8	–	–	–	8	–	8
– Share-based payments related to the award granted by Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, "**Alibaba Group**")	*6(b)*	–	–	2	–	–	–	2	–	2
– Settlement of share-based award cost with Alibaba Group		–	–	(22)	–	–	–	(22)	–	(22)
Dividend declared and paid	*25(a)*	–	–	–	–	–	(1,702)	(1,702)	–	(1,702)
Dividends declared and payable to non-controlling shareholders		–	–	–	–	–	–	–	(38)	(38)
Profit appropriation to statutory reserve	*25(c)*	–	–	–	–	108	(108)	–	–	–
Balance at 31 March 2025		10,020	1,108	15	45	2,579	6,327	20,094	334	20,428

The notes on pages 88 to 183 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2026

		Attributable to equity shareholders of the Company								
		Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
	Note	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 April 2025		**10,020**	**1,108**	**15**	**45**	**2,579**	**6,327**	**20,094**	**334**	**20,428**
Changes in equity for the year ended 31 March 2026:										
Loss for the year		–	–	–	–	–	(319)	(319)	(7)	(326)
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	(319)	(319)	(7)	(326)
Employee share incentive schemes:										
– Share-based payments related to the options granted by the Company	*6(b)*	–	–	(2)	–	–	–	(2)	–	(2)
– Exercise of option granted by the Group under the share-based payments	*25(b)*	2	1	(1)	–	–	–	2	–	2
Acquisition of non-controlling interests of certain subsidiaries	*25(f)*	–	(262)	–	–	–	–	(262)	(343)	(605)
Dividend declared and paid	*25(a)*	–	–	–	–	–	(2,173)	(2,173)	-*	(2,173)
Profit appropriation to statutory reserve	*25(c)*	–	–	–	–	25	(25)	–	–	–
Balance at 31 March 2026		**10,022**	**847**	**12**	**45**	**2,604**	**3,810**	**17,340**	**(16)**	**17,324**

* The amount is less than a million.

The notes on pages 88 to 183 form part of these financial statements.

		Year ended 31 March	
		2026	*2025*
	Note	***RMB million***	*RMB million*
Cash flows from operating activities			
Profit before taxation		**50**	1,030
Adjustments for:			
Depreciation of investment properties and other property, plant and equipment	*6(c)*	**2,856**	3,080
Amortisation of intangible assets	*6(c)*	**10**	8
Impairment losses on investment properties and other property, plant and equipment	*6(c)*	**230**	60
Finance costs	*6(a)*	**336**	395
Interest income on financial assets measured at amortised cost	*5*	**(280)**	(359)
Gain on financial assets measured at FVPL	*5*	**(45)**	(123)
Net gain on disposal and modification of investment properties and other property, plant and equipment	*5*	**(187)**	(116)
Provision for/(reversal of) the allowance related to trade receivables and other debtors	*6(c)*	**24**	(6)
Provision for/(reversal of) write-down of inventories, net		**-***	(27)
Share-based compensation expenses	*6(b)*	**(2)**	10
Net foreign exchange loss		**36**	4
Change in working capital:			
Decrease in inventories		**319**	251
(Increase)/decrease in trade and other receivables		**(96)**	99
Decrease in restricted deposits		**153**	1,582
Decrease in trade and other payables		**(1,401)**	(1,131)
Decrease in contract liabilities		**(1,095)**	(995)
Cash generated from operations		**908**	3,762
Income taxes paid		**(274)**	(213)
Net cash generated from operating activities		**634**	3,549

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

	Note	Year ended 31 March 2026 RMB million	2025 RMB million
Cash flows from investing activities			
Proceeds from sale of investment properties and other property, plant and equipment		**67**	54
Proceeds from redemption of time deposits with maturity over three months		**3,146**	1,160
Proceeds from redemption of restricted time deposits with maturity over three months		**5,428**	59
Proceeds from redemption of financial assets measured at FVPL		**10,718**	24,307
Interest received		**318**	242
Payment for investment properties and other property, plant and equipment		**(526)**	(985)
Payment for intangible assets		**(19)**	(12)
Payment for the purchase of time deposits with maturity over three months		**(2,692)**	(1,670)
Payment for the purchase of restricted time deposits with maturity over three months		**(4,994)**	(3,518)
Payment for the purchase of financial assets measured at FVPL		**(8,820)**	(24,549)
Cash outflow from sale of a subsidiary, net of cash disposed		**–**	(1)
Net cash generated from/(used in) investing activities		**2,626**	(4,913)
Cash flows from financing activities			
Proceeds from bank loans	*18(a)*	**3,141**	4,405
Principal element of lease rentals paid	*18(a)*	**(1,089)**	(1,146)
Interest element of lease rentals paid	*18(a)*	**(288)**	(341)
Cash payment for the acquisition of non-controlling interests		**(338)**	(208)
Repayments of bank loans	*18(a)*	**(2,800)**	(4,692)
Borrowing costs	*18(a)*	**(10)**	(25)
Repayment of interests		**(10)**	(3)
Dividend paid to the Company's equity shareholders	*25(a)*	**(2,173)**	(1,702)
Dividend paid to non-controlling interests in subsidiaries		**-***	(16)
Payments for settlement of share-based award cost with Alibaba Group		**–**	(22)
Net cash used in financing activities		**(3,567)**	(3,750)

		Year ended 31 March	
		2026	*2025*
	Note	***RMB million***	*RMB million*
Net decrease in cash and cash equivalents		**(307)**	(5,114)
Cash and cash equivalents at the beginning of the year		**6,798**	11,908
Effects of exchange rate changes on cash and cash equivalents		**-***	-*
Cash and cash equivalents decreased in the assets of disposal groups classified as held for sale		**12**	4
Cash and cash equivalents at the end of the year	*18*	**6,503**	6,798

* The amount is less than a million.

The notes on pages 88 to 183 form part of these financial statements.

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 on 27 July 2011. The Company and its subsidiaries (the "**Group**") is a leading hypermarket operator in the People's Republic of China ("**PRC**").

As at 31 March 2026, 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.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2026 comprise the Company and its subsidiaries. These financial statements are presented in Renminbi ("**RMB**") rounded to the nearest million, unless otherwise stated. RMB is also the functional currency of the Company and its operating subsidiaries in the PRC. The measurement basis used in the preparation of these financial statements is the historical cost basis except for financial assets measured 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 management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other component of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see note 2(aa)).

(e) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (note 2(g)) to earn rental income and/or for capital appreciation. These include areas within buildings of brick-and-mortar stores leased by the Group which are sublet to earn rental income.

Investment properties are stated at cost less accumulated depreciation and impairment losses (note 2(i)). Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

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

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

(f) Other property, plant and equipment

Buildings held for own use which are situated on land held under land use rights and other property, plant and equipment including right-of-use assets arising from leases of underlying plant and equipment (note 2(g)) are stated at cost less accumulated depreciation and impairment losses (note 2(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (note 2(x)). Construction in progress is transferred to investment properties or the relevant categories of other property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant authorities. No depreciation is provided on construction in progress. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

• Buildings	10 – 30 years
• Decoration and leasehold improvements	5 – 20 years
• Store and other equipment	4 – 10 years
• Office equipment	3 – 5 years
• Motor vehicles	5 – 8 years
• Land use rights and other properties leased for own use (note 2(g))	from the commencement date to the earlier of the end of the useful life or the end of the lease term

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases

(i) As a lessee

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

(i) As a lessee (continued)

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country and security.

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

(i) As a lessee (continued)

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

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

(ii) As a lessor

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

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(t)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(g)(i), then the Group classifies the sub-lease as an operating lease.

(h) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (note 2(i)).

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets (continued)

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

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

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

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

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

• Software	2 – 10 years

Both the period and method of amortisation are reviewed annually.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets

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

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

If any such indication exists, the asset's recoverable amount is estimated.

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Interim financial reporting and impairment

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

(j) Inventories

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

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

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

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

(k) Investments in debt securities

Investments in debt securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Investments in debt securities (continued)

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

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

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

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

(l) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 3 months and therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 15 for further information about the Group's accounting for trade and other receivables and note 2(n) for a description of the Group's impairment policies.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are assessed for expected credit losses ("ECL"s) in accordance with the policy set out in note 2(n).

(n) Expected credit losses of financial assets

The Group recognises a loss allowance for ECL on the financial assets measured at amortised cost (including cash and cash equivalents, deposits with financial institutions and trade and other receivables, and etc.).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Expected credit losses of financial assets (continued)

Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without resource by the Group to actions such as realising security (if any is held).

