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SUN ART

Retail Group Limited

SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 06808)

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2026

HIGHLIGHTS OF ANNUAL RESULTS

| | For the year ended 31 March | | Change | Change% |
|---|--------------------------------|----------|---------|---------|
| | 2026 | 2025 | | |
| | <i>RMB million</i> | | | |
| 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) | RMB 0.04 | | |
| – Diluted ⁽²⁾ | RMB (0.03) | RMB 0.04 | | |
| | As at 31 March | | Change | Change% |
| | 2026 | 2025 | | |
| | <i>RMB million</i> | | | |
| 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)% |

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.

The board (the “**Board**”) of directors (the “**Directors**”) of Sun Art Retail Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2026, together with the comparative figures for the year ended 31 March 2025 which have been prepared in accordance with HKFRS Accounting Standards as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

| | Notes | Year ended 31 March | |
|--|-------|----------------------|---------------------|
| | | 2026 RMB million | 2025 RMB million |
| Revenue | 4 | 63,442 | 71,552 |
| Cost of sales | | <u>(48,070)</u> | <u>(54,316)</u> |
| 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 | | <u>(1,324)</u> | <u>(1,709)</u> |
| Profit from operations | | 386 | 1,425 |
| Finance costs | 6(a) | <u>(336)</u> | <u>(395)</u> |
| Profit before taxation | 6 | 50 | 1,030 |
| Income tax | 7 | <u>(376)</u> | <u>(644)</u> |
| (Loss)/profit for the year | | (326) | 386 |
| Other comprehensive income for the year | | <u>–</u> | <u>–</u> |
| Total comprehensive income for the year | | <u>(326)</u> | <u>386</u> |
| (Loss)/profit attributable to: | | | |
| Equity shareholders of the Company | | (319) | 405 |
| Non-controlling interests | | <u>(7)</u> | <u>(19)</u> |
| (Loss)/profit for the year | | <u>(326)</u> | <u>386</u> |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Company | | (319) | 405 |
| Non-controlling interests | | <u>(7)</u> | <u>(19)</u> |
| Total comprehensive income for the year | | <u>(326)</u> | <u>386</u> |
| (Loss)/earnings per share | 8 | | |
| Basic (RMB) | | (0.03) | 0.04 |
| Diluted (RMB) | | <u>(0.03)</u> | <u>0.04</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

| | | As at 31 March | |
|--|-------|----------------|---------------|
| | | 2026 | 2025 |
| | Notes | RMB million | RMB million |
| Non-current assets | | | |
| Investment properties | | 5,559 | 5,068 |
| Other property, plant and equipment | | 16,842 | 19,270 |
| Intangible assets | | 66 | 57 |
| Trade and other receivables | 11 | 46 | 22 |
| Restricted deposits | 12(b) | 1,700 | 100 |
| Time deposits | 12(a) | 1,780 | 800 |
| Deferred tax assets | | 1,002 | 1,113 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 26,995 | 26,430 |
| Current assets | | | |
| Inventories | 10 | 7,148 | 7,467 |
| Trade and other receivables | 11 | 2,062 | 2,268 |
| Restricted deposits | 12(b) | 3,785 | 6,472 |
| Time deposits | 12(a) | 1,644 | 2,580 |
| Financial assets measured at fair value through profit or loss (“FVPL”) | 13 | 1,986 | 3,839 |
| Cash and cash equivalents | 14 | 6,503 | 6,798 |
| Assets of disposal groups classified as held for sale | 15 | – | 119 |
| | | <hr/> | <hr/> |
| Total current assets | | 23,128 | 29,543 |
| | | <hr/> | <hr/> |
| Total assets | | 50,123 | 55,973 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2026*

