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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)

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 year ended 31 March 2026, it is expected that the Group will record a net loss and a loss attributable to Shareholders of the Company with both being approximately RMB300 million to RMB350 million (unaudited) (calculated in accordance with HKFRS Accounting Standards) for the relevant period, as compared to the Group’s net profit of RMB386 million and profit attributable to Shareholders of the Company of RMB405 million for the year ended 31 March 2025.

During the relevant period, the gross profit margin remained stable with a mild recovery. The anticipated net loss and loss attributable to Shareholders of the Company are primarily attributable to the following factors, (1) the average number of purchase items per transaction and the average selling price of products declined, resulting in lower revenues and, consequently, a reduction in gross profit, and (2) lower income from the retail galleries. While net profit was under pressure, the Group’s overall operating cash flow and adjusted EBITDA still remained resilient.

The Group will steadfastly implement its omni-channel strategy, enhance localisation initiatives and elevate customer experience to deliver premium shopping services to its customers. With products as its core competitive strength, the Group will continue to expand its national centralised procurement plan, deepen strategic partnerships with key suppliers, and accelerate its private brands development. Meanwhile, the Group is actively formulating a management incentive scheme to further unlock organisational vitality. Moving forward, the Group will leverage technology to drive operational efficiency, and deepen online-offline integration.

The Group expects that, with the ongoing working capital optimization 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 year ended 31 March 2026, and subject to the availability of distributable profits, retained earnings, and distributable reserves of the Company and its subsidiaries, the Board may still consider declaring a dividend. As at the date of this announcement, the Board has not yet considered nor proposed the declaration of any dividend. 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 year ended 31 March 2026, 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 annual results for the year ended 31 March 2026, 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
Julian Juul WOLHARDT
Chairman of the Board and
Chief Executive Officer

Hong Kong, 17 April 2026

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

Executive Director:

Julian Juul WOLHARD (*Chairman and Chief Executive Officer*)

Non-executive Directors:

Mengxue MEI

LIU Hao

Independent Non-executive Directors:

Karen Yifen CHANG

Charles Sheung Wai CHAN

YIH Lai Tak, Dieter