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amount.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Expected credit losses of financial assets (continued)

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the assets become past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(o) Trade and other payables

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Borrowings

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

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

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

(q) Employee benefits

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

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

(ii) Termination benefits

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(iii) Share-based payments

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

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

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

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

(iv) Share-based payments plans of Alibaba Group

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

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

(r) Provisions and contingent liabilities

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

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

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Current and deferred income tax (continued)

(ii) Deferred income tax (continued)

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

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

(t) Revenue

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

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

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

(i) Sales of goods

The Group sells its products to end customers via brick-and-mortar stores of the Group or over self-owned or other online platforms. Revenue is recognised when the end customer takes possession of and accepts the products.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Revenue (continued)

(i) Sales of goods (continued)

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

As a practical expedient, commission paid to other online platforms, which are considered as the incremental costs of obtaining a contract, are expensed when incurred because the amortisation period of the asset is less than one year.

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

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

(iii) Revenue from membership fee

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

(iv) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (note 2(l)).

(v) Rental income from operating leases

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method. Interest income from financial assets measured at FVPL is included in the net fair value gains/(losses) on these assets. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (note 2(n)).

(ii) Government grants

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

(iii) Dividend income

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

(v) Foreign currency translation

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Foreign currency translation (continued)

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

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

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

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

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

(w) Share capital

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Borrowing costs

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

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

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

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the equity shareholders of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(z) Dividend distribution

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Non-current assets (or disposal groups) are reclassified from held for sale to held for use if they no longer meet the criteria to be classified as held for sale. On reclassification from held for sale to held for use, a non-current asset is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held for sale. The calculation of this carrying amount includes any depreciation that would have been recognised had the asset not been classified as held for sale.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(bb) Related parties

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

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

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

- the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- the entity is controlled or jointly controlled by a person identified in note 2(bb)(i);
- a person identified in note 2(bb)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(cc) Segment reporting

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Provision for inventories

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

(b) Impairment of investment properties and other property, plant and equipment

As stated in note 2(i), an impairment loss is recognised in profit and loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. At the end of each reporting period, the Group reviews the recoverable amount of investment properties and other property, plant and equipment including right-of-use assets which involves judgement on the determination of their fair value less costs of disposal and value in use. The fair value less costs of disposal is determined based on market comparison approach by reference to market rent and yield of comparable assets and the value in use is determined by discounted cash flow forecast based on key inputs, including future revenue growth rates, future margins, future costs of each store and pre-tax discount rates. Any change in the assumptions underlying these projections and fair values would increase or decrease the recoverable amount of investment properties and other property, plant and equipment.

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Income tax

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

(e) Determining the lease term

As explained in note 2(g), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options or early termination options exercisable by the Group, the Group exercises judgement to evaluate the likelihood of exercising the renewal options or early termination options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken, penalties for early termination and the importance of that underlying asset to the Group's operation. Any increase or decrease in the lease term would affect the amount of lease liabilities and right – of-use assets recognised in future years. The Group also exercises judgement to determine whether there is a significant event or significant change in circumstance that is within the Group's control that would require the lease term to be reassessed.

(f) Recognition of volume-based purchase rebates

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

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 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.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Revenue from contracts with customers within the scope of HKFRS 15		
– recognised at a point in time	**60,611**	68,482
– recognised over time	**29**	36
Revenue from other sources		
– rental income from tenants	**2,802**	3,034
	63,442	71,552

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 one year or less.

5 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 March	
	2026	*2025*
	RMB million	*RMB million*
Interest income on financial assets measured at amortised cost	**280**	359
Net gain on disposal and modification of investment properties and other property, plant and equipment	**187**	116
Government grants	**93**	100
Gain on financial assets measured at FVPL	**45**	123
Gain on disposal of packaging material	**94**	92
Parking fee and miscellaneous income	**320**	340
	1,019	1,130

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Year ended 31 March	
	2026	*2025*
	RMB million	*RMB million*
Interests on lease liabilities	**288**	341
Interests on bank loans	**24**	51
Other interest expenses	**24**	3
	336	395

(b) Staff costs

	Year ended 31 March	
	2026	*2025*
	RMB million	*RMB million*
Salaries, wages and other benefits	**6,804**	7,363
Contributions to defined contribution retirement plans (i)	**779**	834
(Reversal of)/recognised expenses related to Employee Trust Benefit Schemes (ii)	**(99)**	99
Share-based compensation expenses (iii)	**(2)**	10
	7,482	8,306

(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.

The Company and its subsidiaries incorporated in Hong Kong join a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately, and there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (continued)

(ii) Expenses related to Employee Trust Benefit Schemes

The Group has established an Employee Trust Benefit Scheme for employees of its subsidiary, Concord Investment (China) Co., Ltd ("**CIC**") and its subsidiaries (the "**RT-Mart Scheme**") and an Employee Trust Benefit Scheme for employees of its subsidiary, Auchan (China) 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 interest in CIC in the case of the RT-Mart Scheme, or cash portion or equity interest in ACI in the case of the Auchan Scheme, respectively. The annual profit-sharing contributions are accrued in the year in which the associated services are rendered by the eligible employees.

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

On 29 September 2025, the Board of Directors approved certain amendments to the scheme rules to regulate the arrangements for the redemption of the trust units, and to further optimise the scheme rules for the remaining term of the two schemes. Among the amendments, it was resolved that no further trust units would be granted to the two schemes. Such amendments were then approved at the extraordinary general meeting of the Company on 4 December 2025 and took effect upon this approval. Accordingly, expenses of RMB99 million related to Employee Trust Benefit Schemes recognised for the year ended 31 March 2025 but will no longer be settled with employees were reversed upon the effectiveness of the amended schemes, and no additional expenses were recognised during the year ended 31 March 2026.

(iii) Share-based compensation expenses

(a) 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.

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (continued)

(iii) Share-based compensation expenses (continued)

(a) Share options issued by the Company (continued)

Share options granted will expire in 10 years from the grant date. The share options have graded vesting terms, and vest in tranches from the grant date over the vesting period, on condition that employees remain in service without any performance requirements. The share options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for 10 years after the date of grant.

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

	Number of share options *(thousand)*	**Weighted average exercise price per share option** *HKD*
Outstanding as at 1 April 2024	45,000	1.82
Forfeited during the year	(10,000)	2.18
Outstanding as at 31 March 2025	35,000	1.72
Vested and exercisable at 31 March 2025	6,250	1.54
Outstanding as at 1 April 2025	**35,000**	**1.72**
Exercised during the year	**(800)**	**2.18**
Lapsed during the year	**(25,000)**	**1.54**
Outstanding as at 31 March 2026	**9,200**	**2.18**
Vested and exercisable at 31 March 2026	**4,200**	**2.18**

The weighted average remaining contractual life of outstanding share options was 7.38 years as at 31 March 2026.

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (continued)

(iii) Share-based compensation expenses (continued)

(a) Share options issued by the Company (continued)

Fair value of share options

The assessed fair value at grant date of options granted on 18 August 2023 and 27 March 2024 were RMB0.70 and RMB0.51 per option, respectively. The Group had used Black-Scholes model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

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

(b) Share-based payments plans of Alibaba Group

During the year ended 31 March 2025, certain employees of the Group were also covered by share-based payment plans operated by Alibaba Group (including share options and restricted share units). After the change of the controlling shareholders 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. Accordingly, for the year ended 31 March 2026, no expense was recognised by the Group in respect of the share-based payments plans of Alibaba Group (for the year ended 31 March 2025: RMB2 million).

6 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other major items

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Cost of inventories (note 13(b))	**47,988**	54,231
Depreciation of investment properties, and other property, plant and equipment (note 11)	**2,856**	3,080
Amortisation of intangible assets (note 12)	**10**	8
Operating lease charges (note 11(c))	**711**	804
Impairment losses on investment properties and other property, plant and equipment (note 11(b))	**230**	60
Provision for/(reversal of) the allowance related to trade receivables and other debtors (note 26(a))	**24**	(6)
Auditors' remuneration		
– audit services	**8**	15
– non-audit services	**–***	3
Donations	**–***	–*

* The amount is less than a million.

7 INCOME TAX

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

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Current tax – Hong Kong		
Provision for the year	**–**	–
Under-provision in respect of prior years	**3**	–
Current tax – PRC		
Provision for the year	**186**	59
Under-provision in respect of prior years	**9**	-*
Withholding tax	**176**	90
	374	149
Deferred taxation		
Origination and reversal of temporary difference	**2**	495
	376	644

* The amount is less than a million.