| | | As at 31 March | |
|--|--------------|-----------------------|--------------------|
| | | 2026 | 2025 |
| | <i>Notes</i> | RMB million | <i>RMB million</i> |
| Current liabilities | | | |
| Trade and other payables | <i>16</i> | 13,845 | 15,401 |
| Contract liabilities | <i>18</i> | 10,673 | 11,691 |
| Bank loans | <i>19</i> | 1,845 | 1,491 |
| Lease liabilities | <i>17</i> | 1,730 | 1,648 |
| Current taxation | | 117 | 16 |
| Liabilities directly associated with assets of disposal groups classified as held for sale | <i>15</i> | – | 477 |
| Total current liabilities | | 28,210 | 30,724 |
| Net current liabilities | | (5,082) | (1,181) |
| Total assets less current liabilities | | 21,913 | 25,249 |
| Non-current liabilities | | | |
| Trade and other payables | <i>16</i> | 133 | 23 |
| Lease liabilities | <i>17</i> | 3,952 | 4,185 |
| Deferred tax liabilities | | 504 | 613 |
| Total non-current liabilities | | 4,589 | 4,821 |
| Total liabilities | | 32,799 | 35,545 |
| Net assets | | 17,324 | 20,428 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 10,022 | 10,020 |
| Reserves | | 7,318 | 10,074 |
| Total equity attributable to the equity shareholders of the Company | | 17,340 | 20,094 |
| Non-controlling interests | | (16) | 334 |
| Total equity | | 17,324 | 20,428 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

| | Notes | Year ended 31 March | |
|--|-------|---------------------|--------------|
| | | 2026 | 2025 |
| | | 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 tax paid | | (274) | (213) |
| Net cash generated from operating activities | | 634 | 3,549 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 March 2026*

| | Year ended 31 March | |
|---|----------------------------|---------------------------|
| | 2026 | 2025 |
| <i>Notes</i> | <i>RMB million</i> | <i>RMB million</i> |
| 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) |
| | <u>2,626</u> | <u>(4,913)</u> |
| Net cash generated from/(used in) investing activities | <u>2,626</u> | <u>(4,913)</u> |
| Cash flows from financing activities | | |
| Proceeds from bank loans | 3,141 | 4,405 |
| Principal element of lease rentals paid | (1,089) | (1,146) |
| Interest element of lease rentals paid | (288) | (341) |
| Cash payment for the acquisition of non-controlling interests | (338) | (208) |
| Repayments of bank loans | (2,800) | (4,692) |
| Borrowing costs | (10) | (25) |
| Repayment of interests | (10) | (3) |
| Dividend paid to the Company's equity shareholders | (2,173) | (1,702) |
| Dividends paid to non-controlling interests in subsidiaries | —* | (16) |
| Payments for settlement of share-based award cost with Alibaba Group Holding Limited and its subsidiaries excluding the Group (together, "Alibaba Group") | — | (22) |
| | <u>(3,567)</u> | <u>(3,750)</u> |
| Net cash used in from financing activities | <u>(3,567)</u> | <u>(3,750)</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 March 2026*

| | <i>Notes</i> | Year ended 31 March | |
|---|--------------|----------------------------|---------------------------|
| | | 2026 | 2025 |
| | | <i>RMB million</i> | <i>RMB million</i> |
| 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 | 14 | <u>6,503</u> | <u>6,798</u> |

* The amount is less than a million.

NOTES:

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

1. GENERAL INFORMATION

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

The Group’s consolidated 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 (“**HKICPA**”) and the requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

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

The financial information relating to the years ended 31 March 2026 and 2025 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2026 in due course.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Group’s consolidated financial statements for the year ended 31 March 2026 comprise the Company and its subsidiaries.

These consolidated financial statements are presented in 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 consolidated 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.

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.

3. CHANGE IN ACCOUNTING POLICIES

New and amended standards adopted by the Group

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.

