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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 2026 (the “**Relevant Period**”), it is expected that the Group will record a net loss and a loss attributable to Shareholders of the Company with both being approximately RMB500 million to RMB550 million (unaudited) (calculated in accordance with HKFRS Accounting Standards for the Relevant Period, as compared to the Group’s net loss of RMB127 million and loss attributable to Shareholders of RMB123 million for the six months ended 30 September 2025. During the Relevant Period, it is expected that the Group will record (i) adjusted EBITDA, being the adjusted earnings before interest, taxes, depreciation and amortisation, of approximately RMB1,000 million to RMB1,050 million (unaudited, non-HKFRS measure); (ii) net cash inflow from operating activities of approximately RMB1,750 million to RMB1,800 million (unaudited), with RMB1,323 million for the corresponding period in 2025. The Group pressed ahead with the optimisation of its store asset portfolio, prudently assessing each store’s operating performance, while delivering tangible progress on various operational reforms and selectively exiting under-performing stores to facilitate a gradual narrowing of losses.

The anticipated net loss and loss attributable to owners of the Company are primarily due to the following factors, (i) while the decline in ticket size moderated over the period, customer footfall was affected by competitive market pressures, resulting in softer revenue performance; (ii) cost savings provided a partial offset against the revenue headwind on profitability; (iii) product and supply chain realignments together with store and gallery space revamps, remained in transition; and (iv) certain stores earmarked for closure continued to generate losses during the Relevant Period, placed short-term pressure on the Group’s profitability for the period.

The Group is pursuing comprehensive upgrades to its products and stores. On the product front, the Group is establishing a national joint procurement system, developing private label brands, streamlining SKUs and optimising its product category mix. On the store side, the Group is reducing store space for the expansion of gallery space; modular store revamps are being rolled out steadily, while new stores and front warehouses are being opened, alongside the development of the

Group's multi-format portfolio which combines hypermarkets, superstores and front warehouses. The Group continues to optimise store rental costs and adjust its under-performing store portfolio and remains committed to its structural transformation. Notwithstanding the near-term growing pains from this transition, enhancements in product competitiveness, store operational efficiency and asset structure will gradually underpin the Group's long-term operating fundamentals.

The Group expects that, with 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 six months ended 30 September 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 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 2026. 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 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 interim results for the six months ended 30 September 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, 25 October 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