(i) The provision for Hong Kong Profits Tax for the year ended 31 March 2026 is calculated at 16.5% (for the year ended 31 March 2025: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in last year.

(ii) PRC subsidiaries are subject to income tax at 25% for the year ended 31 March 2026 (for the year ended 31 March 2025: 25%) under the Enterprise Income Tax Law ("**EIT Law**").

7 INCOME TAX (CONTINUED)

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

Pursuant to the relevant regulations in respect of Announcement on 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 specially, for the portion of annual taxable income which does not exceed RMB3 million (inclusive), 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. Approximately 45% of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the year ended 31 March 2026 (for the year ended 31 March 2025: 44%).

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 2026 (for the year ended 31 March 2025: 15%).

7 INCOME TAX (CONTINUED)

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

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

Under the Arrangement between the Chinese Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received. As at 31 March 2025, Hong Kong tax resident certificate for the three years ended 31 December 2024 has been expired and the withholding tax was recognised by using the tax rate of 10%. As at 31 March 2026, the Company and its certain subsidiaries have obtained renewed Hong Kong tax resident certificate for the three years ending 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.

As at 31 March 2026, deferred tax liability of RMB47 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 2025: RMB167 million).

As at 31 March 2026, no deferred tax liabilities were provided on post-2007 undistributed profits of the Group's PRC subsidiaries amounted to RMB1,174 million for which the Group has no plan to distribute them outside the PRC in the foreseeable future (31 March 2025: RMB3,839 million).

7 INCOME TAX (CONTINUED)

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

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Profit before taxation	**50**	1,030
Notional tax on profit before taxation, calculated at the PRC income tax rate of 25%	**13**	258
Statutory tax concession	**(9)**	(10)
Non-deductible expenses, less non-assessable income	**(11)**	42
PRC dividend withholding tax	**57**	248
Current year losses for which no deferred tax asset was recognised	**354**	229
Temporary differences for which no deferred tax asset was recognised	**4**	3
Reversal of previously recognised deferred tax assets	**14**	11
Utilisation of previously unrecognised tax losses	**(34)**	(99)
Recognition of previously unrecognised tax losses	**(24)**	(38)
Under-provision in respect of prior years	**12**	-*
Actual tax expenses	**376**	644

* The amount is less than a million.

(c) Pillar Two income taxes

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("**Pillar Two model rules**") published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland. Based on the financial performance of the Group in the current year, the Group concluded there is no material financial impact of Pillar Two income taxes and therefore has not recognised any top-up tax for the year ended 31 March 2026 (for the year ended 31 March 2025: nil).

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

	Year ended 31 March 2026						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Retirement scheme contributions	Subtotal	Share-based payments	Total
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*
Executive directors							
Julian Juul WOLHARDT	–	–	–	–	–	–	–
LI Weiping (appointed on 1 December 2025 and ceased on 8 March 2026)	–	866	23	18	907	–	907
SHEN Hui (resigned on 1 December 2025)	–	2,563	6,084	53	8,700	(3,505)	5,195
Non-executive directors							
Guannan WANG (resigned on 6 January 2026)	–	–	–	–	–	–	–
Mengxue MEI	–	–	–	–	–	–	–
LIU Hao (appointed on 6 January 2026)	–	–	–	–	–	–	–
Independent non-executive directors							
Charles Sheung Wai CHAN	474	–	–	–	474	–	474
Karen Yifen CHANG	402	–	–	–	402	–	402
YIH, Dieter Lai Tak	402	–	–	–	402	–	402
Total	1,278	3,429	6,107	71	10,885	(3,505)	7,380

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Year ended 31 March 2025						
	Directors' fees *RMB thousand*	Salaries, allowances and benefits in kind *RMB thousand*	Discretionary bonus *RMB thousand*	Retirement scheme contributions *RMB thousand*	Subtotal *RMB thousand*	Share-based payments *RMB thousand*	Total *RMB thousand*
Executive director							
SHEN Hui	–	3,872	–	–	3,872	6,518	10,390
Non-executive directors							
Julian Juul WOLHARDT (appointed on 6 March 2025)	–	–	–	–	–	–	–
Guannan WANG (appointed on 6 March 2025)	–	–	–	–	–	–	–
Mengxue MEI (appointed on 27 March 2025)	–	–	–	–	–	–	–
HUANG Ming-Tuan (resigned on 27 March 2025)	–	–	–	–	–	–	–
HAN Liu (resigned on 27 March 2025)	–	–	–	–	–	–	–
LIU Peng (resigned on 30 April 2024)	–	–	–	–	–	–	–
QIN Yuehong (appointed on 21 May 2024 and resigned on 27 February 2025)	–	–	–	–	–	–	–
Independent non-executive directors							
Charles Sheung Wai CHAN	485	–	–	–	485	–	485
Karen Yifen CHANG	411	–	–	–	411	–	411
YIH, Dieter Lai Tak	411	–	–	–	411	–	411
Total	1,307	3,872	–	–	5,179	6,518	11,697

No director of the Company agreed to waive any remuneration during the year ended 31 March 2026 and 2025. There were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 9 as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 March 2026 and 2025.

No director of the Company is subject to Employee Trust Benefit Schemes as disclosed in note 6(b)(ii).

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (for the year ended 31 March 2025: one) is the director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (for the year ended 31 March 2025: four) individuals are as follows:

	Year ended 31 March	
	2026	2025
	RMB thousand	*RMB thousand*
Salaries and other emoluments	**4,318**	10,505
Discretionary bonuses	**6,455**	–
Share-based payments	**954**	–
Retirement scheme contributions	**286**	–
	12,013	10,505

The emoluments of the four individuals (for the year ended 31 March 2025: four) with the highest emoluments are within the following bands:

	Year ended 31 March	
	2026	2025
	Number of individuals	*Number of individuals*
HK$1,500,001 – HK$2,000,000	**3**	1
HK$2,500,001 – HK$3,000,000	**–**	2
HK$3,500,001 – HK$4,000,000	**–**	1
HK$7,500,001 – HK$8,000,000	**1**	–
	4	4

10 (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 the equity shareholders of the Company of RMB319 million (for the year ended 31 March 2025: profit attributable to the equity shareholders of the Company of RMB405 million) and the weighted average number of 9,540,304,700 ordinary shares in issue during the year ended 31 March 2026 (for the year ended 31 March 2025: 9,539,704,700 shares).

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
(Loss)/profit attributable to the equity shareholders of the Company	**(319)**	405
Weighted average number of ordinary shares in issue	**9,540,304,700**	9,539,704,700
Basic (loss)/earnings per share (expressed in RMB per share)	**(0.03)**	0.04

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings 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 years ended 31 March 2026 and 2025, 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.

As the Group incurred loss for the year ended 31 March 2026, 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 2026.

10 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share (continued)

For the year ended 31 March 2025, the calculation of diluted earnings per share is based on the profit attributable to the equity shareholders of the Company of RMB405 million and the weighted average of 9,540,448,150 ordinary shares, calculated as follows:

	Year ended 31 March 2025 *RMB million*
Profit attributable to the equity shareholders 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

11 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings	Decoration and leasehold improvements	Store and other equipment	Office equipment	Motor vehicles	Construction in progress	Land use rights	Other properties leased for own use	Subtotal	Investment properties	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 April 2024											
Cost	13,531	4,631	19,639	3,298	259	565	5,630	9,388	56,941	10,054	66,995
Accumulated depreciation and impairment	(6,016)	(3,571)	(15,720)	(2,828)	(223)	(125)	(1,891)	(5,598)	(35,972)	(4,752)	(40,724)
Net book amount	7,515	1,060	3,919	470	36	440	3,739	3,790	20,969	5,302	26,271
Year ended 31 March 2025:											
Opening net book amount	7,515	1,060	3,919	470	36	440	3,739	3,790	20,969	5,302	26,271
Additions and modification	2	121	109	55	8	481	6	400	1,182	156	1,338
Disposals	–	(22)	(43)	(12)	(4)	(1)	–	(49)	(131)	–	(131)
Transfers	(72)	124	147	32	1	(304)	1	–	(71)	71	–
Depreciation capitalised during construction in progress stage	–	–	–	–	–	5	(5)	–	–	–	–
Depreciation charge (note 6(c))	(399)	(236)	(810)	(186)	(18)	–	(149)	(838)	(2,636)	(444)	(3,080)
Impairment charge (note 6(c))	–	10	(31)	(6)	–	(11)	–	(5)	(43)	(17)	(60)
Closing net book amount	7,046	1,057	3,291	353	23	610	3,592	3,298	19,270	5,068	24,338
At 31 March 2025											
Cost	13,424	4,645	19,400	3,195	230	627	5,635	9,087	56,243	10,235	66,478
Accumulated depreciation and impairment	(6,378)	(3,588)	(16,109)	(2,842)	(207)	(17)	(2,043)	(5,789)	(36,973)	(5,167)	(42,140)
Net book amount	7,046	1,057	3,291	353	23	610	3,592	3,298	19,270	5,068	24,338