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

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, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i> | 1 January 2026 |
| Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i> | 1 January 2026 |
| Annual improvements to HKFRS Accounting Standards – Volume 11 | 1 January 2026 |
| HKFRS 18, <i>Presentation and disclosure in financial statements</i> | 1 January 2027 |
| HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i> | 1 January 2027 |
| Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i> | To be determined |

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

4. REVENUE AND SEGMENT REPORTING

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

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

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

| | Year ended 31 March | |
|--|---------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| 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 |
| | <hr/> | <hr/> |
| Total revenue | 63,442 | 71,552 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 |
| | <i>RMB million</i> | <i>RMB million</i> |
| 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 |
| | <hr/> | <hr/> |
| | 1,019 | 1,130 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

| | Year ended 31 March | |
|-------------------------------|---------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Interest on lease liabilities | 288 | 341 |
| Interest on bank loans | 24 | 51 |
| Other interest expense | 24 | 3 |
| | <u>336</u> | <u>395</u> |

(b) Staff costs

| | Year ended 31 March | |
|--|---------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| 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 |
| | <u>7,482</u> | <u>8,306</u> |

(i) Contributions to defined contribution retirement plans

The Group participates in pension schemes organised by the PRC government whereby the Group is required to pay annual contributions based on the statutory percentage of the average salary level in the cities where the Group's employees are employed. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

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.

(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 of CIC in the case of the RT-Mart Scheme, or cash portion or equity of ACI in the case of the Auchan Scheme, respectively. The annual profit sharing contributions are accrued in the year in which the associated services are rendered by the eligible employees.

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.

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 |
| | <hr/> | <hr/> |
| Outstanding as at 31 March 2025 | 35,000 | 1.72 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Vested and exercisable at 31 March 2025 | 6,250 | 1.54 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 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 |
| | <hr/> | <hr/> |
| Outstanding as at 31 March 2026 | 9,200 | 2.18 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Vested and exercisable at 31 March 2026 | 4,200 | 2.18 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

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).

(c) Other major items

| | Year ended 31 March | |
|---|---------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Cost of inventories | 47,988 | 54,231 |
| Depreciation of investment properties and other property, plant and equipment | 2,856 | 3,080 |
| Amortisation of intangible assets | 10 | 8 |
| Operating lease charges | 711 | 804 |
| Impairment losses on investment properties and other property, plant and equipment | 230 | 60 |
| Provision for/(reversal of) allowance related to trade receivables and other debtors | 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 <i>RMB million</i> | 2025 <i>RMB million</i> |
| Current tax – Hong Kong | | |
| Provision for the year ⁽ⁱ⁾ | – | – |
| Under-provision in respect of prior years | 3 | – |
| Current tax – PRC | | |
| Provision for the year ⁽ⁱⁱ⁾ | 186 | 59 |
| Withholding tax | 176 | 90 |
| Under-provision in respect of prior years | 9 | –* |
| Total current tax expense | <u>374</u> | <u>149</u> |
| Deferred taxation | | |
| Origination and reversal of temporary difference | <u>2</u> | <u>495</u> |
| Income tax | <u><u>376</u></u> | <u><u>644</u></u> |

* 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**”).

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%).

- (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 PRC 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 ended 31 December 2027 and the withholding tax was recognised by using the reduced withholding tax rate of 5%.

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

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).

(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 | <u>50</u> | <u>1,030</u> |
| 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 | <u>12</u> | <u>—*</u> |
| Actual tax expenses | <u>376</u> | <u>644</u> |

* 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.

For 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. (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 ordinary shares).

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

(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.

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 <i>RMB million</i> |
|---|--|
| 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 | <u>743,450</u> |
| Weighted average number of ordinary shares for the calculation of diluted EPS | <u>9,540,448,150</u> |
| Diluted earnings per share (expressed in RMB per share) | <u>0.04</u> |

9. DIVIDENDS

(a) Dividends payable to the equity shareholders of the Company, not recognised at the end of the year:

| | As at 31 March | |
|---|----------------------------|----------------------------|
| | 2026 <i>RMB million</i> | 2025 <i>RMB million</i> |
| 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 |
| | <u>698</u> | <u>1,491</u> |

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.

(b) Dividends payable to the equity shareholders of the Company approved and paid during the year:

| | Year ended 31 March | |
|---|----------------------------|----------------------------|
| | 2026 <i>RMB million</i> | 2025 <i>RMB million</i> |
| 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 |
| | <u>2,173</u> | <u>1,702</u> |

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.

