SUN ART RETAIL GROUP LIMITED
高鑫零售有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 06808)

PROFIT WARNING

This announcement is made by Sun Art Retail Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company hereby informs the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2025, it is expected that the Group will record a net loss and a loss attributable to Shareholders of the Company with both being approximately RMB110 million to RMB140 million (unaudited) (calculated in accordance with Hong Kong Financial Reporting Standards) for the relevant period, as compared to the Group's net profit of RMB186 million and profit attributable to Shareholders of the Company of RMB206 million for the six months ended 30 September 2024.

The anticipated net loss and loss attributable to Shareholders of the Company are primarily attributable to: (i) pressure on revenue: intensified market competition and weak consumption have led to a decrease in both the average purchase items per transaction and the average selling price of products, resulting in a lower average ticket size. In addition, the calendar effect of the Mid-Autumn Festival overlapping with National Day has further impacted revenue, leading to a year-on-year double-digit decline in revenue; (ii) profit impacted by multiple factors: although cost reduction and efficiency enhancement initiatives have largely offset the impact of revenue decline on profit, several one-off factors have contributed to the decrease in profit, including (1) a decline in rental income during proactive adjustment, (2) approximately RMB150 million (unaudited) due to the impact of optimizing organizational structure of the Central China region and a year-on-year decrease in interest income. Despite the pressure on net profit, the Company's net cash position remains better than the same period last year.

The online B2C business continued to achieve a low single-digit growth, fully demonstrating the Company's strengths in online operations and its strong resilience. The performance of stores undergoing adjustment and transformation was in line with expectations, and there remains room for further growth. Currently, the Company is steadily advancing the implementation of its three-year strategic plan. Through initiatives such as focusing on enhancing product competitiveness, optimizing supply chain efficiency, adjusting and transforming existing stores, developing community lifestyle centers, expanding new stores, and piloting the front-warehouse model, the Company is actively improving its operations. Going forward, the Company will continue to deepen the execution of its strategy and make every effort to drive a gradual recovery in operating performance.

The Group expects that, with the ongoing optimization of working capital and capital expenditure, future expansion plans will not have a significant impact on liquidity. Having considered the Group's actual and projected financial performance and other factors, the Group expects to maintain sufficient liquidity. Accordingly, following a review of the Group's unaudited consolidated management accounts for the six months ended 30 September 2025, and subject to the availability of distributable profits, retained earnings, and distributable reserves of the Company and its subsidiaries, the Board may still consider proposing an interim dividend. As at the date of this announcement, the Board has not yet considered nor proposed an interim dividend for the six months ended 30 September 2025. An announcement will be made by the Group concerning the relevant decision at an appropriate time.

The information contained in this announcement is only based on a preliminary assessment and estimates made by the Board based on the information currently available to it, including the unaudited consolidated management accounts for the six months ended 30 September 2025, which have not been audited nor reviewed by the Company's auditors, and have not been confirmed by the audit committee of the Company. As such, the final figures may differ. Shareholders and potential investors are advised to refer to the details in the announcement of the Company for the interim results for the six months ended 30 September 2025, which will be published within the time frame stipulated under the Listing Rules.

Shareholders and potential investors are advised to exercise caution in dealing in securities of the Company.

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

Hong Kong, 20 October 2025

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

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

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

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