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

	Buildings	Decoration and leasehold improvements	Store and other equipment	Office equipment	Motor vehicles	Construction in progress	Land use rights	Other properties leased for own use	Subtotal	Investment properties	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 April 2025											
Cost	13,424	4,645	19,400	3,195	230	627	5,635	9,087	56,243	10,235	66,478
Accumulated depreciation and impairment	(6,378)	(3,588)	(16,109)	(2,842)	(207)	(17)	(2,043)	(5,789)	(36,973)	(5,167)	(42,140)
Net book amount	7,046	1,057	3,291	353	23	610	3,592	3,298	19,270	5,068	24,338
Year ended 31 March 2026:											
Opening net book amount	7,046	1,057	3,291	353	23	610	3,592	3,298	19,270	5,068	24,338
Additions and modification	–	66	68	32	3	189	–	666	1,024	217	1,241
Disposals	(1)	(10)	(21)	(7)	(7)	–	–	(117)	(163)	(1)	(164)
Transfers	13	37	74	18	1	(705)	(172)	–	(734)	734	–
Depreciation capitalised during construction in progress stage	–	–	–	–	–	2	(2)	–	–	–	–
Depreciation charge (note 6(c))	(394)	(234)	(649)	(164)	(10)	–	(150)	(805)	(2,406)	(450)	(2,856)
Impairment charge (note 6(c))	–	(46)	(76)	(8)	–	–	–	(74)	(204)	(26)	(230)
Transferred from assets classified as held for sale	–	–	5	–	–	–	–	50	55	17	72
Closing net book amount	6,664	870	2,692	224	10	96	3,268	3,018	16,842	5,559	22,401
At 31 March 2026											
Cost	13,379	4,692	19,620	3,188	136	113	5,425	9,325	55,878	11,341	67,219
Accumulated depreciation and impairment	(6,715)	(3,822)	(16,928)	(2,964)	(126)	(17)	(2,157)	(6,307)	(39,036)	(5,782)	(44,818)
Net book amount	6,664	870	2,692	224	10	96	3,268	3,018	16,842	5,559	22,401

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

All the Group's investment properties, other property, plant and equipment are located in the PRC.

The Group obtains leasehold land use rights for periods ranging from 30 to 70 years where complexes of brick-and-mortar stores are located among which, part of the brick-and-mortar store area and related leasehold land are for own use, and part are sublet to earn rental income, including variable lease payments and fixed lease payments.

As at 31 March 2026, the Group was in the process of obtaining ownership certificates for certain land use rights which were classified as right-of-use assets (note 11(c)) and buildings with an aggregate carrying amount of RMB1,492 million (31 March 2025: RMB920 million). Notwithstanding this, except for certain buildings associated with the legal claims as disclosed in note 28, the directors are of the opinion that the Group owned the beneficial title to these land use rights and buildings as at 31 March 2026 and 2025.

(a) Investment properties

As set out in note 2(e), the Group has applied the cost model for its investment properties.

An independent professional valuer has been engaged to measure the fair value of the retail galleries located in the buildings of brick-and-mortar stores owned or leased by the Group. The valuation included the fair value of the buildings, the associated leasehold land use rights and the right-of-use assets related to the leased properties used for the retail galleries which were classified as investment properties. As at 31 March 2026, the total fair value of the investment properties was RMB18,430 million (31 March 2025: RMB18,737 million).

The valuation technique and significant unobservable inputs used to estimate the fair value of the investment properties are set forth in the table below. The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used. There have been no changes in valuation technique compared to that used in the prior year.

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

(a) Investment properties (continued)

Valuation technique	Significant unobservable inputs
Income approach by capitalising the net rental incomes derived from the existing tenancies with due allowance for any reversionary income potential of the properties.	• Market rent: The market rent is estimated according to the comparable properties in close proximity. The higher the market rent, the higher the fair value of the properties. • Yield: The yield is estimated according to the market evidence, valuer's experience and knowledge of market conditions. The range of adopted yield is from 4.25% to 7.00% (for the year ended 31 March 2025: 4.25% to 7.00%).

The Group leases out investment properties and certain other property, plant and equipment within the buildings of brick-and-mortar stores under operating leases which typically run for an initial period of 1 to 5 years. The Group's total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Within 1 year	**1,216**	1,183
After 1 year but within 5 years	**1,183**	1,068
After 5 years	**478**	285
	2,877	2,536

In addition to the minimum amounts disclosed above, certain lessees have commitments to pay additional rent to the Group if their sales revenue exceeds predetermined levels. Contingent rental receivables are not included in the above.

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

(b) Impairment of investment properties and other property, plant and equipment

As at 31 March 2026, the carrying amount of building and leasehold improvements, equipment and right-of-use assets in certain stores of the Group were written down to their estimated recoverable amount of RMB696 million (31 March 2025: RMB586 million). The impairment losses of RMB230 million (during the year ended 31 March 2025: RMB60 million) were recognised in "selling and marketing expenses" during the year ended 31 March 2026.

The Group regards each individual store as a separately identifiable CGU and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at store level. In determining the value in use as at 31 March 2026, the post-tax discount rate of 11% (31 March 2025: 11%) was used. In determining the fair value of the relevant assets, the level of fair value hierarchy, the valuation techniques and each key assumption are disclosed in note 11(a).

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

(c) Right-of-use assets

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Right-of-use assets		
Included in "Other property, plant and equipment":		
Land use rights	**3,268**	3,592
Other properties leased for own use	**3,018**	3,298
	6,286	6,890
Included in "Investment properties":		
Leasehold investment properties (including land use rights)	**2,231**	2,127
	8,517	9,017

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

(c) Right-of-use assets (continued)

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	**150**	149
Other properties leased for own use	**805**	838
Leasehold investment properties	**208**	251
	1,163	1,238
Interest on lease liabilities (note 6(a))	**288**	341
Expense relating to short-term leases and leases of low value assets	**109**	168
Variable lease payments not included in the measurement of lease liabilities	**602**	636

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

(c) Right-of-use assets (continued)

(iii) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Within operating cash flows	**596**	802
Within investing cash flows	**–**	8
Within financing cash flows	**1,377**	1,487
	1,973	2,297

These amounts relate to the following:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Lease rentals paid	**1,973**	2,289
Purchase of leasehold properties	**–**	8
	1,973	2,297

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

(c) Right-of-use assets (continued)

(iv) The Group's leasing activities and how these are accounted for

Land use rights

The Group has obtained land use rights in the Chinese Mainland where certain complexes of buildings of brick-and-mortar stores are located. The land use rights are typically granted for 30-70 years, on the expiry of which the land reverts back to the PRC state. The payment for leasing the land is normally made in full at the start of the land use right period.

Other properties leased for own use

The Group has obtained the right to use certain properties to operate its buildings of brick-and-mortar store business or as warehouses and offices through tenancy agreements. The leases typically run for an enforceable period of 5-20 years for buildings of brick-and-mortar store business and 1-20 years for warehouses and offices. Lease payments are increased on an agreement-to-agreement basis to reflect market rentals.

(v) Variable lease payments

During the year ended 31 March 2026, the Group leased a number of buildings for use as buildings of brick-and-mortar stores and for sublease which contain variable lease payment terms that are based on sales generated from the buildings of brick-and-mortar stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in the Chinese Mainland where the Group operates.

At 31 March 2026, it is estimated that an increase/decrease in sales generated from these retail stores by 5% would have increased/decreased the lease payments by RMB29 million (31 March 2025: RMB32 million).

(vi) Extension and termination options

Some leases include an option to renew the lease for an additional period after the end of the contract term or early terminate before the contract term. Where practicable, the Group seeks to include such extension options or early termination options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or early termination options. If the Group is not reasonably certain to exercise the extension options or early termination options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

12 INTANGIBLE ASSETS

	Software *RMB million*
As at 31 March 2024	
Cost	266
Accumulated amortisation and impairment	(211)
Net book amount	55
Year ended 31 March 2025	
Opening net book amount	55
Addition	12
Disposal	(2)
Amortisation charge (note 6(c))	(8)
Closing net book amount	57
As at 31 March 2025	
Cost	278
Accumulated amortisation and impairment	(221)
Net book amount	57
Year ended 31 March 2026	
Opening net book amount	57
Addition	19
Disposal	-*
Amortisation charge (note 6(c))	(10)
Closing net book amount	66
As at 31 March 2026	
Cost	292
Accumulated amortisation and impairment	(226)
Net book amount	66

* The amount is less than a million.