10. INVENTORIES

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

| | As at 31 March | |
|---------------------|--------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Trading merchandise | <u>7,148</u> | <u>7,467</u> |

(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 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Carrying amount of inventories sold | 47,988 | 54,258 |
| Provision for/(reversal of) write-down of inventories, net | <u>-*</u> | <u>(27)</u> |
| | <u>47,988</u> | <u>54,231</u> |

* The amount is less than a million.

All inventories are expected to be sold within one year.

11. TRADE AND OTHER RECEIVABLES

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

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.

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

Except for interests 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.

12. TIME DEPOSITS AND RESTRICTED DEPOSITS

(a) Time deposits

| | As at 31 March | |
|---------------------------------|---------------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Included in non-current assets: | | |
| RMB time deposits | <u>1,780</u> | <u>800</u> |
| Included in current assets: | | |
| RMB time deposits | 1,594 | 2,580 |
| USD time deposits | <u>50</u> | <u>–</u> |
| Total | <u>1,644</u> | <u>2,580</u> |

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

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 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Included in non-current assets: | | |
| Restricted time deposits | <u>1,700</u> | <u>100</u> |
| Included in current assets: | | |
| Restricted demand deposits | 2,191 | 2,344 |
| Restricted time deposits | <u>1,594</u> | <u>4,128</u> |
| Total | <u>3,785</u> | <u>6,472</u> |

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.

13. FINANCIAL ASSETS MEASURED AT FVPL

| | As at 31 March | |
|--|--------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Structured deposits | 1,684 | 3,363 |
| Certificates of deposit ⁽ⁱ⁾ | 302 | 466 |
| Money market funds | – | 10 |
| | <u>1,986</u> | <u>3,839</u> |

- (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.

14. CASH AND CASH EQUIVALENTS

| | As at 31 March | |
|---|--------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| 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 |
| | <u>6,503</u> | <u>6,798</u> |

Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement

15. 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 |
| | <hr/> |
| Total assets of disposal groups classified as held for sale | 119 |
| | <hr/> <hr/> |
| 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 |
| | <hr/> |
| Total liabilities directly associated with assets of disposal groups classified as held for sale | 477 |
| | <hr/> <hr/> |

* The amount is less than a million.

16. 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 |
| Dividends payable to non-controlling interests | 11 | 11 |
| Accruals and other payables | 4,840 | 4,910 |
| | <hr/> | <hr/> |
| | 13,845 | 15,401 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Non-current liabilities | | |
| Amounts due to related parties | 110 | – |
| Other financial liabilities | 23 | 23 |
| | <hr/> | <hr/> |
| | 133 | 23 |
| | <hr/> <hr/> | <hr/> <hr/> |

* The amount is less than a million.

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

| | As at 31 March | |
|-------------------|--------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Within six months | 7,690 | 8,632 |
| Over six months | 840 | 1,200 |
| | <u>8,530</u> | <u>9,832</u> |

The carrying amounts of trade and other payables are considered to approximate their fair values.

17. 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 |
| | <i>RMB million</i> | <i>RMB million</i> |
| 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 |
| | <u>3,952</u> | <u>4,185</u> |
| | <u>5,682</u> | <u>5,833</u> |

18. CONTRACT LIABILITIES

| | As at 31 March | |
|---|--------------------|--------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Prepaid cards | 10,163 | 11,186 |
| Advance receipts from customers for sales | 463 | 399 |
| Customer loyalty program points liability | 37 | 84 |
| Membership fee | 10 | 22 |
| | <u>10,673</u> | <u>11,691</u> |

19. BANK LOANS

| | As at 31 March | |
|---------------------------------------|---------------------|---------------------|
| | 2026 | 2025 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Bank loans, unsecured-maturity amount | 1,850 | 1,500 |
| Less: unamortised discount | <u>(5)</u> | <u>(9)</u> |
| | <u>1,845</u> | <u>1,491</u> |