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

13 INVENTORIES

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

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Trading merchandise	**7,148**	7,467

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss (note 6(c)) is as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Carrying amount of inventories sold	**47,988**	54,258
Provision for/(reversal of) write-down of inventories, net	**-***	(27)
	47,988	54,231

* The amount is less than a million.

All inventories are expected to be sold within one year.

14 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	**1,119**	1,327
– Time deposits (note 16(a))	**3,424**	3,380
– Restricted deposits (note 16(b))	**5,485**	6,572
– Cash and cash equivalents (note 18)	**6,503**	6,798
	16,531	18,077
Financial assets measured at FVPL		
– Structured deposits (note 17)	**1,684**	3,363
– Certificates of deposits (note 17)	**302**	466
– Money market funds (note 17)	**–**	10
	1,986	3,839
	18,517	21,916
Financial liabilities		
Liabilities at amortised cost		
– Trade and other payables	**11,805**	12,938
– Bank loans (note 22)	**1,845**	1,491
– Lease liabilities (note 23)	**5,682**	5,833
	19,332	20,262

The Group's exposure to various risks associated with the financial instruments is discussed in note 26. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

15 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Trade receivables	**569**	524
Less: loss allowance	**(34)**	(28)
	535	496
Prepayments of rentals	**495**	565
Valued-added tax receivables	**494**	398
Amounts due from related parties	**–**	204
	989	1,167
Other assets	**739**	771
Less: provision of impairment	**(155)**	(144)
	584	627
Trade and other receivables	**2,108**	2,290
Less: non-current portion	**(46)**	(22)
Trade and other receivables – current portion	**2,062**	2,268

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 interest receivables of non-current time deposits and non-current restricted time deposits which will be recovered after one year, all of the trade and other receivables classified as current assets are expected to be recovered within one year. Details of the Group's credit policy are set out in note 26(a).

16 TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) Time deposits

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Included in non-current assets:		
RMB time deposits	**1,780**	800
Included in current assets:		
RMB time deposits	**1,594**	2,580
USD time deposits	**50**	–
	1,644	2,580

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.

As at 31 March 2026 and 2025, 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	
	2026	2025
	RMB million	*RMB million*
Included in non-current assets:		
Restricted time deposits	**1,700**	100
Included in current assets:		
Restricted time deposits	**1,594**	4,128
Restricted demand deposits	**2,191**	2,344
	3,785	6,472

Restricted deposits primarily represented deposits placed in a depository bank account supervised by certain local government authority over the outstanding prepaid card balances which have not been covered by any commercial guarantee insurance or bank guarantees as stipulated by the relevant laws and regulations in respect of the administration of single-purpose commercial prepaid cards.

17 FINANCIAL ASSETS MEASURED AT FVPL

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Structured deposits	**1,684**	3,363
Certificates of deposit (i)	**302**	466
Money market funds	**–**	10
	1,986	3,839

(i) The balance represents investments in certain large-denomination negotiable certificates of deposits. As the certificates of deposits were held for sale by the Group, they are classified as financial assets measured at FVPL.

18 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Cash at bank and in hand	**5,929**	6,497
Deposits with banks within three months of maturity	**516**	223
Other financial assets and cash equivalents	**58**	78
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	**6,503**	6,798

18 CASH AND CASH EQUIVALENTS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities

	Bank loans	Lease liabilities	Total
	RMB million	*RMB million*	*RMB million*
At 1 April 2024	1,749	6,628	8,377
Changes from financing cash flows:			
Proceeds from new bank loans	4,405	–	4,405
Repayment of bank loans	(4,692)	–	(4,692)
Principal element of lease rentals paid	–	(1,146)	(1,146)
Interest element of lease rentals paid	–	(341)	(341)
Interests paid	(25)	–	(25)
Total changes from financing cash flows	(312)	(1,487)	(1,799)
Other changes:			
Increase and modification in lease liabilities from entering into new leases during the year	–	345	345
Decreased in liabilities classified as held for sale	–	6	6
Interest expenses	51	341	392
Capitalised borrowing costs	3	–	3
Total other changes	54	692	746
At 31 March 2025	1,491	5,833	7,324
At 1 April 2025	**1,491**	**5,833**	**7,324**
Changes from financing cash flows:			
Proceeds from new bank loans	**3,141**	**–**	**3,141**
Repayment of bank loans	**(2,800)**	**–**	**(2,800)**
Principal element of lease rentals paid	**–**	**(1,089)**	**(1,089)**
Interest element of lease rentals paid	**–**	**(288)**	**(288)**
Interests paid	**(10)**	**–**	**(10)**
Total changes from financing cash flows	**331**	**(1,377)**	**(1,046)**

18 CASH AND CASH EQUIVALENTS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans	Lease liabilities	Total
	RMB million	RMB million	RMB million
Other changes:			
Increase and modification in lease liabilities from entering into new leases during the year	–	588	588
Increase in lease liabilities as a result of reclassification from liabilities held for sale	–	350	350
Increase in interests payable	(1)	–	(1)
Interest expenses	24	288	312
Total other changes	23	1,226	1,249
At 31 March 2026	1,845	5,682	7,527

19 ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The associated assets and liabilities of certain brick-and-mortar stores were presented as held for sale as at 31 March 2025.

On 28 November 2025, it was resolved to cancel the original disposal plan of those relevant stores as the directors decided to retain them for long-term use following a strategic review. As a result, those stores no longer meet the criteria for held for sale under HKFRS 5. Accordingly, the assets and liabilities were reclassified to investment properties, other property, plant and equipment and other related accounts as at 31 March 2026.

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

	As at 31 March 2025 *RMB million*
Assets of disposal groups classified as held for sale:	
Investment properties	17
Other property, plant and equipment	55
Trade and other receivables	35
Restricted deposits	-*
Cash and cash equivalents	12
Total assets of disposal groups classified as held for sale	119
Liabilities directly associated with assets of disposal groups classified as held for sale:	
Trade and other payables	49
Lease liabilities	350
Contract liabilities	77
Current taxation	1
Total liabilities directly associated with assets of disposal groups classified as held for sale	477

* The amount is less than a million.

20 TRADE AND OTHER PAYABLES

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Current liabilities		
Trade payables	**8,530**	9,832
Construction costs payable	**464**	615
Amounts due to related parties	**-***	33
Dividend payable to non-controlling interests	**11**	11
Accruals and other payables	**4,840**	4,910
	13,845	15,401
Non-current liabilities		
Amounts due to related parties	**110**	–
Other financial liabilities	**23**	23
	133	23

* The amount is less than a million.

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

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Within six months	**7,690**	8,632
Over six months	**840**	1,200
	8,530	9,832

The carrying amounts of trade and other payables are considered to approximate their fair values.

21 CONTRACT LIABILITIES

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Prepaid cards (i)	**10,163**	11,186
Advance receipts from customers for sales (ii)	**463**	399
Customer loyalty program points liability (iii)	**37**	84
Membership fee (iv)	**10**	22
	10,673	11,691

(i) Revenue is recognised when customers accept the goods, so revenue from redemption of prepaid cards is recognised when the related goods are accepted by customers with the adjustment of impact of breakage.

(ii) The amounts of consideration received in advance as prepayments by merchandise customers are short-term as the respective revenue is expected to be recognised within a few days when the goods are delivered to customers.

(iii) The Group operates a customer loyalty programme for sales to customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

(iv) The Group accounts for membership fee revenue on a deferred basis. The membership fee is recognised as revenue using the straight-line method over the twelve-month membership period.

21 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	Prepaid cards *RMB million*	Advance receipts from customers for sales *RMB million*	Customer loyalty program points liability *RMB million*	Membership fee *RMB million*	Total *RMB million*
Balance at 1 April 2024	12,195	215	244	21	12,675
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(5,661)	(215)	(223)	(21)	(6,120)
Increase in contract liabilities excluding amounts recognised as revenue during the year	4,639	401	63	22	5,125
Increase/(decrease) in liabilities classified as held for sale	13	(2)	–	–	11
Balance at 31 March 2025	11,186	399	84	22	11,691

	Prepaid cards ***RMB million***	**Advance receipts from customers for sales** ***RMB million***	**Customer loyalty program points liability** ***RMB million***	**Membership fee** ***RMB million***	**Total** ***RMB million***
Balance at 1 April 2025	**11,186**	**399**	**84**	**22**	**11,691**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(4,565)**	**(399)**	**(84)**	**(22)**	**(5,070)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**3,470**	**458**	**37**	**10**	**3,975**
Increase in contract liabilities as a result of reclassification from liabilities held for sale	**72**	**5**	**–**	**–**	**77**
Balance at 31 March 2026	**10,163**	**463**	**37**	**10**	**10,673**

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

22 BANK LOANS

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Unsecured bank loans – maturity amount	**1,850**	1,500
Less: unamortised discount	**(5)**	(9)
	1,845	1,491

(a) The carrying amount of bank loans approximated its fair value and was denominated in Renminbi.

(b) As at 31 March 2026, the bank loans bear interests at fixed rates ranging from 0.70% to 2.25% (31 March 2025: 1.30% to 1.98%) per annum, which are repayable within one year.

23 LEASE LIABILITIES

The following table shows the remaining maturities of the Group's reasonably certain lease liabilities at the end of each reporting period:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Within 1 year	**1,730**	1,648
After 1 year but within 2 years	**832**	892
After 2 years but within 5 years	**1,627**	1,682
After 5 years	**1,493**	1,611
	3,952	4,185
	5,682	5,833

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Balance at beginning of the year	**16**	79
Under-provision in respect of prior years	**12**	-*
Provision for current income tax for the year	**362**	149
Payment during the year	**(274)**	(213)
Transferred from liability directly associated with assets of disposal groups classified as held for sale	**1**	1
	117	16

* The amount is less than a million.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Tax losses	Depreciation and amortisation charges in excess of depreciation and amortisation allowances	Lease liabilities	Asset impairment and provisions	Other provisions and timing differences	Right-of-use assets	Fair value adjustment in relation to business combinations	Income recognised from aged unutilised prepaid cards	Withholding tax	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 April 2024	63	137	1,852	446	116	(1,176)	(6)	(428)	(9)	995
Credit/(debited) to profit or loss (note 7(a))	(21)	(16)	(215)	(155)	(52)	134	–	(12)	(248)	(585)
Payment of withholding tax	–	–	–	–	–	–	–	–	90	90
At 31 March 2025 and 1 April 2025	42	121	1,637	291	64	(1,042)	(6)	(440)	(167)	500
Credit/(debited) to profit or loss (note 7(a))	**(7)**	**(13)**	**(137)**	**(23)**	**(20)**	**88**	**1**	**(11)**	**(57)**	**(179)**
Payment of withholding tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**177**	**177**
As at 31 March 2026	**35**	**108**	**1,500**	**268**	**44**	**(954)**	**(5)**	**(451)**	**(47)**	**498**

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (continued)

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

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Net deferred tax assets	**1,002**	1,113
Net deferred tax liabilities	**(504)**	(613)
	498	500

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB7,922 million as at 31 March 2026 (31 March 2025: RMB7,584 million), as it is not probable that future taxable profits against which these losses can be utilised will be available in the subsidiaries concerned.

The unused tax losses from PRC entities can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
2025	**–**	556
2026	**1,486**	1,659
2027	**1,468**	1,702
2028	**1,952**	2,090
2029	**1,402**	1,484
2030	**1,389**	93
2031	**225**	–
	7,922	7,584

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(d) Deferred tax liabilities not recognised

For post-2007 undistributed profits of the Group's PRC subsidiaries which the Group has no plan to distribute outside the PRC in the foreseeable future, no deferred tax liabilities were recognised. As at 31 March 2026, such undistributed profits amounted to RMB1,174 million (31 March 2025: RMB3,839 million).

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to the equity shareholders of the Company, not recognised at the end of the year:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Second interim dividend declared after the year end of HK$0.085 (equivalent to RMB0.073) per ordinary share for the year ended 31 March 2026	**698**	–
Final dividend proposed after the year end of HK$0.170 (equivalent to RMB0.156) per ordinary share for the year ended 31 March 2025	**–**	1,491
	698	1,491

The second interim dividend of HK$0.085 per ordinary share in respect of the year ended 31 March 2026 was approved on 18 May 2026. The second interim dividend declared after the reporting period has not been recognised as a liability at the end of the year.

(ii) Dividends payable to the equity shareholders of the Company approved and paid during the year:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Final dividend in respect of previous year paid to the equity shareholders of the Company	**1,467**	173
First Interim dividend in respect of current year paid to the equity shareholders of the Company	**706**	1,529
	2,173	1,702

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Dividends (continued)

(ii) Dividends payable to the equity shareholders of the Company approved and paid during the year: (continued)

A final dividend of HK$0.170 per ordinary share in respect of the year ended 31 March 2025 was approved on 14 August 2025, and the payment was made on 24 September 2025 for an amount equivalent to RMB1,467 million.

An interim dividend of HK$0.085 per ordinary share was approved on 11 November 2025 in respect of the six months ended 30 September 2025, and the payment was made on 24 March 2026 for an amount equivalent to RMB706 million.

A final dividend of HK$0.020 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 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.

(b) Share capital

	As at 31 March 2026		As at 31 March 2025	
		RMB million		*RMB million*
Registered, issued and fully paid	**9,540,504,700**	**10,022**	9,539,704,700	10,020

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB million
Balance at 1 April 2024, 31 March 2025 and 1 April 2025	9,539,704,700	10,020
Share options exercised	800,000	2
Balance at 31 March 2026	9,540,504,700	10,022

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital (continued)

During the year ended 31 March 2026, 800,000 options were exercised at a subscription price of HKD2.18 per ordinary share for a total consideration of HKD1,744,000 (equivalent to RMB1,594,000), which was recorded in share capital account. Accordingly, the fair value of these share options in an aggregate amount of RMB558,000 previously recognised in the share-based payment reserve was transferred to the capital reserve account upon the exercise of share options.

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly arises from

- the issuance of ordinary shares to acquire the non-controlling interests in Auchan (China) Hong Kong Limited ("**ACHK**") and Concord Champion International Limited ("**CCIL**");
- the excess of the capital injected by the trusts to CIC or ACI over the attributable share of their consolidated net assets acquired (note 6(b)(ii)); and
- acquisition of additional non-controlling interests (note 25(f)).

(ii) Share-based payments reserve

The share-based payments reserve mainly arises from the share options schemes of the Group and the share-based payments plans of Alibaba Group (note 6(b)(iii)).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(v).

(iv) Statutory reserve

The statutory reserve represents statutory reserves which are appropriated by the Group's PRC subsidiaries ("**PRC Companies**"). According to the relevant laws and regulations for foreign investment enterprises and the articles of association for these PRC Companies, profits of the PRC Companies, as determined in accordance with the accounting rules and regulations in the PRC, are available for distribution in the form of cash dividends to investors after the PRC Companies have (1) satisfied all tax liabilities; (2) offset losses in previous years; and (3) made appropriation to the statutory reserve funds, including general reserve fund and enterprise expansion fund.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Distributability of reserves

As at 31 March 2026, the aggregate amount of reserves available for distribution to the equity shareholders of the Company, as calculated under the provisions of section Part 6 of the Companies Ordinance was RMB859 million (31 March 2025: RMB50 million). After the end of the reporting period the directors declared a second interim dividend of HKD0.085 (equivalent to RMB0.073) per ordinary share, amounting to RMB698 million (note 25(a)). This dividend has not been recognised as a liability at the end of the reporting period.

(e) Capital management

The Group's objectives when managing capital are to:

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

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net cash position by total equity set out below.

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Cash and cash equivalents (note 18)	**6,503**	6,810
Financial assets measured at FVPL (note 17)	**1,986**	3,839
Time deposits (note 16(a))	**3,424**	3,380
Bank loans – maturity amount (note 22)	**(1,850)**	(1,500)
Net cash position	**10,063**	12,529

As at 31 March 2026, the Group's gearing ratio was 58% (31 March 2025: 61%). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Acquisition of non-controlling interests

On 20 May 2025, pursuant to the share transfer agreements entered between the Group and Hwabao Trust Co., Ltd. ("**Hwabao**"), the Group acquired Hwabao's 2.015% equity interests in CIC and 1.3834% equity interests in ACI at cash consideration of RMB599 million and RMB34 million, respectively. The total consideration is expected to be settled within five years according to the payment schedule stated in the agreements with the total present value of RMB605 million when the liability was initially recognised. Immediately prior to the acquisition, the carrying amounts of the existing 2.015% and 1.3834% non-controlling interests in CIC and ACI were RMB323 million and RMB20 million, respectively. The difference of RMB262 million between the present value of total cash consideration and the total carrying amount of the non-controlling interests in CIC and ACI was recognised as a deduction of capital reserve for the year ended 31 March 2026. After the acquisition, CIC and ACI became wholly-owned subsidiaries of the Group.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, deposits with financial institutions as well as trade and other receivables. Management monitors the exposures to credit risk on an ongoing basis.