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

As at 31 March 2026, the bank loans bear interests at rates ranging from 0.70% to 2.25% (31 March 2025: 1.30% to 1.98%) per annum, which are repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue is derived from sales of goods, membership fee and rental income from tenants. Revenue from sales of goods is primarily derived from the brick-and-mortar stores and online sales channels where merchandise, mainly 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 above). The trustee ceased to hold any non-controlling interests since 20 May 2025 upon the acquisition of the remaining equity interests of ACI and CIC by the Group; (ii) the interest held by independent third parties in three of the subsidiaries, namely, RT-MART Limited Shanghai, People's RT-Mart Limited Jinan and Fields Hong Kong Limited; and (iii) the interest held by Hema (China) Co., Ltd. in Shanghai Run He Internet Technology Co., Ltd.

Liquidity, Financial Resources and Gearing Ratio

For the 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 | |
| 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) |
| | <hr/> | <hr/> |
| Adjusted EBITDA (non-HKFRS measure) | <u>3,157</u> | <u>4,091</u> |

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.

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

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.

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.

| Region | 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) | | | | | | |
|--------------------|--|------------|----------|------------|-------------|---|----------------|----------------|-------------------|-------------|-------|------------|
| | Hypermarket | Membership | | | Total | Percentage | Hypermarket | Membership | | | Total | Percentage |
| | | Superstore | Store | Store | | | | Superstore | Store | Store | | |
| 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.

OTHER INFORMATION

Corporate Governance

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

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

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

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

Following the appointment of Mr. Julian Juul WOLHARDT (“**Mr. 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. 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 of the Company (“**Shareholders**”) as a whole.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report to be included in the annual report of the Company for the year ended 31 March 2026.

Securities Transactions by Directors

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

Specific enquiry has been made to 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.

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

During the year ended 31 March 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 31 March 2026, there were no treasury shares held by the Company.

Audit Committee

The Audit Committee, together with the management and the auditor of the Company, KPMG, have reviewed the accounting principles and practices adopted by the Group, and discussed internal control, whistleblowing policy and system and financial reporting matters, including the review of the audited consolidated financial statements for the financial year ended 31 March 2026.

Scope of Work of Company's Auditor

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2026 as set out in this announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Company's consolidated financial statements for the year. The work performed by KPMG in this regard did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this announcement.

Annual General Meeting ("AGM")

The 2026 AGM will be held on 14 August 2026 (Friday). A notice convening the AGM will be published and dispatched (if requested) to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Dividend

At the Board meeting held on 18 May 2026 (Monday), the Directors declared a second interim dividend (the "**Second Interim Dividend**") of HKD0.085 (equivalent to approximately RMB0.073) per ordinary share for the year ended 31 March 2026, amounting to approximately HKD811 million (equivalent to approximately RMB698 million) that is expected to be paid on 15 July 2026 (Wednesday) to the Shareholders whose names appear on the Company's register of members at the close of business at 4:30 p.m. on 3 June 2026 (Wednesday).

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

Closure of Register of Members and Record Date

(a) For determining the entitlement to attend and vote at the 2026 AGM

The Company's register of members will be closed from 11 August 2026 (Tuesday) to 14 August 2026 (Friday), 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 10 August 2026 (Monday).

(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 3 June 2026 (Wednesday). 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 3 June 2026 (Wednesday).

Publication of 2025/2026 Final Results and Annual Report of the Company

The final results announcement of the Company is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.sunartretail.com). The annual report of the Company for the year ended 31 March 2026 will be dispatched (if requested) to the Shareholders and made available for review on the aforesaid websites in due course.

Events Occurring After the Reporting Period

After the end of the reporting period, the Directors declared the Second Interim Dividend. Further details are disclosed in note 9(a) in this announcement.

Save as above, no important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders has taken place since 31 March 2026 and up to the date of this announcement.

By order of the Board
Sun Art Retail Group Limited
Julian Juul WOLHARDT
Chairman of the Board and Chief Executive Officer

For purpose of this announcement, the exchange rate of HKD1 = RMB0.8610 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

Hong Kong, 18 May 2026

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

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