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

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

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables

The Group applies the simplified approach under HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging periods. For trade receivables that share same risk characteristics with others, management calculates the expected credit losses on a collective basis.

The Group established provision matrices based on historical observed collection experience.

As at 31 March 2026 and 2025, trade receivables for which the related loss allowance was made on a collective basis are analysed as follows:

	At 31 March 2026		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***RMB million***	***RMB million***
0-60 days	**0.82%**	**486**	**(4)**
61-90 days	**3.23%**	**31**	**(1)**
91-180 days	**10.53%**	**19**	**(2)**
Over 181 days	**81.82%**	**33**	**(27)**
Total	**5.98%**	**569**	**(34)**

	At 31 March 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB million*	*RMB million*
0-60 days	0.59%	338	(2)
61-90 days	2.26%	133	(3)
91-180 days	5.56%	18	(1)
Over 181 days	62.86%	35	(22)
Total	5.34%	524	(28)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables (continued)

Expected loss rates are based on actual loss experience over the past twelve months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 31 March 2026 and 2025, no loss allowance was provided on the individual basis.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Balance at 1 April	**28**	200
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**8**	(26)
Written off during the year as uncollectible	**(2)**	(147)
Increase in loss allowance classified as held for sale	**-***	1
Balance at 31 March	**34**	28

* The amount is less than a million.

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Other receivables

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

- Other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Balance at 1 April	**144**	133
Increase in loss allowance recognised in profit or loss during the year	**16**	20
Written off during the year as uncollectible	**(5)**	(9)
Balance at 31 March	**155**	144

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Other receivables (continued)

Net provision for/(reversal of) impairment losses on financial assets recognised in profit or loss

For the years ended 31 March 2026 and 2025, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Impairment losses		
– trade receivables	**8**	(26)
– other receivables	**16**	20
Net provision for/(reversal of) impairment losses on trade and other receivables (note 6(c))	**24**	(6)

(b) Liquidity risk

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

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

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

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

	At 31 March 2026					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Non-derivatives:						
Trade and other payables	**11,672**	**76**	**49**	**23**	**11,820**	**11,805**
Bank loans	**1,850**	**–**	**–**	**–**	**1,850**	**1,845**
Lease liabilities	**1,958**	**1,017**	**1,982**	**1,817**	**6,774**	**5,682**
	15,480	**1,093**	**2,031**	**1,840**	**20,444**	**19,332**

	At 31 March 2025					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Non-derivatives:						
Trade and other payables	12,915	–	–	23	12,938	12,938
Bank loans	1,500	–	–	–	1,500	1,491
Lease liabilities	1,919	1,106	2,097	1,990	7,112	5,833
	16,334	1,106	2,097	2,013	21,550	20,262

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

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

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

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

At 31 March 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and retained profits by approximately RMB75 million (year ended 31 March 2025: RMB94 million). The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at each reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the years ended 31 March 2026 and 2025.

(d) Currency risk

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

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 March 2026	**Fair value measurements as at 31 March 2026 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB million	***RMB million***	***RMB million***	***RMB million***
Recurring fair value measurement				
Financial assets:				
– Financial assets measured at FVPL	1,986	–	–	1,986

	Fair value at 31 March 2025	Fair value measurements as at 31 March 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB million	*RMB million*	*RMB million*	*RMB million*
Recurring fair value measurement				
Financial assets:				
– Financial assets measured at FVPL	3,839	–	2,017	1,822

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Fair value hierarchy (continued)

During the years ended 31 March 2026 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of structured deposits in Level 2 is determined by observable inputs which are derived and evaluated based on the yield rate written in contracts with the commercial banks.

Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable inputs**	**Range**	**Relationship of unobservable input to fair value**
Certificates of deposits	Income approach	Rate of return	0.70%-2.25% (2025: 1.82%-3.40%)	The higher the rate of return, the higher the fair value

A change in the rate of return by 100 basis-point would increase/decrease the fair value by RMB3 million for the year ended 31 March 2026 (for the year ended 31 March 2025: RMB22 million).

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Fair value hierarchy (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Financial assets measured at FVPL:		
At 1 April	**1,822**	2,151
Purchase	**8,820**	13,320
Redemption	**(8,696)**	(13,709)
Net gain recognised in profit or loss*	**40**	60
At 31 March	**1,986**	1,822
* includes unrealised gains recognised in profit or loss attributable to balances held at the end of the year	**6**	42

(ii) Fair value of financial assets and liabilities carried at other than fair value

All other financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 31 March 2026 and 2025.

27 CAPITAL COMMITMENT

Capital commitments outstanding at 31 March 2026 not provided for in the consolidated financial statements were as follows:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Contracted for	**96**	225
Authorised but not contracted for	**308**	779
	404	1,004

28 CONTINGENCIES

Legal claims

As at 31 March 2026, legal actions have commenced against the Group by certain customers, suppliers and landlords in respect of disputes on purchase agreements and property lease arrangements. The total amount claimed is RMB319 million (31 March 2025: RMB336 million). As at 31 March 2026, those legal actions are still ongoing, with most of the cases not yet set for trial dates. Provision of RMB120 million (31 March 2025: RMB148 million) was made within trade and other payables as at 31 March 2026, which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

29 MATERIAL RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

(a) Names and relationships with related parties

During the year ended 31 March 2026, the directors are of the view that the following entities are significant related parties of the Group:

Name of Party	Relationship
DCP Capital Partners II, L.P. ("**DCP**") (i)	Ultimate holding company
Alibaba Group and its associates and JVs (ii)	Former ultimate holding company, its subsidiaries, associates and joint ventures
Hwabao Trust Co., Ltd.	Trustee of RT-Mart Scheme and Auchan Scheme trusts

(i) There was no material transaction between the Group and DCP.

(ii) Alibaba Group and its associates and JVs ceased to be related parties of the Group since 27 February 2025 upon the change of equity shareholders of the Group.

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Short-term employee benefits	**15**	21
Post-employment benefits	**–***	–*
Share-based payments	**(2)**	11
	13	32

* The amount is less than a million.

Total remuneration is included in "staff cost" (see note 6(b)).

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the year ended 31 March 2026 and 2025 are as follows:

	Year ended 31 March	
	2026	2025
	RMB million	*RMB million*
Transactions with Alibaba Group and its associates and JVs:		
Sales of goods	**–**	6
Commission income	**–**	35
Other miscellaneous income (i)	**–**	60
Purchase of goods (i)	**–**	101
Other expenses paid for business cooperation (i)	**–**	1,324
Receiving logistic service (i)	**–**	173
Receiving technical service (i)	**–**	48
Purchase of fixed assets (i)	**–**	1
Interest on lease liabilities (i)	**–**	2
Other related party transactions:		
(Reversal of)/recognised expenses related to Employee Trust Benefit Scheme (note 6(b)(ii))	**(99)**	99
Interest on the consideration payable for acquisition of non-controlling interests	**14**	–
Payment for acquisition of non-controlling interests held by Hwabao	**338**	204

(i) The Group continued to have such transactions with Alibaba Group and its associates and JVs occurred during the year ended 31 March 2026. However, such transactions and relevant outstanding balances are not required to disclose in accordance with HKAS 24 as Alibaba Group and its associates and JVs are no longer the related parties of the Group since 27 February 2025.

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Amounts due from Hwabao	**–**	204
Amounts due to Hwabao (i)	**110**	33

(i) As at 31 March 2026, the amount of RMB110 million represents the payable in relation to the acquisition of non-controlling interest of CIC and ACI. As at 31 March 2025, the amount of RMB33 million represents the dividends payable to Hwabao.

30 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Company level statement of financial position

	As at 31 March	
	2026	2025
	RMB million	*RMB million*
Non-current assets		
Investments in subsidiaries	**16,500**	16,503
Trade and other receivables	**7,075**	6,387
	23,575	22,890
Current assets		
Trade and other receivables	**2**	2
Cash and cash equivalents	**441**	246
	443	248
Current liability		
Trade and other payables	**231**	160
Net assets	**23,787**	22,978
Capital and reserves		
Share capital	**10,022**	10,020
Reserves	**13,765**	12,958
Total equity	**23,787**	22,978

Approved and authorised for issue by the board of directors on 18 May 2026.

Julian Juul WOLHARDT
Executive Director and Chief Executive Officer

Mengxue MEI
Non-executive Director

30 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company	Share capital *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Retained profits *RMB million*	Total *RMB million*
Balance at 1 April 2024	10,020	13,345	(425)	59	22,999
Changes in equity for the year ended 31 March 2025:					
Profit for the year	–	–	–	1,693	1,693
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	1,693	1,693
Employee share incentive schemes:					
– Share-based payments related to the options granted by the Company	–	8	–	–	8
– Share-based payments related to the award granted by Alibaba Group	–	2	–	–	2
– Settlement of share-based award cost with Alibaba Group	–	(22)	–	–	(22)
Dividend declared and paid	–	–	–	(1,702)	(1,702)
Balance at 31 March 2025 and 1 April 2025	10,020	13,333	(425)	50	22,978

30 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Movements in components of equity (continued)

The Company	Share capital *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Retained profits *RMB million*	Total *RMB million*
Changes in equity for the year ended 31 March 2026:					
Profit for the year	–	–	–	2,982	2,982
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	2,982	2,982
Employee share incentive schemes:					
– Lapse of share options granted by the Company	–	(2)	–	–	(2)
– Exercise of option granted by the Group under the share-based payments	2	–	–	–	2
Dividend declared and paid	–	–	–	(2,173)	(2,173)
Balance at 31 March 2026	10,022	13,331	(425)	859	23,787

31 INTERESTS IN SUBSIDIARIES

The principal activity of the Company is investment holding.

The Group's principal subsidiaries at 31 March 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

31 INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars of the Group's principal subsidiaries are as follows:

(a) Held directly by the Company:

Name	Place of business	Ownership interest held by the Group As at 31 March 2026 %	Ownership interest held by the Group As at 31 March 2025 %	Principal activities	Registered capital/issued and fully paid-up capital *(million)*
CCIL (ii)	Cayman	**100.00**	100.00	Investment holding	USD112
ACHK (ii)	HK	**100.00**	100.00	Investment holding	USD216
Shanghai Art Management and Service Co., Ltd.	PRC	**100.00**	100.00	Consulting Service	USD0.1
Feiniu E-Commerce Hong Kong Limited (ii)	HK	**100.00**	100.00	E-commerce	RMB1,122
Fields Hong Kong Limited (ii)	HK	**90.02**	90.02	E-commerce	HKD125
M.Club Global Limited (ii)	HK	**100.00**	100.00	E-commerce	RMB28

(b) Held directly or indirectly by CCIL:

Name	Place of business	Ownership interest held by the Group As at 31 March 2026 %	Ownership interest held by the Group As at 31 March 2025 %	Principal activities	Registered capital/issued and fully paid-up capital *(million)*
RT-MART Holdings Limited (ii)	HK	**100.00**	100.00	Investment holding	USD112
Concord Investment (China) Co., Ltd. (iii)	PRC	**100.00**	97.99	Investment holding and procurement centre	USD249
Changshu RT-MART Hypermarket Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD7
Changzhou Changhong RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Dafeng Ruentex Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD16
Foshan Shunde RT-Mart Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD7
Guangzhou Tianmei Ruenfu Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD3
Haikou Guoxing RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Hainan Longkun RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Hainan RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Hefei Feicui RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2

31 INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Principal activities	Registered capital/issued and fully paid-up capital
		As at 31 March 2026	As at 31 March 2025		
		%	%		*(million)*
Huaian Economic and Technological Development Zone Ruenbao Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD3
Huaian Ruenhuai Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD10
Jiangsu Bairuen Logistics Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB1
Jianhu RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD10
Jiaxing Xiuzhou Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB15
Jurong RT-Mart Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Kunshan Qiandeng Ruenping Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD17
Kunshan Ruenhua Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB165
Lianshui Runhua Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Liyang RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Nantong Tongzhou Ruentex Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD7
People's RT-MART Limited Jinan	PRC	**95.72**	93.79	Retailing	USD21
Pinghu RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD12
Qingdao Ruentex Enterprises Co., Ltd.	PRC	**100.00**	97.99	Retailing and procurement centre	RMB200
RT-MART Limited Shanghai	PRC	**91.33**	89.49	Retailing	USD30
Rugao RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Shanghai Fengxian RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD3
Shanghai Sijing RT-MART Commercial and Trading Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Shuyang Ruentex Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB15
Suqian Ruenliang Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2

31 INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) Held directly or indirectly by CCIL: (continued)

Name	Place of business	Ownership interest held by the Group		Principal activities	Registered capital/issued and fully paid-up capital
		As at 31 March 2026	As at 31 March 2025		
		%	%		*(million)*
Suzhou Ruende Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB3
Suzhou Ruenru Commercial and Trading Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2/0
Suzhou Xuguan Ruenhua Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Taixing Ruentex Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Taizhoushi Hailingqu Ruenxuan Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Tongliao Ruentex Commercial and Trading Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Tongling RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Wuhu RT-MART Commercial and Trading Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Wujiang Ruenliang Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Wuxi Tianruenfa Hypermarket Co., Ltd.	PRC	**100.00**	97.99	Retailing	RMB10
Xiangshan RT-Mart Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD3
Xuzhou Ruenhua Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Xuzhou Ruenping Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD4/3
Yangzhou Guangling RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Yangzhou Ruenliang Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Yixing RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2
Zhenjiang RT-MART Commercial Co., Ltd.	PRC	**100.00**	97.99	Retailing	USD2

31 INTERESTS IN SUBSIDIARIES (CONTINUED)

(c) Held directly or indirectly by ACHK:

Name	Place of business	Ownership interest held by the Group		Principal activities	Registered capital/issued and fully paid-up capital
		As at 31 March 2026	As at 31 March 2025		
		%	%		*(million)*
Auchan (China) Investment Co., Ltd. (iii)	PRC	**100.00**	98.62	Consulting service, investment and wholesale	USD371/370
Anhui Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD12
Beijing Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB50
Changzhou Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB122
Chengdu Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB110
Jiaxing Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD6
Meizhou Auchan Hypermarket Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD7
Nanjing Xinshang Hypermarket Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB116
Nantong Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD14
Ningbo Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB72
Shanghai Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD18
Shanghai New Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB128
Suzhou Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	RMB220
Wuxi Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD10/8.5
Yangzhou Auchan Hypermarket Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD8
Zhenjiang Auchan Hypermarkets Co., Ltd.	PRC	**100.00**	98.62	Retailing	USD12

31 INTERESTS IN SUBSIDIARIES (CONTINUED)

(i) The above list contains only the particulars of the subsidiaries which materially affect the results or financial position of the Group.

(ii) RT-Mart Holdings Limited, ACHK, Feiniu E-Commerce Hong Kong Limited, Fields Hong Kong Limited, and M.Club Global Limited are incorporated in Hong Kong. CCIL is incorporated in the Cayman Islands. All other subsidiaries are established and operated in the PRC.

(iii) As at 31 March 2026, CIC and ACI are wholly-foreign owned entities.

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

32 SUBSEQUENT EVENTS

After the end of the reporting period, the directors declared a second interim dividend. Further details are disclosed in note 25(a).

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2026

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2026 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2026 (CONTINUED)

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 unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 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.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

FINANCIAL SUMMARY

A summary of the published consolidated results and assets, liabilities, equity and non-controlling interests of the Group for the last four financial years is set out below:

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue	**63,442**	71,552	72,567	83,662	88,134
Gross profit	**15,372**	17,236	17,958	20,581	21,473
Profit from Operations	**386**	1,425	(1,009)	1,177	18
Adjusted EBITDA (non-HKFRS measure)	**3,157**	4,091	3,122	4,595	4,743
Profit/(Loss) for the Year	**(326)**	386	(1,668)	78	(826)
Profit/(Loss) attributable to:					
Equity shareholders of the Company	**(319)**	405	(1,605)	109	(739)
Non-Controlling Interests	**(7)**	(19)	(63)	(31)	(87)
Total assets	**50,123**	55,973	60,715	64,118	65,746
Total liabilities	**32,799**	35,545	38,921	39,921	40,680
Equity attributable to:					
Equity shareholders of the Company	**17,340**	20,094	21,403	23,518	23,958
Non-Controlling Interests	**(16)**	334	391	679	1,108

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs.

The above summary does not form a part of the consolidated financial statements.

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